

WoodBUILD 2018 Conference & Expo - 14 June 2018 'The Offsite Timber Revolution'

Session - Driving change through policy and action

Thank you for inviting me here today to talk about the importance of timber in the construction of housing. I am very happy to do that but it's important for me to go a little wider and talk about the bigger picture too. I want to touch on the opportunities and challenges surrounding our housing plans; the importance of long term leadership and commitment; and the need for us to build even stronger partnerships in support of delivery.

Trees are absolutely vital to everything we as individuals and our society cherish. At the simplest level we love trees for their beauty and the sense of well being they promote, regardless of where they grow. We are beginning to better appreciate the way they contribute to biodiversity and to a low carbon economy. And of course trees – and timber - have so many practical uses, including as a construction material in our homes.

I think though that our familiarity with trees also means as a society we take them for granted. We forget to think about them, how we can use them to best effect to tackle the climate challenges ahead. And it is easy to forget how long they take to grow. Trees require forethought, planning ahead, a long-term view and direction. Just like housing.

Our ground breaking Future Generations Act also requires us to think about the long term. It reminds us of the need to consider the state of our natural resources. The Welsh Government's policy is clear that our trees and woodlands are vital in delivering our national priorities. Wales needs both large and small scale, diverse woodlands that include both conifer and broad-leaved species. Wales' natural resources, including its woodlands and forests, underpin our well-being including our prosperity, health, culture and identity.

To meet the challenging goal of an at least 80% reduction in our greenhouse gas emissions by 2050, we need action across all sectors. For foresters, land managers and for farmers, planting trees is an excellent way to meet that challenge - but we need to be conscious about the potential impacts on our biodiversity too.

Brexit preparations are requiring us to re-think our policies in this area. And I'm pleased to say that my colleague Hannah Blythyn, Minister for the Environment, will be making a Statement on the future of our trees and woodland shortly.

As trees grow, and deliver these public benefits for us all, they are locking up carbon in their timber. Supporting the sustainable and long term use of our timber resources, in particular in the construction of high quality housing will contribute to an additional pool of carbon. As you will all appreciate, it also allows us to create great places for people to live.

I am excited about the possibility of using more timber, particularly Welsh timber when possible, to help us build more homes. As you know we have a stretching 20,000 additional affordable homes target to meet by the end of this term of Government. It is even more challenging when you consider that we need those homes to provide quality, healthy places to live. We must also ensure that we build those homes in a way that does not compromise the ability of future generations to have that same opportunity.

New homes need to significantly reduce fuel costs and carbon emissions. They need to be built in places which allow us to develop strong cohesive communities. I believe that is entirely possible for housing to achieve all of these aims. And as a government we are committed to creating the climate for this to happen.

To respond to the challenge of reducing the carbon footprint of the new homes we build, we are seeking new ways of building those homes. This is going to be a generational challenge for everybody involved in housing – not just in Wales and not only in the UK. It would be easy therefore for us to leave that challenge to others. Easy - but wrong.

My predecessor Carl Sargeant was convinced that we needed to do more to innovate in the way we build new homes here in Wales. That led him to introduce the Innovative Housing programme last year.

£90m has been made available over three years to support schemes that not only meet pressing housing needs but trial new housing models and methods of delivery. We are talking about homes that address fuel poverty, demographic change, meet carbon reduction targets. Homes that can be built at a faster pace.

Unsurprisingly, Modern Methods of Construction, and in particular Off Site Manufacture, have featured large in the schemes that have been submitted and funded. Some of you, I know, will be active partners in those schemes.

The excitement around the programme is palpable and the ground is shifting quickly. We are potentially on the cusp of a revolution in housing, particularly around offsite manufacture. We need the focus to be on the delivery of high quality homes designed to last - and for which people can readily access a mortgage.

Speed and cost are factors, but are not the only ones. We also need to take the opportunity to genuinely reduce the carbon impact of the industry. Off site manufacturing will become a real game-changer if it helps us to do that. That's why I think it is important for us to continue to invest in projects which support change. And that's one reason why I don't think we should leave it to others to drive that change.

I believe that our Innovative Housing Programme demonstrates the Welsh Government's commitment and willingness to support innovation. Many of the 20 schemes funded in 2017-18 use local timber, provide local employment and training opportunities. They are low carbon, zero carbon or indeed energy positive. The 2018-19 Programme was launched in April. I anticipate seeing further excellent schemes this year particularly as the private sector can now bid direct to the Programme for funding to help support the transformation of the industry.

But one important reason I wanted to address this conference is that I believe the programme offers an important opportunity to promote the greater use of timber in construction.

I want to underline that we would welcome proposals this year to maximise the use of timber in our housing construction programme. I have also asked officials to intensify their work with the organisations here today to ensure that materials sourced closer to home - including timber – can form an even more prominent part of the programme next year.

We are still looking for innovation. We are hopeful this year that we will see greater interest in sustainable energy solutions. But we are also conscious that we will come to a point when we need to take the lessons we are learning and mainstream them. The monitoring and evaluation of the performance of funded schemes on an open book basis will tell us what works, what does not work, and why.

It is about more than understanding building performance - it is about liveability issues too. The practical experience which the programme is providing for our development partners must also inform our wider work in this area including crucial commitments like the review of Building Regulations.

We know that not all schemes funded through IHP will be ones which we imagine will become mainstreamed – or ones we would wish to repeat, even - but that's OK. Nothing changes without risks being taken. What's important is that we learn from those experiences. That is our commitment as a government. We are looking for pointers for the future. We are not expecting lots of quick wins. But we are clear that the experience and knowledge which we all should gain as a result of IHP should *significantly* influence what Welsh Government supports through our housing programmes across all tenures in the future.

We will need to provide the homes of the future at a greater pace, with greater precision and efficiencies. This will require a workforce with different skills. The Farmer Report '*Modernise or Die*' identified the challenges, including skills.

I do not think we should leave housing to the volume house builders - important though they are. I want to see more SME house builders entering or re-entering the market particularly in the custom and self-build sectors. We have taken a range of measures to help assist those firms in areas such as access to finance, innovation and collaboration.

The Wales Property Development and Stalled Sites Funds administered on our behalf by the Development Bank of Wales is assisting developers with access to development finance.

Right across Wales, sites are being brought forward that were previously not viable. Housing is too important to be left to the free market. Help-to-Buy has demonstrated clearly that targeted interventions from the public sector can influence the operation of the housing market. I suspect that over the coming period we will see many more interventions of that sort seeking to deliver public benefits in an inherently

commercial environment. These sorts of initiatives will open up new opportunities for those companies and housing organisations brave enough to respond.

We can already identify some of the changes that will be necessary. In terms of Modern Methods of Construction and Off Site Manufacture house builders will require suitable production premises. They will need a workforce with different skills. The public and private sectors – all of us! – will need to become more receptive to new methods of construction. So will insurers and mortgage lenders!

Building and retrofitting homes for the future will require strong, successful supply chains. I have already said that increasing the use of timber, particularly of that produced in Wales is key. Next month my colleague the Cabinet Secretary for Energy Planning and Rural Affairs will be launching a consultation looking at the types of action we need to take to decarbonise across society, including the built environment. As part of that we will be setting out how we can encourage and promote increased use of timber in Wales. I very much hope you will all take part in that broader debate to help shape our future policy.

That brings me to the role and responsibilities of your sector and why I was so keen to accept your invitation to speak today. This session is about driving change through policy and action. Responding to consultation documents is important. Government really does want to hear what you have to say. But as a sector, placing yourselves in a position where you can respond rapidly and commercially to the very strong signals you are being given is where your main focus should be.

I am enormously encouraged that this sector understands that we cannot stand still in housing. I very much welcome the new Home-Grown Homes Project you are launching this afternoon and the Cross Party Group for Forestry, Woodlands and Timber recently established by Simon Thomas AM and CONFOR.

And I would like to take this moment to say how very sad my colleagues in Welsh Government and I were to hear about the tragic loss this week of Martin Bishop - the leader of CONFOR in Wales and a passionate advocate for increasing the use timber in industry in a sustainable way. I particularly worked alongside Martin in my time as Wales' farming Minister, and he showed such passion and enthusiasm, and a real understanding of the power of working in partnership. I hope that our combined efforts will ensure that Martin's long-term dream of seeing more tree planting in Wales will come to fruition.

So, to close, my challenge to you all today is to identify how we might achieve a step change in the use of timber. What more can we do together here in Wales?

I wish you all the best in your endeavours. And I look forward to working with you to deliver this very exciting and potentially ground breaking agenda.

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