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Allan MacKenzie
FCTU Departmental Secretary

Date

Our Ref:

Lord / Lady
The House of Lords
London, SW1A 0PW

Dear

PUBLIC BODIES BILL - SECOND READING

I am writing to you on behalf of the Forestry Commission Trade Unions' (FCTU). We understand that you are due to speak at the debate on the Public Bodies Bill second reading on Tuesday 9th November 2010 and wish to register our members concerns at some disturbing aspects contained in this Bill that will have serious implications to the Public Forest Estate and to our members in the Forestry Commission. Staff in the Forestry Commission are exceptional within the public and private sector for the dedication they show to their employer and their long and continuous service. This is often due to the rural locations of many jobs, but also a demonstration of the high value they place on the public sector ethos of the organisation.

Some of the contents of this Bill represent the biggest challenge to employment in rural communities, the integrity of the Forestry Commission and the sustainability of the English Forestry Sector that we have seen

Key Points:

The FCTU does not believe that hastily abolishing or making changes to the structure of NDPBs without proper consideration is an appropriate way to tackle the deficit. We disagree with the government's strategy of public sector spending cuts and challenge the necessity or value of this approach. Examples of such action in other countries support this view in that several governments around the world have either leased or sold significant parts of their Public Forest Estate (PFE) and some have gained a significant lump sum of money from this. However, evidence accumulating over the last decade or so is showing up many problems with this method.

New Zealand sold its entire PFE in the 1980s and 90s. Of the woodlands sold, the Kiangaroa Forest was one of the most commercially valuable plantations in the country. The process of negotiation, between government and a single company, lasted approximately 16 years and involved lengthy and expensive litigation. A decision was finally reached and a price agreed, but the company

went bankrupt after about six years due to the excessive valuation. As a result, none of the anticipated developments and job creation opportunities materialised.

Management during the financial difficulties was inadequate, considerable over cutting took place, and local sawmills put in jeopardy, despite the apparently strong regulatory framework of the Government Forestry Department.

A report prepared for the South African Government to advise on their leasing options in 1998, which drew on experience in New Zealand, Papua New Guinea, Indonesia and Nepal indicated that this had not been successful in the past. In each case where the most commercial areas were leased for maximum income, governments have had major problems in later years as they have tried to implement improved silvicultural or management practices. They did not foresee these changes at the time of drafting the lease so did not include them. Many of these leases throughout the world are now being withdrawn and replaced by Forest Management Agreements, which have more in common with joint ventures.

More than five years after this report, the South African government had still suspended leasing due to their reservations about their success and the lack of subsequent methods of control.

In 1992, the Swedish Government sold a substantial part of its PFE to a single publicly listed company. 10 years later the private business was suffering extreme financial difficulties and able to raise log prices due to its semi-monopoly. Since then 20-30 sawmills have gone bankrupt, or been sold to Russian or Baltic owners, reducing the capacity within Sweden and the levels of forestry employment. As concerns with the company continued the Government offered to buy a 30% shareholding in the forests and have subsequently underwritten the remaining 70% should certain conditions prevail.

Process

The FCTU is concerned that to date the process of decision-making on abolition and other changes has not been transparent, it has not included assessment and evaluation of the impact, nor has it allowed Parliamentary or public scrutiny of the decisions. In addition, it is clear that as the Public Bodies Bill is formulated, decisions made in future to abolish or change any of the public bodies listed in schedule 7 will be done by secondary legislation, with no possibility of Parliamentary scrutiny.

Savings

Far from reducing costs, there will be serious economic, regional and social impacts from abolition, in addition to the actual costs of implementing the policy decision. Results from the Public Forest Estate Study carried out in 2009 by the Forestry Commission showed that not only were the public happy with how the Forestry Commission managed the Public Forest Estate, it wanted the Forestry Commission to provide more of the same facilities.

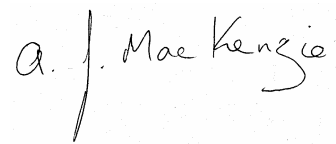
Accountability

The FCTU believes that it is not true that abolishing NDPBs makes government more accountable. NDPBs are accountable to ministers of their parent departments, and are also accountable to Parliament through the National Audit Office, Public Administration Select Committee, and Comptroller and Auditor General.

Many of the functions of the NDPBs will be transferred to central government. Some will be transferred to private sector, third sector, and elsewhere. These changes will decrease accountability as it will be less clear to whom they are accountable.

We thank you for taking the time to read this and would greatly appreciate any support you can offer to the Forestry Commission and its staff.

Yours sincerely

A handwritten signature in black ink that reads "a. j. MacKenzie". The signature is written in a cursive style with a large, sweeping 'M'.

Allan MacKenzie

By Fax