



# FORESTRY COMMISSION

*72nd Annual Report  
and Accounts  
for the year ended  
31 March 1992*

Forestry Commission  
**ARCHIVE**

## THE FORESTRY COMMISSION

The Forestry Commission's corporate identity is used on signs, vehicles, clothing & publications. Its use and development are illustrated on the front cover and the leading pages of each section.

# FORESTRY COMMISSION

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*72nd Annual Report  
and Accounts  
for the year ended  
31 March 1992*

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  
28 October 1992*

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LONDON  
HER MAJESTY'S STATIONERY OFFICE

*Previous Reports*

1990—91 HC36 (1991—92)  
1989—90 HC75 (1990—91)  
1988—89 HC22 (1989—90)

FORESTRY COMMISSION

231 Corstorphine Road  
Edinburgh EH12 7AT

*8 September 1992*

To:

The Rt Hon IAN LANG, MP,  
*Secretary of State for Scotland*

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

The Rt Hon DAVID HUNT 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 72nd Annual Report of the Forestry Commissioners which covers the year ended 31 March 1992.

I am, Gentlemen,  
Your obedient Servant,

(Sgd) RAYMOND JOHNSTONE  
*Chairman*



## Forestry Commissioners, Heads of Divisions and Conservators at 31 March 1992

### **Forestry Commissioners**

Mr J. Raymond Johnstone CBE *Chairman*  
Mr T. R. Cutler *Deputy Chairman and Director General*  
Mr R. T. Bradley  
Mr I. D. Coutts CBE  
Mr D. L. Foot  
Mr R. B. Grove-White  
Mr D. S. Grundy  
Mr G. H. Laird CBE  
Mr T. S. Mallinson  
Mr F. M. Strang Steel  
Mr C. R. Woosnam

### **Heads of Divisions**

Secretary: Mr P. J. Clarke  
Director, Business Systems: Mr E. K. Arthurs  
Director, Research: Mr D. A. Burdekin  
Director, Development: Dr S. Harding  
Director, Engineering: Mr R. M. Hay  
Director, Estate Management: Mr R. P. Illingworth  
Director, Personnel: Mr J. McGough  
Director, Harvesting and Marketing: Mr S. E. Quigley  
Director, Private Forestry and Environment: Mr A. H. A. Scott  
Controller of Finance: Mr C. T. Spillane  
Head of Silviculture Division: Mr J. Dewar  
Head of Public Information Division: Mr J. F. Lindsay

### **Conservators**

#### *England*

North:	Mr S. A. Neustein
East:	Mr R. O. Smith
West:	Mr R. J. N. Busby

#### *Scotland*

North:	Mr J. Atterson
Mid:	Mr G. J. Hamilton
South:	Mr G. M. Cowie

<i>Wales</i>	Mr J. F. Morgan
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Note: The addresses of the main Forestry Commission offices appear on the inside back cover. These reflect the changes to the Commission's organisation introduced on 1 April 1992.

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# GENERAL REVIEW

## THE YEAR IN PERSPECTIVE

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- 1 This will be the last of our annual reports to be published in the form established following the 1966 restructuring of the Forestry Commission's accounts. It was from that time that the terms Forestry Authority and Forestry Enterprise were used to distinguish between the Commission's functions as a Government department and its role as a trading body responsible for managing the publicly-owned forests. This division was not, however, fully mirrored in the Commission's organisational structure and, as we reported last year, the Government agreed that we should carry out an internal reorganisation to put this right. The reorganisation was successfully progressed during the year under report and, from 1 April 1992, Forest Enterprise, as it will now be known, became a self-contained entity within the Forestry Commission with its own Chief Executive and management structure. The Commission's policy implementation and regulatory functions for the forestry industry as a whole, including Forest Enterprise, have also been more clearly defined through the establishment of a distinct Forestry Authority arm within what we are now describing as the Department of Forestry. Our future reports will reflect these changes, upon which we comment in more detail below (paragraphs 7-13).
- 2 In September 1991, we published, on behalf of Forestry Ministers, a composite statement of the Government's current forestry policy. This restatement, which we describe more fully in paragraphs 5 and 6, draws together the many forestry initiatives that have been introduced over recent years and confirms that forestry in Britain is entering a new phase in which increasing emphasis will be placed on its environmental and social, as well as economic, benefits.
- 3 New measures were announced by the Government in the course of the year to encourage the implementation of its forestry policy objectives. Our Woodland Grant Scheme was re-launched in June 1991 and extended to provide further assistance to woodland owners and investors; a Community Woodland Supplement of £950 per hectare was introduced in February 1992 to encourage the creation of woodlands close to towns and cities; and a successor to the Farm Woodland Scheme, to be known as the Farm Woodland Premium Scheme, was announced by Ministers to take effect from 1 April 1992.
- 4 We progressed a number of other initiatives during the year reflecting the multi-purpose nature of forestry today. We were pleased to launch a Valleys Forest Initiative for our forests in the valleys of south Wales, aimed at involving local people directly in the development of the forests on their doorsteps. We also introduced a new designation of Woodland Parks which will be applied to those of our woodlands which are of particular value to local communities for access and enjoyment of the countryside. In July 1991, we published a study of the technical, economic and ecological factors which might influence an expansion of forestry in Britain. This was followed by a conference in London in March 1992, attended by a wide range of interests, which generated views and ideas about the nature, scale, and location of forestry expansion. We shall be taking these forward, in consultation with other interested bodies, with a view to developing advice to Ministers.

# FORESTRY POLICY STATEMENT

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- 5 In its response to the House of Commons Agriculture Committee Report on *Land Use and Forestry*, which we covered in our 1989-90 report, the Government indicated that it would be considering whether there would be advantage in drawing the various strands of forestry policy together into a single statement. This resulted in our publishing a composite statement of the Government's forestry policy, on behalf of Forestry Ministers. The publication was launched under the title *Forestry Policy for Great Britain* by the Secretary of State for Scotland, the Rt Hon Ian Lang MP, at a well attended press conference on 18 September 1991.
- 6 In a foreword to the statement, Mr Lang noted that forestry policy had evolved in recent years with the realisation of British forestry's contribution in terms of wood supply, the environment and other public benefits. The statement, which is reproduced in full at Appendix VI, sets out two main aims for forestry policy. These are the sustainable management of our existing woods and forests, and a steady expansion of tree cover to increase the many diverse benefits that forests provide. Financial support for woodlands now requires that clear benefits should be delivered for the community at large, reflecting the Government's intention to achieve a more balanced development of forestry than hitherto. We welcome this clear statement of policy, which we shall be taking forward on behalf of Forestry Ministers.

## MANAGEMENT REORGANISATION

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- 7 The Government's forestry policy statement confirms the central role which the Commission continues to play in the development of forestry in Great Britain and the contribution we make to discussions at the international level. It also noted that the internal reorganisation on which we had embarked would improve the Commission's efficiency and effectiveness in performing these tasks.
- 8 Arrangements for implementing the reorganisation were settled during the year and the new structure was introduced on 1 April 1992. Our aim has been to put in place a management structure better able to achieve our statutory and policy objectives through a clear separation of the Commission's departmental, regulatory and management functions below Commissioner level.
- 9 The duties of the Commission as the Department of Forestry in Britain have been strengthened by the creation of a Policy and Resources Group. Among its tasks will be the provision of support to Forestry Ministers on Parliamentary matters and in the development and monitoring of forestry policy. It will also have responsibility for European and international forestry questions, and the provision of central services for the Commission as a whole in such areas as computer support, personnel, public information and internal auditing.
- 10 The Commission's policy implementation and regulatory duties will be the responsibility of the Forestry Authority arm of the Department of Forestry which has been made more effective by freeing it of concern for day-to-day management of the forests. It has national offices in Cambridge, Aberystwyth and Glasgow each headed by a Chief Conservator, with eleven Conservators in England, three in Wales and six in Scotland to carry out duties at local level; the areas covered by these new administrative units are shown on the map at Appendix XIII. We have described the Authority's aims and objectives in the introductory paragraphs to the Forestry Authority section of this report (paragraphs 116-122).
- 11 Forest Enterprise will continue to be responsible for the multi-purpose management of the Commission's forest estate throughout Great Britain. The reorganisation will leave

Enterprise managers free to concentrate on the fulfilment of their new objectives and to meet the challenge that we have set the Enterprise of becoming self-financing by 1995. Five Regional Offices have been set up, in North Scotland, South Scotland, North & East England, South & West England and Wales, headed by Regional Managers. Below them there are 48 Forest Districts headed by Forest District Managers. The boundaries of these new management areas are shown on the map at Appendix XIV. The Forest Enterprise aims and objectives are described in paragraphs 56-61.

- 12 The separation of staff between each of these distinct parts of the organisation will provide a clearer focus across the range of the Commission's activities; and staff transfers from one part to another will ensure that practical experience of management is brought to bear on the design and implementation of policy, and *vice versa*. We are confident that the reorganisation will greatly strengthen the Commission's ability to lead the development and promotion of forestry, and that it will provide greater job satisfaction by giving staff more precisely defined responsibilities and goals. We should like to record our thanks to the Commission's staff and the Trade Union representatives for their positive contribution and co-operation during the difficult transition to the new structure.
- 13 The reorganisation was accompanied by a re-design of the Commission's corporate identity by our Public Information Division. Publicity material, such as leaflets and displays, were produced in preparation for the change-over to assist staff in promoting their new roles, and the designs were carried forward into office and forest signs, vehicle livery and new business stationery.

## FINANCE

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|----------------------------|----|--|
| <i>Grant-in-Aid</i>        | 14 | In 1991-92, the Forestry Commission drew down Grant-in-Aid of £81.6 million into the Forestry Fund. Of this, £76.5 million was spent leaving £5.1 million to be surrendered to the Consolidated Fund. Receipts generated by the Commission's disposals programme and payable to the Consolidated Fund amounted to £14.9 million (£12.0 million in 1990-91).  |
| <i>Forestry Authority</i>  | 15 | Expenditure on the Forestry Authority in 1991-92 was £36.2 million, an increase of £2.1 million over the previous year. Grants paid to private woodland owners totalled £17.2 million, compared with £16.5 million in 1990-91.   |
| <i>Forestry Enterprise</i> | 16 | For the year ended 31 March 1992 the overall net operating surplus arising from plantations (including the increase in the value of the growing stock) and from other activities was £62.5 million (£70.5 million in 1990-91). The Forestry Enterprise does not receive planting grants but qualifies for a notional subsidy where new planting and restocking is projected to earn less than the target rate of return in real terms. In 1991-92, this subsidy amounted to £1.2 million (£0.9 million in 1990-91). Income, mainly from the sale of timber, was £83.3 million. Expenditure on all operations was £102.8 million. The Forestry Enterprise received a grant of £12.1 million for the provision of recreation and amenity facilities for use by the general public. |
|                            | 17 | More detailed comments on the Commission's financial statements and accounts are given in the Finance Section on pages 40 and 41.  |

## STATE OF THE WOOD MARKET

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|--------------------|----|--|
| <i>Sawn Timber</i> | 18 | New housing starts are an important indicator of activity in the construction industry, including the use of sawn softwood. The downturn in new house starts which began in 1988 seemed to bottom out in 1990-91. Commercial and industrial construction continued to be buoyant for much longer, but experienced dramatic falls as investment rapidly |
|--------------------|----|--|

declined from 1990 onwards. The overall effect was very low demand for timber and wood products in 1991. Sawn timber prices remained low, with high levels of imported stocks. Demand and prices for pallet, packaging and fencing timber also declined.

- 19 The major sawmilling concern, BSW, closed three sawmills at Earlston, Duns and Kielder, but opened a new one at Carlisle. Consumption of over 100,000 cubic metres of logs a year will make the Carlisle mill the largest in the UK, and it was approaching full operating levels by the end of the year.

- 20 UK consumption of particleboard and other wood-based panels fell by 3 per cent in 1991. Prices were seriously affected by this fall in demand, because there was also strong competition from imports. Domestic producers nevertheless increased their share of the market from 54 per cent to 59 per cent, and we are pleased to record that Direct Worktops' new particleboard plant opened at Shildon, Co Durham, in December 1990 and moved into full production during the year. Plywood markets were affected by restructuring in the North American industry and the relative strength of the US and Canadian dollars. Sales of British produced orientated strandboard, which competes with North American plywood, improved during the year, from being very difficult early in 1991 to extremely buoyant by March 1992.

*Wood-Based Panels*

- 21 UK manufacturers of paper and paperboard have faced severe competition in the home market with strong downward pressure on prices. This has been due to an overcapacity worldwide in newsprint, lightweight coated paper and cartonboard.

*Paper and Paperboard*

## FORESTRY EXPANSION STUDY AND CONFERENCE

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- 22 In July 1991 we published a collection of papers entitled *Forestry Expansion – A Study of Technical, Economic and Ecological Factors*. This collection, contributed by experts in a number of fields, was edited by Professor Ian Cunningham, Chairman of the Macaulay Land Use Research Institute. The final paper in the series, by Professor David Pearce, attempted to draw together the costs and benefits to society of a range of different types of forest, showing how this explicit treatment of environmental factors might affect economic viability.
- 23 As a follow-up to this work, we held a conference on 26 and 27 March 1992 at which 150 delegates from the forestry industry, Government departments, environmental agencies and other interested bodies were invited to discuss the theme *New Forests for the 21st Century*. There was broad agreement among delegates on the desirability of expanding woodland cover in Britain provided that it was of the right type and in the right places, and a number of useful ideas were generated. We have undertaken to refine some of these in consultation with the interests concerned, with a view to submitting proposals to Government.

## PRIVATE FORESTRY INITIATIVES

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- 24 Our Woodland Grant Scheme was extended and relaunched at a Ministerial press conference in June 1991 to give a comprehensive and wide-ranging level of support. Except for areas which are too small or too narrow to be thought of as woodland, all woodlands and forests are now eligible for consideration for grants under the Scheme. The changes in grant support, including the introduction of management grants, are described in Appendix V. These were given extensive publicity and have attracted an encouraging degree of interest. A new applicant's pack and portable displays for use by our private

*Woodland Grant Scheme*

woodland officers were produced, advertisements were placed in national newspapers and relevant magazines, and seminars were held for potential customers throughout the country.

- 25 The range of options under the Woodland Grant Scheme was further extended in February 1992 to include a special supplement to assist in the creation of community woodlands. The supplement has been set at £950 per hectare and will be paid on top of the basic planting grant. The aim is to encourage the creation of new woodlands close to towns and cities which will be of value for informal public recreation, especially where opportunities for such recreation are scarce. It is a condition of the supplement that there should be free public access to the woodland on foot. To be eligible, the woodland must also fall within an area for which a strategic urban or community woodland plan has been agreed by the Commission. Certain areas have already been identified, such as that covered by the Central Scotland Woodlands Initiative, which the Secretary of State relaunched in November 1991, and the 12 community forests which we are seeking to establish through programmes drawn up by local authorities and other interests in the areas concerned under our joint initiative with the Countryside Commission. We hope that many other local authorities and communities across Britain will now consider the opportunities presented by the new supplement.

*Community  
Forests –  
Household Surveys*

- 26 As part of our contribution to the community forests initiative mentioned above, we have carried out surveys into the likely use and value of the first three community forests announced in July 1989 – the Forest of Mercia, Thames Chase Forest and the Great North Forest. These surveys, conducted at the beginning of 1992, indicated that there was a strong demand for the recreational opportunities that these forests could provide. Respondents were asked how often they would visit the forests, once established, and how much they would willingly pay (in additional taxation, for example) to see the projects go ahead. Visiting intentions averaged around once a month per person sampled, while willingness to pay averaged about £8.50 a year per person, suggesting that the local amenity value of community forests could be substantial. Further work is being done on other values of the community forests so that the full costs and benefits to society of these projects can be gauged.

*Community  
Woodland Design  
Guidelines*

- 27 Guidelines on *Community Woodland Design* – the fourth in our series of guidelines of good environmental practice, the others being for Water, Landscape and Wildlife Conservation – were published in January 1992 following a launch attended by Baroness Trumpington, Minister of State at the Ministry of Agriculture, Fisheries and Food. We have aimed to make them practical, authoritative and incisive, and their publication has been well received.

*Farm Woodland  
Premium Scheme*

- 28 On 31 January 1992, the Minister of Agriculture, Fisheries and Food, the Rt Hon John Gummer MP, announced jointly with the Secretaries of State for Scotland, Wales and Northern Ireland that a Farm Woodland Premium Scheme would replace the pilot Farm Woodland Scheme with effect from 1 April 1992. This announcement followed consideration of the recommendations arising from a full-scale review of the Farm Woodland Scheme and of comments received from interested organisations on the detailed proposals for the replacement scheme. Mr Gummer's statement is reproduced in full at Appendix VIII.
- 29 Under the new arrangements, farmers will first have to apply to the Forestry Commission for grants for planting or regenerating woodland under the Woodland Grant Scheme, including the Better Land and Community Woodland Supplements where appropriate. On receipt of the Commission's approval, they will then be able to apply to the Agriculture Departments for annual payments under the Farm Woodland Premium Scheme.
- 30 The Government's proposals for the new scheme were made available for comment in November 1991. Although these were generally welcomed, concern was expressed that farmers might postpone planting under the existing Farm Woodland Scheme pending the

introduction of the new arrangements on 1 April 1992. In response to this point, the Secretary of State for Scotland, the Rt Hon Ian Lang MP, announced on 19 December 1991 that planting under the Farm Woodland Scheme carried out on or after 1 October 1991 would be eligible for full grants under the Woodland Grant Scheme, including the Better Land Supplement where appropriate. (The full conifer grant rate and the Better Land Supplement were previously not available for planting associated with the Farm Woodland Scheme.)

31 The Crofter Forestry (Scotland) Act 1991 came into force on 1 April 1992. It permits crofters' grazing committees to establish woodland on any part of their common grazing, provided they have the approval of the Crofters Commission and the consent of the landlord. The Act also allows the committees to apply for grants under the Woodland Grant Scheme and annual payments under the Farm Woodland Premium Scheme. This is an important change, since much of the land that might be developed as woodland in crofting areas is currently used as common grazings, and we have appointed a Crofter Forestry Adviser who will offer advice and guidance to crofters who might be interested in tree planting.

*Crofter Forestry*

32 In our last report we noted that there would be a presumption that woodlands properly classified as ancient and semi-natural would qualify for the higher rate of management grant introduced under the Woodland Grant Scheme. We also stated that we would seek to increase the help that our staff can give to woodland owners. In order to meet these objectives, we undertook an extensive training programme for Forestry Authority staff throughout Britain. Working closely with woodland ecology and training specialists from the nature conservation agencies, we ran nine training courses on the ecology and management of ancient woodlands. These courses, involving over 100 staff, were held in different locations throughout Britain to ensure that participants were working with characteristic woodlands.

*Ecology and  
Management of  
Ancient Woodlands*

33 Building on the success of this training programme, we subsequently announced our intention to produce guidelines on the management of different types of semi-natural woodlands. This commitment has been taken forward by a group comprising Forestry Commission staff and individuals with specialist knowledge of particular woodland types. Dr George Peterken, of the Joint Nature Conservation Committee, is the project adviser. The intention is to publish these guidelines in 1992, following widespread consultation.

## INDICATIVE FORESTRY STRATEGIES

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34 In our report for 1989-90, we referred to the guidance that The Scottish Office had issued to Regional Councils encouraging them to prepare indicative forestry strategies as part of their structure plans. We are pleased to note the progress that has been made by many of the Regional Councils in preparing such strategies. In the light of this experience, the Government decided to issue advice to County Councils and National Park Authorities wishing to prepare indicative forestry strategies in England and Wales. The Department of the Environment and the Welsh Office issued a draft of such guidance for comment in February 1992.

## NATIONAL PARKS REVIEW

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35 In January 1992, the Government published its response to the recommendations of the Countryside Commission and the Countryside Council for Wales arising from the report of the National Parks review panel set up under the chairmanship of Professor Ron Edwards. Three of their recommendations related to forestry in the National Parks. We were

disappointed that these seemed to be based upon outdated perceptions. We were therefore glad to note that the Government, while accepting that criticism over large-scale, coniferous afforestation in some of the National Parks had been a feature of the earlier decades of this century, had stressed in its response that policies for forestry in the Parks were very different today.

- 36 The Countryside Commission also endorsed the review panel's recommendation that the New Forest – where we manage the Crown lands – should be formally recognised as a National Park, but with a tailor-made constitution. In its response, the Government confirmed that it considered the New Forest to be a uniquely valuable area in landscape and nature conservation terms, deserving the strongest protection in keeping with its national and international importance. However, it accepted the conclusion of the review panel that it would not be appropriate to establish the New Forest as a National Park as such under the National Park legislation. Instead, the Government intended to take steps to designate the wider New Forest area as one of national significance within which the strongest protection of landscape and scenic beauty should apply. With this would be linked a mechanism for funding and statutory status for the New Forest Committee, to reflect its role in co-ordinating the management of the area. The response also noted that, in considering the question of funding, the Government would take account of the report of the working party which we set up in 1990 to consider the future of grazing in the Forest (see paragraphs 39-40).
- 37 The Government confirmed that it would discuss the details of its proposals for the New Forest with the local and national bodies concerned and provide the opportunity for public comment in due course. The aim would be to ensure the maintenance of the Forest's unique character and full respect for its existing institutions. We look forward to playing our full part in this process.
- 38 Extracts from the Government's response dealing with these two issues are reproduced at Appendix VII.

## REPORT ON NEW FOREST GRAZING

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- 39 In our recent reports we have referred to the review group which we established in 1988 to examine the measures in place to safeguard the New Forest and to identify whether further measures might be needed to maintain its unique character. We published our response to the group's report\* in March 1990.
- 40 One matter of crucial importance to the character of the New Forest which remained unresolved was the question of grazing. Ministers asked us to consider this further and we set up a small working party of three to investigate and make recommendations. The working party was chaired by Mr Richard Illingworth, our Chief Land Agent, and the other members were provided by the Agricultural Development and Advisory Service and the Department of the Environment. They consulted many organisations and individuals and studied a wide range of pertinent publications. Their comprehensive report was presented to us in September 1991 and was subsequently circulated for comment to a wide range of organisations and individuals, whose knowledge and experience Ministers can take into account in their consideration of the working party's recommendations; we also arranged for copies to be available for inspection within the New Forest. At the end of the year under report, the recommendations and the comments received were being considered with the other departments involved before submission to Ministers.

\* *The Future for the New Forest*, HMSO, £5.00 net.

## MAPPING AND DEVELOPMENTS IN GEOGRAPHIC INFORMATION SYSTEMS

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- 41 The importance of mapping to our work has given us a keen interest in the spatial referencing of data (databases linked to maps) and in the new opportunities that computer technology offers in this field. We are now developing systems using this technology. As well as yielding benefits for the Commission, the technology involved will dramatically increase the potential for integrating data from other organisations, provided systems are developed along compatible lines. With this in mind we took the initiative in establishing a liaison group among Government departments concerned with the countryside. The initial work of this group has concentrated on the effects of Ordnance Survey proposals on charging and the impact of copyright issues on potentially tradeable information.
- 42 The work of the Commission's cartographers and the varied use of maps by our staff were shown in a display at *Mapping the Nation*, the Ordnance Survey exhibition to mark its 200th anniversary in August 1991.

## HOME GROWN TIMBER ADVISORY COMMITTEE

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- 43 The annual report of this Committee (the HGTAC) is reproduced at Appendix II. The HGTAC is the principal statutory body for advising the Commission on forestry matters in Great Britain and has played a valuable role over the years. Since 1978 the Committee has had two members appointed to represent environmental interests, and we greatly welcomed its decision in March 1992 to set up a sub-committee to provide a wider forum for informed and constructive consideration of the environmental aspects of forestry. The composition of this sub-committee, which includes leading representatives from environmental organisations and the forestry industry, is given in Appendix I. We believe that this initiative will further improve understanding between the interests concerned and assist us, through the HGTAC, in fulfilling our statutory duty to balance the needs of productive forestry with those of the environment.

## FORESTRY OVERSEAS

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- 44 The Government's statement on forestry policy, to which we have referred earlier in this report (paragraphs 5 and 6), highlighted the growing importance of forestry in international terms. In the course of the year our staff played an active part in negotiations on the proposed Statement of Forest Principles and the forestry elements of Agenda 21, which were expected to be adopted at the United Nations Conference on Environment and Development in Rio de Janeiro in June 1992. In the European Community, we were involved in the discussions on the forestry aspects of the proposals for reform of the Common Agricultural Policy. Commission staff also represented the UK at meetings of the EC Commission Standing Forestry Committee, and in negotiations in the Agriculture Council Working Party and the Standing Committee on Plant Health on the development of new plant health arrangements to be introduced on completion of the Single Market (see also paragraph 147).

## A W A R D S

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45 We are pleased to record that the work of the Commission and its staff was recognised by a number of awards during the year:

a. The OBE was awarded to Mr Douglas Pringle, who held a senior position in the Commission's Secretariat Division before his retirement in June 1991, and to Mr David Perry, Deputy Surveyor of the New Forest. BEMs were also received by Mr Peter Beale, a Senior Ranger in West Downs Forest District, Mr Michael Stacey, a Senior Ranger in Wilts & Avon Forest District and Mr David Pierce, a Superintendent of Works in Wales.

b. The Commission has earned a high reputation for its cartographic work. In 1991 we were awarded the British Cartographic Society's top award for map design, and a "highly commended" award in the John Bartholomew map competition for the production of the Commission's forest visitor publications.

c. Easter Ross Forest District won the PA Consulting Group's *Golden Leaf* award for responsible environmental management.

d. Two of our forests – Glentress in the Borders and Kilmichael in Argyll – were "highly commended" in the John Kennedy Memorial Trophy competition. This trophy is awarded for outstanding examples of woodlands being expertly managed for a variety of objectives which accord with other estate enterprises.

e. Our conservation work to protect and restore the peatbogs of the Border Mires was "highly commended" in the Ford Conservation Awards.

f. Cumbria County Council awarded the Commission the accolade of the most forward-looking environmental project for the management of Coombe Forest.

## COMMISSION APPOINTMENTS AND STAFFING

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*Commissioners* 46 Mr John Pollock retired in September 1991, after 13 years as a part-time Commissioner. He has been succeeded by Mr Gavin Laird, General Secretary of the Amalgamated Engineering Union.

47 Mr Ronald Hancock, part-time Commissioner, retired in October 1991 and was succeeded by Mr Robin Grove-White, Director of Lancaster University's Centre for the Study of Environmental Change.

*Senior Staff* 48 Mr Norman Dannatt, Conservator for East England, retired in May 1991. He was succeeded by Mr Richard Smith, who was previously Assistant Conservator Operations in North England Conservancy.

49 Mr Charles Simmonds retired in February 1992, having served as the Commission's Director Personnel since January 1981. He has been succeeded by Mr John McGough, previously Administration and Finance Officer in North England Conservancy.

*Employment* 50 The Commission employed 2,051 non-industrial staff at 31 March 1992, compared with 2,085 the previous year. The number of industrial staff fell from 2,615 to 2,447 during the same period as the result of further improvements in efficiency and the wider employment of contractors. The number of contractors, including some 1,300 working in our woods for purchasers of standing timber, is now equivalent to 2,600 annually.

- 51 The Commission has established arrangements to keep all employees informed on matters of concern to them, with information being disseminated at every level. 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, 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. In addition, a team briefing system is in operation for all Commission employees.
- Employee Participation*
- 52 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 in itself is no bar to recruitment to, or advancement within, the Commission. The test applied is the ability to do the job. 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 equal opportunities for the disabled. In 1991 we employed 43 registered disabled persons (0.9 per cent of our total staff) and, in an effort to increase our capacity to offer employment to disabled persons and access to disabled visitors, a programme of accommodation improvements was continued during the year.
- Disabled Persons*
- 53 Like other Government departments, the Commission has a policy which provides that all eligible people, regardless of their sex, marital status, race, colour, ethnic or national origin, shall have equality of opportunity for employment and advancement on the basis of their ability and fitness for work. In order to give maximum effect to this policy, relevant initiatives have been introduced and developed in order to promote equal opportunities in a positive way within the Commission.
- Equal Opportunities*



## FORESTRY ENTERPRISE



# FORESTRY ENTERPRISE

- 54 For those familiar with the Commission's annual report and accounts, the name Forestry Enterprise is not new. As mentioned in paragraph 1, it has been used for many years to describe our own forest management activities. We manage a large and diverse woodland estate (Table 6 of Appendix XI) spread throughout Great Britain. With the restructuring of the Commission's organisation on 1 April 1992, Forest Enterprise, as it will be known, became a self-contained entity within the Forestry Commission.
- 55 Although our present report relates to the period before the reorganisation, we feel that it would be helpful in this section to explain the aims and objectives of the new Forest Enterprise, which will have been operating for some months before the report is published.

## AIMS AND OBJECTIVES OF THE NEW FOREST ENTERPRISE

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- 56 Multi-purpose forestry is the corner-stone of the Government's forestry policy, and a multiple-use remit will be at the heart of our management strategy for the new Forest Enterprise. This means managing our forests for recreation, wildlife, landscape and conservation, as well as for timber production. Our main aim is to create and maintain attractive and productive woodlands and to manage them for public benefits. This is expanded in the following strategic objectives:
- to maintain and, where appropriate, increase the wood-producing capability of the forest estate
  - to increase the attractiveness and conservation value of our forests and woodlands
  - to increase opportunities for public recreation
  - to be efficient in the conduct of our operations and increase the net value of our commercial activities.
- 57 Multiple use is of course no new concept for an organisation which set up its first Forest Parks in the mid 1930s. For very many years we have pursued a policy of encouraging public access and recreation wherever possible throughout our forest estate. We are now leaders in the management of countryside recreation. We have over 50 million day visitors to our forests and we host a very great range of recreational activities. We also manage a series of fully commercial campsites and cabin developments. Our visitor facilities are aimed at enhancing people's enjoyment of the public forests and encouraging understanding of woodland management and the role of forestry in the rural economy.
- 58 We manage many forests of high environmental quality famous for their landscape, their botanical interest or their unique cultural value – for instance, the New Forest and the Forest of Dean. We are also responsible for the stewardship of several hundred Sites of Special Scientific Interest and Forest Nature Reserves which we will continue to manage for their unique values.
- 59 Through timber production from our own woodlands we have, in the past, played a leading part in laying the foundations of a vigorous and competitive processing industry based on British timber. This will continue to be an important objective for Forest Enterprise. Our periodic production forecasts will keep the industry informed of future wood availability, allowing them to plan ahead. Forest Enterprise timber provides a major raw material supply to the domestic wood-processing industry, and we will maintain our policy of bringing it to the market in a planned way.

- 60 Although the environmental outputs of our forest management activities cannot be marketed, we nonetheless intend that the organisation should be managed on business lines and that all our operations, whether revenue earning or not, are cost effective and make best use of scarce resources. Our activities include a range of functions which can be run on a commercial basis, with the financial and performance disciplines which this entails. These include timber production, civil engineering, mechanical engineering, nurseries and commercial recreation.
- 61 We have set up an organisational structure based on Regions and Forest Districts where line management will have full accountability for their operating performance and the quality of services they provide to the trade and the general public. We have carried out a review of our financial information needs for business planning and budgeting. As a result, we intend to introduce a new computerised financial information system which will enable operational detail to be stored, accessed and used primarily at Forest District level, with the more senior levels of management receiving only the summary information needed for their own purposes. This has confirmed the main thrust of our Information Systems Strategy Review completed in 1990 which recommended the dispersal of operational information from the centre. We have commissioned KPMG Management Consulting to advise us on the selection, acquisition and implementation of appropriate financial accounting and management information systems, and to develop a project plan. The likely timescale for the introduction of the new systems is 1 April 1994.

## **FOREST MANAGEMENT OPERATIONS**

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- 62 Ash was the only broadleaved species which seeded well in Britain in 1991. Western Europe fared similarly with the beech crop being a total failure and acorn production being the worst for many years. Acorn production in Britain was patchy and the availability of seed from good-quality stands was very limited. Although the market for broadleaved seeds was satisfied, reliance had to be placed on imports from Eastern Europe.
- 63 Conifer seed crops in Britain were also poor compared with most recent years, and only a relatively small quantity of cones was processed at our Alice Holt seed extractory. For most species it was possible to meet customer demand for seed, but there were shortages of hybrid larch, native Scots pine and some Lodgepole pine provenances.
- 64 The relatively cool spring of 1991, coupled with the regular use of irrigation systems, resulted in exceptionally high levels of seed germination at all three of our tree nurseries. The following growing season was an average one in terms of temperature and rainfall, and plant growth was generally good. Plant quality appeared to be satisfactory, with the benefits of the move from transplanting to undercutting regimes very much in evidence. Shortly before the end of the year, we closed our small nursery at Santon Downham and the polyhouses were dismantled and re-erected at Delamere nursery. All production of container stock will now be concentrated at Delamere.
- 65 The winter was a mild one and the plant-lifting programme was completed without difficulty. As an insurance against a long period of bad weather occurring after the New Year, a significant proportion of the lift was completed before Christmas. We intend to follow this pattern in future.
- 66 Because the early part of the 1990-91 planting season was cold and wet, some of our planting programmes were delayed and carried over into 1991-92. The area of new planting completed in the year was 2,999 hectares, and 8,260 hectares were restocked. About 9 per cent of all planting – 1,035 hectares – was with broadleaves.

*Seed*

*Nurseries*

*New Planting and  
Restocking*

67 Most sites due for restocking are now cultivated and more machines are becoming available for site preparation which avoid the need for ploughing. A Scandinavian machine, the Donaren 870H mower mounted on a 15 tonne FMG 1840 forwarder, was added to our fleet. A British machine, the McLarty mower, operated by one of our contractors, is showing promise for cultivation of new planting sites.

68 The forestry policy statement to which we referred earlier (paragraphs 5 and 6) notes that the work of restructuring first-rotation forests will be continued. *Forest by Design*, a film to show the techniques of forest landscape design using computer modelling, was completed in September 1991. The film was shot entirely in Kielder Forest and shows how restructuring can improve the visual appearance of a younger forest, enhance the wildlife value, attract tourists and still allow the continued production of high-quality timber. The Films & TV Division of the Central Office of Information produced the film for us and received an International Visual Communication Association award for its effective visual communication.

#### *Access for Less Able Visitors*

69 Until fairly recently, it was a common view that forests were no place for the disabled visitor. The terrain was too difficult and the conditions too severe; any trails that were put in tended to be short, flat and uninteresting. During 1986 a series of recreation awareness seminars was held for our Forest District staff. Each seminar included a session by a disabled person who explained exactly what less able visitors to the forest wanted, what they could manage and what they needed to achieve this. This was an eye-opener for many staff and started a move towards providing more suitable facilities in the forest.

70 Today we have a range of trails, visitor centres, forest holiday sites, picnic sites and wildlife hides, either specially built or adapted to meet the needs of our less able visitors. Our staff are working with local access groups and organisations, such as the Fieldcare Trust and the Calvert Trust, to provide what is actually needed, instead of what they think is needed.

71 To date, around 40 of our staff involved in recreation have attended a five-day awareness course at Churchtown Farm on Bodmin Moor. This intensive course, which is run by the Churchtown Farm Trust in conjunction with the Spastic Society, is as much about changing attitudes as it is about understanding and coping with disabled visitors. For the duration of the course delegates gain knowledge of a wide range of disabilities.

#### *Cycling in the Forest*

72 The growth of car and lorry traffic has led to a steady decline in cycling for pleasure on public roads, but the availability of more robust bicycles has resulted in off-road cycling becoming an increasingly popular sport. Our policy is to allow cycling in our forests, subject to title conditions and management requirements, and many new routes have been developed in the last year. In Dumfries and Galloway alone over 200 miles of waymarked cycle routes were opened in a joint initiative with the Regional Council. In areas of intensive use, staff are working closely with cycling organisations to ensure that the sport remains compatible with environmental protection and the needs of other users of the forest.

#### *Visitor Centres*

73 We now manage 24 visitor centres which provide information and interpretative displays on all aspects of forestry. Two of these were reopened after major refurbishment. The centre at Glenmore, near Aviemore, was officially opened by Mr Ian Grant, Chairman of the Scottish Tourist Board, and the centre at Whinlatter in the Lake District by the Commission's Chairman. A new centre at Kielder Castle, in the Borders Forest Park, was opened by writer and broadcaster Mr Brian Redhead.

#### *Conservation*

74 During the past ten years we have taken positive action to identify and improve the considerable heathland conservation value of our estate. The Dorset Heaths have particular value because this type of lowland heath is confined to north-west Europe and is seriously threatened internationally. Despite losses to other land use, Britain has the largest remaining area of this habitat. The long-term survival of species such as the smooth snake, sand lizard, Dartford warbler and woodlark are of particular concern.

- 75 In co-operation with the British Herpetological Society, we have, since 1980, been carrying out a programme of management to maintain rare reptile populations within the forest. At the beginning of 1989, we began to consider how we could best make a further contribution to the conservation of the Dorset Heaths. The central premise on which we shall work is to maintain and expand heathland communities and their wildlife within the context of a working forest. A conservation plan has been developed with help and advice from a wide range of expert conservation advisors, including English Nature and the Institute of Terrestrial Ecology, as well as from a number of individual experts and from information gathered from our own staff.
- 76 The plan involves expanding the existing area of permanent heath and introducing wildlife corridors to allow movement of terrestrial animals or plants between larger areas of suitable habitat. This is reinforced by work to encourage the conservation of individual species on land which is not sufficiently extensive or permanent to hold a full range of species of heathland communities, particularly the clear felled areas which are important for species such as the Dartford warbler, woodlark and nightjar. Work on the plan is well under way and will remain as a permanent feature of our management in Dorset Forest District.
- 77 Dorset is just one example of our very full programme of conservation action. We maintain conservation plans in all our Forest Districts. These plans not only aim to identify and protect conservation sites and features of special worth, but also prescribe work to enhance the conservation value of the whole forest. The less intensive use made of forests and woodlands compared with lowland agriculture means that they have become a haven for many threatened species of flora and fauna.
- 78 We participated in The Sunday Times *Environmental, Wildlife and Conservation* Exhibition in July 1991 with a display which demonstrated our commitment to investment in wildlife conservation and education.

## VALLEYS FOREST INITIATIVE

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- 79 The forests managed by the Commission in the industrial valleys of south Wales cover some 35,000 hectares and lie close to the towns and villages. The Valleys Forest Initiative is a commitment to develop further the public benefits offered by these forests. Local communities will be involved and partnerships will be entered into with other bodies.
- 80 The Initiative was launched in Cardiff by the Secretary of State for Wales, the Rt Hon David Hunt MP, on 7 October 1991. The first stages included the publication of a consultation paper seeking the views and ideas of local people. A further explanatory leaflet outlining the aims of the Initiative was distributed to all the schools and libraries within the area. We were encouraged by the positive response from a wide range of local authorities, public bodies, voluntary groups and individual members of the public.
- 81 Examples of schemes now being developed include the establishment of "gateway" sites to the Rhondda Valley in partnership with Rhondda Borough Council, a joint initiative with West Glamorgan County Council to provide a new visitor centre at Afan Argoed in the Afan Valley, and the development of a community woodland with the Blaenafon Residents' Association.
- 82 Progress on the Valleys Forest Initiative will be reported to an external steering group consisting of the Planning Officers of the three counties involved, together with representatives of the Welsh Development Agency, the Countryside Council for Wales and the Welsh Office.

## WOODLAND PARKS

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- 83 We have had Forest Parks since 1935, mainly large forest areas such as the Forest of Dean, Coed-y-Brenin, Thetford and Galloway. 1991 saw the introduction of a second tier of designation – Woodland Parks – for Commission woodlands or parts of larger Commission forests already of particular value to local communities for recreation, or capable of being managed to that end. By the end of the year covered by this report, we had designated four such Woodland Parks – two in Wales at Gethin near Merthyr Tydfil and at Penpych in the Rhondda, one in England at Wendover Woods in the Chilterns, and one in Scotland at Kinnoul Hill, just outside Perth.

## ESTATE MANAGEMENT

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|---|---|
| <i>Land Acquisitions</i>                          | 84 We acquired 1,537 hectares of plantable land during the year. The average price paid was £746 per hectare compared with last year's figure of £553, reflecting the better quality of the land purchased.   |
| <i>Sale of Plantations and other Properties</i>   | 85 We have continued to implement the revised disposals programme announced in June 1989 under which we are required to dispose of 100,000 hectares of forest land and properties by the end of the century. During the year, sales of 225 areas of woodland and plantable land were completed totalling 5,923 hectares. The market was patchy but we found purchasers for some substantial woodlands, including Menzion and Watermeetings in southern Scotland. We also sold 113 houses and 773 hectares of other land surplus to our requirements. Receipts from all sales for the year were £14.5 million. |
|   | 86 Details of the net area of land acquired and disposed of during the year are given in Table 7 of Appendix XI and details of forest land sales and average prices received are shown in Table 8.  |
| <i>Disposals:<br/>Continued Public<br/>Access</i> | 87 In our last report we referred to the Government's concern that the general public should continue to enjoy access to woodlands which we are selling. It was decided that such access should be secured by way of agreements made between the Commission and local authorities before sale. We introduced the new arrangements in October 1991 following consultations with a wide range of organisations. These arrangements are described in detail in <i>Access Guidelines</i> , which we published at that time and have distributed widely.   |
| <i>Management of<br/>Property</i>                 | 88 We spent £1.2 million on the construction and improvement of buildings in the course of the year. Among the major projects completed were the Dean and Three Counties Forest District Office, the Whinlatter Visitor Centre in the Lake District and the High Lodge Forest Centre at Thetford.   |
|   | 89 As in previous years, most of the Commission's income from mineral working on its land came from the exploitation of sand and gravel deposits, mainly in the south of England. Receipts in 1991-92 from all mineral workings totalled £0.8 million.  |
|   | 90 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 XI.  |
|   | 91 During the year we decided to introduce a computerised property management system after a very successful trial in the Conservancy office in Bristol. Its first function will be to carry out the Commission's rent collecting activity, but it will eventually be extended to provide management and accounting information. The system came into operation on 1 April 1992.  |
| <i>Commercial<br/>Recreation</i>                  | 92 The aim of our commercial recreation activity is to enhance visitor enjoyment of our forests through the provision of overnight accommodation and to achieve a commercial rate of return on capital employed. This is being successfully achieved. The occupancy level of our forest cabins was 70 per cent over the year; this was below the record level of 77 per   |

cent achieved in 1990-91, mainly because the 1991 and 1992 Easter holidays both fell outside the period. The underlying occupancy trend continues upwards, however, and we achieved a record occupancy level of 91 per cent for our holiday cottages and houses. Campsite occupancy was 35 per cent compared with 33 per cent the year before.

## HARVESTING AND MARKETING

93 Because of reduced demand in the UK market, British wood processors faced fierce competition throughout the year. Timber growers suffered from a contracting market for small roundwood which led to difficulty in selling the quantities available.

*Market Demand*

94 Prices for sawlogs reflected the varying demand in each part of the sawnwood market. Early in the year, timber for construction was difficult to sell, while that for pallet, packaging and fencing was still in demand. By the middle of the year, the reverse was true. Prices for better-quality sawlogs for construction stabilised but were still about 20 per cent below the level reached in 1990. Logs for pallet mills sold at low prices by the end of the year.

95 Small roundwood users anticipated an upturn in the economy in the second half of the year and allowed their stocks to rise. These remained high through the winter and were expected to cause problems during the spring of 1992. The upturn in sawmilling in the second half of the year led to supplies of sawmill residues returning to normal. Coupled with a continuing low level of demand, this created pressure on small roundwood prices.

96 Forestry Commission wood production reached a new level of 3.87 million cubic metres, an increase of 230,000 cubic metres on the previous high point in 1988-89. Forty-five per cent of the total production came from standing sales; the balance was from direct Commission working.

*Forestry Commission Operations*

97 The following table sets out the results of our operations in the year 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 10a). The financial figures in the table are expressed on a common basis (£'92) to enable realistic comparisons to be made.

	<i>Unit</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
	Million cubic metres					
<i>Total Removals</i> ... ..		3.38	3.64	3.55	3.43	3.87
<i>By sale standing</i> ... ..	"	1.24	1.37	1.34	1.37	1.72
<i>By Forestry Commission harvesting (adjusted for change in work in progress)</i> ... ..	"	2.14	2.27	2.21	2.06	2.15
	(£'92) million					
<i>Income</i> ... ..		94.20	91.47	89.57	79.32	73.32
<i>Forest costs (expenditure, excluding administrative expenses)</i> ... ..	"	38.74	38.75	37.51	32.90	32.62
<i>Gross surplus</i> ... ..	"	55.46	52.72	52.06	46.42	40.70
<i>Administrative costs</i> ... ..	"	15.22	14.37	14.49	13.63	13.51
<i>Net surplus</i> ... ..	"	40.24	38.35	37.57	32.79	27.19
	(£'92)					
<i>Income per cubic metre</i> ... ..		27.87	25.13	25.27	23.13	18.95
<i>Forest costs per cubic metre</i> ... ..	"	11.46	10.65	10.58	9.59	8.43
<i>Gross surplus per cubic metre</i> ... ..	"	16.41	14.48	14.49	13.54	10.52
<i>Administrative costs per cubic metre</i> ... ..	"	4.50	3.95	4.09	3.97	3.49
<i>Net surplus per cubic metre</i> ... ..	"	11.91	10.53	10.60	9.57	7.03

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

- Conifer Wood Sales*    98    The total volume of sawlogs despatched from our own harvesting operations was 1,194,000 cubic metres (measured overbark). This was up by 10.7 per cent over 1990-91 which reflects the increased demand for Commission logs in the second half of the year. The Log Price Index, which is an indication of forward price trends, changed from 195.6 at 31 March 1991 to 201.3 at 31 March 1992.
- 99    The demand for pulpwood fell again in 1991-92. Despite an increase in the demand for chipwood, this was insufficient to offset the pulpwood shortfall and sales overall were down slightly at about 768,000 tonnes. Export sales from all sources rose marginally from 59,000 tonnes in 1990 to 66,000 tonnes in 1991.
- Standing Sales*    100    Sales of standing timber increased to 1,724,000 cubic metres from 1,370,000 cubic metres the previous year. These sales represented 45 per cent of the wood harvested from Commission forests. At 31 March 1992, the Standing Sales Index stood at 476.8 compared with 529.5 at 31 March 1991.
- Harvesting*    101    The volume of timber produced by our own harvesting operations was 2,142,000 cubic metres. This comprised 471,000 cubic metres from thinnings and 1,671,000 cubic metres from clear felling. The average tree size harvested was 0.20 cubic metres.
- 102    In February 1992, we made it compulsory for all people using chainsaws in our forests and woodlands to obtain a certificate of competence. This new measure is in line with the Health and Safety Executive guidance note GS48, *Training and standards of competence for users of chainsaws in agriculture, arboriculture and forestry*. To allow adequate time for the assessment of existing users and for refresher training, where appropriate, the new policy will be phased in to become fully operational from 1 January 1994.

## ENGINEERING

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- Civil Engineering*    103    Another mild winter meant that civil engineering construction was able to continue throughout the year with no major disruptions. We built 135 kilometres of new roads and upgraded 205 kilometres of existing roads. The introduction of the dynamic cone penetrometer in 1990, to assist our Area Engineers in assessing the quality of existing roads, has reduced the amount of upgrading needed to allow heavier vehicles free movement on our roads.
- 104    The Control of Explosives Regulations 1991, designed to tighten up security in the use of all explosives, came into force on 1 November 1991. Faced with expensive changes to our security measures to comply with the new safety regulations, we decided to reduce the number of our explosives stores. Explosives now have to be transported over longer distances and an explosives trailer has been developed to carry them in compliance with the new requirements.
- 105    We have continued to negotiate with local authorities on the use of minor public roads for forestry traffic. Problems have been largely resolved in Scotland, but some difficulties have been experienced in Northumberland and North Yorkshire. Discussions are continuing with these Authorities and it is hoped to resolve the problem in the coming year. The use of designated minor public roads for forestry traffic has reduced the number of roads requiring upgrading. This approach has been used by most of the Scottish Regional Councils and we hope that it will be adopted more widely.
- Radio and Electronics*    106    A programme has been prepared to replace the existing thermoelectric generators used on hill-top repeater sites with new wind generator systems. Further development work has continued to determine the best control system needed to ensure the high reliability of the repeater stations and to develop the most cost-effective means of operation.

107 We have recently introduced the new Selcall safety system in our North Scotland Conservancy which automatically keeps contact with operators in isolated locations. It has functioned most satisfactorily and improved our safeguards against accidents. Two more systems are planned for the coming year.

108 Purchases of new machines were curtailed because of the need to reduce our capital spending provision to offset the fall in timber revenue. Despite this, the cost of servicing our fleet remained at the previous year's level. Our engineers were able to take short-term measures to control costs so that machine use was not adversely affected, either in availability or performance.

*Mechanical  
Engineering*

109 We now have mechanised harvesting systems in place to cover most conditions in Britain. The introduction of excavator-based harvesting machines has been a great success. We have acquired more for our own fleet and we are using a greater number on contract. These machines have extended the opportunities for mechanised harvesting to areas which previously were not considered economically viable. For instance, the introduction of thinning harvesters, based on small excavators, has been a success in North Scotland Conservancy, and the decision has been taken to provide some additional machines of this kind. We have also introduced some small-wheeled thinning harvesters, converted at our Central Engineering Workshop from second-hand forwarders.

110 We have undertaken development work on a range of innovatory mechanised harvesting systems, including feller clambunk and roadside processing, "log pole" mechanised harvesting with clambunk extraction, and whole tree extraction by cable crane with roadside processing. We have also carried out a review of systems and machinery suitable for working on soft ground.

## HEALTH AND SAFETY

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111 The incidence of reportable accidents (i.e. those causing incapacity for more than three days) rose slightly to 5.6 per 100 employees; the comparative rates over the previous five years have been 5.4(1986-87), 6.2(1987-88), 6.0(1988-89), 5.4(1989-90) and 5.4(1990-91). Regrettably there was one fatal accident, sustained by the driver of an all-terrain vehicle which overturned.

112 The monitoring system which we introduced in 1989-90, to identify health risks to workers using permethrin as a pre-planting treatment for forest transplants and to workers planting treated plants, was continued for the 1991-92 planting season. The number of complaints from workers was small, with most involving symptoms of a short-term and minor nature. Thirteen workers were, however, seen by the Civil Service Occupational Health Service.

## INFORMATION TECHNOLOGY

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113 We continued to expand our existing computer systems during the year and to develop several new and diverse areas of application. Work began on transferring the production forecasting system, and the growing stock database upon which it operates, from a small computer in our Research Division to the main computer facility in our Headquarters office. This will be accessible to Forest District Managers through the main data network when transfer is completed towards the end of 1992. We also developed systems to cope with nursery stock control, disposal records, deeds record management, property management and rent collection.

## MINISTERIAL VISITS

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- 114* We were pleased to play host to Ministers on a number of occasions when they visited our forests. Lord Strathclyde, Parliamentary Under-Secretary of State at the Scottish Office, visited our forests on Skye, saw much of the recent planting in Caithness and Sutherland by helicopter and opened a new cycle trail in the Queen Elizabeth Forest Park in the Trossachs. Baroness Trumpington, Minister of State at the Ministry of Agriculture, spoke at our Grizedale Forest Park annual open day and toured our forests in the Welsh Marches.

FORESTRY AUTHORITY



# FORESTRY AUTHORITY

- 115 The term Forestry Authority has been used over the past 25 years to describe the Commission's departmental role, as opposed to our forest management role as the Forestry Enterprise. As noted earlier in this report, with the reorganisation of the Commission from 1 April 1992 the Forestry Authority became the arm of the Department of Forestry responsible for policy implementation and advisory and regulatory functions. In this section of the report, we shall be giving an account of the activities carried out during the year by the Forestry Authority old-style. We felt, however, that it would be helpful to preface this with a brief description of the aims and objectives of the new Authority.

## AIMS AND OBJECTIVES OF THE NEW FORESTRY AUTHORITY

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- 116 The Forestry Authority is responsible for the implementation of forestry policy within the statutory framework of the Forestry, Plant Health and Countryside Acts. It sets standards and monitors performance in accordance with regulations affecting trees, woodlands and forests in Great Britain.
- 117 The aim of the new Forestry Authority is to ensure that trees, woodlands and forests in Great Britain are protected, managed, extended and promoted in ways which best serve the public interest in accordance with Government policy. This aim incorporates the following:
- to encourage good forestry practice in all existing woods and forests by means of research, advice, guidance and incentive, and in particular to safeguard and enhance the character of woods and forests of special environmental importance
  - to ensure that expansion of the forest area will bring sustainable economic, environmental and social benefits, while protecting the natural and cultural heritage
  - by means of research, advice, guidance and incentive, to encourage the creation of new woodlands of different types and for many purposes, such as community woodlands, new native woodlands and woodlands on improved agricultural land
  - to advance knowledge and understanding of the value of forests and trees in the countryside through research, the development of an effective advisory network, and training and education programmes
  - to encourage the development and promotion of markets for timber and for all the other diverse benefits of woodlands.
- 118 These strategic aims will be met by encouraging good forestry practice in existing woodlands. This will involve making grant payments conditional upon the delivery of public benefits, which will usually be linked to environmental improvements, as well as the enhancement of woodlands from a silvicultural and wood quality point of view and, of course, the maintenance of tree health and vigour.
- 119 The expansion of the forest area in a way which increases public benefits – whether through traditional woodlands, farm woodlands, community woodlands or semi-natural woodlands – will similarly form the basis of grant-aid for new planting or natural regeneration. Balancing the public benefits, and the occasional disbenefits, arising from tree planting will be one of the important tasks of the new Forestry Authority. This will include keeping the public informed about the way in which forestry can enhance the environment and about the

things to avoid when choosing the appropriate tree species, cultivation methods and management practices. To this end, and to inform would-be planters of the conditions attaching to our grants, the Forestry Authority will continue to publish guidelines on various topics such as landscape design, nature conservation and water.

- 120 The other main role of the Forestry Authority will be to implement the various regulations which apply to tree felling and to the control of pests and diseases. The latter task extends to port inspections, as well as including special surveys to check on the incidence of existing pests and diseases and to identify any new harmful organisms. Regulation of the transport of timber is an important mechanism for restricting the spread of diseases affecting timber, and this needs careful monitoring and control.
- 121 Another important task, already referred to briefly, is to inform the public about forestry and its potential as a natural, renewable resource and the contribution it makes to the environment, both locally and globally. Carbon can be stored in trees for long periods of time. This beneficial role in cleaning the atmosphere of atmospheric pollutants has to be balanced against the local impacts, such as the enhancement of acidification in poorly-buffered rivers draining upland forest areas or the possible drying-out of peaty soils. To complicate matters, many of these environmental implications of forestry are viewed in different ways by various interest groups and it will be the role of the Forestry Authority to present a balanced view to the public.
- 122 These tasks are mainly in the hands of the Forestry Authority's new national offices in Cambridge, Aberystwyth and Glasgow and their associated local Conservancy offices. The latter are staffed by qualified personnel able to give authoritative advice and help to woodland owners, environmental organisations, local authorities and to potential planters. Much of the processing of grant-aid and regulatory work has been devolved to this local level, and the new offices are now located as far as possible in local market towns to facilitate access by the public in general as well as by woodland managers and other specialist interests.

## LEGISLATION

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- 123 Since the mid-1970s, we have, with Treasury agreement, been making an annual ex-gratia payment to the Verderers of the New Forest to help them meet their administrative costs. We therefore welcomed the inclusion of a provision in the Agriculture and Forestry (Financial Provisions) Act 1991 (Section 4)\* which gave us covering statutory authority to pay grants, with Treasury approval, for expenditure incurred by the Verderers in connection with the discharge of their functions under the New Forest Acts 1877 to 1970.
- 124 As foreshadowed in our last report, the Forestry Act 1991, which increased the maximum membership of our Regional Advisory Committees from 9 to 12, came into effect on 25 September 1991. We have since appointed three additional members to each of the Committees following consultations with a range of environmental interests. This brings to four the environmental representation on the Committees, thus giving parity with the four members appointed after consultation with forestry interests. This broadening of the membership of the Regional Advisory Committees is in line with the multi-purpose role now envisaged for forestry and will, we hope, lead to a greater understanding and acceptance of the Committees' work.

*Agriculture and  
Forestry (Financial  
Provisions) Act 1991*

*Forestry Act 1991*

\* Section 4 of the Act came into effect on 25 July 1991.

- Watermark Disease Order* 125 In January 1992 we made an Order\* to add Wiltshire County Council to those local authorities listed in Schedule 1 to the Watermark Disease (Local Authorities) Order 1974 which can take steps to prevent the spread of the bacterium *Erwinia salicis* (Watermark Disease of Willow) into and within areas where cricket bat willows are grown. The disease is currently confined to a small, isolated area within the county. We also took the opportunity presented by the amending Order to raise the level of fines for offences under the main Order to level 5 on the Standard Scale (currently £2,000) to bring it into line with our other plant health legislation.

## PRIVATE FORESTRY

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- Planting Levels* 126 A total of 18,612 hectares of private planting was grant-aided under our schemes during the year, of which 10,781 hectares comprised new planting. This compares with private planting of 18,965 hectares, including 11,859 hectares of new planting, in 1990-91. The area of broadleaves planted was slightly down (7,448 hectares grant-aided this year, compared with 7,733 in 1990-91). In addition, we paid grants for a further 3,366 hectares of new planting approved under the Farm Woodland Scheme (2,562 hectares of broadleaves and 804 hectares of conifers), against 3,577 hectares in the previous year. The total area of planting grant-aided by the Commission was therefore 21,978 hectares, a decrease of 564 hectares on the area planted in 1990-91. More detailed information is provided in Table 2 of Appendix XI.
- 127 We are naturally disappointed that the level of new planting by private owners continues to be depressed. Despite the general economic situation, which has undoubtedly had a dampening effect on forestry investment, it is heartening that the fall in new planting has slowed down significantly since the sharp initial drop in 1989-90. The relaunch of the Woodland Grant Scheme in June 1991 (see paragraphs 24 and 25) has certainly generated considerable interest, as has the more recent introduction of improved grant-aid arrangements for the planting of farm woodlands (paragraphs 28-30). At 31 March 1992, the total area of land approved for new planting under the Woodland Grant Scheme and the Farm Woodland Scheme stood at 32,700 hectares; in addition, there were some 6,000 hectares of new planting contained in applications still being processed. We are hopeful, therefore, that a rise in planting levels is in prospect, particularly as the general economic situation improves.
- Felling Controls* 128 The Government's forestry policy statement of September 1991 (see paragraphs 5 and 6) emphasised the important role that our statutory felling controls have played in preventing woodland loss. It said that these controls:

“... have for many years been exercised with an emphasis on maintaining and improving the woodland environment and have been refined to improve their effectiveness. The erosion of semi-natural woodland has largely been halted as a result of the introduction by the Commission in 1984 of a general presumption against the conversion of woodland to agriculture and other uses. The Commission has followed a policy of prosecuting where there is clear evidence of illegal felling. These policies have met with considerable success and will continue”.

Last year, 107 cases of suspected illegal felling were investigated and 34 successful prosecutions were brought for contraventions of the licensing requirements.

\* The Watermark Disease (Local Authorities) (Amendment) Order 1992 (SI 1992/44) which came into force on 10 February 1992.

129 As a means of reinforcing the felling control legislation, the Forestry Act 1986 closed what was widely seen as a loop-hole by giving us the power to require the restocking of land with trees where a conviction has been obtained for an illegal felling. During the year there were 27 cases in which we considered it appropriate to serve restocking notices, which also require the new trees to be maintained for a period of not less than ten years. Such action has received wide support from the local communities affected.

130 The Secretary of State for Scotland, the Rt Hon Ian Lang MP, announced in Parliament on 16 April 1991 that our Regional Advisory Committees would, in future, publish the advice they put to us following their consideration of disputed planting and felling applications. Mr Lang pointed out that this would make the work of the Committees in this area more open and serve to demonstrate the value and objectivity of their contribution. The text of this announcement is reproduced at Appendix IX. We have also reported in paragraph 124 on the broadening of the membership of these Committees to include three additional members drawn from environmental backgrounds which will further improve the effectiveness of their work.

*Regional Advisory  
Committees*

## **FORESTRY RESEARCH COORDINATION COMMITTEE**

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131 The Forestry Research Coordination Committee (FRCC) met on four occasions during the year. The role and composition of the Committee were examined in the light of an increasingly diverse interest in forestry research, evidenced by a widening of funding sources, and of the importance of international research contacts. The Department of Energy and the Overseas Development Administration are both now represented on the Committee, reflecting their interests in woody biomass and international research issues respectively. The Committee is also taking steps to ensure that research "users" – the forestry industry and related countryside organisations – are better able to indicate priorities for research.

132 The FRCC Review Group on Climate Change, chaired by Dr D C Malcolm of Edinburgh University, reported their findings and priorities for research in this field. They stressed the importance of developing further models to provide a sounder basis for prediction of future performance; of the need for more intensive analysis of existing data sources; and of the increasing role of monitoring techniques to assess trends and extent of change. The Review Group also strongly urged that a forestry perspective be added to other programmes of climate change research in recognition of the unique combination of features of trees – their longevity, their inherent ability to adapt to a climate range, and their long-term carbon storage potential.

133 A total of just over £20 million was spent on forestry and related tree research in Britain in 1991. In recent years, there has been a distinct shift of emphasis towards environmental and conservation issues, which now attract nearly one-fifth of all funds, with climate change featuring prominently. In general, there continues to be an increased level of research on native broadleaved species and proportionally less on conifers. Research linked to new woodland initiatives, notably farmland planting and community forests, remains at a high level.

## **RESEARCH**

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

<i>Water Quality and Trees</i>	135	One of the main policy areas with which the Research Division has been associated in recent years is that of afforestation and water quality. As a result of extensive negotiations with other interested departments and agencies, a much more objective method has been established for assessing the role of trees in this complex area. The concept of critical loads has been developed to assess incoming pollutants in combination with the buffering capacity of the soil and the scavenging effect of the trees. As a result of this work we published a revision of our <i>Forest and Water Guidelines</i> in December 1991. This updated edition makes recommendations on how the impact of pollutant depositions can be minimised.
<i>Tree Health</i>	136	Substantial changes in the density of tree foliage in Britain were recorded in the course of our 1991 annual monitoring survey. The main factor affecting the condition of trees was the summer droughts of 1989 and 1990, although other forms of stress were also present. An exception to this general trend was beech, which showed some signs of improvement over the previous year.
<i>Tree Breeding</i>	137	It has been estimated that the first generation of improved Sitka spruce breeding has led to a 15 per cent improvement in timber volume, which approximates to one full yield class. Improved material is now commercially available from established seed orchards. A limited amount of seed with even greater growth potential is also available from controlled pollinations, and this is being multiplied by vegetative propagation. Our Tree Improvement Branch predict that increased yields of up to 25 per cent will be possible by the year 2000 through selecting the best families derived from tested parent trees.
<i>Nursery Research</i>	138	Recent years have seen many changes in commercial plant production systems arising from nursery research. Significant developments include the widespread adoption of precision sowing and undercutting, cold storage facilities, vegetative propagation of genetically improved stock and container production systems.
<i>Poplars</i>	139	Research on poplars is occupying a significant proportion of the work of the Silviculture Branch at our Alice Holt Research Station. This is because of the promise offered by new Belgian clones, and the suitability of poplars for planting on arable farmland. Poplars are also of interest for "arable energy coppice", and are included, along with willows, in a programme of work funded by the Department of Energy.
<i>Air Pollution</i>	140	We have, since March 1988, been growing Norway spruce, Sitka spruce, Scots pine and beech in clean (filtered) or ambient (unfiltered) air in open top chambers at three sites – Glendevon in south Scotland, Chatsworth in Derbyshire and Headley in Hampshire. The tree size and long duration of this experiment make it unique, and therefore invaluable, in assessing the impacts of air quality on tree growth in the UK. For Norway spruce, Scots pine and beech planted at Headley, leader growth has been greater in filtered air. At the other two sites, however, no significant growth reductions have been detected in ambient (unfiltered) air.
	141	These results indicate that the effects of air quality vary according to the site, being dependent primarily on the levels of pollutants in the vicinity. Reliable air quality information is available for Chatsworth and Headley. This shows that concentrations of sulphur dioxide and the oxides of nitrogen are at moderate levels more often at Chatsworth, while ozone is found more frequently at Headley.
<i>Northern Research Station</i>	142	We mounted an exhibition in May 1991 to celebrate 21 years of research by our scientists at the Commission's Northern Research Station near Edinburgh. The exhibition was officially opened by Lord Strathclyde, Parliamentary Under-Secretary of State at the Scottish Office.

## PLANT HEALTH

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- 143 We received a number of reports during the summer, principally from the southern counties of England, of what was assumed to be a fresh outbreak of Dutch elm disease. This was not unexpected, however, as the disease has always remained present in the root systems and stumps of the elms felled during the height of the control campaign. New growth from these has now reached the stage where it is again susceptible to attack from the carrier beetles and symptoms reappear. This is typical of the cyclic nature of this disease. *Dutch Elm Disease*
- 144 We have continued to review the statutory powers available to certain local authorities where significant elm populations survive in high amenity areas and controls are still in place.
- 145 We have maintained our programme to restrict the spread of *Dendroctonus micans* (the Great Spruce Bark Beetle). During the year we again carried out intensive surveys on the periphery of known infested areas in Wales and the neighbouring English counties to monitor the spread of this major pest. As in earlier years, its natural outward spread was limited to some 3-5 kilometres. *Rhizophagus grandis*, the specific predator of this beetle which we have released at all new sites of infestation, appears to be exercising a significant degree of control. We are glad to say that surveys at selected sites surrounding the Scheduled Area, within which the movement of spruce wood is controlled, as well as surveys elsewhere in the country have failed to show any evidence of the pest. *Dendroctonus micans*
- 146 It became apparent from the survey results, however, that some adjustment of the eastern boundary of the Scheduled Area, which has been unchanged since 1985, would be necessary if a suitable buffer between the infested woodlands and the boundary of the Scheduled Area was to be maintained. At the end of the year under report, proposals were being prepared for agreement by the Dendroctonus Micans Working Group, which comprises Forestry Commission and private sector representatives, before arrangements are made to seek an appropriate amendment to the Restriction on Movement of Spruce Wood Order (SI 1982/1457).
- 147 Commission officials have continued to represent the UK forestry interests at meetings of the EC Standing Committee on Plant Health. In December, the Council of Ministers adopted a Directive which set out the framework for new controls that will be put in place at the end of 1992 on completion of the Single Market. The current system of phytosanitary certificates which accompany controlled goods as they move from one member state to another, and which are checked during Customs & Excise entry clearance procedures, will be replaced by the introduction of plant passports. These will consist of labels, or an equivalent, which will be affixed to the goods when they leave their place of production and which will remain with them throughout their movement in the trade chain. The full details of the new regime were still to be negotiated on the Plant Health Committee at the end of the year covered by this report, and we intend to ensure that forestry industry organisations are kept fully informed and that their views are taken into account. *Plant Health in the Single Market*
- 148 In last year's report, we indicated that research into alternatives to kiln drying as a landing requirement for wood imports of coniferous species susceptible to this pest would be considered by the EC's Standing Committee on Plant Health towards the end of 1991. In the autumn it became clear that the research projects still had some way to go before firm conclusions could be drawn and new measures introduced. The Standing Committee therefore agreed to a one-year extension of the derogations for coniferous wood which allow sawn wood from Canada and the USA produced under an agreed certification programme to be landed in ten of the member states of the Community. *Pine Wood Nematode*

## EDUCATION AND TRAINING

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- Training Activity*    149    Our Education and Training Branch was actively associated with the implementation of several management initiatives during the year. Much of this work was concerned with new information technology systems, such as personnel records, the administration of private woodland grant schemes and workshop stock control. In addition, and with the assistance of the Nature Conservancy Council and the Nature Conservancy Council for Scotland (as they were then named), specialist training was provided for staff responsible for managing ancient semi-natural woodlands. A further increase in mechanised operations placed considerable demands on our Machine Operator Training Centre at Ae, where a new course on forest drainage was successfully launched.
- Training for the Private Sector*    150    We have continued to mount courses on a cost-recovery basis for employees in the private forestry sector, as the need arises. During the year we investigated the training requirements of those involved in community forests in order to develop a marketing and promotional strategy by which the Forestry Authority could provide training in a cost-effective fashion. An agreement was made with the Irish Forestry Service (Coillte Teoranta) to provide its training staff with updating courses by our Education and Training Branch. The agreement was made with the support of the EC's EUROFORM scheme, and the training is already underway.



# FINANCE

## FORESTRY FUND, RECEIPTS AND PAYMENTS

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- 151 The Grant-in-Aid voted by Parliament forms the Commission's agreed cash limit. After Appropriations in Aid of £1.5 million the net amount voted in 1991-92 was £81.6 million, which was taken into the Forestry Fund. Of this, £76.5 million was spent (£74.4 million in 1990-91) leaving £5.1 million to be handed back to the Exchequer.
- 152 Receipts from the Commission's activities amounted to £106.5 million against £104.9 million in 1990-91. In addition, cash received from the disposal of land, buildings and plantations amounted to £14.9 million during the year which, together with £3.6 million brought forward from 1990-91 and EC contributions to research projects of £0.1 million, meant that a total of £18.6 million was due to be surrendered to the Consolidated Fund. Of this, £15.7 million had been paid by 31 March 1992, leaving a balance of £2.9 million to be surrendered during 1992-93.
- 153 Payments, excluding amounts paid or due to the Consolidated Fund, totalled £183.0 million. These were £3.8 million (2 per cent) above the 1990-91 total of £179.2 million. Payments in respect of staff remuneration, pensions, purchase of materials, land acquisitions and capital items rose by £3.4 million (2 per cent) and those for private woodland and other grants by £0.7 million (0.4 per cent).
- 154 The statement of Forestry Fund Receipts and Payments, including notes thereon, appears on pages 48 and 49.

## FORESTRY AUTHORITY SERVICES

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- 155 The amount spent on Forestry Authority services was £36.2 million, compared with £34.1 million in 1990-91 – an increase of £2.1 million over the previous year.
- 156 The statement of expenditure on Forestry Authority services, together with notes, appears on pages 64 and 65.

## FORESTRY ENTERPRISE

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### *Net Operating Surplus*

- 157 For the year ended 31 March 1992, the overall net operating surplus arising from plantations (including that attributable to the increase in the value of the growing stock) and other activities was £62.5 million (£70.5 million in 1990-91).
- 158 For plantations, the increase in the value of the growing stock of £93.0 million, together with income (mainly from the sale of timber) of £74.4 million, exceeded expenditure of £95.5 million by £71.9 million. After taking into account a deficit of £11.0 million on the book value of properties sold, the net operating surplus from plantations was £60.9 million (£69.3 million in 1990-91).
- 159 Other commercial activities – campsites and cabins, agency work and the Lake Vyrnwy management scheme – produced an income of £7.1 million. After deducting expenditure of £5.5 million, these earned a net operating surplus of £1.6 million (£1.2 million in 1990-91).

160	The net expenditure on forest recreation and amenity was £12.1 million (£12.0 million in 1990-91).	
161	The Grant-in-Aid applied to the Forestry Enterprise in 1991-92 was £40.3 million (the same as in 1990-91), including an implied planting/restocking subsidy of £1.2 million and a grant for forest recreation of £12.1 million. Receipts from the disposals programme surrendered to the Consolidated Fund amounted to £14.9 million (£12.0 million in 1990-91).	<i>Grant-in-Aid</i>
162	The accounts for the Forestry Enterprise appear on pages 50 to 63.	<i>Accounts</i>
		<i>Measurement of Performance</i>
163	Owing to the comparative immaturity of our plantations, the operations of the Forestry 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.	<i>Plantations</i>
164	During the triennium the performance each year is judged from a comparison of 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 set by the Government of 3 per cent in real terms has been exceeded. Adverse variances mean that the return is below the 3 per cent target, not that it is negative.	
165	In 1991-92, income realised was below standard by £17.0 million whereas expenditure showed a favourable variance, being lower than the standard by £6.1 million, giving a net adverse variance of £10.9 million. The overall adverse variance of £11.9 million over the first two years of the current triennium indicates that, at this stage, the actual rate of return is below the target rate of return of 3 per cent, which is a direct result of reduced timber prices.	
166	The real rate of return on capital invested in cabins and campsites was 12.8 per cent, compared with the target rate of return in real terms of 6 per cent.	<i>Commercial Recreation (Campsites and Forest Cabins)</i>
167	Agency work earned a surplus of £0.5 million. The joint management scheme at Lake Vyrnwy also had an operating surplus of £0.1 million.	<i>Other Commercial Activities</i>
168	The Forestry Enterprise does not receive planting grants. Notional planting subsidies are received, however, 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 the purposes of environmental improvement, but also relate to planting carried out for social reasons in remote and less fertile areas where afforestation will help maintain rural employment. The planting subsidies of £1.2 million shown in the Operating Account comprise £0.5 million for new planting and £0.7 million for restocking; the year before the total was £0.9 million – £0.4 million for new planting and £0.5 million for restocking.	<i>Planting Subsidies</i>
169	Over the current triennium (1991-1993) the projected real rate of return for new planting and restocking as a whole is 2.9 per cent, compared with the target rate of return of 3 per cent.	
170	A grant of £12.1 million was received in 1991-92 to meet the net cost of providing recreational and amenity facilities in our forests for use by the general public. This was in line with the amount envisaged for this year of the triennium.	<i>Forest Recreation and Amenity</i>

## SALIENT FACTS

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- 171 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.

J. RAYMOND JOHNSTONE, *Chairman*  
T.R. CUTLER, *Deputy Chairman and*  
*Director General*  
R.T. BRADLEY  
I.D. COUTTS  
D.L. FOOT  
R.B. GROVE-WHITE  
D.S. GRUNDY  
G.H. LAIRD  
T.S. MALLINSON  
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				
		1988	1989	1990	1991	1992
<b>Forestry Authority</b>						
Grant-in-Aid	£('92) million	26.9	27.9	33.1	36.7	36.2
Area planted by private sector on which grants were paid						
New planting	thousands hectares	23.8	25.1	15.4	15.4	14.1
Restocking	thousands hectares	4.9	4.8	6.1	7.1	7.8
Private woodlands grants and administration costs	£('92) million	15.9	16.7	21.8	23.2	22.2
Area covered by grant schemes	thousands hectares	821	811	832	830	733
Consultation and administration costs of grant schemes	£('92) per hectare managed	4.9	5.5	6.4	7.1	8.6
Research	£('92) million	9.9	9.7	10.2	10.0	10.3
<b>Forestry Enterprise</b>						
Grant-in-Aid	£('92) million	36.8	38.2	34.4	43.4	45.4
Proceeds from sales of properties and plantations	£('92) million	17.7	15.6	15.0	13.0	15.1
Sales of timber	£('92) million	94.2	91.5	89.6	79.8	73.3
Sales of timber	Millions cubic metres	3.4	3.6	3.5	3.4	3.9
Gross surplus (income less direct costs) from sales of timber	£('92) per cubic metre	16.4	14.5	14.7	13.5	10.5
Net surplus (gross surplus less administration costs)	£('92) per cubic metre	11.9	10.5	10.6	9.6	7.0
Total area managed	thousands hectares	1149	1144	1140	1133	1128
Forest land	thousands hectares	919	915	914	903	898
New planting	thousands hectares	5.0	4.1	4.1	3.5	3.0
Forest cost	£('92) per hectare	1054	1034	1045	969	1030
Restocking	thousands hectares	8.2	8.5	7.9	7.6	8.3
Forest cost	£('92) per hectare	1207	1135	1102	992	985
Forest recreation and amenity net expenditure	£('92) million	11.2	10.0	10.7	12.9	12.1
Commercial recreation (return on assets employed)	%	7.6	11.2	10.7	12.7	12.8
<b>Forestry Authority and Forestry Enterprise</b>						
Staff at 31 March	Numbers	5511	5118	4850	4700	4498



FINANCE



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## FOREWORD

### 1. CONSTITUTIONAL STATUS

- (a) The Forestry Commission was established in 1919. It comprises a Chairman and Board of Commissioners with statutorily prescribed duties and powers. 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 individually and collectively to Forestry Ministers, namely the Secretary of State for Scotland (who takes the lead role), the Minister of Agriculture, Fisheries and Food and the Secretary of State for Wales, to whom it is responsible for advice on forestry policy and for the implementation of that policy.

### 2. FUNCTIONS AND OBJECTIVES

The Forestry 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 Commission 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 Commission's 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 1990, generally on an open market value basis. The valuation of £116.3 million at 31 March 1992 (31 March 1991 £112.2 million) shown in the Forestry Enterprise Accounts is determined by updating the valuation at 31 March 1990 by means of a general price index.

#### *Plantations*

The Plantations (land, timber and roads) were revalued on an expectation value basis as at 31 March 1990. An assessment is also made of their market value at the end of each financial year.

The market value at 31 March 1992 is estimated to be £1,700 million (31 March 1991 £1,700 million). This is £1,087.9 million (31 March 1991 £823.2 million) lower than the expectation value of £2,787.9 million (31 March 1991 £2,523.2 million) shown in the Forestry Enterprise Accounts.

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. There has been little movement in market prices over the year and consequently the estimated market value at 31 March 1992 of £1,700 million is the same as at 31 March 1991. 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. As the estimated market value has not changed over the year the difference between the two values has widened from £823.2 million to £1,087.9 million.

**FORESTRY AUTHORITY AND FORESTRY ENTERPRISE  
STATEMENT OF FORESTRY FUND RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 MARCH 1992**

	<b>£ thousand</b>	<i>Previous Year £ thousand</i>
<i>Receipts</i>		
Sales of timber ... ..	<b>84,838</b>	85,798
Miscellaneous ... ..	<b>21,511</b>	18,963
Disposal of land, buildings and plantations - by exchanges ... ..	<b>132</b>	94
	<b>106,481</b>	104,855
 Grant-in-Aid		
Forestry Enterprise ... ..	<b>40,342</b>	40,342
Forestry Authority ... ..	<b>34,033</b>	34,033
Excess balance to be repaid to the Consolidated Fund ... ..	<b>5,100</b>	—
	<b>81,632</b>	74,375
 Cash received payable to the Consolidated Fund		
Disposal of land, buildings and plantations ... ..	<b>14,952</b>	11,998
EC contributions to research projects ... ..	<b>—</b>	114
	<b>14,952</b>	12,112
	<b>203,065</b>	191,342
 Balance brought forward at 1 April 1991	<b>3,700</b>	4,903
	<b>206,765</b>	196,245
 <i>Payments</i>		
Salaries, wages and related expenses ... ..	<b>67,645</b>	65,309
Pensions and gratuities to retired staff ... ..	<b>22,339</b>	19,974
Materials, contract services and general expenses ... ..	<b>60,818</b>	56,818
Acquisition of land, buildings and plantations and construction of buildings ... ..	<b>2,611</b>	4,772
Plant, machinery and equipment ... ..	<b>5,609</b>	8,738
Grants to private woodland owners (£17,191,552), universities, institutions etc ... ..	<b>17,971</b>	17,294
Remittances of VAT to Customs and Excise ... ..	<b>6,020</b>	6,325
	<b>183,013</b>	179,230
 Payments to the Consolidated Fund		
— cash received from disposal of land, buildings and plantations, including £3,586,051 brought forward from 1990-91 ... ..	<b>15,612</b>	10,501
— balance of EC contributions to research projects brought forward from 1990-91 ... ..	<b>114</b>	—
— excess cash balance brought forward from 1990-91 ... ..	<b>—</b>	2,814
	<b>198,739</b>	192,545
 Balance carried forward at 31 March 1992 to be surrendered to the Consolidated Fund during 1992-93		
— excess Grant-in-Aid 1991-92 ... ..	<b>5,100</b>	—
— disposal receipts ... ..	<b>2,926</b>	3,586
— EC contributions to research projects ... ..	<b>—</b>	114
	<b>8,026</b>	3,700
	<b>206,765</b>	196,245

The notes attached form part of this statement.

*T R Cutler*  
Accounting Officer  
13 July 1992

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 1992 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

2 September 1992  
National Audit Office

## NOTES

### 1. General

Expenditure incurred by the Forestry Commissioners in the exercise of their powers and 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 1991-92 were paid into this Fund.

Receipts and payments are shown inclusive of VAT where applicable.

### 2. Grant-in-Aid

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) of the Forestry Act 1967 together with the excess cash balance held at the end of each financial year.

### 3. Receipts

The Grant-in-Aid of the Forestry Fund voted by Parliament for 1991-92 was £83,132,000 less Appropriations in Aid of £1,500,000 resulting in a net vote of £81,632,000. This was all drawn into the Forestry Fund account.

Actual timber receipts were £960,000 lower than in 1990-91 and considerably less (£12,482,000) than the levels expected when the Supply Estimate for 1991-92 was prepared. This was due to the continuation of unfavourable market conditions throughout the year.

Miscellaneous receipts were £2,548,000 more than in 1990-91. This was mainly due to an increase of £1,077,000 in planting grants recovered from the EC, an increase of £765,000 from agency work, and an increase of £565,000 from recreational and forest holiday facilities.

### 4. Payments

Salaries, wages and related expenses were £2,336,000 (4 per cent) more than in 1990-91. Increased rates of pay and allowances were partially offset by reduced numbers of employees.

Pensions and gratuities to retired staff rose by £2,365,000 (12 per cent). This reflects the increasing numbers of pensioners, together with higher average pensions.

Materials, contract services and general expenses increased by £4,000,000 (7 per cent) due mainly to price increases and the greater use of contractors.

Overall payments for land acquisition and building construction were £2,161,000 lower than in 1990-91. Acquisition of new land for planting decreased by £809,000 whereas building construction was down by £1,352,000. Restrictions on capital expenditure were imposed to offset the expected shortfall in timber receipts.

Payments for purchases of vehicles, plant, machinery and office equipment were £3,129,000 lower than in 1990-91. Vehicles and machinery purchases were £3,578,000 lower than in 1990-91, as a contribution towards the timber receipts shortfall. This reduction was partly offset by an increase of £449,000 in payments for computer and office equipment.

Grants totalled £17,971,000 in 1991-92, £677,000 more than in 1990-91.

Remittances of VAT to HM Customs and Excise were down by £305,000.

### 5. Balance Carried Forward at 31 March 1992

Disposal receipts in 1991-92 from the sale of properties and plantations totalled £14,951,531 which together with £3,586,051 disposal receipts and £114,171 EC receipts brought forward from 1990-91 were payable to the Consolidated Fund. As at 31 March 1992, £15,726,222 had been paid over leaving a balance of £2,925,531 to be surrendered. This balance together with £5,100,122 in respect of the excess cash balance remaining at 31 March 1992 will be paid into the Consolidated Fund in 1992-93 in accordance with the Ministerial direction given under Section 41(4A) of the Forestry Act 1967.

# 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-sufficient. 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 has not yet reached this stage.

## 2. Form of Accounts

The accounts are based on the expectation value concept, with three-yearly reviews of asset values, subsidies and performance, and the Operating Account 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 Forestry 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 6 per cent, which is the required rate of return for low risk public sector trading activities.

## 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. The commercial recreation assets are revalued by a specialist firm.

During each 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 in consultation with the specialist firm that provided the valuation at the end of the previous review period. 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

Forestry Enterprise does not receive new planting and restocking grants which are payable to the private sector. 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) 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. Forest Recreation and Amenity Grant

This covers 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 for which commercial objectives cannot be set.

## 7. 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.

*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 return.

**8. 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. Without limiting the information given, the accounts meet the requirements of the Companies Acts and Accounting Standards 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 226(5) of the Companies Act 1985 to enable the financial statements to give a true and fair view.

**9. 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

**10. 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.

**11. 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.

**12. 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 68:32 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.

**13. 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 grant, 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 the 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.

**14. 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.

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 determined on the basis of funding calculations made by the Government Actuary taking into account the revaluation of the provision for the scheme's liabilities at each actuarial investigation;

Accounting Policies (continued)

(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 1992**

	<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>	10(a) & (b)	<u>74.4</u>	<u>1.8</u>	<u>7.1</u>	<u>83.3</u>	<u>83.7</u>
<b>Expenditure</b>						
Forest costs ... ..		77.7	1.1	2.4	81.2	77.7
Management and administrative expenses ... ..	15	19.1	1.8	1.0	21.9	33.9
		<u>96.7</u>	<u>13.9</u>	<u>5.5</u>	<u>116.1</u>	<u>111.6</u>
Less subsidies and grants	12 & 13	<u>1.2</u>	<u>12.1</u>	<u>—</u>	<u>13.3</u>	<u>12.9</u>
		<u>95.5</u>	<u>1.8</u>	<u>5.5</u>	<u>102.8</u>	<u>98.7</u>
<b>Surplus/(Deficit) of Income over Expenditure</b>		<b>(21.1)</b>	<b>—</b>	<b>1.6</b>	<b>(19.5)</b>	<b>(15.0)</b>
Growth in standard value of plantations	10(a)	<u>93.0</u>	<u>—</u>	<u>—</u>	<u>93.0</u>	<u>90.1</u>
Surplus/(Deficit) on sale of properties ... ..	14	<u>(11.0)</u>	<u>—</u>	<u>—</u>	<u>(11.0)</u>	<u>(4.6)</u>
<b>Net Operating Surplus for the Year</b>	10(a) & (b)	<u><u>60.9</u></u>	<u><u>—</u></u>	<u><u>1.6</u></u>	<u><u>62.5</u></u>	<u><u>70.5</u></u>
<b>Appropriated to</b>						
Provision for Superannuation (Note 6) ...					<u>10.4</u>	<u>9.6</u>
Retained surplus for year (Note 9)					<u>52.1</u>	<u>60.9</u>

The statement of accounting policies and the notes form part of these accounts.

**FORESTRY ENTERPRISE  
BALANCE SHEET  
AS AT 31 MARCH 1992**

	<i>Notes</i>	<b>£ million</b>	<i>Previous Year £ million</i>
<b>FIXED ASSETS</b>			
Plantations ... ..	1(a)	<b>2,787.9</b>	2,523.2
Other tangible assets ... ..	1(b)	<b>145.2</b>	141.4
		<b>2,933.1</b>	2,664.6
<b>CURRENT ASSETS</b>			
Stocks ... ..	2	<b>1.0</b>	8.7
Debtors ... ..	3	<b>12.5</b>	12.1
Cash at banks and in hand ... ..	4	<b>91.3</b>	4.8
		<b>104.8</b>	25.6
<b>CREDITORS: Amounts falling due within one year</b>	5	<b>38.4</b>	8.6
<b>NET CURRENT ASSETS</b>		<b>16.4</b>	17.0
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,949.5</b>	2,681.6
<b>PROVISION FOR SUPERANNUATION</b>	6	<b>365.3</b>	339.0
<b>CAPITAL AND RESERVES</b>			
Capital at 31 March 1990 ... ..		<b>2,108.8</b>	2,108.8
Movements in the first 2 years of the current triennium			
Grant-in-Aid ... ..	7	<b>15.4</b>	15.4
Revaluation Reserve ... ..	8	<b>157.5</b>	157.5
Retained Surplus ... ..	9	<b>60.9</b>	60.9
		<b>475.4</b>	233.8
		<b>2,949.5</b>	2,681.6

The statement of accounting policies and the notes form part of these accounts.

*T R Cutler*  
Accounting Officer  
13 July 1992

I certify that I have examined the financial statements on pages 50 to 63 in accordance with the provisions of Section 5 of the Exchequer and Audit Departments Act 1921 and the National Audit Office auditing standards.

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 1992 and of its results and cash flows 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 on these financial statements.

*John Bourn*  
Comptroller and Auditor General

2 September 1992  
National Audit Office

**FORESTRY ENTERPRISE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 1992**

	<b>£ million</b>	<i>Previous year</i> <b>£ million</b>
<b>OPERATING ACTIVITIES</b>		
Operating surplus		70.5
Growth in value of trees		(90.1)
Depreciation charges		8.7
Loss on sale of tangible fixed assets		3.1
Superannuation provision		10.4
Book value of land newly planted		1.5
Decrease in stocks		(0.2)
Increase in debtors		0.6
Increase in creditors		(2.7)
Other items		0.3
Net cash inflow from operating activities	<b>6.2</b>	2.1
<b>INVESTING ACTIVITIES</b>		
Payments to acquire tangible fixed assets		(12.2)
Purchase of freehold rights of properties		—
Receipts from sale of tangible fixed assets		12.8
Net cash inflow from investing activities	<b>8.1</b>	0.6
<b>SUPERANNUATION</b>		
Superannuation payments		(19.9)
Contributions received from staff		1.2
Net cash outflow from superannuation	<b>(21.1)</b>	(18.7)
Net cash outflow before financing	<b>(6.8)</b>	(16.0)
<b>FINANCING</b>		
Grant-in-Aid		40.3
Sale receipts surrenderable to the Consolidated Fund		(12.0)
Subsidies and grants		(12.9)
Net cash inflow from financing	<b>12.1</b>	15.4
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>5.3</b>	(0.6)
<b>CASH AND CASH EQUIVALENTS SHOWN IN THE BALANCE SHEET</b>		
Balance at 31 March 1991	<b>4.8</b>	5.4
Balance at 31 March 1992	<b>10.1</b>	4.8
	<b>5.3</b>	(0.6)

The statement of accounting policies and the notes form part of these accounts.

**FORESTRY ENTERPRISE**  
**NOTES TO THE ACCOUNTS**

**1. FIXED ASSETS**

	<b>£ million</b>	<i>Previous year £ million</i>
<b>(a) Plantations (Land, Roads and Timber)</b>		
Valuation:		
At 1 April 1991 - 892,900 hectares	<b>2,523.2</b>	2,271.2
Revaluation by current price index	<b>192.8</b>	176.3
	<b>2,716.0</b>	2,447.5
Acquisitions ... ..	—	0.2
Disposals (at book value) ... ..	<b>(21.1)</b>	(14.6)
Growth in value for year (Note 10a) ... ..	<b>93.0</b>	90.1
	<b>2,787.9</b>	2,523.2
Vaulation at 31 March 1992 - 890,200 hectares		

**(b) Other Tangible Assets**

	<b>Land and Buildings £ million</b>	<b>Machinery Plant and Equipment £ million</b>	<b>Total £ million</b>
Valuation:			
At 1 April 1991 ... ..	<b>112.2</b>	<b>70.7</b>	<b>182.9</b>
Additions ... ..	<b>2.4</b>	<b>4.9</b>	<b>7.3</b>
Disposals and transfers ... ..	<b>(4.8)</b>	<b>(4.2)</b>	<b>(9.0)</b>
Revaluation by current price index ... ..	<b>6.5</b>	<b>6.0</b>	<b>12.5</b>
	<b>116.3</b>	<b>77.4</b>	<b>193.7</b>
At 31 March 1992			
Depreciation:			
At 1 April 1991 ... ..	—	<b>41.5</b>	<b>41.5</b>
Provided during year ... ..	<b>2.3</b>	<b>7.0</b>	<b>9.3</b>
Disposals and transfers ... ..	—	<b>(3.6)</b>	<b>(3.6)</b>
Revaluation by current price index ... ..	<b>(2.3)</b>	<b>3.6</b>	<b>1.3</b>
	—	<b>48.5</b>	<b>48.5</b>
At 31 March 1992			
Net Book Value:			
At 31 March 1992	<b>116.3</b>	<b>28.9</b>	<b>145.2</b>
At 31 March 1991	<b>112.2</b>	<b>29.2</b>	<b>141.4</b>

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

	<b>£ million</b>	<i>Previous year £ million</i>
Forest estate ... ..	<b>80.5</b>	76.0
Surplus estate ... ..	<b>24.5</b>	25.5
Forest Recreation and Amenity ... ..	<b>4.4</b>	3.7
Commercial recreation ... ..	<b>6.9</b>	7.0
	<b>116.3</b>	112.2

(d) The basis of valuation of plantations and other tangible fixed assets and the method used to update these valuations to current prices during each triennium is described in the statement of Accounting Policies.

**2. STOCKS**

	<b>£ million</b>	<i>Previous Year £ million</i>
Timber ... ..	<b>3.6</b>	4.5
Plants and seed ... ..	<b>1.8</b>	2.0
Consumable materials, supplies and livestock ... ..	<b>2.1</b>	2.2
	<b>7.5</b>	8.7

**3. DEBTORS**

	<b>£ million</b>	<i>Previous Year £ million</i>
Trade debtors ... ..	<b>10.8</b>	10.2
Other debtors ... ..	<b>1.7</b>	1.9
	<b>12.5</b>	12.1

Other debtors include amounts falling due after more than one year of £1.3 million (£1.2 million at 31 March 1991).

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

	<b>£ million</b>	<i>Previous Year £ million</i>
Balance of Forestry Fund with Paymaster General ... ..	<b>9.7</b>	4.6
Cash at commercial banks and in hand ... ..	<b>0.4</b>	0.2
	<b>10.1</b>	4.8

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

	<b>£ million</b>	<i>Previous Year £ million</i>
Payments received on account ... ..	<b>0.4</b>	0.3
Trade creditors ... ..	<b>2.1</b>	2.9
Other creditors including taxation and social security costs ... ..	<b>3.2</b>	1.7
Consolidated Fund surrender:-		
Balance of proceeds from disposal of properties and plantations in 1991-92 ... ..	<b>2.9</b>	3.6
EC contributions to research projects ... ..	<b>—</b>	0.1
Excess working balance ... ..	<b>5.1</b>	—
	<b>8.0</b>	3.7
	<b>13.7</b>	8.6

**6. PROVISION FOR SUPERANNUATION**

	<b>£ million</b>	<i>Previous Year £ million</i>
Balance at 1 April 1991 ... ..	<b>339.0</b>	313.3
Revaluation by current price index (Note 8) ... ..	<b>26.1</b>	24.4
	<b>365.1</b>	337.7
Contributions received from staff ... ..	<b>1.2</b>	1.2
Notional employers' contribution ... ..	<b>10.9</b>	10.4
Notional return on assets (Accounting Policy 14) ... ..	<b>10.4</b>	9.6
	<b>387.6</b>	358.9
Payments made during the year	<b>22.3</b>	19.9
Balance at 31 March 1992	<b>365.3</b>	339.0

## Notes to the Accounts (continued)

The Forestry Commission operates a defined benefit pension scheme under which the superannuation benefits and contributions payable are identical to those of the Principal Civil Service Pension Scheme.

The scheme's liabilities were revalued by the Government Actuary at 31 March 1990 using the aggregate method, the main assumptions being that the investment yield, represented by the rate of interest credited to the account (including revaluation adjustments), would exceed salary increases by 1.5 per cent and exceed price increases by 3 per cent.

The notional employer's contribution rates have been set at 19 per cent for industrials and 22 per cent for non-industrials.

### 7. GRANT-IN-AID

	<b>£ million</b>	<i>Previous Year £ million</i>
<u>Grant-in-Aid in year to 31 March 1992</u>		
Total Grant-in-Aid	<b>81.6</b>	74.4
Less: Excess cash balance to be surrendered		—
Forestry Authority		34.1
	<b>41.3</b>	34.1
Grant-in-Aid for Forestry Enterprise	<b>40.3</b>	40.3
Less: Disposal Receipts		12.0
Subsidies and grants (Notes 12 & 13)		12.9
	<b>28.2</b>	24.9
Net Forestry Enterprise Grant in year to 31 March 1992	<b>12.1</b>	15.4
Balance at 31 March 1991	<b>15.4</b>	—
Cumulative Grant-in-Aid in the current triennium	<b>27.5</b>	15.4

### 8. REVALUATION RESERVE

	<b>£ million</b>	<i>Previous Year £ million</i>
<u>Revaluation surplus for the year to 31 March 1992</u>		
Plantations		176.3
Other tangible assets		8.0
	<b>203.8</b>	184.3
Adjustments arising from resurvey and reclassification of properties	<b>(0.3)</b>	(2.4)
	<b>203.5</b>	181.9
Less: Provision for Superannuation (Note 6)	<b>26.1</b>	24.4
Net addition in year to 31 March 1992	<b>177.4</b>	157.5
Balance at 31 March 1991	<b>157.5</b>	—
Cumulative revaluation reserve in the current triennium	<b>334.9</b>	157.5

### 9. RETAINED SURPLUS

	<b>£ million</b>
Retained surplus for year ended 31 March 1991	<b>60.9</b>
Retained surplus for year ended 31 March 1992	<b>52.1</b>
Cumulative retained surplus in the current triennium	<b>113.0</b>

## 10. MEASUREMENT OF PERFORMANCE YEAR ENDING 31 MARCH 1992

## (a) Plantations: Comparison of Actual Income and Expenditure Against Growth in Standard Values Year Ending 31 March 1992

	Notes	Growth in Standard Values £ million	Actual Income and Expenditure £ million	Net Operating Surplus £ million	Net Operating Surplus Previous Year £ million
Income					
Establishment and Maintenance		1.3	1.1	(0.2)	0.2
Harvesting and Marketing	(i)	90.1	73.3	(16.8)	(1.8)
		91.4	74.4	(17.0)	(1.6)
Forest costs and administrative expenses					
Establishment and Maintenance		5.1	2.1	3.0	(0.2)
Harvesting and Marketing		97.7	74.6	23.1	0.8
		102.8	96.7	6.1	0.6
Less: Subsidies		1.2	1.2	—	—
		101.6	95.5	6.1	0.6
Surplus/(Deficit) of income over expenditure		(10.2)	(21.1)	(10.9)	(1.0)
Notional return on assets for the year	(ii)	(82.8)	—	82.8	74.9
Deficit on sale of properties	(iii)	—	(11.0)	(11.0)	(4.6)
Net Totals Plantations		(93.0)	(32.1)	60.9	69.3
Notes		(iv)		(v)	

(i) Timber prices continued to decline during the general economic recession with the largest reductions occurring in the prices for higher-value products.

(ii) 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.

(iii) The deficit on sale of properties entry represents the shortfall from the book value and costs on the disposal of £24.1 million of plantations and associated forest estate properties (Note 14).

(iv) The Growth in Standard Values is based on average unit costs and prices set at the start of the triennium and takes 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.

(v) The net operating surplus is the difference between actual income and expenditure and the estimated "standards" (updated for inflation) which were built into the plantation revaluation at the start of the triennium.

## (b) Other Activities: Operating Surplus by Activity Year Ending 31 March 1992

	Campsites and Cabins £ million	Agency £ million	Lake Vyrnwy £ million	Total £ million	Previous Year £ million
Income	3.5	3.5	0.1	7.1	6.5
Expenditure	2.5	3.0	—	5.5	5.3
Operating Surplus for year	1.0	0.5	0.1	1.6	1.2

Notes

(vi)

(vii)

Operating Surplus for  
previous year

1.0

0.1

0.1

1.2

(vi) The real rate of return on capital invested in cabin and campsites was 12.8 per cent compared with a target rate in real terms of 6 per cent.

(vii) This 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 for the year ending 31 March 1992 includes**

	<b>£ million</b>	<i>Previous Year £ million</i>
Hire of Plant and Equipment	1.3	1.1
Research	3.3	3.0

**11. MEASUREMENT OF PERFORMANCE AGAINST TARGET RATE OF RETURN**

The Forestry Commission is set a target rate of return of 3 per cent in real terms on its plantations and any new investment therein. This is equivalent to the maximum that could be earned in northern Europe on good sites close to markets. The target is reviewed at each valuation.

The target rate of return on the Commission's commercial recreation assets is 6 per cent which is the required rate of return for public sector trading bodies

**12. PLANTING AND RESTOCKING SUBSIDIES**

	<b>Planting</b>				<b>Restocking</b>				<b>Total Subsidies</b>
	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
<i>Conservancy</i>									
North	69	262	18	2.9	1,067	414	442	2.6	460
East	—	—	—	—	1,298	1,133	1,470	2.4	1,470
West	1	448	1	2.8	493	1,240	611	2.3	612
	70	265	19		2,858	883	2,523		2,542
<b>WALES</b>									
<i>Conservancy</i>									
	55	(64)	(4)	3.1	1,774	(297)	(527)	3.2	(531)
<b>SCOTLAND</b>									
<i>Conservancy</i>									
North	1,496	316	472	2.7	1,296	(640)	(830)	3.4	(358)
Mid	700	4	2	3.0	1,062	(637)	(677)	3.5	(675)
South	678	(49)	(33)	3.0	1,270	180	229	2.8	196
	2,874	154	441		3,628	(352)	(1,278)		(837)
<b>GREAT BRITAIN</b>	2,999	152	456	2.9	8,260	87	718	2.9	1,174

(a) Forestry Enterprise does not receive planting grants and Planting and Restocking subsidies represent the capitalised extent to which new planting or restocking 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 1990/91-1992/93 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 bracketed entries 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. The lower returns in England reflect the higher proportion of broadleaved planting there.

**13. FOREST RECREATION AND AMENITY**

This represents the net cost of the provision of £12.1 million (total expenditure of £13.9 million less income of £1.8 million) in respect 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 a rate of return is not expected.

**14. SURPLUS/(DEFICIT) ON SALE OF PROPERTIES**

	<b>Plantations and associated properties £ million</b>	<i>Previous Year £ million</i>
Proceeds ... ..	<b>15.1</b>	12.1
Less: Book value ... ..	<b>24.1</b>	15.2
	<b>(9.0)</b>	(3.1)
Less: Disposal costs		
External costs ... ..	<b>0.8</b>	0.6
Administrative expenses ... ..	<b>1.2</b>	0.9
	<b>2.0</b>	1.5
Surplus/(Deficit) on sale of properties	<b>(11.0)</b>	(4.6)

**15. MANAGEMENT AND ADMINISTRATIVE EXPENSES**

	<b>£ million</b>	<i>Previous Year £ million</i>
Salaries and national insurance ... ..	<b>31.6</b>	29.5
Travelling, subsistence and staff transfer expenses ... ..	<b>6.2</b>	5.9
Notional employers superannuation contributions ... ..	<b>6.2</b>	5.8
Accommodation and estate expenses ... ..	<b>1.1</b>	1.4
Office expenses ... ..	<b>4.0</b>	3.5
Other net expenses (including Auditors' remuneration of £89,100) ... ..	<b>5.6</b>	4.3
	<b>54.7</b>	50.4
Less: Attributed to Forestry Authority	<b>13.5</b>	11.6
Forestry Enterprise	<b>41.2</b>	38.8
Attributed to:		
Operating Account		
Plantations ... ..	<b>28.8</b>	27.0
Forest recreation and amenity ... ..	<b>6.4</b>	5.8
Other activities ... ..	<b>1.3</b>	1.1
Distributed activities included in forest costs ... ..	<b>3.5</b>	4.0
	<b>40.0</b>	37.9
Sale of properties (Note 14)	<b>1.2</b>	0.9
	<b>41.2</b>	38.8

Distributed activities consist 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 management and administrative expenses which are thus included in the Operating Account as forest costs. The management and administrative expenses element of these charges is identified here for notation and comparative purposes only.

The total management and administrative expenses of £54.7 million (£50.4 million in 1990-91) were incurred as follows:-

	<b>£ million</b>	<i>Previous Year £ million</i>
Forest Districts ... ..	<b>25.9</b>	23.6
Conservancy Offices ... ..	<b>10.8</b>	9.7
Headquarters ... ..	<b>18.2</b>	17.0
Net forest and surplus estate expenses ... ..	<b>(0.2)</b>	0.1
	<b>54.7</b>	50.4

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 shown in the Forestry Authority Services Statement of Expenditure. An attribution of £3,296,000 which represents 32 per cent of Research expenditure is included in the Operating Account of the Forestry Enterprise as forest costs.

**16. 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 ... ..	<b>32.4</b>	30.3
Wages ... ..	<b>24.9</b>	24.7
Social security costs ... ..	<b>4.2</b>	4.0
Superannuation costs ... ..	<b>10.9</b>	10.3
	<hr/>	<hr/>
	<b>72.4</b>	69.3
Travel and subsistence ... ..	<b>3.6</b>	3.4
	<hr/>	<hr/>
	<b>76.0</b>	72.7

Approximately 77 per cent (previous year 78 per cent) of this total relates to Forestry Enterprise operations.

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

	<b>Average Number</b>	<i>Previous Year Average Number</i>
Industrial Staff ... ..	<b>2,512</b>	2,669
Non-Industrial Staff ... ..	<b>2,068</b>	2,071
	<hr/>	<hr/>
	<b>4,580</b>	4,740

(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 ... ..	<b>31</b>	29
Highest paid Commissioner ... ..	<b>58</b>	58
Other Commissioners ... ..	<b>177</b>	164
	<hr/>	<hr/>
Total emoluments of Commissioners ... ..	<b>266</b>	251
	<hr/>	<hr/>
Travel and subsistence of Commissioners	<b>39</b>	50

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

	<b>Number</b>	<i>Previous Year Number</i>
£5,001 to £10,000 ... ..	<b>6</b>	6
£40,001 to £45,000 ... ..	<b>—</b>	3
£45,001 to £50,000 ... ..	<b>3</b>	—

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

**17. CAPITAL COMMITMENTS**

Future capital expenditure on Other Tangible Fixed Assets in 1992-93 authorised by the Commission amounts to £13.6 million (£6.2 million for 1991-92).

**18. CONTINGENT LIABILITIES**

Contingent liabilities exist at 31 March 1992 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 £0.8 million (£0.7 million at 31 March 1991).

19. FORESTRY SUBSIDY

The forestry subsidy represents the opportunity cost of providing timber and other non-marketable benefits of 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 revised public sector discount rate of 6 per cent. Details are set out below.

	£ million
Planting and restocking subsidies to achieve the public sector discount rate of 6 per cent	24.2
Planting and restocking subsidies to achieve the target rate of return of 3 per cent (Note 12)	1.2
Forestry subsidy on new investment in 1991-92	23.0

Work is in progress to identify ways of quantifying the non-marketable benefits of forestry.

**FORESTRY AUTHORITY SERVICES**  
**STATEMENT OF EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 1992**

	<b>£000</b>	<i>Previous Year £000</i>
<b>Grants and Advisory Services to Private Woodland Owners</b>		
Current Schemes		
Woodland Grant Scheme	11,904	10,700
Woodland Grant Scheme in association with the Farm Woodland Scheme	2,799	2,799
Schemes closed to new applications		
Forestry Grant Scheme	1,155	1,454
Broadleaved Woodland Grant Scheme	245	276
Dedication Schemes (including legal expenses)	1,178	1,220
Other Grants	13	9
<b>Total Grants to private woodland owners</b>	<b>17,196</b>	<b>16,458</b>
Survey of Private Sector Costs	142	120
Administrative Expenses: Consultation	1,109	977
Other management costs	5,174	4,491
	<b>23,621</b>	<b>22,046</b>
Less: EC Forestry Action Programme Refunds	1,418	341
Sundry Income	37	124
	<b>1,455</b>	<b>465</b>
	<b>22,166</b>	<b>21,581</b>
<b>Special Services</b>		
Licensing of Felling: Consultation	147	137
Other management costs	505	433
Illegal Felling (including legal and investigation expenses)	212	184
Information, Shows and Publications	2,325	2,006
General administration: Forestry training	166	91
Plant Health	772	840
Other management costs including EEC and other regulatory duties	2,744	2,468
	<b>6,871</b>	<b>6,159</b>
<b>Research</b>		
Silviculture	3,488	3,343
Tree Improvement	1,469	1,296
Physiology	398	344
Plant Production	245	165
Site Studies	1,060	1,018
Wildlife and Conservation	706	591
Pathology	723	659
Entomology	886	764
Mensuration	439	327
Forest Products	284	258
Statistics	279	193
Communications	322	295
<b>Total</b>	<b>10,299</b>	<b>9,253</b>
Less: Attribution to Forestry Enterprise Operating Account	3,296	2,974
	<b>7,003</b>	<b>6,279</b>
<b>Increase/(Decrease) in assets</b>		
Current Assets	341	(42)
Fixed Assets	(193)	56
<b>Net increase</b>	<b>148</b>	<b>14</b>
<b>Amount of Grant-in-Aid appropriated for the Forestry Authority</b>	<b>36,188</b>	<b>34,033</b>

## **NOTES**

1. The above statement includes £13.5 million (1990-91 £11.6 million) of the Commission's total management and administrative expenses attributed to Forestry Authority Services. Details of the expenditure are shown in Note 15 of the Forestry Enterprise Accounts.

### **Research**

2. For the triennium 32 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).

3. Total expenditure on Research in 1991-92 increased by £1,046,000 (11.3 per cent) over 1990-91.



APPENDICES

G R O W I N G   A   B E T T E R   F U T U R E

THE  
FORESTRY  
COMMISSION  
*of*  
GREAT BRITAIN



Forestry Commission

F O R   G R O W T

The  
Forestry  
Authority

F O R E S T S   F O

A G E N D A  
*for*  
F O R E S T  
E N T E R P R I S E



Forestry Commission



Forest  
Enterprise



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# APPENDIX I

## Statutory and Other Committees Appointed by the Forestry Commission: Membership at 31 March 1992

### National Committees

#### *England*

Mr I.D. Coutts (*Chairman*), Mr R.T. Bradley, Professor G.R. Dickson, Mr R.B. Grove-White, Mr T. Mallinson, Mr C. Stratton, Mrs R. Thomas. *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 F. Critchley, Mr G.H. Laird, 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*: Mrs M.E. Cookson. The Committee had no meetings during the year.

### Regional Advisory Committees

#### ENGLAND

##### *North Conservancy*

Professor G.R. Dickson (*Chairman*), Mr R.J.S. Addison, Mr I. Brodie, Mr R.N. Cartwright, Mr J.A. Derham, Mr T.R. Fetherstonhaugh, Mr N.C. Forbes Adam, Lady Elizabeth Kirk, Mr A.A. Macdonald, Mr D. Stewart, Mr J.T. Todd, Mr P. Veitch. *Secretary to the Committee*: Mrs S.M. Nelson. The Committee met in June 1991 and January 1992.

##### *East Conservancy*

Mr C. Stratton (*Chairman*), Mr D. Baker, Mr N.A. Braden, Mr D.M. Clark, Mr T.R. Cook, Mr M. Craske, Mr N.G. Halsey, Mr J.M. O'Sullivan, Mr A.R. Pelly, Mr D. Whicher, Mr L. Woodham. *Secretary to the Committee*: Mr B.P. Easton. The Committee met in January 1992.

##### *West Conservancy*

Mrs Rachel Thomas (*Chairman*), Mr N.D. Anderson, Mr N. Atkinson, The Lord Courtenay, Mr A. Darby, Mr C.A. Eade, Mr A. Fooks, Mr R. Jarman, Mr A. Lawson, Mr J. T. Perry, Mr G.E. Smith, Mr J.H.B. Workman. *Secretary to the Committee*: Mr K.J. Milsom. The Committee met in May and October 1991 and March 1992.

#### SCOTLAND

##### *North Conservancy*

Mr F. Critchley (*Chairman*), Mr B.E. Crabtree, Lord Cromartie, Mr R. Dennis, Mrs J. Durham, Mr A.D.M. Farquharson, Professor C.H. Gimingham, Councillor F.R.M. Keith, Mr A.N.G. Laing, Mr M. Leslie, Professor H.G. Miller, Mr M. Pottinger. *Secretary to the Committee*: Mr R. B. Urquhart. The Committee met in May and November 1991.

##### *Mid Conservancy*

Dr Jean Balfour (*Chairman*), Councillor J.F.G. Anderson, Mr A.W. Barbour, Mr P.M. Fairweather, Mr J.A. Fell, Mr J. Hodgson, Dr P. Maitland, Ms W. Mattingley, Mr J. McNaughton, Mr P.S. Murray, Mr D. Ross, Mr P. Wormell. *Secretary to the Committee*: Mr W.J. Anderson. The Committee met in May and October 1991.

##### *South Conservancy*

Mr H.A. Waterson (*Chairman*), Mr D.B. Crawford, Mr J.F.S. Gourlay, Mr L. Griffiths, Ms J. Harden, Mr D.I. Liddell-Grainger, Mr D. Minns, Captain J.W.N. Mitchell, Mr T.S. Smith, Mr A. Sommerville, Councillor A.L. Tulley, Mr H. Wilson. *Secretary to the Committee*: Mr B.H. Atwell. The Committee met in May and November 1991.

#### WALES

Mr M.A. McLaggan (*Chairman*), Mrs S.A.G. Ballance, Mr J. Donovan, Dr G.K. Elliott, Mrs D. Garnons-Williams, Mr J.R. Lloyd Jones, Mr M.J. Morgan, Mr S.K. Neale, Colonel P.C. Ormrod, Mr M. Oxnard, Mr G. Roberts, Mr J. Robinson. *Secretary to the Committee*: Mrs L. Cookson. The Committee met in September 1991 and March 1992.

## Home Grown Timber Advisory Committee

Mr J.D.W. Janes (*Chairman*)  
Mr A.F. Bloomfield  
Mr W.S. Brack\*  
Dr J.D. Brazier  
Mr A.J. Brownlie  
The Hon James Bruce  
Mr T.A. Bruce Jones  
Mr A. Christie-Miller  
Mr R.E. Duffield  
Dr G.K. Elliott  
Mr H.G. Fetherstonhaugh  
Professor C.H. Gimingham\*  
Mr B. Leathwood\*

Mr K. Lyden  
Mr D.M. Macarthur  
Dr J.S. Macdonald  
Mr G.M. McRobbie\*  
Mr. A.J. Murray  
Mr A. Penrose\*  
Dr C.D. Pigott\*  
Sir Mark Russell\*  
Mr J.W. Sutton  
Mr J.T. Todd  
Mr J.St.A. Warde  
Mr G. Waugh

\*Independent members

*Secretary:* Mrs E.V. Jones

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, Timber Trade Federation, United Kingdom Wood Processors Association, Forestry Industry Committee of Great Britain, Timber Research and Development Association Ltd.

The Committee met in June, September and December 1991 and March 1992. 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 R.M. Fitter  
Colonel P.C. Ormrod  
Mr J.A. Kissock  
Mr M.D. Oxnard  
Mr A. East  
Mr G.B. Little  
Dr D.C. Wood  
Dr G.K. Elliott  
Mr S.K. Neale

}  
}

Silviculture  
Softwood sawmilling/harvesting  
Hardwood sawmilling/harvesting  
Wood pulping  
Wood panel board manufacturing  
Wood science  
Health and safety

*Secretary:* Dr J. Webber

The Sub-Committee met in April and November 1991 and January 1992.

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

Sir Mark Russell (*Chairman*)  
Mr R.H. Adam  
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  
United Kingdom Wood Processors' Association  
British Coal

*Secretary:* Miss P.J. Clark

The Sub-Committee met in May and November 1991.

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

Sir Mark Russell (*Chairman*)  
Mr C.J.S. Burd  
Mr R.F. Callander  
Mr J. Holt  
Mr R. Leslie  
Mr A. Mattingly  
Mr G.M. McRobbie

Mr S.R. Pepper  
Dr G.F. Peterken  
Mr L.E. Taylor  
Mr R.M. Turner  
Mr A.R. Williams  
Mr J.M.A. Yerburch

*Secretary:* Miss M. Burnside

The membership of this Sub-Committee is drawn from a balanced cross-section of persons representing forestry and environmental interests, under an independent Chairman. The Sub-Committee had no meetings during the year, being set up at the end of March 1992.

## 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:* Dr J. Evans

The Committee met in May and November 1991.

## Forestry Research Coordination Committee

Mr R.T. Bradley (*Chairman*)  
Mr D.A. Burdekin  
Dr T.W. Hegarty  
Dr D. White  
Dr J.M. Dinwoodie  
Mr P.J.W. Saunders  
Dr O.W. Heal  
Dr P.B. Tinker  
Dr M.W. Pienkowski  
Professor H.G. Miller  
Professor J.L. Stoddart  
Dr C. McCulloch  
Dr K.M. Richards  
Mr P.J. Wood

}

}

Forestry Commission  
  
Agriculture Departments  
Building Research Establishment  
Department of the Environment  
  
Natural Environment Research Council  
Joint Nature Conservation Committee  
Forestry Universities  
Agricultural and Food Research Council  
Economic and Social Research Council  
Department of Energy  
Overseas Development Administration

*Secretary:* Dr J. Evans

The Committee met in June, October and December 1991 and February 1992.

## Forestry Training Council

Mr D.A. Mithen (*Chairman*)

### *Employer Members*

Mr K. Ramsay  
Mr D.A. Bardy  
Mr J.G. Machin

Timber Growers United Kingdom  
Forestry Commission  
Association of Professional Foresters

### *Employee Members*

Mr W. Brack  
Mr S.K. Neale  
Mr T.E. Radford

}

Transport and General Workers' Union  
National Union of Civil and Public Servants

### *Education and Training Members*

Mr R. Shapland  
Mr W.J. Hedley  
Dr J.C. Hetherington

Craft/Diploma Courses (England and Wales)  
Craft/Diploma Courses (Scotland)  
Degree Level Courses

### *Forestry Society etc. Members*

Mr G. Little  
Mr R. Callander  
Mr W.H. Gregory  
Mr J. Brown  
Mr E.H.M. Harris  
Mr P. Collis

British Timber Merchants' Association (England and Wales)  
United Kingdom Softwood Sawmillers' Association  
Institute of Chartered Foresters  
Royal Scottish Forestry Society  
Royal Forestry Society of England, Wales and Northern Ireland  
Arboricultural Association

*Technical Secretary:* Mr G. Robertson

The Council met in May and October 1991. The Annual Report of the Council is at Appendix III.

**Forestry Safety Council**

Mr J.W.L. Zehetmayr ( <i>Chairman</i> )		
Mr M. Crichton Maitland	}	Timber Growers United Kingdom
Mr K.J. Ramsay		British Timber Merchants' Association (England and Wales)
Mr G. Little		United Kingdom Softwood Sawmillers' Association
Mr R. Callander	}	Transport and General Workers' Union
Mr W. Brack		General, Municipal, Boilermakers and Allied Trades Union
Mr B. Leathwood		Association of Professional Foresters
Mr P.B. Munn		Forestry Training Council
Mr G. Machin		Forestry Commission
Mr G. Robertson		Forestry Commission Safety Officer
Mr J. McGough		
Ms E. Ramsay		

*Secretary:* Mr A.G. Tregoning

The Council met in May and October 1991. 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 1992

The Committee held four meetings during the year, in June, September and December 1991 and March 1992. Full details of the membership at 31 March 1992 can be found at Appendix I of the Forestry Commission Annual Report of which this report forms a part.

At their June meeting, the Committee welcomed the relaunch of the Forestry Commission's Woodland Grant Scheme (WGS) and the supporting material. The Committee were pleased to note that a number of suggestions for improvements to the WGS from the private sector had been taken on board. The Committee expressed some reservations, however, in particular about the complicated nature of the application form. The Committee's comments were conveyed to the Commission. The Committee continued to express their dismay and concern at the low level of new planting and its potential impact on future wood supplies.

The Committee suggested that statistics for new planting under the WGS should, in future, show native pinewoods planting separately and also give details of the uptake of the Better Land Supplement. The Committee considered the report, published in March, of the National Parks Review Panel. They felt that its references to forestry were based on out-dated perceptions and sought to deal with non-existent problems. The Committee asked that their views be taken into account in the preparation of the Government's response to the report.

In June, the Director General of the Forestry Commission outlined to the Committee the proposed reorganisation of the Commission. This initiative was generally welcomed. Throughout the year, the Committee were kept informed of the detailed proposals as they developed and of the progress towards implementation.

Also in June, the Committee raised the question of the control measures over imports of coniferous timber from North America aimed at preventing the introduction of Pine Wood Nematode. Pending the outcome of research into a more reliable means of control through pasteurisation, an EC Directive required that all such timber landed in the Community should be kiln-dried to below a specified moisture content. However, the United Kingdom, and nine other Member States, were granted a derogation from this requirement until the end of 1991, enabling them to rely on the alternative of control at approved mills linked to a certification system; this derogation, which the EC regarded as an effective, temporary alternative in plant health terms, was introduced to give North American mills time to introduce the equipment needed to comply with the expected pasteurisation schedules.

It was understood by the Committee that a six-month extension of the derogation was being considered because of delays in the EC research programme. After discussion, the Committee unanimously took the view that the potential damage from the Pine Wood Nematode was such that no risk, however minimal, should be taken. They asked that the current derogation should not be extended and that notice should be served forthwith on exporters in North America and other countries where Pine Wood Nematode was prevalent that, from 1 January 1992, the United Kingdom would accept coniferous timber only if it had been treated to a temperature of 70°C for one hour – the pasteurisation regime which previous research had indicated would be effective. Subsequently, the Committee were informed that their views had been submitted to Ministers who had, nevertheless, decided in the light of other factors, including the potentially serious disruption to trade, to seek a six month extension. Later still, the Committee learned that the EC, in the light of continuing delay in receiving reports on the research study, had decided to extend the derogation to the end of 1992.

The Committee considered a report, published by the Forestry Commission, of a study that it had commissioned into the technical, economic and ecological factors involved in forestry expansion. The report examined the factors relevant to the scale, nature and location of new forestry planting. The Committee welcomed the publication of the study and the proposals for a major conference to be founded upon it in March 1992. The Committee also considered and generally welcomed the publication by the Forestry Commission of guidelines for continued public access to Commission woodlands after sale. These guidelines were compiled after wide consultation with other Government Departments and interested organisations and were implemented from 1 October 1991.

At their meeting in December, the Committee considered the consultation document outlining proposals for the new Farm Woodland Premium Scheme. They were especially concerned with the effect on planting of the hiatus before the new scheme came into effect, but were reassured when told of the interim measures which the Forestry Commission had in mind and which were subsequently introduced by the Government. Also considered at the meeting were two recent developments within the European Community affecting forestry in the United Kingdom – the Habitats Directive dealing with the conservation of fauna, flora and habitats, and the reform of the Common Agricultural Policy. The Committee were given details of proposals for plant health controls that would be applied in the Single Market and their possible effects on forestry in the United Kingdom. In particular, the Committee urged on the Forestry Commission the need in negotiations in the EC to ensure that special requirements imposed on the movement of timber into protected areas – of which the United Kingdom was expected to be one – were not extended to movements within such areas.

The Committee considered a paper on the marketing of British hardwoods, based upon one which had been presented in October 1991 to the National Hardwoods Programme meeting at the Oxford Forestry Institute. Committee members emphasised the importance, when encouraging the growing of broadleaves for their environmental benefits, of having regard also to their timber potential and the desirability of improving quality to this end. The Committee supported the view that further efforts should be devoted to developing markets for low-grade hardwoods.

At their March meeting, the Committee considered a paper setting out the achievements of the Forestry Commission's Research Division. The topics highlighted as being of particular interest included the health of broadleaves, tree breeding, nursery research, poplars, air

pollution, the reintroduction of red squirrels and the control of grey squirrels. The paper also referred to the continuing debate on the relationship between afforestation and water quality. There was a useful exchange of views on a number of detailed subjects.

A paper prepared by the European Confederation of Pulp, Paper and Board Industries, on *Wood Resources and the Crisis facing the EC Pulp, Paper and Board Industry*, was introduced. This highlighted the importance of forestry as a long-term activity in the EC, which was a major timber importer, and argued the need for a positive role to be played by Governments. The Committee endorsed the importance of increased timber production but emphasised the need also for multi-purpose use of forests.

Timber Growers UK introduced a paper calling for a Forester's Charter to be drawn up for applicants for Forestry Commission grants, in line with the Government's Citizen's Charter guidelines. They were assured by the Forestry Commission that such a document was already being prepared. Discussion also followed on the problems of the use of rural roads by timber lorries and on the adoption by some local authorities of "preferred routes". The Forestry Commission advised that difficulties had generally been resolved by practical discussion and that the Commission's Chief Engineer was always ready to help.

The Technical Sub-Committee and the Supply and Demand Sub-Committee made regular reports to the main Committee throughout the year. Among a wide range of topics, the Technical Sub-Committee reviewed the use of timber for joinery and concluded that British-grown pine, given care in its selection and preparation, should be acceptable for selected joinery purposes. The need for quality was a recurring theme in the Sub-Committee's recommendations, as in the preparation of sawlogs and for research which sought to improve the quality of the end product. Work at the Building Research Establishment to characterise the timber strength of Sitka spruce was commended and it was suggested might be developed to predict stand quality. High temperature drying at the Timber Research and Development Association was reviewed, as were the current developments in machine grading of Sitka spruce and the introduction of European CEN standards. The need to be able to relate new CEN strength classes to those currently in use for sawn timber, in order to avoid over-specification, was emphasised.

The Supply and Demand Sub-Committee kept the parent Committee well informed on wood supply and demand trends based on information supplied by consumers' and growers' associations. Particleboard sales enjoyed an increased market share in competition with imports but the outlook for timber consumption generally remained gloomy. A continuing feature was the run-down in the coal industry which had traditionally been a major market sector for British timber. The forecasts for the various sectors of the industry reflected the depressed state of the market.

At its meeting in March, the Committee endorsed the setting up of an Environment Sub-Committee of the HGTA to provide a forum for informed and constructive consideration of environmental aspects of forestry. The Sub-Committee's terms of reference and proposed membership were agreed and Sir Mark Russell was thanked for agreeing to become its first Chairman. The Committee also endorsed some minor changes to the two existing Sub-Committees arising from the reorganisation of the Forestry Commission from 1 April 1992. In particular, the Commission's Forest Enterprise would be invited to nominate a member for each of these two Sub-Committees.

The Committee would like to thank both these Sub-Committees for their hard work throughout the year and for the continuing high quality of their advice.

# APPENDIX III

## Forestry Training Council

### Annual Report for the Year Ended 31 March 1992

Meetings of the Council took place on 22 May and 24 October 1991 and of the Management Committee on 10 May and 17 September 1991 and 23 January 1992. In addition, the Steering Groups for Vocational Qualifications in Forestry and Arboriculture and the Grant Award Committee met at various times during the year.

The Register of Approved Instructors continues to provide the industry with information about Instructors who have been assessed to the standards required by the Council. By the end of the year, 240 Instructors were included and, on a geographical basis, allocated to Regional Verifiers, whose function is to act as a local contact point and to monitor standards. They will also investigate any complaints made by clients.

During the year Certificates of Competence for Chain Saw Operators were made available to the standards laid down by the Council in partnership with the National Proficiency Tests Council and, by the end of the year, 2,500 chain saw operators had obtained a certificate to meet the guidance contained in the Health & Safety Executive's Guidance Note GS48. Work is continuing to develop further units for chain saw operations in arboriculture and it is expected that these additional units will be available during 1992.

The development of vocational qualifications at levels 1 and 2, for accreditation by the National Council for Vocational Qualifications (NCVQ) and the Scottish Vocational Education Council (SCOTVEC), has resulted in 96 candidates being awarded Forestry (Foundation) Level 1 and 17 candidates being successful at Level 2. Considerable numbers of trainees have been enrolled within the two levels and will be obtaining their vocational qualification within the next 12 months.

An Occupational Mapping and Functional Analysis has been carried out covering both forestry and arboriculture which will enable more precise definition of competences at all levels of vocational qualifications; it is expected that accreditation will be sought by December 1992.

The Council continues to be represented on the Forestry Safety Council, the Scottish Vocational Education Council, the Arboricultural Safety Council, the National Examinations Board and the Forestry Advisory Committee of Inverness College. It liaises closely with a number of other organisations and industry lead bodies. A feasibility study is underway to consider a merger between the Forestry Training Council, the Forestry Safety Council and the Arboricultural Safety Council to form an industry Safety and Training Council for Forestry and Arboriculture. This has been undertaken against the background of policy initiatives within the Forestry Authority and will result in a high profile for training and safety across the whole of the industry.

The Council greatly appreciates the help and co-operation it has received from many individuals and organisations with whom it has worked and 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 1992

The Council met twice during the year at Forestry Commission Headquarters, on 21 May and 29 October 1991. Subsequent to the events noted below a joint meeting with the Forestry Training Council was held at Penrith on 1 April 1992. The Guides Sub-Committee met three times during the year.

The Council's main task was the completion of its Report to the Director General on *The Effectiveness of Health and Safety Measures in Forestry* and in particular the assimilation into the draft report of the results of the forestry safety survey, the background to both of which were reported last year.

While the main findings of the Report are outlined briefly below, the proposal that merging the Safety and Training Councils would lead to better promotion of safety has led to considerable activity by both Councils. As the year ended the acceptance by the new Forestry Authority of the merits of this proposal resulted in the joint meeting noted and the extension of the term of the present Safety Council to 30 September 1992 in anticipation that thereafter a Joint Council would be in place.

Other than the Safety Report and the proposed merger, matters considered by the Council were mainly concerned with progress on the European Directives on Health and Safety, notably Manual Handling and Protective Clothing; on guidance relating to the Control of Substances Hazardous to Health (COSHH); on the consequences of the reorganisation of the Forestry Commission; and on specific items relating to current Safety Guides.

No new guides were issued during the year, but eight were revised. A further guide on Safety in the Forest is being considered.

Reverting to the Safety Report, this was initially presented to the Director General in July 1991 and was returned to him after considerable amendment and expansion at the end of February 1992. Very briefly its findings are:

- that forestry is a dangerous industry, seventh in the incidence of deaths and major injuries to employees out of 56 sectors identified by the Health and Safety Executive (HSE);
- that forestry, with agriculture, had a higher ratio of deaths to major injuries than any other industry apart from those subject to disasters (eg North Sea Oil);
- that there is widespread under-reporting of accidents by self-employed workers in forestry who make up half the work force.

The Report identifies the jobs (in the field of harvesting), agents (eg chain saws) and circumstances (eg handling timber, falls) which contribute to the high incidence of accidents.

The survey of some 500 workers showed that working methods and equipment were on the whole satisfactory, but that use of protective clothing was less so and that one quarter of those surveyed knew nothing of the Council's Safety Guides. In particular, these deficiencies were associated with the self-employed on harvesting work generally involving chain saws.

Publication of a "Black Spot" report by HSE will be designed to highlight these findings.

Clearly these conclusions give no cause for complacency in the industry. It is to be hoped that not only will the survey be fully analysed and published but also that a similar one be undertaken within 3 to 5 years to monitor progress.

At the year's end, in accepting the Report, the Director General proposed its widespread circulation within the industry for information and comment as a task for the Forestry Authority through its newly appointed Safety Officer.

The completion of what, after the production of the Forestry Safety Guides, is undoubtedly the Council's most substantial contribution to safety in its 18 year history, may well mark the end of its separate existence. It remains only to thank Mr Charles Simmonds who left the Council during the year on retirement from the Forestry Commission and Mr Alan Tregoning, our Secretary, who will shortly transfer within the Commission.

J W L Zehetmayr, *Chairman*

# APPENDIX V

## Revision of the Woodland Grant Scheme: Summary of Changes Announced in June 1991

Management grants will be introduced from 1 April 1992 as a contribution to the costs of managing woodlands to provide silvicultural, environmental and social benefits. They will feature:

- standard management grants, which will be paid to owners of woodlands aged between 11-20 years for conifers and 11-40 years for broadleaves worked to a five-year management plan intended to encourage good silvicultural practice and the enhancement of the woodland's environmental value;
- special management grants, to be paid for woodlands of any age above 11 years which are of special environmental value for nature conservation, landscape or public recreation, to ensure that management is directed to maintaining and enhancing that value;
- a small woods supplement, to provide a higher level of management grant for work in woodlands of less than 10 hectares.

A number of changes were also announced to the planting and regeneration grants available under the Scheme. The main features are:

- grants will be paid for woodlands of all types and will now be targeted more specifically to meet multi-purpose objectives;
- in all cases the woodlands will be expected to be created and managed in a way which meets the necessary standards of silvicultural and environmental practice;
- open ground is recognised as an essential element in woodlands; grants will be payable on open ground of up to 20 per cent of the total area being grant aided;
- native tree species will be preferred when the principal aim of forestry management is wildlife conservation;
- woody shrubs will receive grant up to a total of 10 per cent of the area grant-aided when they are ecologically appropriate. Examples are hazel, hawthorn, buckthorn and juniper, but many other woodland shrubs may qualify;
- the successful arrangements for stimulating the management and extension of native Scots pine in the Highlands of Scotland are continued without amendment;
- grants will be paid for the first time for the planting of approved clones of poplars, alders and willows intended to be worked on short rotations;
- as before, the planting of traditional coppice species, such as sweet chestnut or hazel, will qualify for grant; in addition, traditional coppicing practice will be encouraged through management grants;
- for the first time grants will be paid for trees being planted for purposes of agroforestry.

# APPENDIX VI

## Forestry Policy for Great Britain

**Statement published on behalf of Forestry Ministers on 18 September 1991**

*"Foreword by the Secretary of State for Scotland, the Rt. Hon. Ian Lang MP.*

The record of Government forestry policy initiatives over the past 12 years has been one of considerable progress and achievement. Our policy has evolved in logical stages in line with the realisation of British forestry's contribution in terms of wood supply, the environment and other public benefits. In our response last year to the House of Commons Agriculture Committee's report on *Land Use and Forestry*, we indicated that we would consider whether there would be benefit in drawing the various strands of forestry policy together into a single statement. I believe that it would be helpful to do this. I have accordingly arranged for the Forestry Commission to publish this document on behalf of Forestry Ministers – myself, John Gummer and David Hunt – setting out a composite summary of the Government's current forestry policy.

### *Statement*

#### **Aims**

Forests and woodlands are an integral part of the rural environment, providing important opportunities for recreation and for public access to the countryside. They are also a valued component of our landscapes and an essential habitat for wildlife. Our forestry industry makes a substantial and increasing contribution to meeting the growing national demand for timber and provides support and employment to people living in rural communities. As recognised in the Environment White Paper *This Common Inheritance* published last September, trees in forests and woodlands are also an effective means by which carbon dioxide can be absorbed from the atmosphere and stored over long periods of time.

The two main aims of the Government's forestry policy are thus:

The sustainable management of our existing woods and forests.

A steady expansion of tree cover to increase the many, diverse benefits that forests provide.

In both, we recognise the advantages of basing policy on the realisation of multiple objectives.

#### **The Benefits of Positive Management of Woodlands**

Encouragement will be given to the management of existing woodlands to ensure that they yield a wide range of benefits, including the production of quality timber. Our broadleaves policy is firmly in place and is to be enhanced by the introduction of management grants from 1 April 1992. These new grants are carefully tailored to cater for the differing needs of small woodlands, broadleaved woodlands, native pinewoods and woodlands of special environmental value. We are also looking to bring neglected woodlands under management plans. We shall keep these incentives under review in the light of experience and refine them as appropriate. The restructuring of the first-rotation forests will be continued by the Forestry Commission both in its own forests and through conditions attached to felling licence and replanting grant approvals.

#### **Access and Recreation**

The use of woodlands for recreation will also be given priority. The Forestry Commission has a long and commendable record of welcoming the public into its forests and in providing recreational facilities, and a number of private owners follow enlightened policies in this respect. Private owners generally will be encouraged to open their woodlands to visitors – this will be helped by the special management grants to be introduced next year. Arrangements are also to be introduced shortly aimed at securing continuing access where appropriate to Forestry Commission woodlands which pass into private ownership.

#### **Preventing Woodland Loss**

The Forestry Commission's statutory felling controls have for many years been exercised with an emphasis on maintaining and improving the woodland environment and have been refined to improve their effectiveness. The erosion of semi-natural woodland has been largely halted as a result of the introduction by the Commission in 1984 of a general presumption against the conversion of woodland to agriculture or other uses. The Commission has also followed a policy of prosecuting where there is clear evidence of illegal felling. These policies have met with considerable success and will continue.

#### **Expanding the Forest Area**

Forests and woodlands at present occupy 10 per cent of our land area. Woodland also represents a promising alternative use of agricultural land. There is scope therefore for new planting to take place in the foreseeable future at the indicative level of 33,000 hectares a year which we announced in 1987. As the economic situation improves, we expect to see new planting rise steadily, with the major contribution coming from the private sector.

#### **Multi-purpose Grants**

The Woodland Grant Scheme will continue to be the means of support for new planting by private owners. This flexible scheme is tailored to multiple-purpose objectives. Grants under the scheme are targeted to encourage an increasing amount of broadleaved and mixed planting

on suitable sites, a shift in planting "down the hill" onto land of better quality, the planting of small woodlands, and the maintenance and extension of semi-natural woodlands including native pinewoods in the Highlands. It is accepted that conifers will continue to comprise a high proportion of planting because they are particularly suited to the British climate, are in great demand by the wood-processing industry and can be an asset in the landscape when planted on the right sites and carefully handled. But the days of insensitive monoculture are over. All planting schemes approved under the Woodland Grant Scheme are required to meet high standards of design which are in sympathy with the landscape and meet relevant environmental considerations, as set out in the guidelines published by the Forestry Commission.

### **Preferred Areas for New Planting**

The Government recognises that the suitability of sites for new planting is by no means uniform. Some will be incapable of sustaining tree growth for physical and climatic reasons, while others will be unsuitable by reason of environmental and other factors which limit the area or species of trees that should be planted. There is, however, a large reservoir of land where tree planting can be undertaken in harmony with the environment and where new woodlands will be an environmental gain. There will continue to be a presumption against large-scale planting of predominantly coniferous species in the English uplands, where much of the unimproved agricultural land in England is to be found. We see no need to extend this presumption to Scotland and Wales, where the position is very different. There is still a significant proportion of land in the Scottish and Welsh uplands where tree planting will be of environmental benefit when carried out in accordance with the standards set by the Woodland Grant Scheme. Indicative forestry strategies in Scotland will identify those areas where planting is to be preferred or where special consideration will have to be given to other factors before decisions on planting are taken. Consideration will be given to the extension of such a system to England and Wales in the light of the experience gained in Scotland.

### **New Opportunities**

In the lowlands, tree planting offers opportunities to enhance amenity and wildlife values on land which has been intensively cultivated. Planting in such areas also provides alternative uses for agricultural land producing food crops which are in surplus. We shall therefore continue to encourage more planting on such land through the Better Land Supplements available under the Woodland Grant Scheme, which we have recently increased. We are also reviewing the three-year experimental Farm Woodland Scheme. The location of new woodlands close to areas of population will continue to be encouraged, through such vehicles as the Community Forests Initiative and the special supplements which we are making available under the Woodland Grant Scheme.

### **Taking Account of Environmental Needs**

The introduction of our broadleaves policy and of the Forestry Commission's statutory balancing duty in 1985, and the establishment of the environmental assessment procedures in 1988, have signalled the Government's determination that forestry planting should take proper account of environmental needs. These policies are bearing fruit. The area of broadleaves being planted each year has risen substantially and the introduction of management grants next year will ensure that full account is taken of silvicultural and environmental needs during the establishment phase, and beyond in the case of woodlands of special environmental value. The environmental assessment system, coupled with the stricter standards under the Woodland Grant Scheme, will ensure that woodlands are properly designed and sited.

### **Consultation Procedures**

The Commission's long-standing consultation procedures have proved their worth in ensuring that even-handed and thorough consideration is given to the effect of forestry operations on other interests, including those of amenity and conservation. In the vast majority of cases, planting and felling proposals are uncontroversial. Those which give rise to disagreement are usually modified, often substantially, in the course of consultation. We shall continue to seek ways of improving these procedures, including the work of the Regional Advisory Committees in their important conciliation role in the handful of cases which do cause problems, in a way which will improve their cost effectiveness and reduce bureaucracy. The environmental membership of these Committees will be considerably enhanced as a result of the Forestry Act 1991.

### **Research Priorities**

Priority will be given to research into the possible effects of atmospheric pollution on tree growth and, through tree planting, on water acidification. Significant progress has been achieved in arriving at a fuller understanding of the complex interactions involved. This will both inform us and place the problems into proper perspective, so that sensible and balanced measures can be evolved.

### **A Streamlined Forestry Commission**

The Forestry Commission continues to play the central role in the development of forestry throughout Great Britain; it also has an important part to play in discussions at the international level. The internal reorganisation on which it has now embarked will improve its efficiency and effectiveness in performing these important tasks. Our programme for rationalising the Commission's estate was clearly set out in 1989. This will contribute to the streamlining of the Commission's management structure and enable it to achieve further improvements in its operational efficiency, while providing a valuable opportunity to widen interest and participation in British forestry. In setting the Commission's land sales programme, we have also had regard to the needs of the wood-processing industry for a steady and secure source of supply, to the effects on the use of the Commission's forests for public access and recreation, and to environmental considerations.

### **Forestry Overseas**

The importance of forestry in international terms has been highlighted by concerns over global warming and the destruction of tropical forests. We shall participate in a constructive way in discussions, both in the European Community and in the context of the development of international forestry instruments.

### **Delivering Public Benefits**

Forestry is now entering a new phase in which increasing emphasis is placed on social and environmental, as well as economic, benefits. Financial support for woodlands now requires that clear benefits should be delivered for the community at large and our policy seeks to achieve a more balanced development of forestry than hitherto. The Government remains firm in its support for British forestry, which has a bright and challenging future. We are determined that the public benefits that forestry can offer will be realised in good measure."

## APPENDIX VII

# Extracts from the Government's Statement on Policies for the National Parks – January 1992

Note: These extracts comprise those recommendations relevant to forestry made by the Countryside Commission (for England) and the Countryside Council for Wales arising from the report of the National Parks Review Panel, together with the Government's response.

### "Forestry

*The Government should declare that no further major coniferous afforestation should occur in National Parks.*

*Indicative forestry strategies should be prepared by all National Park authorities as part of their National Park plans.*

*Full advantage should be taken of opportunities, provided by the second rotation, to improve the environmental qualities of forested areas in the National Parks.*

Concern over large scale, coniferous afforestation in some of the National Parks was a feature of the earlier decades of this century. Government policies are different today. The Forestry Commission will not grant aid any scheme in the National Parks unless the scheme satisfies rigorous environmental standards as set out in published guidelines. The current level of new planting in the Parks is some 200-300 hectares a year comprising mainly small broadleaved woods. The Forestry Commission consults the National Park authorities about all planting and felling proposals in their areas and will approve such schemes only with the agreement of the Park authority or, failing that, with the endorsement of the Secretary of State for the Environment and the Minister of Agriculture or the Secretary of State for Wales.

The Government is also committed to maintaining and improving the environmental value of existing forests. The redesign of the first rotation forests will be continued both in the Commission's own forests and through the conditions attached to felling licences and replanting grant approvals. There is also scope to improve the status of some derelict and degraded woodlands within the National Parks. The new system of management grants, to be introduced under the Woodland Grant Scheme from 1 April 1992, will include a special rate for woodlands of environmental importance in National Parks. Farmers in National Parks, or elsewhere, will also benefit from increased grants under the new Farm Woodland Premium Scheme being introduced at the same date.

The Government notes that many of the National Parks' plans include voluntary agreements on the expansion of woodlands entered into with forestry interests and these have proved helpful. The Government is currently considering the desirability of guidance to local authorities and the National Park authorities on preparing indicative forestry strategies for their areas.

### The New Forest

*The New Forest should be formally recognised as a National Park, but with a tailor-made constitution.*

The Panel, although making no specific recommendations for new National Parks under the National Parks and Access to the Countryside Act 1949, concluded that the New Forest should be formally recognised as a National Park, with a tailor-made constitution. The Countryside Commission endorsed this recommendation.

The Government considers that the New Forest is a uniquely valuable area in landscape and nature conservation terms and that it deserves the strongest protection in keeping with its national and international importance, while accepting the Review Panel's conclusion that it would not be appropriate to establish the New Forest as a National Park under the 1949 legislation. The Government has noted with particular interest the conclusions recently drawn by the New Forest Committee. This non-statutory body was set up last year, with the encouragement of the Government following the Forestry Commission's New Forest Review, to bring together various authorities with responsibilities in the New Forest. The Committee has proposed that the wider New Forest area should be afforded special protection comparable to that of a National Park. The Committee has also proposed that it should be given a statutory status and resources to enable it to co-ordinate more effectively the management of the wider New Forest area, in a way which maintains the present statutory responsibilities of its members.

The Government believes that the Committee's recommendations provide a sound basis for achieving improved protection for the wider New Forest area. It therefore intends to take steps to designate the New Forest area as one of national significance within which the strongest protection of landscape and scenic beauty should apply. With this would be linked a mechanism for funding and statutory status for the Committee to reflect its role in co-ordinating the management of the area. The position would be essentially analogous to that of the Broads which enjoys the same degree of protection as a National Park but has its own institutional arrangements tailored to the local situation. In considering the question of funding, the Government will take account of the report of the working party set up by the Forestry Commission which has made recommendations on the future of grazing in the Forest. It will also be necessary to take account within the proposals for the new status of the area of the existing trunk road network and the improvements already proposed for it.

The Government will discuss the details of these proposals with the local and national bodies concerned with managing the Forest and provide the opportunity for public comment in due course. In doing so its aim will be to ensure the maintenance of the Forest's unique character and full respect for its existing institutions. These discussions will address the question of the area to be covered, including any implications for the composition of the Committee. The Government's current thinking is that the area should be related to the Committee's recent suggestions for the New Forest Heritage Area. Legislation will be needed to give effect to these proposals when they are finalized. "

# APPENDIX VIII

## Farm Woodland Premium Scheme

### Announcement made by the Minister of Agriculture, Fisheries and Food on 31 January 1992

The Rt. Hon. John Gummer MP, Minister of Agriculture, Fisheries and Food, made the following announcement in a Written Answer to a Parliamentary Question about the review of the Farm Woodland Scheme (FWS).

"The Secretaries of State for Scotland, Wales and Northern Ireland and I have finalised our proposals in the light of comments received from interested organisations. I am, therefore, laying before the House today the draft Farm Woodland Premium Scheme (FWPS) 1992 which, subject to parliamentary approval, we propose to introduce on 1 April. This draft statutory instrument applies to Great Britain: the scheme will be introduced in Northern Ireland by separate arrangement.

The new arrangements will offer increased establishment grants and better incentives to encourage farmers to convert land in agricultural use to woodland. They will be very much easier for farmers to understand, and simpler to operate, than under the FWS. Our proposals were welcomed in principle by all consultees although a number of detailed points were raised. We have given careful consideration to these points and in particular those mentioned by environmental interests.

The objectives of the FWPS are to encourage planting of woodland by farmers who will remain in farming, thereby enhancing the farmed landscape and environment; and to encourage a productive alternative land use to agriculture. We intend that the scheme will be environmentally beneficial and we have included a number of safeguards to minimise the risk of environmentally damaging planting. In particular, applications will be subject to environmental and silvicultural checks by the Forestry Commission and to their consultation arrangements. Also there are limits on planting on unimproved land in the Less Favoured Areas (LFAs) and the definitions of arable land and improved grassland are designed to ensure that environmentally sensitive sites are protected. We also propose to monitor the way in which the procedures work and the level of planting on unimproved land. We will review the position each year so that action can be taken if there are any problems. We will keep interested organisations informed and consult them as necessary.

The key features of the FWPS are as follows:—

Farmers will apply first to the Forestry Commission for grants for establishing trees under the Woodland Grant Scheme, including the better land supplement and community woodland supplement where appropriate. They will then apply to Agriculture departments for the annual incentives under the Farm Woodland Premium Scheme.

Annual incentives of between £130 and £250 per hectare will be paid for the conversion of arable or improved grassland to woodlands. Annual incentives of £60 per hectare will be paid for the conversion to woodlands of unimproved land in the LFAs only.

The annual incentives will be available for two categories of woodland: *more than 50 per cent and 50 per cent or less* by area of broadleaved trees. These categories will attract payments for 15 and 10 years respectively.

There will be no limit on the number of applications that can be made, but planting must not, in aggregate, exceed more than 50 per cent of any individual agricultural unit. In addition, planting of unimproved land must not exceed 40 hectares of any individual agricultural unit. However, for planting on the common grazings in the Scottish crofting counties there will be a total limit of 100 hectares for each common grazing area.

The definition of "improved grassland" will be based on the content of "productive" species in the sward. This has the advantage of being easily checked by a physical inspection, it protects sensitive sites and puts no restriction on the method of grassland improvement.

Conversion of land to arable or improved grassland must have taken place at least three years before the application is made.

No quotas or targets will be set for the scheme, but it will be subject to cash limits.

In certain circumstances farmers will be able to cancel their FWS applications and reapply for the FWPS."

## APPENDIX IX

### Publication of Regional Advisory Committee Discussions and Advice

#### **Announcement made by the Secretary of State for Scotland on 16 April 1991.**

The Rt. Hon. Ian Lang MP, Secretary of State for Scotland, made the following announcement in a Written Answer to a Parliamentary Question about publication of the proceedings and advice of Regional Advisory Committees.

“We addressed the question of publicising the work done by the Commission's Regional Advisory Committees in their consideration of disputed grant aid and felling proposals when we responded to the Agriculture Committee's report on land use and forestry last May. We concluded that it would not be practical or conducive to the Committees' conciliation role in such cases to throw open their discussions with the applicant and the objecting authority or authorities to anyone who wished to attend. We did, however, ask the Forestry Commission to look at the possibility of an account of such meetings and of the Regional Advisory Committee's subsequent advice to the Forestry Commissioners being published. I am pleased to say that such information will be provided in all future cases in the form of a press release to be issued at the stage that the Committee reports to the Commissioners.

This is an important change which I am sure will be widely welcomed. It will make the work of the Committees in this area more open and serve to demonstrate the value and objectivity of their contribution.”

# APPENDIX X

## New Publications

The following titles were published during the year ending 31 March 1992.

### *Reports*

71st Annual Report and Accounts of the Forestry Commission 1990-91 (£12.60)

Report on Forest Research 1991 (£15.00)

### *Bulletins*

- No. 95 Forest fertilisation in Britain, by C.M.A. Taylor (£5.75)
- No. 96 Sawmilling accuracy for bandsaws cutting British softwoods, by J.N. Smithies (£3.00)
- No. 97 Research for practical arboriculture, edited by S.J. Hodge (£17.50)
- No. 98 Monitoring of forest condition in Great Britain 1990, by J.L. Innes and R.C. Boswell (£7.50)
- No. 99 Urban trees — a survey of street trees in England, by S.J. Hodge (£3.50)
- No. 100 Honey fungus, by B.J.W. Greig, S.C. Gregory and R.G. Strouts (£3.00)
- No. 101 De-icing salt damage to trees and shrubs, by M.C. Dobson (£6.75)
- No. 102 Forest fencing, by H.W. Pepper (£5.00)
- No. 104 Valuing informal recreation on the Forestry Commission estate, by J.F. Benson and K.G. Willis (£7.50)

### *Guidelines*

- Forests and Water Guidelines (£5.25)
- Community Woodland Design Guidelines (£9.75)

### *Handbooks*

- No. 6 Forestry Practice, edited by B.G. Hibberd (£14.95)
- No. 7 Treeshelters, by M.J. Potter (£5.30)

### *Occasional Papers*

- No. 29 The supply and demand for wood in the United Kingdom, by A. Whiteman (£2.50)
- No. 30 The impact of Government intervention on private forest management in England and Wales, by J.A. Johnson and D.C. Nicholls (£2.50)
- No. 31 Factors affecting the natural regeneration of oak in upland Britain — a literature review, by R. Worrell and C.J. Nixon (£2.00)
- No. 32 Price-size curves for broadleaves, by A. Whiteman, H. Insley and G. Watt (£2.00)

The following 15 Occasional Papers were originally issued in July 1991 as a series of invited papers under the overall title 'Forestry expansion: a study of technical, economic and ecological factors'. Price £25 the set inclusive of postage.

- No. 33 Introduction, summary and conclusions, by Prof. I. Cunningham (free)
- No. 34 British forestry in 1990, by H. Miller (£2.00)
- No. 35 International environmental impacts: acid rain and the greenhouse effect, by M. Cannell and J. Cape (£2.00)
- No. 36 The long term global demand for and supply of wood, by M. Arnold (£2.00)
- No. 37 UK demand for and supply of wood and wood products, by A. Whiteman (£2.00)
- No. 38 Development of the British wood processing industries, by I. McNicoll and P. McGregor (£2.00)
- No. 39 The demand for forests for recreation, by J. Benson and K. Willis (£2.00)
- No. 40 Forests as wildlife habitat, by J. Good, I. Newton, J. Miles, R. Marrs and J. N. Greatorex-Davies (£2.00)
- No. 41 Forests and the conservation and enhancement of landscape, by D. Campbell and R. Fairley (£2.00)
- No. 42 The impacts on water quality and quantity, by M. Hornung and J. Adamson (£2.00)
- No. 43 Sporting recreational use of land, by J. McGilvray and R. Perman (£2.00)
- No. 44 The agricultural demand for land: its availability and cost for forestry, by D. Harvey (£2.00)
- No. 45 Forestry in the rural economy, by J. Strak and C. Mackel (£2.00)
- No. 46 New planting methods, costs and returns, by J. Dewar (£2.00)
- No. 47 Assessing the returns to the economy and to society from investments in forestry, by D. Pearce (£2.00)

### *Miscellaneous*

The following free publications were produced:

Successful tree establishment

Forests for Wildlife

Forestry Facts and Figures 1990-91

Forestry Policy in Great Britain

Forestry Review 1990-91

The Forestry Authority

Agenda for Forest Enterprise

The Forestry Commission of Great Britain.

# APPENDIX XI

## Statistical Tables

### Forestry Authority

#### FORESTRY COMMISSION GRANT SCHEMES POSITION AT 31 MARCH 1992

**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	1,301	115,323	293	18,508	608	137,914	2,202	271,745
Basis III Dedication Schemes	223	11,229	51	4,728	290	46,433	564	62,390
Forestry Grant Schemes	959	19,029	101	4,293	669	44,143	1,729	67,465
Broadleaved Woodland Grant Schemes	2,035	15,317	204	818	501	2,780	2,740	18,915
Woodland Grant Schemes	9,514	140,118	1,209	12,687	3,652	146,044	14,375	298,849
Woodland Grant Schemes associated with the Farm Woodland Scheme	1,615	9,654	59	424	397	3,831	2,071	13,909

- Notes:
1. The areas shown are the gross areas managed under the schemes as at 31 March 1992 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 closed to further applications on 31 March 1992. It is administered by the Agriculture Departments, but eligibility for entry to the Scheme depended 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. It was succeeded on 1 April 1992 by the Farm Woodland Premium Scheme.

**AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS  
WERE PAID IN THE YEAR ENDED 31 MARCH 1992**

**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	6	359	365	34	52	86	45	242	287	85	653	738
Broadleaved	15	199	214	2	4	6	4	36	40	21	239	260
Total	21	558	579	36	56	92	49	278	327	106	892	998
<b>In Forestry Grant Scheme</b>												
Conifer	28	70	98	63	25	88	492	188	680	583	283	866
Broadleaved	36	53	89	7	4	11	50	27	77	93	84	177
Total	64	123	187	70	29	99	542	215	757	676	367	1,043
<b>In Broadleaved Woodland Grant Scheme</b>												
Conifer	—	—	—	—	—	—	—	—	—	—	—	—
Broadleaved	40	147	187	0	5	5	9	35	44	49	187	236
Total	40	147	187	0	5	5	9	35	44	49	187	236
<b>In Woodland Grant Scheme</b>												
Conifer	296	1,023	1,319	34	283	317	6,312	1,612	7,924	6,642	2,918	9,560
Broadleaved	1,274	2,191	3,465	140	206	346	1,894	1,070	2,964	3,308	3,467	6,775
Total	1,570	3,214	4,784	174	489	663	8,206	2,682	10,888	9,950	6,385	16,335
<b>Total</b>												
Conifer	330	1,452	1,782	131	360	491	6,849	2,042	8,891	7,310	3,854	11,164
Broadleaved	1,365	2,590	3,955	149	219	368	1,957	1,168	3,125	3,471	3,977	7,448
Total	1,695	4,042	5,737	280	579	859	8,806	3,210	12,016	10,781	7,831	18,612

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

Conifer	361	—	361	7	—	7	436	—	436	804	—	804
Broadleaved	1,910	—	1,910	69	—	69	583	—	583	2,562	—	2,562
Total	2,271	—	2,271	76	—	76	1,019	—	1,019	3,366	—	3,366

Notes: 1. Restocking includes natural regeneration.

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

	<i>New Planting</i>	<i>Restocking</i>
England	119	71
Wales	4	3
Scotland	0	0
Great Britain	<u>123</u>	<u>74</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 1982 TO 31 MARCH 1992**

**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
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
1990 ... ..	1,613	3,871	5,484	459	270	729	10,695	1,984	12,679	12,767	6,125	18,892
1991 ... ..	1,926	3,970	5,896	400	296	696	9,533	2,840	12,373	11,859	7,106	18,965
1992 ... ..	1,695	4,042	5,737	280	579	859	8,806	3,210	12,016	10,781	7,831	18,612

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 1992**

**Table 4**

Volume in thousands of cubic metres

	England	Wales	Scotland	Great Britain
Conifer ... ..	149	50	222	421
Broadleaved ... ..	77	11	8	96
Total volume ... ..	226	61	230	517
Number of licences issued ... ..	1,033	196	435	1,664

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 1992**

**Table 5**

Hectares

	England	Wales	Scotland	Great Britain
Conditional licences ... ..	397	95	1,131	1,623
Unconditional licences ... ..	36	0	4	40
Total ... ..	433	95	1,135	1,663

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

# Forestry Enterprise

## LAND USE AT 31 MARCH 1992

**Table 6**

Hectares

	England	Wales	Scotland	Great Britain
<b>Forest Land</b>				
Under plantations ... ..	215,712	124,845	514,844	855,401
Other woodland ... ..	14,018	2,998	17,783	34,799
To be planted ... ..	243	291	5,134	5,668
<b>Total ... ..</b>	<b>229,973</b>	<b>128,134</b>	<b>537,761</b>	<b>895,868</b>
<b>Other Land</b>				
Agricultural and grazing ... ..	9,201	3,739	46,253	59,193
Unplantable and miscellaneous (includes nursery land) ... ..	31,328	6,798	134,407	172,533
<b>Total ... ..</b>	<b>40,529</b>	<b>10,537</b>	<b>180,660</b>	<b>231,726</b>
<b>Total area ... ..</b>	<b>270,502</b>	<b>138,671</b>	<b>718,421</b>	<b>1,127,594</b>

- Notes: 1. Other woodland is woodland managed chiefly for amenity purposes.  
2. Agricultural and grazing land includes forest workers' holdings and tenanted land comprising part of the Commission's long-term plantable reserve.

## NET AREA OF LAND ACQUIRED/DISPOSED OF DURING THE YEAR ENDED 31 MARCH 1992

**Table 7**

Hectares

	England	Wales	Scotland	Great Britain
Plantations acquired ... ..	1	1	10	12
Plantations disposed of ... ..	1,564	1,139	2,948	5,651
Planting land acquired ... ..	45	48	1,444	1,537
Planting land disposed of ... ..	2	0	140	142
Other land acquired ... ..	0	3	368	371
Other land disposed of ... ..	171	518	429	1,118
<b>Net area of land acquired/disposed of</b>	<b>(1,691)</b>	<b>(1,605)</b>	<b>(1,695)</b>	<b>(4,991)</b>

## FOREST LAND DISPOSED OF IN THE YEAR ENDED 31 MARCH 1992

**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 ... ..	1,122	82	2	1,206	1,373	1,222
East ... ..	256	23	0	279	594	2,320
West ... ..	186	2	0	188	260	1,403
<b>Total ... ..</b>	<b>1,564</b>	<b>107</b>	<b>2</b>	<b>1,673</b>	<b>2,227</b>	<b>1,422</b>
<b>Wales ... ..</b>	<b>1,139</b>	<b>92</b>	<b>0</b>	<b>1,231</b>	<b>2,179</b>	<b>1,913</b>
<b>Scotland</b>						
North ... ..	440	39	78	557	783	1,512
Mid ... ..	338	97	45	480	267	697
South ... ..	2,170	135	17	2,322	3,720	1,701
<b>Total ... ..</b>	<b>2,948</b>	<b>271</b>	<b>140</b>	<b>3,359</b>	<b>4,770</b>	<b>1,545</b>
<b>Great Britain ... ..</b>	<b>5,651</b>	<b>470</b>	<b>142</b>	<b>6,263</b>	<b>9,176</b>	<b>1,584</b>

# PLANTING IN THE YEAR ENDED 31 MARCH 1992

**Table 9**

Hectares

	New Planting	Restocking*	Total
England			
Conifer ... ..	53	2,513	2,566
Broadleaved ... ..	17	345	362
Total ... ..	70	2,858	2,928
Wales			
Conifer ... ..	50	1,599	1,649
Broadleaved ... ..	5	175	180
Total ... ..	55	1,774	1,829
Scotland			
Conifer ... ..	2,651	3,358	6,009
Broadleaved ... ..	223	270	493
Total ... ..	2,874	3,628	6,502
Great Britain			
Conifer ... ..	2,754	7,470	10,224
Broadleaved ... ..	245	790	1,035
Total ... ..	2,999	8,260	11,259

\* Restocking includes natural regeneration.

## AREA PLANTED ANNUALLY BY THE COMMISSION IN THE 10-YEAR PERIOD 1 APRIL 1982 TO 31 MARCH 1992

**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
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
1990 ... ..	198	2,717	2,915	96	1,364	1,460	3,787	3,784	7,571	4,081	7,865	11,946
1991 ... ..	34	2,486	2,520	15	1,472	1,487	3,466	3,664	7,130	3,515	7,622	11,137
1992 ... ..	70	2,858	2,928	55	1,774	1,829	2,874	3,628	6,502	2,999	8,260	11,259

AREAS OF PLANTATIONS AND VOLUMES OF TIMBER FELLED  
AND THINNED IN THE YEAR ENDED 31 MARCH 1992

**Table 11** Area in hectares  
Standing volume in thousands of cubic metres overbark

	Felled		Thinned		Total Volume Felled and Thinned
	Area	Volume	Area	Volume	
England					
North ... ..	1,739	527	1,935	68	595
East ... ..	969	224	5,022	235	459
West ... ..	742	189	2,881	195	384
Total ... ..	3,450	940	9,838	498	1,438
Wales ... ..	2,112	555	3,000	178	733
Scotland					
North ... ..	1,782	477	4,097	251	728
Mid ... ..	1,486	429	1,629	100	529
South ... ..	1,141	389	942	53	442
Total ... ..	4,409	1,295	6,668	404	1,699
Great Britain ... ..	9,971	2,790	19,506	1,080	3,870

SALES OF TIMBER IN THE YEAR ENDED 31 MARCH 1992

**Table 12** Standing volume in thousands of cubic metres overbark

Description	England	Wales	Scotland	Great Britain
Trees sold standing ... ..	780	311	633	1,724
Converted				
Round timber and saw logs ... ..	373	228	559	1,160*
Telegraph and other selected poles ... ..	4	0	3	7
Posts and stakes ... ..	2	11	5	18
Pulpwood and boardmill material ... ..	264	187	479	930
Firewood ... ..	10	4	9	23
Miscellaneous ... ..	2	2	0	4
Total ... ..	655	432	1,055	2,142

\*Includes hardwoods but excludes Thetford log store.

**PROPERTIES MANAGED BY THE COMMISSION  
AT 31 MARCH 1992**

**Table 13**

Number

Type of Property	England	Wales	Scotland	Great Britain
<b>Forest properties</b>				
Foresters' houses ... ..	21	6	41	68
Forest workers' houses ... ..	179	16	161	356
Forest workers' holdings ... ..	2	6	25	33
Miscellaneous * ... ..	480	240	415	1,135
<b>Total ... ..</b>	<b>682</b>	<b>268</b>	<b>642</b>	<b>1,592</b>
<b>Other properties</b>				
Farms and other agricultural subjects ... ..	337	152	280	769
Residential and other lettings ... ..	511	49	282	842
Other lettings ... ..	356	239	380	975
<b>Total ... ..</b>	<b>1,204</b>	<b>440</b>	<b>942</b>	<b>2,586</b>
<b>Sporting lettings ... ..</b>	<b>512</b>	<b>81</b>	<b>967</b>	<b>1,560</b>

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

**PUBLIC RECREATIONAL FACILITIES  
AT 31 MARCH 1992**

**Table 14**

Number

	England	Wales	Scotland	Great Britain
Camping and caravan sites * ... ..	19	1	9	29
Picnic places ... ..	367	85	200	652
Forest walks and forest nature trails ... ..	304	106	289	699
Visitor centres ... ..	10	5	9	24
Arboreta and forest gardens ... ..	14	6	3	23
Forest drives ... ..	7	1	4	12
Forest cabins and holiday houses ... ..	107	0	67	174

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

- (i) 4 sites leased to the Caravan Club; 2 sites to the Camping and Caravanning Club;
- (ii) 56 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 1992 (hectares)					During Year 1991-92		
NORTH ENGLAND	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	
Cheshire ... ..	950	790	42	0	118	0	17	6
Durham ... ..	4,511	4,124	96	17	274	0	68	20
Kielder ... ..	61,274	48,610	766	30	11,868	18	601	306
North Lakes ... ..	8,315	5,574	149	3	2,589	0	131	49
North York Moors ... ..	21,754	18,358	475	0	2,921	0	116	145
Rothbury ... ..	10,595	9,077	101	104	1,313	51	19	20
South Lakes ... ..	7,761	6,403	584	0	774	0	112	50
York ... ..	2,949	2,781	130	0	38	0	3	9
<b>TOTAL ... ..</b>	<b>118,109</b>	<b>95,717</b>	<b>2,343</b>	<b>154</b>	<b>19,895</b>	<b>69</b>	<b>1,067</b>	<b>605</b>
<b>EAST ENGLAND</b>								
Chilterns ... ..	3,416	2,979	370	1	66	0	9	5
New ... ..	26,715	7,494	5,440	0	13,781	0	25	52
Northants ... ..	7,346	6,753	409	45	139	0	39	21
North Lincs ... ..	4,251	3,798	355	0	98	0	26	19
Sherwood ... ..	9,110	7,329	534	0	1,247	0	49	52
South Downs ... ..	7,868	7,223	431	0	214	0	134	38
Suffolk ... ..	4,257	3,891	257	0	109	0	256	14
Thetford ... ..	20,859	20,012	328	4	515	0	375	178
Weald ... ..	7,309	6,648	243	2	416	0	298	31
West Downs ... ..	5,886	5,166	285	0	435	0	87	30
<b>TOTAL ... ..</b>	<b>97,017</b>	<b>71,293</b>	<b>8,652</b>	<b>52</b>	<b>17,020</b>	<b>0</b>	<b>1,298</b>	<b>440</b>
<b>WEST ENGLAND</b>								
Cornwall and North Devon ... ..	7,601	7,089	252	1	259	0	116	59
Dean and Three Counties ... ..	12,324	10,590	425	0	1,309	1	44	65
Dorset ... ..	7,547	6,452	328	0	767	0	41	49
Marches ... ..	7,227	6,523	413	36	255	0	72	40
Midlands ... ..	5,474	4,944	386	0	144	0	36	43
Somerset and South Devon ... ..	9,668	8,255	700	0	713	0	113	84
Wiltshire and Avon ... ..	5,535	4,849	519	0	167	0	71	51
<b>TOTAL ... ..</b>	<b>55,376</b>	<b>48,702</b>	<b>3,023</b>	<b>37</b>	<b>3,614</b>	<b>1</b>	<b>493</b>	<b>391</b>

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

**Table 16**

Conservancy	Land use at 31 March 1992 (hectares)					During Year 1991-92		
WALES	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	
Ceredigion ... ..	18,048	16,088	122	265	1,573	16	127	75
Clwyd ... ..	9,800	9,148	60	0	592	0	111	83
Dolgellau ... ..	18,897	17,526	190	7	1,174	0	201	120
Llandoverly ... ..	21,968	20,622	590	0	756	0	438	172
Llanrwst ... ..	12,248	9,812	179	4	2,253	0	119	56
Morgannwg ... ..	29,736	25,585	929	5	3,217	32	484	68
Newtown ... ..	14,316	13,876	137	0	303	7	192	101
SE Wales ... ..	13,658	12,188	791	10	669	0	102	70
<b>TOTAL ... ..</b>	<b>138,671</b>	<b>124,845</b>	<b>2,998</b>	<b>291</b>	<b>10,537</b>	<b>55</b>	<b>1,774</b>	<b>745</b>

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

**Table 17**

Conservancy	Land use at 31 March 1992 (hectares)					During Year 1991-92		
NORTH SCOTLAND	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	
Buchan ... ..	24,781	21,173	201	412	2,995	68	180	157
Dornoch ... ..	57,394	37,482	245	970	18,697	660	20	31
Easter Ross ... ..	30,860	23,507	596	277	6,480	89	198	103
Fort Augustus ... ..	39,449	17,759	3,197	71	18,422	102	138	57
Inverness ... ..	20,079	15,575	1,043	0	3,461	90	50	45
Kincardine ... ..	14,507	13,261	225	0	1,021	0	152	83
Lochaber ... ..	50,687	25,426	2,194	116	22,951	175	143	65
Moray ... ..	23,351	22,103	291	0	957	60	126	109
Mull ... ..	21,624	15,981	259	384	5,000	1	186	31
Wester Ross ... ..	30,986	16,696	446	150	13,694	251	103	49
<b>TOTAL ... ..</b>	<b>313,718</b>	<b>208,963</b>	<b>8,697</b>	<b>2,380</b>	<b>93,678</b>	<b>1,496</b>	<b>1,296</b>	<b>730</b>
<b>MID SCOTLAND</b>								
Aberfoyle ... ..	30,328	22,750	1,099	147	6,332	30	165	85
Abertay ... ..	13,732	12,137	97	87	1,411	50	128	51
Cowal ... ..	39,217	24,518	1,663	16	13,020	14	275	88
Kintyre ... ..	33,507	26,437	1,193	7	5,870	313	190	70
Loch Awe ... ..	31,679	25,140	783	30	5,726	0	134	111
Lorne ... ..	30,697	19,911	1,118	0	9,668	0	100	42
Perthshire ... ..	31,669	24,702	1,306	450	5,211	293	70	75
<b>TOTAL ... ..</b>	<b>210,829</b>	<b>155,595</b>	<b>7,259</b>	<b>737</b>	<b>47,238</b>	<b>700</b>	<b>1,062</b>	<b>522</b>
<b>SOUTH SCOTLAND</b>								
Ayrshire & Arran ... ..	45,424	29,315	391	1,321	14,397	235	106	44
Borders ... ..	18,807	16,604	150	4	2,049	127	176	75
Castle Douglas ... ..	33,201	26,883	208	91	6,019	0	375	98
Lockerbie ... ..	15,349	13,632	113	0	1,604	0	234	59
Lothian & Tweed ... ..	13,866	12,829	102	152	783	0	78	31
Newton Stewart ... ..	48,973	34,723	515	392	13,343	221	164	49
Nithsdale ... ..	18,254	16,300	348	57	1,549	95	137	83
<b>TOTAL ... ..</b>	<b>193,874</b>	<b>150,286</b>	<b>1,827</b>	<b>2,017</b>	<b>39,744</b>	<b>678</b>	<b>1,270</b>	<b>439</b>

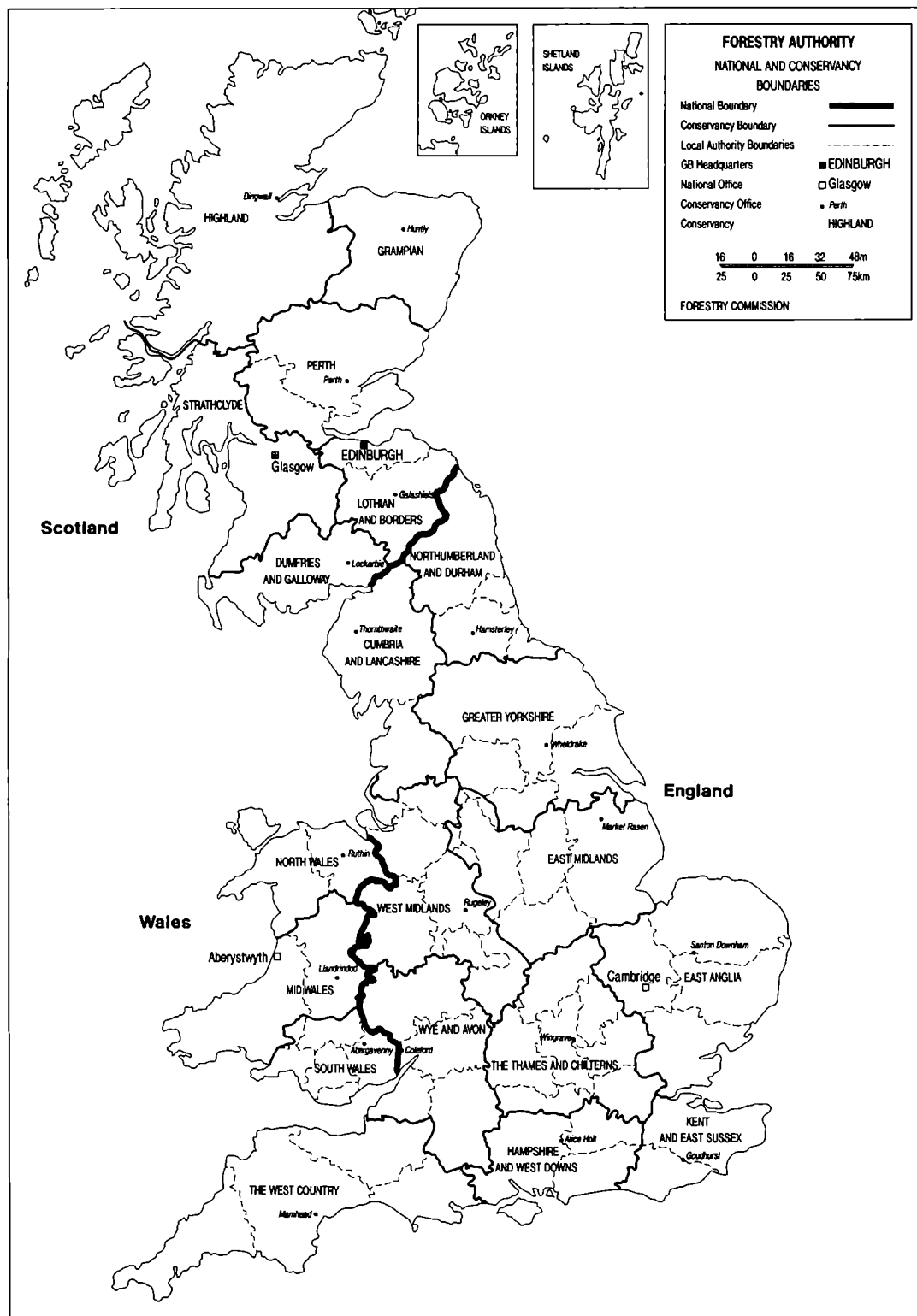
Note: The plantable reserve in North and Mid Scotland has been reduced following a review of land classification.

## Map of Forestry Commission Conservancies and Forest Districts at 31 March 1992



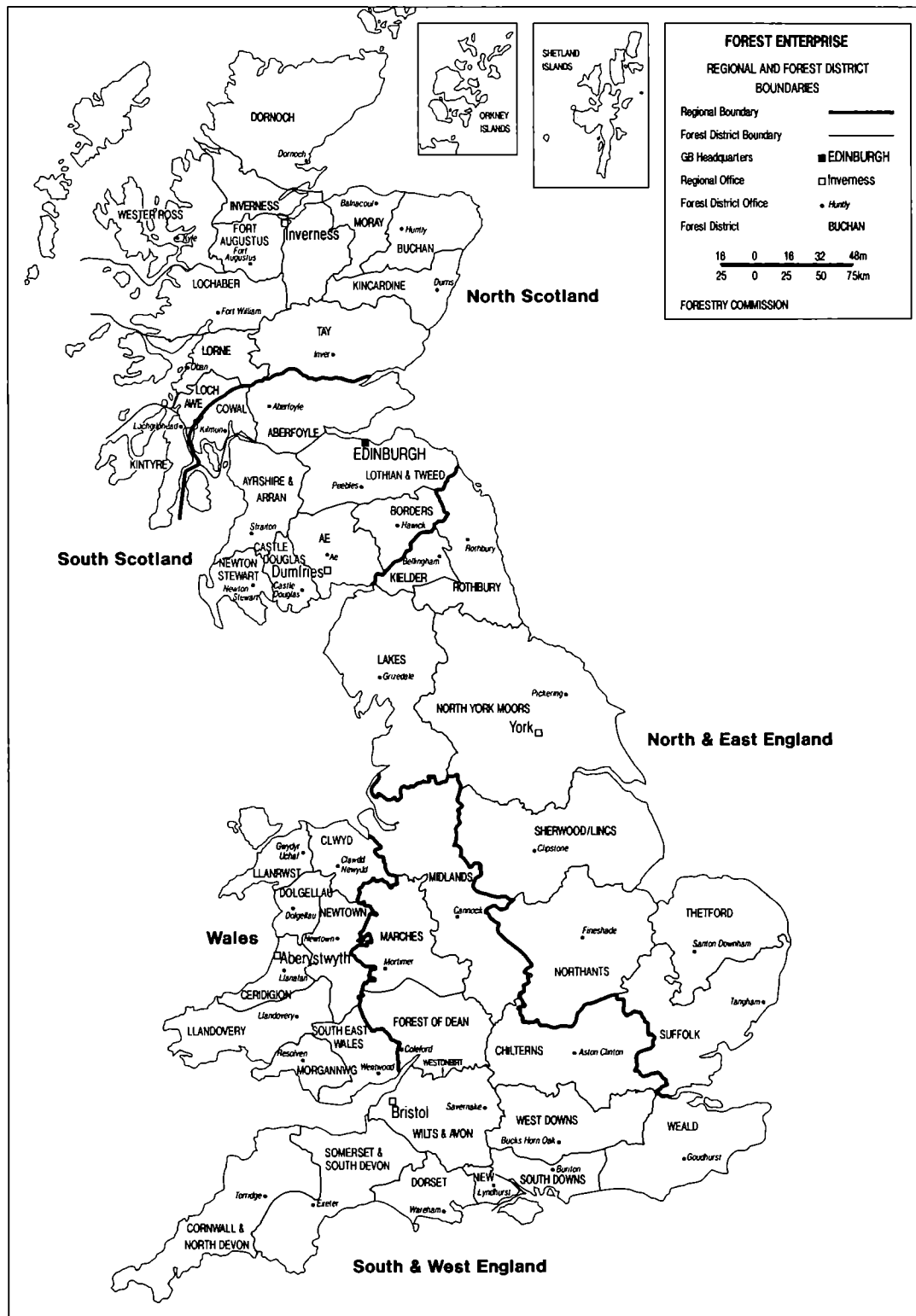
## APPENDIX XIII

## Map of Forestry Authority National and Conservancy Boundaries at 1 April 1992



# APPENDIX XIV

## Map of Forest Enterprise Regional and Forest District Boundaries at 1 April 1992





## **ADDRESSES OF THE MAIN OFFICES OF THE FORESTRY COMMISSION**

### **Headquarters of the Forestry Commission:**

231 Corstorphine Road, Edinburgh EH12 7AT

Tel: 031 334 0303 Telex: 727879 (FORCOM G) Fax: 031 334 3047

### **Director Research:**

Alice Holt Lodge, Wrecclesham, Farnham, Surrey GU10 4LH Tel: 0420 22255 Fax: 0420 23653

Northern Research Station, Roslin, Midlothian EH25 9SY Tel: 031 445 2176 Fax: 031 445 5124

### **Forestry Authority National Offices**

*England* Great Eastern House, Tenison House, Cambridge CB1 2DU Tel: 0223 314546 Fax: 0223 460699

*Scotland* Portcullis House, 21 India Street, Glasgow G2 4PL Tel: 041 248 3931 Fax: 041 226 5007

*Wales* Gorseland, North Street, Aberystwyth, Dyfed SY23 2EF Tel: 0970 625866 Fax: 0970 626177

### **Forest Enterprise Regional Offices**

#### *England*

North and East: 1A Grosvenor Terrace, York YO3 7BD Tel: 0904 620221 Fax: 0904 610664

South and West: Avon Fields House, Somerdale, Keynsham, Bristol BS18 2BD Tel: 0272 869481

Fax: 0272 861981

#### *Scotland*

North: 21 Church Street, Inverness IV1 1EL Tel: 0463 232811 Fax: 0463 243846

South: 55/57 Moffat Road, Dumfries DG1 1NP Tel: 0387 69171 Fax : 0387 51491

*Wales* Victoria House, Victoria Terrace, Aberystwyth, Dyfed SY23 2DQ Tel: 0970 612367 Fax: 0970 625282



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231 Corstorphine Road  
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EH12 7AT  
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