

Cross-Party Group on the Wood Panel Industry

Wednesday 7th May at 1pm - Committee Room 6, Holyrood.
Minute

Present

MSPs

Fergus Ewing MSP - *Convener*
Colin Smyth MSP - *Deputy Convener*
Sharon Dowey MSP (*Virtual attendance*) - *Deputy Convener*
Elena Whitham MSP - *Registered Member*
Emma Roddick MSP
Emma Harper MSP - *Registered Member*
Ariane Burgess MSP
Maurice Golden MSP - *Registered Member*
Finlay Carson MSP - *Registered Member*
Stephen Kerr MSP - *Registered Member*

Non-MSP Group Members

Alastair Kerr - Director General, Wood Panel Industries Federation (WPIF)
Steve Roebuck - Director EHS, West Fraser
John Paterson - Public Affairs Manager, EGGER UK
George Birrell - Director of Forestry, Kronospan
Olly Hughes - Managing Director Forestry, Gresham House
David Leslie - Joint Managing Director, James Jones and Sons Ltd.
Jon Garson - Policy and Public Affairs Manager, Confor
Mark Cummings - Managing Director, Invicta Public Affairs
Richard Thomson - Advisor, Invicta Public Affairs
Iona Yule - Account Manager, Invicta Public Affairs

Apologies

Tim Eagle MSP
Sarah Boyack MSP
Beatrice Wishart MSP
Alexander Burnett MSP
Stuart McMillan MSP
Tom Arthur MSP
Jim Fairlie MSP
Mairi Gougeon MSP

Agenda Item 1 - Welcome and Introduction

Fergus Ewing MSP chaired the meeting, welcoming attendees and facilitating introductions from all present.

Agenda Item 2 - Approval of Minutes of Last Meeting

The Convener asked for the minutes of the last meeting to be approved. This was seconded by Alastair Kerr of the Wood Panel Industries Federation.

Agenda Item 3 - The State of Scotland's Timber Industry

David Leslie - Joint Managing Director at James Jones & Sons Ltd. began by introducing himself and giving an overview of James Jones & Sons Ltd.'s operations. David then covered topics including:

- The importance of timber industries for house building and carbon sequestration
- There is a current deficit in timber supply and the sawmill industry is struggling to get their materials into housebuilding, and work continues to sell more material in Scotland to reduce haulage and carbon costs and optimise GVA.
- The net productive hectareage of forestry is reducing across the UK and emphasis on this net area and focussing on increasing this is essential.
- Long term goal - In Scotland, Industry wants to see a 50 year forecast for raw material supply. This should be encompassed as a 'Strategic Vision for Scotland' to sustain and enhance industry development.
- Medium term - industry agrees there are some good initiatives out there - ie. a Timber in Construction Roadmap (UK Gov) - Scotland should look at something similar.
- Short term - Industry is optimistic - there is hope at the bottom of the economic curve - with more housing and an improving economy, this should go up albeit there are lots of world issue that will continue to cause disruption.
- Long term concerns:
 - Less new planting (particularly productive conifer/reduced net productive conifer restocking.
 - Forests are being cleared for renewable energy, infrastructure and peat restoration with little productive compensatory planting.

Agenda Item 4 - The Current Climate for Forestry Investment

Olly Hughes, Managing Director of Forestry at Gresham House began by introducing himself and his role and also gave an overview of Gresham House's business - highlighting they are a UK based patient capital business. They have around 130,000 hectares across the UK - with the majority in Scotland, this equates to 10% of the total timber supply in the UK.

Olly went on to cover topics including:

- Whilst forestry will not deliver racy / knock out returns, the benefits such as carbon sequestration must not be denied.
- Gresham House has a very strong interest in investing in UK forestry - it is one of the best places in the world to plant.
- Industry has seen a 3x increase in demand for timber - this is driven by urbanisation, the fundamental housing crisis and the net zero drive (away from high intensive industries).
- Olly highlighted that there is a high supply and demand imbalance - if Scotland / the UK cannot supply the demand, it will inevitably come from sources such as illegal logging.

- The UK imports 80% of its timber - this is ok when there is an available global supply but the UK / Scotland needs to be able to supply its own demand when there is a global shortage.
 - There is currently around 48,000 hectares of land lying fallow as it has not been restocked.

Olly gave an update that Gresham's UK fund is now closing. This has provided £400 million to invest in UK forestry - the majority of this in Scotland.

- Investors have been deterred - Government and Industry needs to accept that there are differing views on forestry.
 - Cannot think in a binary way - we must have a balance of productive forestry and native forestry.

There needs to be better support for timber reliant industries to provide long term stability and confidence.

- Right now the government works on micro-scale management - a single hectare of land is being driven to its limit.
 - We need to think on a landscape scale - not micro scale.
- To support ambition - there needs to not be a presumption that productive forestry is bad.
- Industry and Government needs to embrace the stability of legal and regulatory landscape - particularly with land ownership as it brings a significant amount of capital.

The government needs to do more on the circular economy - pension funds allow for investment in the economy and for people to own infrastructure. This will need robust regulatory infrastructure

Olly concluded his contribution by highlighting that there is a strong appetite for all of this but it needs to be nurtured.

Agenda Item 5 - Overview of the Economic Contribution of the Wood Panel Industry to the UK Economy

Alastair Kerr, Director General of the Wood Panel Industries Federation began by giving a brief overview of the wood panel industry and gave an explanation of the reasons for commissioning of the CBI Economics Report - it is important to highlight the essential nature of the wood panel industry. Key points were:

- 50% of the financial contribution of industry comes from Scotland.
- 10% of the UK economy is made up of panel reliant industries.

Alastair concluded his contribution by stating that a strong domestic resource is vital in order to support the above. It is essential that 60% of planting is productive species.

Agenda Item 5 - Roundtable Discussion

The Chair, Fergus Ewing MSP opened the meeting up to discussion - welcoming questions and views on the opportunities and challenges to moving Scotland forward in forestry and industry.

- Elena Whitham MSP highlighted that she is a member of the Housing and Policy Delivery Group. The member highlighted that a big focus of the group is modular housing.
 - She asked attendees how we get the message across for the housing industry.
 - Responses included

- The pull is there - it just needs to be given the same attention as net zero does
- Ensure the wood industry is part of discussions - 80% of houses in Scotland are timber framed and industry is ready for this.
- Finlay Carson MSP highlighted the vital importance of stable policy. The member highlighted the impact of woodland grants, a change in forestry standard and the introduction of the Natural Environment Bill
 - Olly Hughes agreed that the points made by the member fundamentally dent confidence. Industry cannot deliver in an ever changing environment - there needs to be stability.
- Ariane Burgess MSP - asked how do we fill the gap that the housing sector needs from Scottish timber to match capacity?
 - David Leslie - highlighted that there needs to be the potential to grow trees quicker and more efficiently - Scotland cannot afford to lose time or land, we need to make every use of the land we have and broadleaf trees alone will not provide what the industry needs.
- Stephen Kerr MSP highlighted that there appears to be a lack of cohesion and joined up working between the UK government and the Scottish Government on this matter. The member asked if there has been any recognition of urgency on the timber security issues and whether there has been any dialogue of depth.
 - David Leslie responded to say no there hasn't but there have been encouraging signs of the realisation on this issue by Forestry and Land Scotland, Forestry England and some ministers, albeit many are unaware and the public at large have little knowledge of the implications of this issue.
 - Olly Hughes added here that the Government believes they are doing well.
- Mark Cummings gave an update that the Programme for Government was disappointing in that the tree planting target has been reduced to 10,000 hectares a year.
 - Jon Garson added to this that the Committee on Climate Change recommended an increase in tree planting but it is disappointing that the government has reduced it the target.

The Chair ended the discussion session by updating the group that he is disappointed by the ongoing lack of Ministerial engagement.

- Stephen Kerr MSP added to the final point that so much of the key ask is dependent on Ministers and right now there is a silo mentality, especially in regards to a joined up approach.
 - The member suggested taking a more negative approach to Ministers and spell out the situation clearly - rather than having glimpses of up-beatness as the messaging right now is not landing with Ministers.

Agenda Item 6 - AOB and Close of Meeting

- No other business.
- The Chair thanked everyone for their attendance and closed the meeting.