

ANNUAL REPORT 2025–26

Forestry Corporation

Acknowledgement of Country

Forestry Corporation of NSW acknowledges the traditional custodians of the land on which we live and work, and pays our respects to Elders past, present and future.

We recognise the connection to their land, their waters and surrounding communities and acknowledge their history here on this land.

We also acknowledge our Aboriginal and Torres Strait Islander employees who are an integral part of our diverse workforce and recognise the knowledge embedded forever in Aboriginal and Torres Strait Islander custodianship of Country and culture.

Contents

4 Overview
14 Strategy
17 Operations and performance
31 Sustainability
54 Management and accountability
62 Financial performance
119 Compliance index

All imagery © Forestry Corporation Image Library

FCNSW1195

© Forestry Corporation of NSW 2026. You may copy, distribute and otherwise freely deal with this publication for any purpose, provided that you attribute Forestry Corporation of NSW as the owner. The information contained in this publication is based on knowledge and understanding at the time of writing.

However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of Forestry Corporation of NSW or the user's independent adviser.

Letter of submission

30 October 2026

The Hon. Daniel Mookhey MLC
Treasurer
Parliament House
Macquarie Street
Sydney NSW 2000

The Hon. Courtney Houssos MLC
Minister for Finance, Minister for Domestic Manufacturing and Government Procurement, and Minister for Natural Resources
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Treasurer and Minister

I am pleased to submit the Annual Report for Forestry Corporation of NSW (Forestry Corporation) for the year ended 30 June 2026 for tabling in Parliament.

The report details the performance, operations and financial results of Forestry Corporation.

The report was prepared in accordance with the *Government Sector Finance Act 2018*, the applicable provisions of the *State Owned Corporations Act 1989* and the *Forestry Act 2012*. Forestry Corporation has self-assessed as a group 1 agency and has prepared this Annual Report in accordance with NSW Treasury guideline TPG25-10a.

Once the report has been tabled in Parliament, it will be available on our website **www.forestrycorporation.com.au**.

Yours sincerely

Stefanie Loader
Chair

Overview


Forestry Corporation
Protector
Bisley
Forestry Corporation

Chair and CEO message

Forestry Corporation is NSW's largest supplier of renewable timber and wood products. While timber is our primary source of revenue, we are much more than a timber business. We are the appointed land manager for two million hectares of public land from the Queensland border in the north to the Victorian border in the south; a statutory fire authority responsible for protecting communities and public assets from the threat of fire; and a provider of products and services that make a substantial contribution to industries, towns and individuals throughout the state, particularly in regional NSW.

This Annual Report for the year ended 30 June 2026 (FY26) details our financial results following another difficult period, summarises the key services and benefits we delivered to the people of NSW as a land manager and primary producer, and identifies significant known and expected changes over the coming year.

Adapting to changes and reshaping timber supply

In September 2025, the NSW Government announced a moratorium on timber harvesting within its proposed Great Koala National Park on the north coast of NSW. Initially established for 12 months, the moratorium was extended in September 2026. The Great Koala National Park will reduce the State forest estate and reshape the hardwood timber supply chain.

Timber supply from the proposed park ceased immediately, reducing production and sales during the reporting period. Long-term wood supply commitments have been reduced to align with the smaller resource, and detailed work to review and reset short-, medium-and long-term strategic, tactical and operational plans is ongoing.

Meanwhile, softwood sales remained suppressed as new housing starts stayed at long-term lows. These weak market conditions have continued for several years and were compounded by a sharp increase in fuel prices driven by international events. These events came alongside regulatory change, Commonwealth environmental law reform, continuing uncertainty for the timber industry and significant financial pressure. These challenges are detailed in our divisional overviews and reflected in the audited financial statements presented later in this report.

The combined impact of the reduction in the hardwood resource and revenue base and the suppressed softwoods market required us to make difficult decisions about the size and shape of our organisation, culminating in the commencement of a workforce change plan to be implemented in FY27.

We do not underestimate the human impact of those decisions.

Our people have worked through a prolonged period of uncertainty while continuing to manage forests, support customers, respond to fires and meet environmental and regulatory obligations. Throughout the workforce change process, our priority has been to communicate openly, listen to feedback and provide practical support to affected employees, their colleagues and their families.

We thank our people for the professionalism, resilience and care they have shown. Their commitment has enabled Forestry Corporation to continue delivering our objectives during an exceptionally challenging year.



2 million
hectares managed



1 of 4
fire authorities



NSW's largest
supplier of renewable timber

Facing our performance honestly

Leadership requires us to recognise progress, but also to be clear about where performance must improve.

Our safety performance did not meet the standard we expect. Injury rates increased during the year, particularly through the second and third quarters. In response, we strengthened our focus through the CEO-led Stop for Safety initiative, regional Safety Listening Sessions and targeted local actions. Injury rates improved in the final quarter, and heavy vehicle events reduced significantly over the year, but there is more work to do. Safety will remain our foremost operational and leadership priority.

Environmental compliance is another primary focus, and we continued to work through regulatory matters related to native forestry operations. Proceedings relating to operations in Tallaganda State Forest in 2023 commenced during the period, as disclosed last year, while proceedings relating to Wild Cattle Creek State Forest in a 2020 operation concluded this year.

We are focused on strengthening our environmental performance and continued to work closely with regulators to improve clarity and shared understanding, embed practical compliance controls into operations, and build stronger assurance around how those controls are applied in the field. We are committed to continuing to raise our compliance standards.

Financially, we finished the year ahead of budget despite the combined effects of reduced hardwood supply, weak softwood markets and rising operating costs. This result reflects disciplined financial management, difficult prioritisation decisions and the extraordinary efforts of our teams across the business. Nevertheless, the underlying financial outlook remains challenging, and achieving long-term sustainability will require continued cost discipline, sustainable funding arrangements for public land-management services and a sharper focus on the value obtained from every hectare we manage.

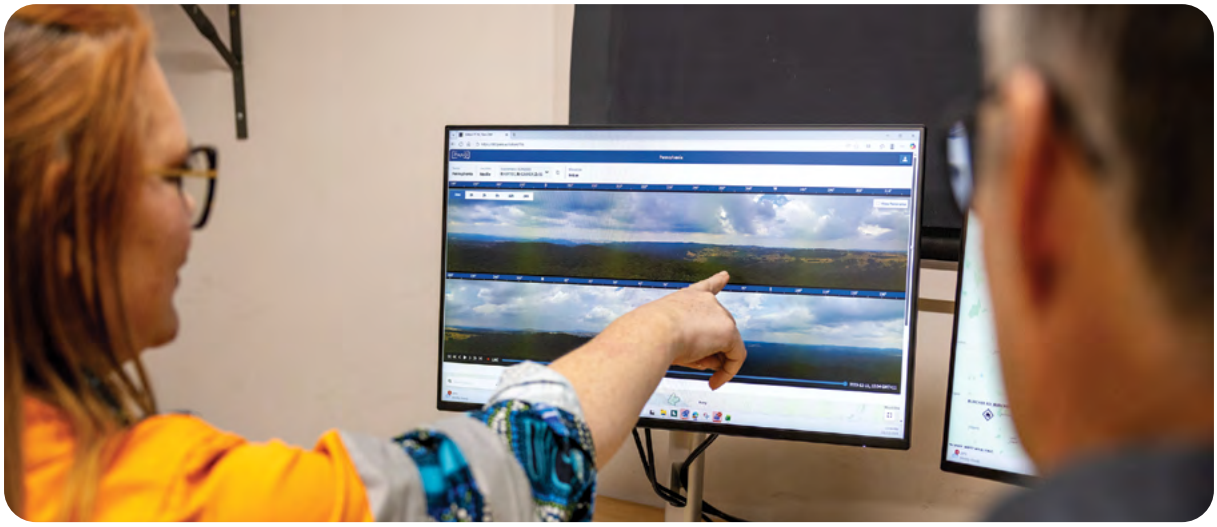
Delivering value beyond timber

As a sustainable forest manager, we balance timber supply with our work to protect public forests from fire, pests and weeds, facilitate community access and tourism, and monitor environmental features including biodiversity and forest health.

The community services we deliver as a public land manager are funded in part by Government and supplemented by revenue from timber sales. These services deliver substantial benefits to the people of NSW.

20
fire detection cameras statewide

50+
active research and monitoring initiatives



This annual report highlights key activities and achievements during the period and is complemented by our online *Sustainability Report*, which includes more detailed data on the indicators of ecologically sustainable forest management. This report also includes our second year of climate-related financial disclosures, which have been independently assured. This year, our focus on early detection and rapid response in fire management continued to prove its worth. Our expanding network of smoke-detection cameras, enabled by artificial intelligence, added an important tool to the State's coordinated firefighting capability and played a key role during the period in curtailing fires that had the potential to devastate forests, communities, homes and the timber resource that people rely on for infrastructure and livelihoods.

We also strengthened our many partnerships to improve outcomes for forests and local communities. Our participation in the NSW Government's Good Neighbours Program during the year bolstered collaborative pest and weed management, particularly in western regions. Our Fire, Country and People program entered its third year of delivering fire training to Aboriginal communities and cultural burning in forests. Following determination of native title, Bungabbee State Forest on the north coast was transferred to its Traditional Owners, with Forestry Corporation continuing to provide transitional management support under a formal agreement.

Research and monitoring was maintained across the landscape, and the first report summarising our largest landscape-scale monitoring initiative was published during the period.

The Guulabaa – Place of Koala tourism precinct received international awards, recognising the world-class experiences State forests offer, and we continued to work with local partners to develop new and unique facilities and experiences within forests.

Charting our course for a sustainable future

The coming year will bring significant change. The moratorium on timber harvesting in the proposed Great Koala National Park has been extended and enabling legislation has passed as the Government progresses towards establishing the park.

Our Care, Connect and Grow strategy charts our course through to 2030. The strategy sets out our priorities as managers of a forest estate valued by the people of NSW and delivering environmental, community and economic benefits. There are many opportunities on the horizon, including maximising the value of the plantation estate, capitalising on potential new renewable energy opportunities and leveraging emerging technology.

While the next year will bring challenges, we remain committed to sustainable forestry and high quality public land management. We are proud that the investments we are making today will support forests and timber supply for generations to come.



Stefanie Loader
Chair



Anshul Chaudhary
CEO

About Forestry Corporation of NSW

Forestry Corporation is appointed to manage State forests in NSW. Constituted as a State-owned corporation under the *Forestry Act 2012*, and a statutory fire authority under the *Rural Fires Act 1997*, Forestry Corporation has objectives as both a land manager and a timber business. We balance these objectives to maintain the many values of State forests and deliver ecologically sustainable forest management (ESFM).

Our management of State forests

Protect and actively manage at scale

- 2 million hectares of public forest estate under active management
- 546 trained firefighters protecting communities and landscapes
- Managing bushfire risk, pests, weeds and forest health
- Safeguarding biodiversity, soil, water and long-term resilience



394
tankers and light vehicles equipped for firefighting



Enable access and community benefit

- Forest road network connecting regional communities and supporting emergency response
- Tourism opportunities like camping, bushwalking, mountain biking, and events
- Partnerships with Aboriginal communities and local users
- Affordable access to forest resources such as firewood



50,000 km +
of roads



Support industry and regional economies

- Sustainably managing softwood and hardwood plantations and native forests for production
- Supplying timber for the community to build homes and essential infrastructure
- Supporting NSW's timber industry
- Enabling commercial uses including energy, telecommunications, grazing and quarrying



Enough timber to build up to

40,000 homes a year



Deliver multiple-use value from working forests

- Balancing environmental, social and economic outcomes
- Managing forests as working public assets
- Integrating conservation, recreation, access and production
- Supporting long-term carbon and renewable energy outcomes



8 million + seedlings

replanted





Objectives and functions

Under the objectives set out in the Forestry Act, Forestry Corporation is required:

(a) to be a successful business and, to this end:

  i. to operate at least as efficiently as any comparable businesses

  ii. to maximise the net worth of the State's investment in the corporation

(b) to have regard for the interests of the community in which it operates

(c) where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*

(d) to contribute towards regional development and decentralisation

(e) to be an efficient and environmentally sustainable supplier of timber from Crown-timber land and land owned by it or otherwise under its control or management.

Each of the principal objectives is of equal importance.

The principal functions of the Corporation are set out in the Forestry Act as follows —

(a) to carry out or authorise the carrying out of forestry operations in accordance with good forestry practice on Crown-timber land or land owned by the Corporation

(b) to take or authorise the taking of forest materials from State forests or land owned by the Corporation,

(c) to sell, supply or process timber, forest products or forest materials taken or harvested under paragraph (a) or (b)

(d) to establish and maintain plantations

(e) to control and manage, subject to Part 5, forestry areas,

(f) subject to the *Rural Fires Act 1997*, to carry out measures on Crown-timber land for the protection from fire of timber and forest products on that land

(g) to grant forestry rights in respect of State forests, timber reserves or land owned by it, including any such right that is for the benefit of the Corporation

(h) to acquire, hold, sell or otherwise deal with or trade in carbon sequestration rights (including for the benefit of other persons).

Forestry Corporation also has, in exercising its functions as the land manager of a forestry area, the objectives of a land manager under Part 5 of the Forestry Act. Section 59 of the Forestry Act establishes the objectives of the land manager of forestry area as follows:

(1) The land manager of a forestry area has the following objectives in the exercise of functions as land manager of the area —

  (a) to facilitate public access to the forestry area

  (b) to promote the recreational use of the forestry area

  (c) to conserve fauna (other than feral animals) living in the forestry area.

Board and governance

The Minister responsible for the Forestry Act is The Hon. Tara Moriarty MLC, Minister for Agriculture, Minister for Regional New South Wales, and Minister for Western New South Wales. Under the Forestry Act, Forestry Corporation has two voting shareholders, The Hon. Daniel Mookhey MLC, Treasurer, and The Hon. Courtney Houssos MLC, Minister for Finance, Minister for Domestic Manufacturing and Government Procurement, and Minister for Natural Resources. The shareholder Ministers appoint the Board of Directors in line with NSW Treasury Policy and Guidelines for Board Appointments for State Owned Corporations and Other Commercial Government Businesses (TPG23-06).

The Board's accountability to its shareholders is set out in its constitution and the *State Owned Corporations Act 1989*. Shareholders also provide strategic operating guidance in the Statement of Expectations.

Board governance principles align with NSW Treasury's Guidelines for Governing Boards of Government Businesses (TPP17-10).

Board of directors

The Board may comprise up to six non-executive directors. All non-executive director positions are skills-based and are considered independent in accordance with the NSW Treasury Guidelines for Boards of Government Businesses.

- **Ms Stefanie Loader**
  Chair (from 30 June 2024 to 1 June 2029)
  BSc Hons (Geology), Grad Cert (Applied Stats) MAIG, GAICD
  Terms: 1 July 2022–30 June 2025; 1 July 2025 – 1 June 2026; 2 June 2026 – 1 June 2029
- **Mr Gary Humphreys**
  Director, and Chair of Audit and Risk Committee
  GAICD, AMP173 Harvard
  Term: 28 March 2025 – 28 March 2028
- **Ms Nancy Fox AM**
  Director, and Chair of People Committee
  BA, JD (Law), FAICD
  Term: 28 March 2025 – 28 March 2028
- **Mr Rob de Fégely AM**
  Director, and Chair of Safety Committee
  BSc (Forestry), MSc (Forest Business Management), FAICD
  Terms: 1 April 2022–31 March 2025; 1 April 2025 – 1 March 2026; 2 March 2026 – 1 June 2029
- **Mr Anshul Chaudhary**
  Executive Director and Chief Executive Officer
  BCom (Accounting), CA, GAICD

Board responsibilities and functions

The Board has a charter setting out roles, responsibilities, composition and functions. The charter was reviewed and updated in February 2026. Core functions include:

- setting organisational culture
- promoting and supporting safety and wellbeing
- determining risk appetite and providing rigorous oversight of risk management
- providing strategic direction and monitoring implementation of Forestry Act objectives
- monitoring implementation of Ministerial guidance and directions
- reviewing and approving annual business plan and budget
- managing delegations of authority
- reviewing major expenditure commitments and significant financial matters
- establishing and approving Board-level policies
- monitoring compliance with legal frameworks, relevant government policies and corporate governance practices
- reviewing and approving relevant financial and statutory reports
- establishing and overseeing Board Committees
- making recommendations in relation to the appointment of the CEO and reviewing the CEO's performance
- conferring with the CEO in relation to executive leadership team (ELT) roles
- reviewing policies, procedures and processes for shareholder communications.

Board committees

The Board is supported by the Audit and Risk Committee, the People Committee and the Safety Committee.

Each committee has a charter, which is reviewed annually, setting out its roles, responsibilities and delegated authority from the Board.

Committee	Purpose
Audit and Risk Committee	Assist the Board in discharging its responsibilities in relation to financial reporting, risk management, debt structure and debt instruments, accounting policies, business ethics, policies and practices, internal controls, compliance with taxation and other applicable laws and regulations, integrity and performance of the internal audit function, corporate governance and climate-related risks, opportunities and reporting.
People Committee	Assist the Board in discharging its responsibilities in relation to appointments and remuneration of the Chief Executive, ELT and Company Secretary, leadership succession, employee incentive schemes and delegated authorities.
Safety Committee	Assist the Board in fulfilling its oversight of health, safety and wellbeing matters, including risks and impacts arising out of activities and operations, and provide strategic direction, counsel, guidance and governance on these matters.

Board and committee meetings

There were six Board meetings held during the reporting year. There were four meetings of the Audit and Risk Committee, two meetings of the People Committee, and four meetings of the Safety Committee. The attendance by directors at meetings is outlined below.

Member	Board meetings	Audit & Risk Committee meetings	People Committee meetings	Safety Committee meetings
Stefanie Loader	6	4	2	4
Nancy Fox	6	4	2	4
Gary Humphreys	6	4	1	4
Rob de Fégely	5*	3*	2	3*
Anshul Chaudhary	6	4	2	4

**Note: Rob de Fégely's term as a member of the Board expired on 1 March 2026 and while awaiting confirmation of re-appointment to the Board he attended the May 2026 Board Meeting, Audit and Risk Committee Meeting and Safety Committee meeting as a Board Advisor. His appointment as a member of the Board was subsequently confirmed to cover the term from 2 March 2026. Gary Humphreys chaired the May 2026 Safety Committee meeting.*

Organisational structure

The CEO and ELT are the principal officers at Forestry Corporation. Roles and responsibilities are set out in this organisational chart.

Anshul Chaudhary
CEO
BCom (Accounting), CA, GAICD

Ross Dickson BAgSc (Hons), MSc (Plant Science), PhD (Forestry Science), GAICD, Grad Dip AGIA
General Manager – Governance and Assurance
Company Secretary

- Compliance
- Risk management and audit
- Governance and executive support
- Legal services
- Corporate affairs
- Assets and estates
- Strategic fire management and radio services
- Land management innovation

Daniel Tuan BA
General Manager – Hardwood Forests Division

- Native forest stewardship and fire management
- Forest management planning
- Hardwood timber harvesting and roading operations
- Ecological surveys and monitoring
- Hardwood plantations
- Hardwood marketing and timber sales

Andrew O'Brien* BSc (Forestry), BEc
General Manager – Softwood Plantations Division

- Softwood plantation establishment
- Softwood plantation management and planning
- Softwood timber harvesting and roading operations
- Softwood marketing and timber sales
- Fire and stewardship
- Seedling production

Katy van Poppel BEc, FCA
Chief Financial Officer

- Commercial finance
- Information technology
- Mapping and information services
- Financial control
- Tax and treasury
- Strategic planning and analysis
- Fleet management
- Credit control

Meredith Payne BA (Psychology), DipEd,Post Grad Diploma (HR)
General Manager – People and Safety

- Human resources
- Health, safety and wellbeing
- Organisational development
- Diversity and inclusion
- Payroll

** Appointed to the ELT 16 March 2026.*

Strategy



Strategy 2030: our organisational roadmap

Our strategic plan aligns with and supports the delivery of the objectives and expectations established by government, establishes priorities, and guides management decisions, including resource allocation. The current strategic plan, Strategy 2030 was developed during the period to guide our organisation over the next three years. It is underpinned by the core principles of care, connect and grow. Strategic priorities are summarised below.

Our progress towards meeting targets is measured through safety, people, compliance and financial data. Quantitative data is included in the Financial Performance and Sustainability sections of this report and in the Sustainability Report published annually on our website.

Care
Supporting our people and protecting forest values

Connect
Partnering with others to deliver valued outcomes

Grow
Securing long-term value for NSW

Our purpose:

We actively manage NSW forests for the benefit of communities, environment and future generations.

Our vision:

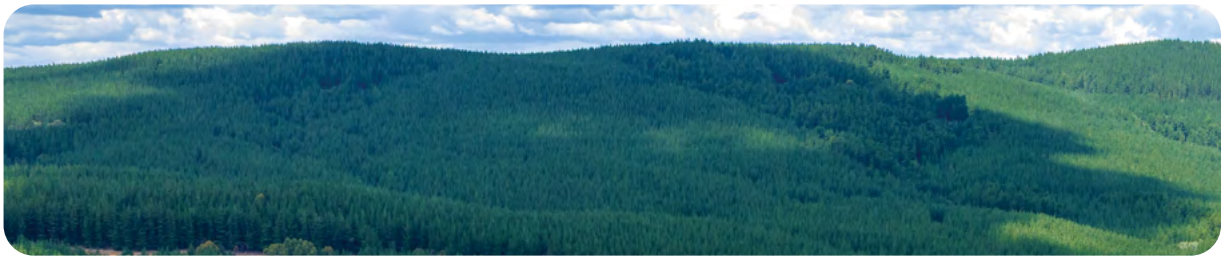
A forest estate valued by the people of NSW — delivering environmental, community and economic benefits.

- Keep our people well, safe and supported
- Build the capability in our people
- Build long-term future for timber
- Get the best value from every hectare
- Deliver an efficient and flexible cost base
- Seek clear rules driving positive compliance outcomes
- Balance multiple-use forest values
- Drive business performance
- Protect our estate
- Leverage emerging technology

Delivering the NSW Government's priorities

Forestry Corporation's objectives and functions are set out in the Forestry Act. Long-term strategic guidance is provided in the Statement of Expectations issued by shareholder Ministers, while annual financial and non-financial performance targets are set out in the Statement of Corporate Intent (SCI) agreed with shareholders. Key targets and achievements for the period are summarised in the table below.

Strategic target	Source	Achievements in FY26
Align the business' plans with the NSW Government's priorities	Statement of Expectations	• Worked with Government as they progressed the proposed Great Koala National Park • Continued alignment to NSW Government net zero targets, and ongoing investigation of new renewable energy opportunities
Balance priorities of customers, the environment, communities and other stakeholders	Statement of Expectations, Strategy 2030 and SCI	• Continued sustainable production of essential timber and forest products • Expanded partnerships to deliver valued outcomes particularly in tourism, cultural fire management and collaborative pest control • Sustained environmental monitoring and management programs across the State
Maintain high standards of public accountability and corporate governance	Statement of Expectations	• Continued proactive engagement and communication with Government • Maintained high standards of governance, probity and integrity
Ensure the Government's investment of its capital is used efficiently	Statement of Expectations	• Delivered effective and efficient land management services, matching and exceeding Government investment • Completed Government-funded major natural disaster recovery works through the forest infrastructure repair program
Operate the business sustainably and secure long-term value for NSW, including supporting our people and protecting forest values	Statement of Expectations, Strategy 2030 and SCI	• Implemented cost management measures to maintain financial value • Expanded investment in innovative early fire detection opportunities • Sustained best practice forest management and plantation reestablishment • Maintained independent certification to the Australian Standard for Sustainable Forest Management – Responsible Wood • Continued to monitor and improve safety management systems for staff and contractors
Ensure robust procurement and employment practices that support the economic, environmental and social outcomes of the State	Statement of Expectations	• Maintained procurement policies and processes, including those that support business investment in regional areas • Continued to ensure the majority of the workforce is regionally-based



Operations and performance



Forest management and community services

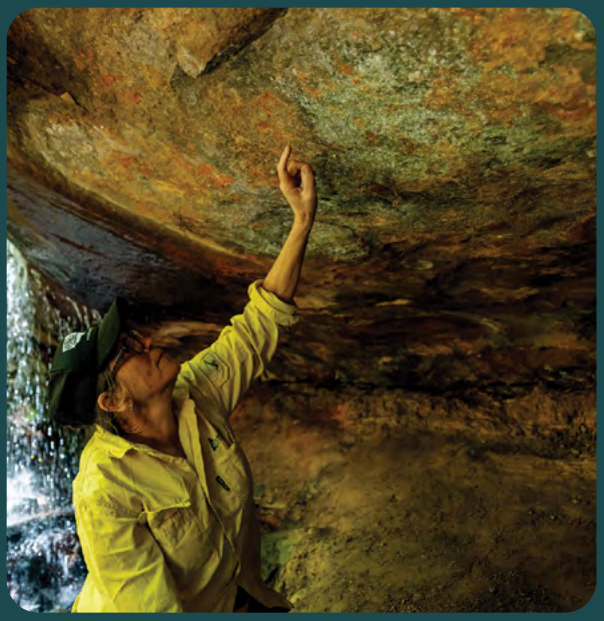
Services provided:

- Fire prevention and mitigation
- Community and Aboriginal partnerships
- Environmental, heritage and cultural heritage protection
- Roads for community access and firefighting
- Pest and weed management
- Tourism and visitor facilities
- Quarry management
- Management of access permits and tourism and recreation events
- Monitoring and research

60
Aboriginal community firefighters trained

220 +
fires responded to

5 permits
for renewable energy investigation





Service delivery model

Forestry Corporation is appointed as the land manager for State forests and is a statutory firefighting authority. Our land management objectives and fire management obligations are set out in the Forestry Act and the Rural Fires Act.

Land management is partially funded through grants, including Community Services Obligation funding from the NSW Government. Unfunded services and activities are supported by income from commercial activities, primarily timber production. Collaboration with NSW Government, other land managers and local communities is prioritised to maximise effectiveness and efficiency.

Visitor fees are not charged for general access to State forests and facilities. Community partnerships and permits facilitate and balance multiple uses and activities. Activities managed under permit include apiary, grazing, fossicking, firewood collection, telecommunications infrastructure, commercial or partner-run tourism infrastructure, events, recreational hunting, research and renewable energy investigations.

Protecting forests and communities from fire

As a fire authority, we play a key role in protecting State forests, timber resources and adjoining communities from bushfire. During the year, we responded to more than 220 fires on and around State forests and contributed firefighting resources to the coordinated fire response across tenures. We also continued ongoing annual hazard reduction burning and participated in the multi-agency Task Force Fire Guard initiative to strengthen collaboration and accelerate planned hazard reduction burning across NSW.

AI-enabled smoke detection cameras have been added to our firefighting capability, benefiting the forest estate and adjoining tenures. The first tranche was installed at strategic locations during FY25, with the network expanded during the reporting period. The cameras complement our staffed fire towers and, while primarily monitoring plantation regions, provide visibility across approximately four million hectares, including State forests and neighbouring private and public lands. Live footage from the cameras was shared with other fire authorities during the fire season, contributing to the State's coordinated response.

While the cameras provide additional eyes in the sky, trained spotters stationed in fire towers remain vital during periods of high fire danger. Recognising the value of this network, we have continued structural and safety upgrades at strategic towers. During the year, a new tower was installed at Sunny Corner and two major upgrades on the south west slopes improved safety and retrofitted existing towers with air-conditioned cabins.





These investments in early detection and rapid response have already proved their value. In January, a potentially catastrophic fire in the south west slopes pine region was contained to eight hectares through early detection and a coordinated initial attack involving ground crews, heavy plant and aerial support. It was one of many fires detected and contained early during the season, limiting losses.

Firefighting capability and safety were also strengthened by introducing Automatic Vehicle Location (AVL) technology across the firefighting fleet. Enabled through the Public Safety Network rolled out in earlier periods, AVL provides real-time visibility of vehicles and crews in the Common Operating Picture, a shared live platform used by emergency services across NSW. This capability has improved integration with other fire authorities and firefighter safety by giving incident management teams more accurate information about crew locations in relation to fire behaviour, terrain, hazards and escape routes.

Providing unique and award-winning tourism experiences

Facilitating public access and promoting recreational use of forests are core land management objectives under the Forestry Act. We support these objectives by providing free general access and camping; maintaining an extensive network of roads, trails and walking tracks; promoting dedicated visitor sites; and working with communities to facilitate permitted activities. As State forests are managed for multiple uses, they can support a broad range of recreational pursuits, a benefit recognised and valued by many visitors.

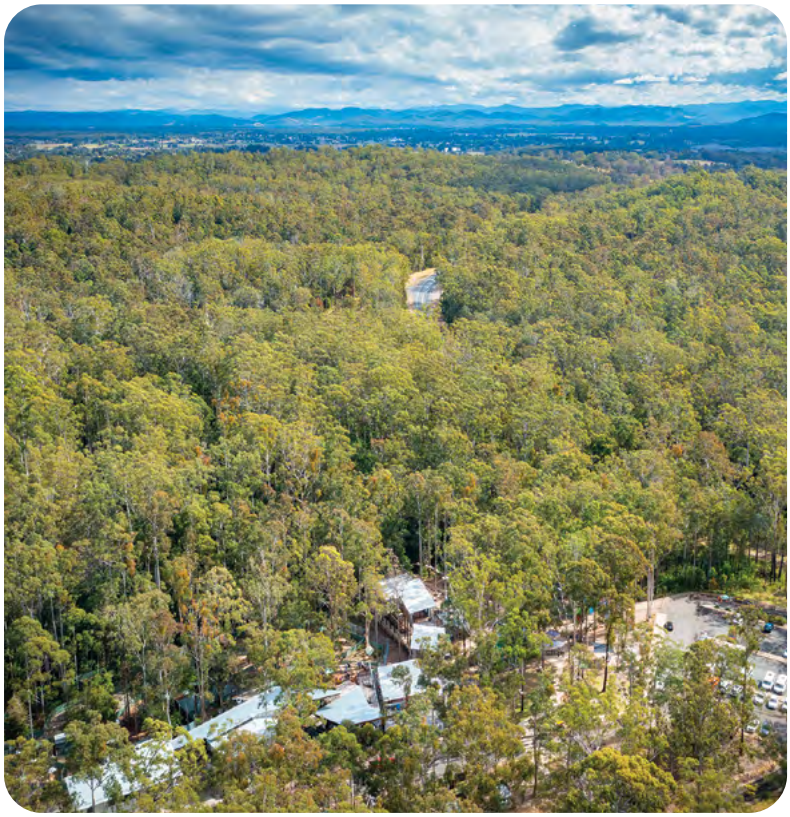
During the reporting period, we received accolades for our role as a tourism provider and the world-class facilities we offer. The Guulabaa – Place of Koala precinct in Cowarra State Forest, completed last year, was shortlisted for the World Architecture Awards in November 2025, while new horse-friendly camping facilities in Bago State Forest received national recognition in March. We were also named Outdoor Industry Supporter of the Year and won silver in the People's Choice category for Outdoor Activity Provider of the Year at the Outdoor Industry NSW/ACT Awards held shortly after the period ended.

Enhancing the facilities we offer to local communities, Australia's only metropolitan State forest, Cumberland State Forest in Sydney, grew during the period to incorporate adjoining land previously under private ownership. Forested land, community green space and new visitor facilities are being transferred to the forest for public access and conservation as part of a neighbouring landholder's planning approval. Ten hectares, including natural forest and walking trails, was incorporated into the State forest during the period, with the balance due to transfer in FY27.

3 awards
received for tourism









Strengthening partnerships with Aboriginal communities

Building on our longstanding commitment to Aboriginal partnerships, the Fire Country People program entered its third year. Co-funded by the Australian Government's Disaster Ready Fund, the initiative enhances cultural burning, builds capacity and develops the evidence base for using traditional fire practices in forests. We have funded and trained approximately 60 members of local Aboriginal communities to Forest Firefighter level and co-designed and implemented burns with First Nations people in forests across the north coast.

Following a 2022 native title determination, Bungabbee State Forest near Lismore was revoked at the end of June 2025, allowing the land to be transferred to the Traditional Owners in line with the NSW Government's commitment under the Indigenous Land Use Agreement. Although no longer the land manager, Forestry Corporation will partner with the Traditional Owners for up to five years to build capacity, implement programs and provide management support.

Local Aboriginal communities have long contributed to the development of tourism experiences, and these partnerships continued to flourish during the year. On the south coast, a partner project with the Bodalla Local Aboriginal Land Council will transform the historic walking trail around Lake Mumugga in Bodalla State Forest. Work commenced to establish a new wellness walk featuring a boardwalk, seating and interactive stations designed to promote relaxation and reflection, and audio recorded by local First Nations Elders and representatives to inform visitors about this special cultural place. The project is nearing completion and is expected to open to the community in early FY27.



3,400 km
of roads repaired

47
major bridges replaced

500+
quarries managed



Maintaining assets and infrastructure

The multi-year, government-funded Forest Infrastructure Repair Program (FIRP) continued during the period. It funds major capital works to restore roads and bridges severely damaged by flooding and extreme weather where repairs cannot be accommodated through the annual road maintenance budget.

Over the life of the FIRP, more than 3,400 kilometres of roads and 120 crossings have been repaired, 47 major bridges replaced, 25 landslips repaired and 16 quarries expanded. The program will extend into FY27, with a further seven major bridge replacements among the key projects scheduled.

Ongoing road maintenance relies heavily on products from our quarry network. More than 500 quarries within State forests supply essential hard rock to maintain a road network exceeding 50,000 kilometres of mostly natural-surface roads, making us one of the state's largest quarry managers. A quarry compliance specialist was appointed during the year to strengthen operational oversight, advance best practice and improve processes and compliance in quarry management.

Partnering enhances biosecurity and environmental management

As a land manager, we value partnerships that improve outcomes. During the period, we actively participated in Local Land Services' Good Neighbours Program. Its nil-tenure approach to pest management enabled us to work with private landholders, supplement their activities and extend their reach by integrating and co-ordinating actions in forests, particularly in western NSW.

Landscape-scale activities are complemented by local partnerships and volunteer programs. These included longstanding partnerships with the Penrose Swamps Conservation Group, which has supported weed management and conservation in Southern Highlands forests for almost two decades, as well as the Friends of Cumberland, Chichester and Strickland State Forest groups. Forest users and communities also took part in events and initiatives such as joint clean-up days, and we continued our annual program of eucalyptus seedling giveaways to support planting of koala habitat across the landscape.

Forest management is underpinned by targeted and landscape-scale research and monitoring. Highlights during the year included the second year of an alpine ash and white ash seed collection initiative to protect these important eucalypt forests from future fires. Expert seed collection arborists climbed alpine ash trees in Maragle State Forest to collect seed capsules from the tree canopies in areas that we have been monitoring using a range of technology including drones and all-terrain vehicles for the last few years. The seeds are collected as an insurance policy for the species in case of another severe wildfire similar to the 2019-20 event. Hundreds of kilograms of seed have now been collected, enabling the delivery of alpine and white ash seed collections to the Australian PlantBank at the Australian Botanic Garden at Mount Annan during the period.

Preparing for changes to the forest estate

The proposed boundaries of the Great Koala National Park were announced in September 2025 and the enabling legislation was passed in October 2026, after the reporting period but prior to publication. Approximately 178,000 hectares of State forest will be transferred to the National Parks and Wildlife Service when the Great Koala National Park commences. While we remained the appointed land manager during the reporting period, we worked closely with the NSW Government to share information on mapping, land management arrangements, permits and other practical matters supporting a smooth transfer. Until the park commences, we will remain responsible for road and visitor facility maintenance, fire management, and pest and weed management.



Renewable energy investigations continue

Investigation permits for potential wind farms within pine plantations entered their second year. Four companies hold permits for preliminary activities to assess and plan renewable energy projects within the pine plantation estate before seeking planning approval. Meteorological masts were installed at several locations during the period to inform the ongoing investigations and permit holders continued environmental assessments and engagement with neighbours and local communities. Most permit holders have now published scoping reports, a preliminary requirement under the NSW Government's State Significant Development planning approval pathway. The planning and approval processes are expected to take several years.

Native and hardwood timber production and plantation management

Detailed data on environmental sustainability and delivery of ESFM is published in the Sustainability Report

Services provided

34,000 ha
commercial hardwood timber plantations managed

1.8 million ha
native forests managed

500,000 m³
of sawlog, specialty timbers and other wood products supplied

500,000
hardwood seedlings replanted for future timber supply

Service delivery model

Timber is produced from natural forests in coastal regions, red gum forests and cypress forests. Native timber species are also grown in hardwood timber plantations. The primary timber products from native forests and hardwood plantations include sawlogs, which are sold to customers throughout NSW for processing into products such as power poles, structural timbers, marine piles, flooring and decking, and appearance grade timbers. Low quality or pulp products are processed into goods ranging from pallets to palings, panels, and firewood for affordable home heating. Native forests are naturally regenerated and hardwood plantations replanted.

Forestry Corporation's management of native forests and hardwood plantations is independently certified to the Australian Standard for Sustainable Forest Management – Responsible Wood, which is part of the international Programme for Endorsement of Forest Certification Scheme (PEFC).



Primary uses of hardwood timber

- Power poles and marine piles
- Bridge decking and wharves
- Floorboards, cladding and residential applications
- Furniture, pallets and landscaping timbers
- Firewood

Reshaping our operations on the north coast

For several years, the NSW Government has been working to establish the Great Koala National Park on the north coast. In FY25, a Ministerial direction was issued to cease timber harvesting in koala hubs within the proposed boundaries. In July 2025, a Ministerial direction was issued to extend this. In September 2025, the boundaries were confirmed and a Ministerial direction was issued to enact a 12-month moratorium on timber harvesting. Forestry Corporation was directed to cease harvesting within the boundaries, reduce the volume of products supplied from the region and discontinue supply under specified agreements. A further direction was issued after the reporting period in September 2026 to extend the moratorium for up to a further 12 months. Legislation was introduced to Parliament on 13 October 2026 and passed on 23 October 2026.

The Great Koala National Park will encompass native forest between Kempsey and Woolgoolga, containing around 40 per cent of the modelled long-term hardwood timber resource. The moratorium had an immediate and significant impact on hardwood timber production and supply during the period, while creation of the park will permanently reduce long-term supply.

During the period, we worked collaboratively with the Government to map boundaries, confirm road access rights, share information on existing forest uses and permit holders, and establish clear transitional arrangements for land management obligations, particularly fire management. The legislation, which passed after the reporting date, incorporates more than 178,000 hectares of State forest, a slight increase from the 176,000-hectare moratorium area.

At the time of reporting, we remain the appointed land manager responsible for fire, roads, pest and weed management, public access and tourism in these forests.

Hardwood plantations on the north coast and native forests to the north and south of the Great Koala National Park will continue to be managed for multiple uses including timber production. During the period, short-and medium-term plans were adjusted to reflect the changed resource. We maintain detailed wood supply models that forecast sustainable yields by species group and product category over the next 100 years, and began reassessing long-term projections for the north coast.

As we move to managing a smaller forest footprint and timber resource, existing staffing levels cannot be sustained. At the end of the period, we began consulting staff about workforce changes that will reduce the number of roles. The changes are further detailed in the People section on page 55 of this report. Staff are being supported through the changes.

Aligning to regulatory changes

During the year, the Australian Government amended the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), changing the future treatment of forestry operations conducted within Regional Forest Agreement (RFA) areas. From 1 July 2027, the existing EPBC Act provisions applying to forestry operations in RFA regions will cease, meaning forestry operations in RFA areas will become subject to the EPBC Act approval framework. Forestry Corporation operates under NSW's three RFAs and is working with the NSW and Australian Governments to prepare for the future regulatory framework. After the reporting period, the NSW Government announced the commencement of a Strategic Assessment under the EPBC Act as a proposed pathway for forestry operations in RFA areas in NSW.

In November 2025, the NSW Government extended the Integrated Forestry Operations Approvals (IFOAs) for the Brigalow-Nandewar and South Western Cypress regions of western NSW by three years. The IFOAs were due to expire at the end of 2025. The extension maintains existing environmental conditions and volume caps while the Government reviews the approvals. As wood supply agreements align with IFOA product limits and terms, contracts in these regions were extended for the same period.



Environmental monitoring and operational compliance

Forestry operations are tightly regulated and independently audited. Several regulatory actions were taken during the period, as detailed in the legislation and legal matters section on page 58 of this report.

These actions included the commencement of proceedings concerning alleged breaches of the Coastal Integrated Forestry Operations Approval (CIFOA) during operations in Tallaganda State Forest in 2023. While 10 of the original charges have been withdrawn, the matter is yet to be heard by the court.

The Land and Environment Court also concluded a long-running matter concerning giant trees and hollow-bearing trees in Wild Cattle Creek State Forest in 2020. As this was one of the first operations under the CIFOA, immediate action was taken at the time to address the breaches and prevent recurrence. Sentencing included a restorative justice process, with the court ordering a payment to the Yurruungga Aboriginal Corporation, in lieu of a fine, to fund actions identified by community representatives.

Compliance with environmental regulations is fundamental. Building on recent efforts to strengthen oversight and ensure systems and processes remain appropriate and effective, we established additional roles in teams focused on forest management systems and forest practices. These roles will strengthen ongoing review and improvement, alongside continued engagement with regulators and investment in technology.

Operations and regulations are informed by targeted and landscape-scale surveys and monitoring activities, many maintained for decades. The largest is the CIFOA monitoring program, designed and overseen by the Natural Resources Commission (NRC) to assess how effectively forestry rules protect the environment and support a sustainable timber industry. It covers forest health, biodiversity, water quality and wood supply, along with research, evaluation and reporting.

In September 2025, alongside its annual progress reporting, the NRC released an independent evaluation of the CIFOA monitoring program. The review found that implementation has been effective, the monitoring is providing useful information for forest management decisions, and the program's value is increasing as more data becomes available.

> ***...monitoring is providing useful information for forest management decisions.***



Softwood timber production and plantation management

Detailed data on environmental sustainability and delivery of ESFM is published in the Sustainability Report

Services provided

230,000 ha
commercial softwood timber plantations managed

8 million pine seedlings
planted for future timber supply

3.1 million m³
of sawlog, fibre and other wood products supplied

Service delivery model

Softwood plantations managed by Forestry Corporation comprise approximately 230,000 hectares of predominantly radiata pine, as well as smaller areas of southern and hoop pine.

Softwood plantations are concentrated around processing hubs in Bathurst and Oberon in the central west, Tumut and Tumbarumba on the south west slopes, Bombala on the Monaro tablelands and smaller plantations on the north coast and northern tablelands near Grafton and Walcha.

The primary products from softwood plantations are sawlogs, which include structural lumber for applications such as house frames. State forest plantations produce enough softwood timber to build up to 40,000 homes a year, making plantations an integral part of the housing supply chain. Plantations also produce pulp logs, which are processed into goods ranging from medium density fibreboard to packaging products.

Forestry Corporation's management of softwood plantations is independently certified to the Australian Standard for Sustainable Forest Management – Responsible Wood, which is part of the international PEFC certification scheme.

Log products are sold to approximately 20 key processors in regional NSW.



Primary uses of softwood timber

- House frames
- Engineered wood products
- Fibreboard / particleboard
- Furniture and cabinetry
- Fencing, cardboard and packaging

Navigating persistent market headwinds

Demand for high-quality sawlogs, primarily processed by our customers into house frames, remained intractably low during the year. The market has been challenging due to low rates of new home construction dampening demand for high quality saw logs, as well as competition from alternative products and imported materials. Although higher demand for pulp products provided a modest offset, weak sawlog sales reduced overall revenue.

The softwood business continues to recover from the substantial impact of the widespread Black Summer fires in 2019–20. Replanting affected plantations has taken several years, and regrowing the resource to maturity will take many more.

Tight expenditure controls have effectively managed costs over recent reporting periods. However, an unexpected spike in diesel prices added budget pressure in the second half of the period. Cost controls continued during the year, including close management of production schedules to optimise efficiencies and deferral of some planting and operational costs to future years. With limited signs of market recovery, further cost reductions have been required. The removal of several roles was identified through the broader workforce change plan detailed in the People section on page 55, which is expected to be finalised in FY27. While difficult, these changes are important to realign costs with revenue.

Maximising value from the plantation assets

Softwood plantations are managed over crop cycles, called rotations, of 30 years or more. Operations are planned to provide customers with a smooth and consistent supply of wood products while improving long-term estate value. During the period, a project commenced to evaluate and model optimal softwood plantation management regimes that maximise net present value.

The modelling approach assessed numerous combinations of initial stocking levels, thinning timing and intensity and final harvest age to identify optimal regimes for the radiata pine plantation estate.

Early analysis has informed changes to initial stocking regimes to be adopted in the 2027 planting program, with a view to maximising the value of these crops when they mature in future decades. The models will continue to be refined and used to inform long-term harvest scheduling and operational management within logistical, market and weather constraints.

Investing in future supply

Timber quality starts with the seed and is assessed and monitored throughout the life of each plantation rotation. Millions of seedlings are planted in softwood plantations each year to re-establish harvested areas and maintain long-term timber supply. High-quality seed is sourced from specialist seed orchards and sown each spring at our Blowering and Grafton nurseries. Seedlings are fertilised, weeded and watered until ready for planting, and only those meeting strict quality standards are dispatched statewide for hand planting through late autumn and winter. This year's replanting activities included the continuation of restocking plantation areas affected by the 2019-20 Black Summer fires.

Future timber supply will be enhanced by land acquired during the period. Around 700 hectares were purchased in strategic regional locations. This includes land purchased in the Bombala region to secure harvest and haulage access to established but inaccessible plantations, as well as land highly suitable for pine plantation establishment to augment future timber supply.

The softwood estate is assessed annually to identify biological threats and nutrient deficiencies so they can be addressed. This year's monitoring found most of the estate to be in good health. A summary of the annual results and longer-term plantation health trends is published in the Sustainability Report.



200+
trained drone pilots

Research, innovation and technology

Our forest management system is underpinned by a continuous improvement framework with ongoing review and monitoring.

Research is essential to informing and improving our operations and practices. We work with a wide range of partners, including the NRC, government agencies and universities, on research and monitoring programs. A service level agreement with the Department of Primary Industries and Regional Development's (DPIRD) Forestry Research team funds ongoing research into plantation and forest management. As a major partner in the Radiata Pine Breeding Company, we also gain access to improved genetic material and specialist plantation forestry research. Research includes partnerships with industry groups including Forest and Wood Products Australia and Australian Forest and Wood Innovations and collaboration with other forest growers.

A range of active research initiatives was maintained during the period, focusing on forest health and ecology, fire management, plantation yield improvement and workplace safety. Research is also looking into the potential for driver training to reduce emissions in operations. These complement long-term environmental monitoring, regular ecological surveys associated with operations and annual plantation health surveillance.

Alongside these research initiatives, staff continue to use and trial new and improving technologies to identify practical opportunities for continuous improvement in safety, efficiency and accuracy. Rapid gains in the affordability, portability and quality of technologies such as locational devices and remotely piloted aircraft are enabling their wider use in more workplace applications.

Location data is now used to assure compliance in forestry operations, coordinate responses to fires and monitor safe driving, among other applications. More than 200 staff are trained to pilot remotely piloted aircraft (RPAs), or drones. RPAs, including drones equipped with thermal sensing technology, are now used for activities ranging from reconnaissance and mapping during fire operations to ecological assessments. The growing affordability and capability of AI tools is also enabling us to trial innovative approaches to meet our operational needs, such as through installation of smoke detection cameras. Other applications for AI continue to be explored, including the potential to refine bushfire ignition risk assessments and enhance weather forecasting, as well as opportunities to drive operational efficiency.

More detail on research and monitoring during the period is included in our Sustainability Report.

Detailed data on environmental sustainability and delivery of ESFM is published in the Sustainability Report

Safety

Safety policies, procedures and supports

Safety is embedded across all levels of the organisation. Oversight of safety policies and systems is provided by the Board Safety Committee and the ELT, supported by specialist safety staff and regional safety committees.

Our work health and safety policy outlines our commitment to protecting the health, safety and wellbeing of all workers and others who may be affected by our operations. The policy encompasses forest management and production activities, Chain of Responsibility obligations, and quarry operations conducted under relevant mining legislation.

It is operationalised by our comprehensive safety management system, which includes guiding principles as well as detailed safe work procedures that provide express instruction to staff and contractors to enable the safe completion of specific tasks.

Safety performance misses benchmarks

Disappointingly, injury rates increased during the reporting period after trending down in the previous year. The lost time injury frequency rate (LTIFR) and total recordable injury frequency rate (TRIFR) for staff and contractors were well above FY25 levels and did not meet benchmark targets.

Employee injuries accounted for 31 recorded injuries, while contractors accounted for 11 injuries. Body-stressing and slips, trips and falls remained the dominant injury mechanisms, accounting for 62 per cent of all recorded injuries. Both categories increased materially from FY25, while injuries resulting from being struck by objects also increased.

While overall injury rates were too high, fewer incidents related to critical risks were reported during the year. Critical risks are tasks with the highest potential for the most severe consequences. A total of 39 critical incidents were reported, representing a 22 per cent reduction from FY25. Heavy vehicle events more than halved. The majority of critical incidents did not result in injury to staff or contractors.

However, light vehicle and plant-related events remain prominent, reinforcing the ongoing importance of focusing on critical risk management and verification of controls.

Safety management systems rely on timely reporting of incidents and near misses by staff and contractors. The importance of reporting has been reinforced in recent years, and physical injury notifications to the workers compensation insurer increased from 24 in FY25 to 40 in FY26. Ongoing reporting of observed risks, incidents and near misses supports the continuous improvement of procedures and safe work practices. It also ensures workers have access to treatment and rehabilitation services, supporting recovery and helping them remain at work or return safely to work.

Stopping to reset safety as our priority

In response to the concerning injury rates, the CEO scheduled a mandatory Stop! For Safety meeting in March, bringing all staff together to pause, reflect and reset our focus on improving safety performance.

This was followed by a series of listening sessions with staff throughout the business to recalibrate our safety focus and draw on workforce insights to identify emerging risks, evaluate the effectiveness of initiatives and drive practical improvements.

One immediate outcome of these sessions was a system-wide review of safe work procedures, which commenced during the period. The review aims to simplify procedures, improve their visuals and usability, strengthen how feedback from staff and contractors on clarifications or improvements is captured and incorporated, and centralise access. Other identified initiatives include improving light vehicle safety and reporting processes. Work continues across these and other areas to improve safety performance and workforce engagement.



Lost time injury frequency rate

	FY25	FY26 target	FY26
Rolling 12-month LTIFR including contractors	6	5.9	11.8

Total recordable injury frequency rate

	FY25	FY26 target	FY26
Rolling 12-month TRIFR including contractors	14.1	10.2	23.6

Ongoing focus on critical risks and early intervention

Critical risks are regularly reviewed at senior levels to ensure the identified controls are appropriate, understood and consistently implemented.

While fewer critical risk incidents were reported, critical risk management and controls remain a key organisational focus because of the potential severity of these incidents. Priority initiatives during the period included strengthening controls for heavy vehicle and plant safety.

New initiatives and controls were implemented to reinforce safe driver and operator behaviours, improve compliance with work health and safety obligations, and reduce exposure to high-consequence risks. Improvements have also been made to centralise and streamline quarry safety.

Body-stressing injuries and slips, trips and falls continue to account for more than half of all recorded injuries. During the year, a long-running early intervention program was reviewed and reshaped to strengthen its focus on preventing these injuries. The program prioritises proactive physiotherapy assessment, exercise prescription and targeted interventions that help workers build functional capacity aligned with the physical demands of their roles. Early reporting indicates the changes are proving effective in preventing injuries and supporting recovery at work.

Supporting wellbeing

With significant changes impacting the workforce, staff wellbeing remained an important focus. A coordinated support approach was implemented alongside the organisational change process, including psychosocial risk assessment and consultation, confidential support services, targeted onsite counselling, manager support, individual wellbeing check-ins and access to transition and outplacement support. Leaders have been provided with resources to support their teams, identify emerging concerns and connect people with additional assistance where required.

22% reduction
in critical incidents

Forestry Corporation also continued to participate in the NSW Premier's Department First Responders Mental Health and Wellbeing Strategy 2024–2029, including through the First Responders Mental Health Strategy Steering Committee. Through this forum, Forestry Corporation contributed to the development of sector-wide Psychological First Aid training and continued to implement initiatives including Mental Health First Aid training, the Mental Health First Aid Network, psychological first aid capability, psychosocial risk management processes, critical incident response arrangements, and recovery and wellbeing support services for employees exposed to critical incidents.

Home safe, every day

Our objective is for all staff and contractors to return home safe every day. Management priorities for FY27 will focus on reducing injury frequency and severity through strengthened early intervention, enhanced contractor safety management and continual improvement of critical risk controls. Targeted safety initiatives will continue to be informed by employee feedback, incident trends, hazard reporting and operational risk assessments.

Prosecutions and notifiable incidents

	FY25	FY26
Prosecutions under the *Work Health and Safety Act 2011*	0	0
Notifiable incidents under the *Work Health and Safety Act 2011*	1	8

Workers compensation claims by category

	FY25	FY26
Physical	25	40
Psychological	5	5
Occupational diseases	2	45

Sustainability



Forestry Corporation is committed to environmental sustainability and manages forests and operations in line with a range of detailed environmental regulations and frameworks.

Both operating divisions are certified to the internationally-recognised Australian Standard for Sustainable Forest Management – Responsible Wood (AS 4708). Responsible Wood is recognised through the international PEFC certification scheme. Worldwide certifications like PEFC support sustainable forest management and responsible timber supply chains, helping to reduce the risk of illegally logged timber entering international markets. Regular external audits assure ongoing compliance with the standard. Surveillance audits for each division were completed during the reporting period.

Our forest management system embeds ESFM principles into forest management and operations. Our Sustainability Report, which is published online, reports performance against ESFM principles.

Carbon emissions and sequestration

Carbon and forests are intrinsically linked and as a forest manager we have been focused on the balance of carbon sequestration and emissions for many years.

The carbon story for forests and forestry is a positive one, with carbon stored in both trees and the wood products trees may become. Forestry is recognised by the Intergovernmental Panel in Climate Change as a primary industry capable of reducing carbon emissions.

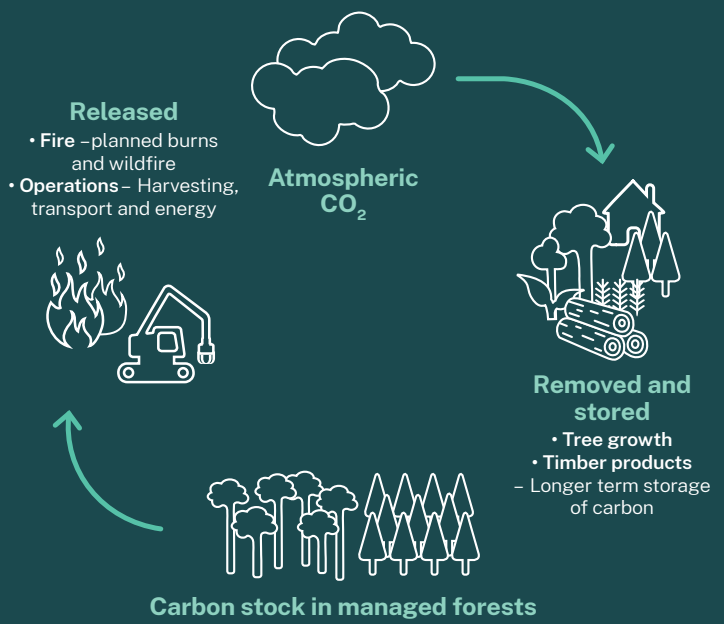
The amount of carbon stored in State forests fluctuates as trees are removed for timber or impacted by fire, and as areas continually regrow. Carbon stocks and flows are estimated and reported in our Sustainability Reports. Estimates consider factors including areas harvested or impacted by fire, where carbon stored in standing trees has been removed, as well as areas replanted or regenerated, where young regrowth is rapidly sequestering carbon.

Our operations to manage forests and harvest timber do create emissions that are important to report. Key sources of emissions are from the fuel used in harvest and haulage equipment and vehicles and biogenic emissions attributed to planned burning. Carbon sequestered and stored in forests and wood products can be considered alongside the emissions generated from operations to create a holistic picture of our carbon impact and contribution.

The climate-related financial disclosures on the following pages report emissions and sequestrations during the reporting period.

Further background and historic data on carbon emissions and sequestration is included in our online Sustainability Report.

Carbon movement in managed forests



Carbon is sequestered by plants through photosynthesis. Rapidly growing young forests typically sequester carbon at higher rates, while the rate of carbon accumulation generally slows as forests mature. State forests store carbon in standing and regrowing trees.

Not only do sustainably managed forests store carbon in growing trees but, importantly, wood products supplied from forests both store carbon and deliver a substitution benefit when used in the place of more emissions-intensive alternatives.

When trees are harvested for timber, that carbon is not released, but continues to be embedded in the wood products for life – and even after being disposed of in landfill at the end of a product's life.

Sustainably managed forests are continually replanted or regenerated to maintain both the forest and future timber supply.

Climate-related financial disclosures

This section of the annual report presents climate-related financial disclosures (CFRD) for Forestry Corporation of NSW for the year ended 30 June 2026.

Basis of preparation

These disclosures have been prepared in line with NSW Treasury Policy Guidance TPG24-33 Reporting framework for climate-related financial disclosures. As a state-owned corporation, Forestry Corporation is a Group 1 entity required to report in line with TPG24-33, which is primarily based on the Australian Accounting Standards Board (AASB)'s Australian Sustainability Reporting Standard (ASRS) – AASB S2 Climate-related Disclosures.

Additional information on the basis for preparing risks and opportunities and emissions data is described in the relevant sections of this disclosure.

Connected information

These climate-related financial disclosures should be read in conjunction with the financial statements and the remainder of this annual report for the year ended 30 June 2026.

The data and assumptions used in preparing the climate-related disclosures are consistent, to the extent possible, with those used in preparing the related financial statements and the climate-related disclosures have been prepared for the same reporting entity as the related financial statements.

Governance

Forestry Corporation is the appointed manager of two million hectares of forest. As a forestry business with obligations to deliver ecologically sustainable forest management, the appointed land manager of two million hectares of public forested land and one of NSW's four statutory fire authorities, climate-related considerations have been integrated into Forestry Corporation's operations, planning and business management for many decades.

In this context, climate-related risks and opportunities are incorporated in forest management and sustainability standards as well as the forest management policy, forest management system and forest management plans. Consideration, assessment and management of risks and opportunities is not separated, but is integrated in business planning at all levels.

By integrating climate considerations into our business strategy, Forestry Corporation ensures that natural capital remains at the core of operations, balancing economic, social, and environmental outcomes while supporting the transition to a climate-resilient and low-emissions future.

Directors and executive leaders are appointed on the basis that they have a proper understanding of, and competence, to deal with, current and emerging issues of the business. Details about the appointments and skills of directors, committees and the executive leadership are set out in the Board and Governance section of this report.



Board oversight

Forestry Corporation's Board oversees governance, risk, environment and sustainability, and has ultimate responsibility for ensuring Forestry Corporation meets its objectives and functions. The Board's responsibilities are set out in the *Forestry Act 2012*, the *State Owned Corporations Act 1989* and Forestry Corporation's constitution. Further guidance is contained in Statements of Expectations issued by the NSW Government and Statements of Corporate Intent agreed with the shareholders.

Board members are appointed by the Treasurer in line with the NSW Government's policy and guidelines detailed in TPG23-06. In line with the requirements of this TPG, Forestry Corporation maintains a skills matrix identifying required competencies for Board members, and competencies individual Board members hold. Skills requirements relevant to climate change that are identified within this matrix include environment and sustainability, leadership, governance, strategy, risk management and government policy development. Skills of individual Board members are assessed against the matrix to ensure the Board as a whole has appropriate skills across all required areas and identify where internal expertise exists to complement any potential skills gaps.

The Board's role is to oversee the implementation of an effective system of risk management, approve policy and strategy direction and provide oversight and assurance on operational management. The Board is responsible for reviewing risks, legal compliance and risk appetite on all matters, including climate-related risks and opportunities. Operational management is delegated to Forestry Corporation's ELT, who are accountable to the Board.

Climate change is expressly considered by the Board and the Board Audit and Risk Committee (ARC). The ARC is a Board committee established to assist the Board in overseeing the effective implementation of the risk management framework including the oversight of climate-related risks and opportunities. The Board Charter is described in the Board and governance section of this report, on pages 11–12. The ARC has a charter that sets out its responsibilities, which include:

- approving risk management strategies addressing climate risks
- recommending adjustments and actions to risk appetite in response to climate-related risks
- overseeing climate-related data disclosures
- ensuring compliance with legislative obligations
- advising on financial reporting, governance and accountability mechanisms for emerging obligations to the Board.

The Board approves Forestry Corporation's annual SCI and Business Plan. The Statement of Expectations issued by the shareholders to the Board requires alignment with the NSW Government's Net Zero 2050 objective and additional local targets have not been set.

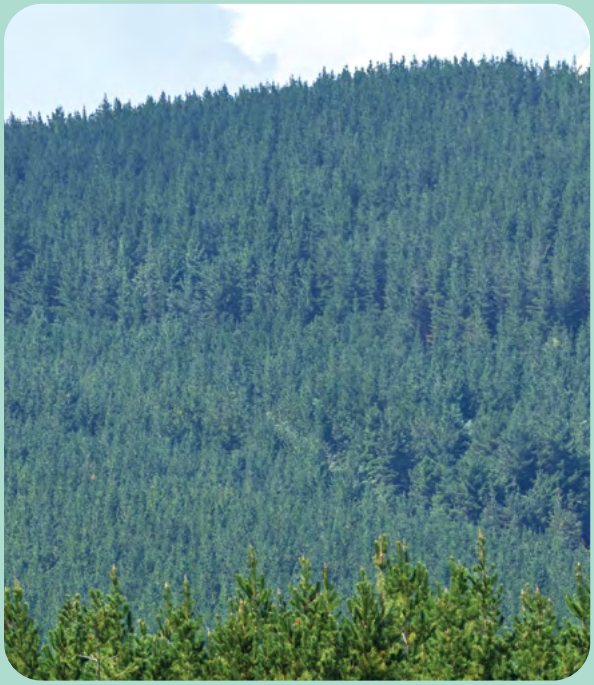
The Board delegates responsibility for operational management, including implementation of strategies and plans, to the ELT. The ELT has approved Forestry Corporation's Climate Change Adaptation and Mitigation Strategy and alignment to the NSW Government's Net Zero 2050 objective. Climate-related risks and opportunities include enterprise risks, being those that are critical to the business, as well as safety risks, strategic risks and project-specific risks. During the reporting period, management maintained a register of enterprise risks and associated management strategies, which was reported to the ELT at risk and compliance steering committee meetings. There were 10 risk and compliance steering committee meetings held during the year. The register of enterprise risks was presented to the Board at each of the four ARC meetings held during the period.

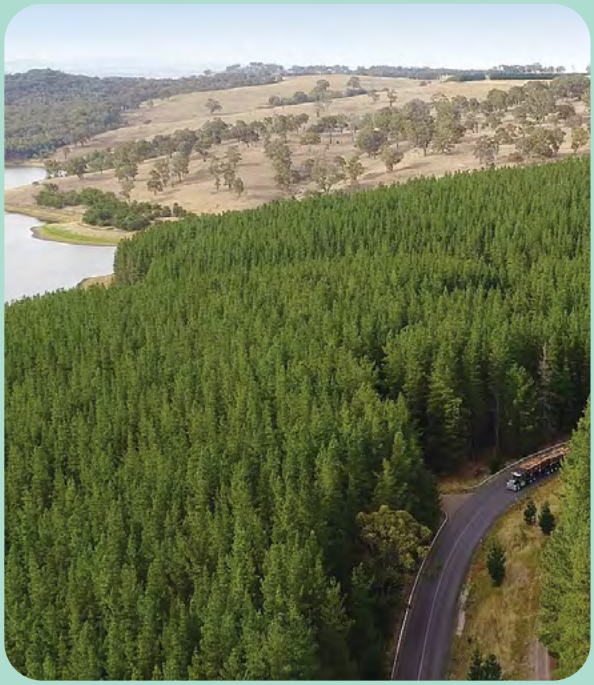
The ARC was informed on data about greenhouse gas emissions and sequestration once during the period. Additional updates have been provided as required, consistent with how financial, safety and other risks are managed. For example, as Forestry Corporation is a statutory fire authority, the Board was provided with more detailed updates about fire outlook and risk mitigations. Forestry Corporation is actively engaging with opportunities for renewable energy developments within the forest estate, which the Board was briefed on, and the Board was updated once during the reporting period on other climate-related opportunities.

Risk management strategies to mitigate enterprise risks must balance a range of objectives and considerations and this requires trade-offs. The Board therefore adopts a formal Risk Appetite Statement (RAS) that defines the amount and type of risk Forestry Corporation is prepared to pursue, retain or accept in achieving its statutory and strategic objectives. The RAS articulates where risk taking is appropriate and expected and informs consideration of trade-offs on all matters, including those that are climate-related. Forestry Corporation's RAS is published in the SCI. For risks related to environment and forest health, risk management must:

- align with ecologically sustainable forest management and certification
- consider cumulative impacts
- prioritise long-term forest health over short-term gain.

Further details about how frequently the Board and various committees meet, and information about membership of Board committees, are included in the Board and Governance section on pages 11–12 of this report.





Management implementation

The Board delegates implementation of strategies and day-to-day business operations to the ELT. The Management and Accountability section of this report includes an organisational chart listing the members of the ELT and their responsibilities. The ELT is accountable to the Board and reports to the ARC on climate-related matters as described in the previous section.

The ELT is responsible for operationalising Forestry Corporation's climate resilience strategies while ensuring broader environmental protection, profitability and social responsibility. Climate change commitments are expressly identified in the Forest Management Policy and Climate Change Adaptation and Mitigation Strategy. Key management functions include:

- Strategy and research: Investing in climate risk assessment capabilities and integrating climate risks into corporate planning.
- Risk integration: Embedding climate risks into strategic risk frameworks and reporting to the Board.
- Implementation and accountability: Monitoring progress, and reporting.
- Procedures and controls: Identifying and establishing controls and procedures for climate-related risks and integrating them into the organisation's risk management framework.

Climate-related risks and opportunities are integrated with business processes and management uses identified procedures and controls to regularly review risks and opportunities and implement mitigations as described in the climate-related risks and opportunities section on pages 38–43 of this disclosure. This aligns with the longstanding management responsibility of ensuring Forestry Corporation maintains compliance with its obligations under its Responsible Wood certification, which provides independent assurance of adherence to sustainable forest management practices that support long-term climate resilience. More information on risk management is in the Management and Accountability section of this report.

> ***Forestry Corporation maintains compliance with its obligations under its Responsible Wood certification, which provides independent assurance of adherence to sustainable forest management practices that support long-term climate resilience.***



Climate change adaptation and mitigation strategy

Forestry Corporation is responsible for managing State forests and other land for multiple uses, for and on behalf of the Crown and the people of NSW. This includes the sustainable management of timber resources and the protection and enhancement of ecological, cultural, and community values within these forests. Climate change presents both risks and opportunities, requiring a strategic approach to mitigation, adaptation, and resilience-building.

The Climate Change Adaptation and Mitigation Strategy sets out the following objectives:

- Achieving net zero: Aligning operations with the NSW Government's Net Zero Plan, prioritising emissions reduction across all business activities, including harvesting, regeneration, transport, and operational energy use.
- Enhancing climate resilience: Managing forests to enhance their resilience to climate-related hazards such as bushfires, droughts, storms, and invasive species, ensuring long-term sustainability of timber supply, biodiversity, and ecosystem services.
- Integrating climate risk into decision-making: Embedding climate-related risks and opportunities into the enterprise risk management framework, ensuring climate resilience is factored into forest planning, resource allocation, and investment decisions.
- Strengthening carbon sequestration and natural capital: Recognising the role of forests as carbon sinks and advancing nature-based solutions that enhance carbon storage, biodiversity, and ecosystem health.
- Supporting communities and industry transition: Ensuring the forestry industry, regional communities, and First Nations stakeholders are engaged in climate adaptation and benefit from sustainable forest management approaches.
- Transparent climate reporting and engagement: Providing clear, evidence-based disclosures on climate risks, mitigation efforts, and progress towards emissions reduction targets.

Key actions to achieve these objectives include:

- identifying opportunities to reduce fuel use such as through driver training, optimising logistics and investigating alternative vehicles and fuels
- maintaining and expanding carbon storage through ongoing replanting and regeneration in harvested areas and expansion of the plantation estate
- continuing to invest in fuel management and fire preparedness strategies to reduce the risk of high-intensity wildfire
- ongoing investment in tree breeding and resilient plantation design, including drought resilience.

Forestry Corporation does not have a climate-related transition plan as the strategy prioritises integration of the above objectives into ongoing business planning and operations.







Climate-related risks and opportunities

Forestry Corporation's Forest Management Policy sets out management commitments and responsibilities for climate-related risks. Forestry Corporation maintains a risk management framework that aligns with the Australian/ New Zealand Standard Risk Management Guidelines (AS/NZS ISO31000:2018).

Climate-related risks and opportunities are embedded within Forestry Corporation's enterprise risk management framework and broader risk profile. Climate change acts as a risk multiplier, influencing existing strategic, operational and financial risks through both physical and transition pathways. All risks are assessed, considered, and reported in line with Forestry Corporation's risk management guidelines.

Climate-related risks and opportunities were identified through enterprise risk assessments, operational risk assessments, climate strategy development, scenario analysis, research activities and natural capital assessments.

Risks and opportunities were shortlisted where they were considered capable of reasonably affecting Forestry Corporation's prospects. TPG24-33 defines an entity's prospects as the entity's cash flows, access to finance or cost of capital over the short, medium or long term as well as the entity's ability to further its objectives.

Forestry Corporation's objectives as a business and land manager are set out in this report on page 10. Having regard to these objectives, the assessment included consideration of any risks and opportunities that could affect Forestry Corporation's prospects through impacts on forest productivity, operational resilience, financial performance, compliance obligations, workforce health and safety or strategic opportunities.

In addition to ongoing and embedded risk assessment processes, Forestry Corporation has for more than 25 years engaged external research organisations including CSIRO and the DPIRD Forest Research branch to conduct comprehensive assessments of climate and nature-related risks and opportunities.

As the manager of a significant natural resource and a long-running annual research program, Forestry Corporation has carried out significant work over many years to consider and assess climate-related opportunities within and from the State forest estate and its resources. Forestry Corporation and its predecessors have been monitoring carbon sequestration in forests and wood products in various ways since the late 1990s and Forestry Corporation was party to one of Australia's first international forest carbon trading deals at the turn of the century.

In more recent times, work has been carried out, including in collaboration with other bodies including DPIRD's Forest Research team and CSIRO, to assess climate-related, land use and natural capital opportunities from the State forest land Forestry Corporation is appointed to manage.

Research has included assessing and modelling carbon emissions from forest management and timber harvesting operations as well as natural processes including wildfire, measuring carbon stocks in forests and timber products, and identifying risks and opportunities.

Ongoing collaboration with research institutions aims to refine climate risk assessments, improve internal capability, and support industry-wide adaptation efforts and will be enhanced by incorporating quantitative metrics as data quality improves. This provides for ongoing consideration and review of both risks and opportunities. Climate-related transition and physical risks are incorporated in Forestry Corporation's risk register. Risks in the risk register are regularly reviewed and prioritised using consistent criteria set out in the risk matrix, with key enterprise risks considered by the ELT and Board Audit and Risk Committee as described in the previous section. Further detail on the risk management framework is in the Management and Accountability section of this report.

Specific climate-related risks and opportunities are summarised in Forestry Corporation's Climate Change Mitigation and Adaptation Strategy and are expanded in the tables overleaf. These include climate-related physical risks arising from climate change impacts that may be event-driven (acute physical risks) or associated with longer term shifts in climatic patterns (chronic physical risks). They also include transition risks that may arise from regulatory, policy, market and societal changes associated with the transition to a lower carbon economy. The tables summarise climate-related risks that could reasonably be expected to affect the entity's prospects.

In Forestry Corporation's context as a forest manager and timber supplier, the materiality of potential impacts is assessed in terms of Forestry Corporation's ability to meet its objectives as a forestry business and a land manager as set out in the Forestry Act, including by considering:

- forestry asset condition and productivity
- operational costs and disruptions
- revenue security and diversification opportunities
- legal, regulatory and certification obligations
- workforce health, safety and capability.

These factors have been identified because impacts on one or more of these could reasonably be expected to affect Forestry Corporation's ability to achieve its objectives under the Forestry Act, including as a successful business, land manager and provider of goods and services, or impact its financial outlook.

Climate related risks have been assessed over short-term (0–5 years), medium-term (5–15 years) and long-term (15+ years) time horizons. These timeframes have been informed by Forestry Corporation's operational and strategic planning cycles, the expected lifespan of forestry assets, and the NSW Government's target to achieve net zero emissions by 2050, and are intended to support climate informed operational, investment and strategic decisions. These timeframes align with organisational timeframes, which encompass short-term operational planning over timeframes of up to five years, medium-term tactical planning over five to 15-year spans and long-term planning looking beyond 15 years and up to 100 or more years into the future.

The summary tables build on risks and opportunities identified in the previous year's report, reflecting changes in context, and the evolution of reporting of risks and opportunities relevant to Forestry Corporation's operations, assets and strategic objectives. This ongoing assessment process supports continual improvement in the identification, evaluation and management of climate related risks within Forestry Corporation's broader risk management framework.

The tables describe the anticipated financial effects of climate-related risks and opportunities on Forestry Corporation, including impacts on cash flows, operating costs, capital expenditure, asset values and business prospects. They also summarise the affected areas and activities, management responses, and the implications for Forestry Corporation's operations and objectives.

Climate-related risks are reflected in Forestry Corporation's key enterprise risks and Forestry Corporation plans to continue resourcing its climate-related activities through internal resource allocation and strategic planning processes. Management actions are integrated in business planning and resourced accordingly on an ongoing basis. Resource allocation is managed to ensure the delivery of all of Forestry Corporation's multiple objectives, including climate-related and business imperatives.

Based on assessments undertaken during the reporting period, climate-related risks and opportunities did not have a material impact on Forestry Corporation's financial position, financial performance or cash flows. Furthermore, management has not identified any climate-related matters that are expected to result in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Forestry Corporation recognises that climate risks and opportunities may potentially have material financial implications for the organisation in future, and were assessed as capable of having material impacts on Forestry Corporation's prospects through impacts on operational, environmental, social and strategic objectives. Potential risks and opportunities are considered accordingly in ongoing risk assessment, governance and business planning.

Summary of Forestry Corporation climate-related risks and opportunities

Table C1. Summary of Forestry Corporation climate-related risks

Risk description	Increased exposure of Forestry Corporation's estate to bushfire and extreme fire weather may affect workforce safety and wellbeing, forest assets, infrastructure, operations and wood supply.
Type	Physical (acute)
Time horizon	Short-term Medium-term Long-term
Affected business activities and services	Includes timber resources, forestry infrastructure, access roads, public access, operational continuity, emergency response capability and workforce safety.
Current and anticipated management actions	**Current:** Inter-agency fire management coordination, trained firefighting staff and contractors, maintenance of fleet of heavy and light vehicles for firefighting and heavy plant, extensive road network maintenance (including strategic fire trails), fuel management primarily through prescribed burning, fire tower maintenance, adoption of fire detection technologies, emergency response arrangements and operational shutdown protocols during severe fire conditions. **Anticipated:** Use of new technology to enhance detection, monitoring, preparedness and response capability, and adaptation of forest management practices to address increasing fire risk.
Anticipated impacts on financial performance and prospects	Increased fire frequency and severity may adversely affect financial performance, cash flows and operating costs through reduced productive capacity, disruptions to wood supply, increased suppression, rehabilitation and replanting costs, and damage to infrastructure and forestry assets. These impacts may also affect Forestry Corporation's ability to deliver biodiversity, recreation and other environmental, economic and social outcomes. Fire prevention, preparedness and adaptation activities are expected to require ongoing resource allocation and investment.

Risk description	Increased frequency and severity of storms, heatwaves, intense rainfall and flooding may disrupt operations, affect workforce safety and availability, damage infrastructure and roads, impacting the ability to supply timber, reduce forest access including impacting effectiveness of firefighting response, and increase erosion, sedimentation and other water quality impacts.
Type	Physical (acute)
Time horizon	Short-term Medium-term Long-term
Affected business activities and services	Includes estate areas exposed to extreme rainfall, flooding, heat and storms, including steep terrain, riparian zones, roads, highly erodible soils and disturbed areas. Affected business areas and activities include roading, harvesting access and delivery of timber, infrastructure, productive land, public access, water quality compliance, operational continuity, workforce safety and emergency response capability. Ability to quickly and effectively suppress bushfires may be compromised with road damage.
Current and anticipated management actions	**Current:** Operational planning, access management, road and drainage maintenance and upgrading, erosion controls, riparian buffers, post-harvest site management, incident response, communication processes, flexible operational scheduling emergency response arrangements and weather-related operating restrictions. **Anticipated:** Continued adaptation of roading, drainage and erosion-control practices to account for increasing rainfall intensity and disturbance risks. Use of improved rainfall modelling to improve road infrastructure.
Anticipated impacts on financial performance and prospects	More frequent or severe events may adversely affect financial performance, including cash flows, operating costs and capital expenditure, through increased infrastructure, rehabilitation and compliance costs and disruptions to operations. They may also affect Forestry Corporation's ability to deliver its objectives by reducing forest access, impacting environmental outcomes and public use, and constraining delivery of management and service obligations.

Risk description	Prolonged drought and declining moisture availability may reduce forest growth, regeneration success, plantation suitability, forest health and long-term timber yield.
Type	Physical (chronic)
Time horizon	Long-term
Affected business activities and services	Includes plantation and native forest where rainfall, soil moisture, climate wetness and climate suitability assessments show increased drought exposure. Affected activities include plantation establishment, growth, regeneration, forest health and long-term timber resource planning.
Current and anticipated management actions	**Current:** Climate suitability assessment, drought resilience research, silvicultural planning, tree breeding and seed selection, forest health and productivity monitoring, and plantation estate planning. **Anticipated:** Continued use of climate vulnerability information to inform species selection, establishment, thinning and estate planning decisions.
Anticipated impacts on financial performance and prospects	Prolonged moisture decline may adversely affect financial performance, including cash flows, operating costs, capital expenditure and asset values, through reduced productive capacity and carbon sequestration, increased establishment and treatment costs, and lower long-term revenue. It may also affect Forestry Corporation's ability to deliver its objectives by reducing the capacity to sustain timber supply while maintaining environmental and social forest values.

Risk description	Climate change may increase the prevalence, distribution and severity of pests, diseases and forest health issues, affecting productivity and management costs.
Type	Physical (acute / chronic)
Time horizon	Short-term Medium-term Long-term
Affected business activities and services	Affected business areas include plantation areas and other forests vulnerable to pest, disease, weed, mammal, environmental stressor and fungal pathogen impacts. Affected areas and activities include forest health, plantation productivity, surveillance and treatment.
Current and anticipated management actions	**Current:** Biosecurity management planning, site-specific controls, forest health surveillance, targeted surveys, pest and weed management, and collaboration with research institutions. **Anticipated:** Continued surveillance, research and response collaboration, and targeted management responses as climate-related biosecurity risks change.
Anticipated impacts on financial performance and prospects	Increased pest and disease pressure may adversely affect financial performance, including cash flows, operating costs and capital expenditure, through reduced productivity, lower timber availability, increased treatment costs and impacts on asset values. It may also affect Forestry Corporation's ability to deliver its objectives by reducing biodiversity outcomes and forest resilience.

Risk description	Climate-related changes may accelerate biodiversity decline and increase conservation pressures for some species and ecosystems.
Type	Physical (chronic)
Time horizon	Short-term Medium-term Long-term
Affected business activities and services	Potentially estate-wide, affected business areas including areas containing sensitive ecosystems, conservation values, habitat features or species vulnerable to climate change. Affected areas and activities include forest planning, harvestable area, monitoring, certification and social licence.
Current and anticipated management actions	**Current:** Forest Management Zoning, biodiversity surveys and monitoring, threatened species controls, retention and exclusion areas, pest management and fire management. **Anticipated:** Continued adaptive planning, monitoring and targeted threat mitigation as climate-related biodiversity pressures change.
Anticipated impacts on financial performance and prospects	Accelerating biodiversity decline may adversely affect financial performance, including cash flows, operating costs and capital expenditure, through increased compliance and monitoring costs, reduced operational flexibility and lower timber availability. It may also affect Forestry Corporation's ability to deliver its objectives by impacting conservation outcomes, sustainable production, recreation and other statutory obligations.

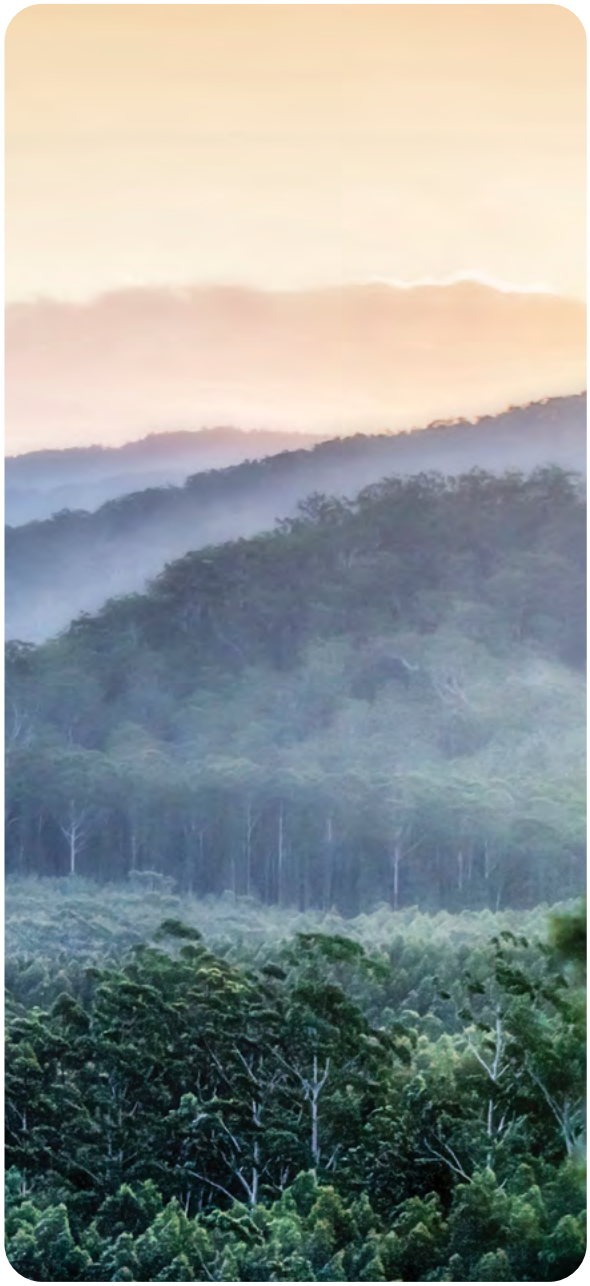
Risk description	Changes in climate, biodiversity, certification and land-sector policy requirements may affect Forestry Corporation's obligations and operating environment.
Type	Transition (policy / regulatory)
Time horizon	Short-term Medium-term
Affected business activities and services	Affected business areas include policies, emissions, biodiversity, land-management and certification requirements. Affected areas and activities include compliance systems, reporting, assurance, and certification.
Current and anticipated management actions	**Current:** Forest management system implementation, climate disclosure preparation, emissions reporting, policy monitoring and engagement with regulators and policymakers. **Anticipated:** Continued update of procedures, systems, workpapers and assurance evidence as regulatory and reporting expectations evolve.
Anticipated impacts on financial performance and prospects	Changing regulatory, certification and stakeholder requirements may adversely affect financial performance, including cash flows and operating costs, through increased compliance, assurance and implementation costs, changes to forest management requirements, and reduced certification or market access. It may also affect Forestry Corporation's ability to deliver its objectives by constraining the delivery of commercial, environmental and social outcomes.

Table C2. FY26 Forestry Corporation climate-related opportunities

Opportunity description	Increased opportunity to generate revenue from carbon sequestration and carbon credit markets through forestry-based sequestration projects and plantation afforestation initiatives.
Type	Transition opportunity
Time horizon	Short-term Medium-term
Affected business areas and activities	Potential across the forestry estate, influenced by statutory functions, land tenure arrangements, carbon stock assessments and eligibility under Commonwealth and State carbon schemes.
Current and anticipated management actions	**Current:** Investigation of plantation afforestation initiatives, grant and carbon schemes. **Anticipated:** Continued assessment of sequestration opportunities, carbon stock information, eligibility requirements and future afforestation opportunities.
Anticipated impacts on financial performance and prospects	Eligible carbon projects may have a positive impact on financial performance and cash flows by diversifying revenue, which in turn may enable increased capital investment in delivery of Forestry Act objectives including plantation establishment, financial resilience, sustainable forest management and delivery of environmental management and community services within forests.

Opportunity description	Forestry land, timber products and by-products may present opportunities for renewable energy, low-emissions products and bioeconomy initiatives.
Type	Transition opportunity
Time horizon	Medium-term
Affected business areas and activities	Potential across areas including forestry land available for harvest, timber products, forestry by-products, commercial partnerships and areas suitable for renewable energy or bioeconomy development.
Current and anticipated management actions	**Current:** Development of renewable energy partnerships and feasibility studies for alternative energy-related land uses. **Anticipated:** Continued assessment of commercial, planning and permit conditions for renewable energy and bioeconomy opportunities.
Anticipated impacts on financial performance and prospects	Commercially feasible projects may have a positive impact on financial performance and cash flows by providing additional revenue and diversifying land-use income. They may also have a positive impact on delivery of Forestry Corporation's objectives by contributing to regional development and supporting delivery of environmental management and community services within forests.

Opportunity description	Emerging biodiversity and nature repair markets may provide financial incentives for conservation activities and restoration outcomes.
Type	Transition opportunity
Time horizon	Medium-term
Affected business areas and activities	Potential across areas suitable for restoration, conservation activities, biodiversity credit generation or participation in nature repair markets, subject to scheme design and eligibility.
Current and anticipated management actions	**Current:** Identification of biodiversity offset and nature repair market opportunities and consideration of natural capital approaches. **Anticipated:** Continued assessment of scheme eligibility, conservation activities and market opportunities as nature repair markets develop.
Anticipated impacts on financial performance and prospects	Eligible projects may have a positive impact on financial performance and cash flows by creating revenue or conservation funding. They may also have a positive impact on delivery of Forestry Corporation's objectives including restoration and biodiversity, environmental and social outcomes, and may strengthen natural capital management.



Over the short term, Forestry Corporation expects climate-related expenditure to continue to be managed through existing operating and capital budgets, with no material change expected to its financial position, financial performance or cash flows. Over the medium and long term, more frequent or severe physical climate impacts may increase operating, maintenance, rehabilitation and capital expenditure and affect timber revenue and asset values, while commercially viable carbon, renewable energy and nature-market opportunities may provide additional revenue. Potential investments will be considered through normal business planning and capital allocation processes and funded from existing operating cash flows, approved capital programs or project-specific commercial arrangements, as applicable.

Metrics and targets

Reporting greenhouse gas emissions

Greenhouse gas emissions have been measured in accordance with the NSW Greenhouse Gas Emissions Accounting and Reporting Guidelines, which requires Forestry to identify and report all material emissions sources within operational control. For emissions sources that are required to be quantified under the National Greenhouse and Energy Reporting (NGER) framework, measurement methodologies prescribed by the National Greenhouse and Energy Reporting (Measurement) Determination have been applied. Additional emissions sources within the entity's operational control that are not required to be quantified under NGER have been identified, measured and reported in accordance with the NSW Greenhouse Gas Emissions Accounting and Reporting Guidelines.

The NSW Guidelines broadly align with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The inventory has been prepared on an operational control basis following an assessment of Forestry Corporation's emissions boundary, including facilities, leased assets, contractor activities and other emissions sources relevant to its operations. Emissions sources assessed as immaterial or outside Forestry Corporation's operational control have been excluded. Forestry Corporation also assessed the relevance and feasibility of quantifying other LULUCF-related (Land Use, Land-Use Change and Forestry) emissions sources, including decomposition and other forest ecosystem processes. Separate quantification of these emissions sources is not feasible. However, the effects of these processes are incorporated within the forest carbon stock movement represented in the forest carbon balance section on page 46.

Scope 1 emissions comprise direct greenhouse gas emissions from Forestry Corporation operations and operationally controlled contractor activities, primarily associated with harvesting, haulage, site preparation and roading. These contractor activities are included consistent with the operational control approach applied under the National Greenhouse and Energy Reporting (NGER) framework. Scope 2 emissions comprise purchased electricity. Electricity exported to the grid from onsite solar generation is excluded from Scope 2 emissions because it is not consumed by Forestry Corporation. Solar electricity generated at the West Pennant Hills and Bathurst offices totalled 190 megawatt hours (MWh) during FY26, of which 37 MWh was exported to the grid.

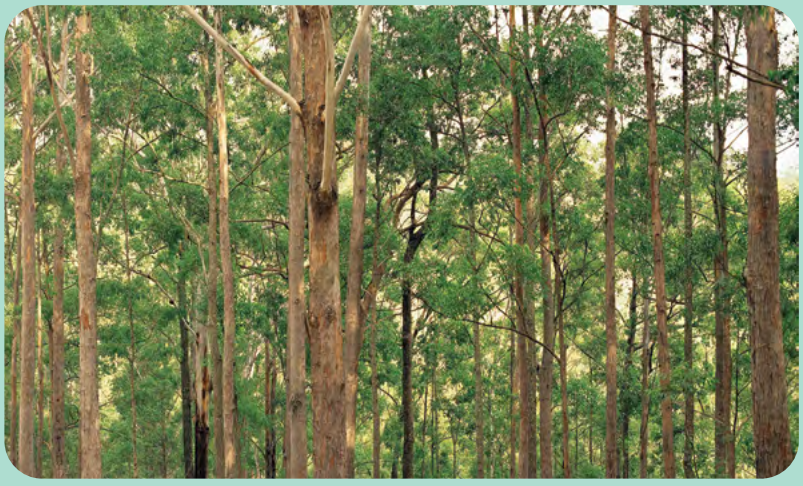




Table C3. Forestry Corporation operational greenhouse gas inventory for FY26

Scope 1	Emission (t CO_2-e)
Forestry Corporation	
Stationary	1,255
Transport	4,129
Contractor partners	
Stationary	24,980
Transport	21,192
Scope 1 total	51,556
Scope 2 (location based)	**Emission (t CO_2-e)**
Purchased electricity	936

Table C4. Forestry Corporation emissions associated with planned burns during FY26

Forest carbon emissions (biogenic)	Emission (t CO_2-e)
Planned burns	209,510

All Scope 1 and Scope 2 emissions reported in Table C3 relate to Forestry Corporation's reporting entity and operational control boundary. Forestry Corporation does not have operational control over any facilities attributable to investees, and therefore no separate disclosure under TPG24-33 MT3 is provided.

No significant changes were made to the overall emissions reporting methodology during the reporting period.

The emissions metrics presented in Tables C3 and C4 are absolute greenhouse gas emissions expressed as tonnes of carbon dioxide equivalent (t CO_2-e). Scope 1 and Scope 2 emissions are calculated using fuel consumption, electricity consumption and operational activity data together with emissions factors prescribed under the NGER framework. The Table C5 below provides key assumptions and methodologies for each of the figures reported in Tables C3 and C4.

Forestry Corporation reports operational greenhouse gas emissions and forest carbon outcomes separately because they measure different aspects of climate performance. Scope 1 and Scope 2 emissions measure greenhouse gases arising from organisational activities, whereas forest carbon reporting assesses changes in carbon stocks across the managed forest estate, including the effects of forest growth, harvesting, wildfire, planned burning and harvested wood products.

Planned burn emissions

Planned burns are used in both native forest and plantations, public and private land holdings, and have long been used by land managers nationally and internationally as an important practice to reduce fuel load thereby reducing the risk of wildfires. Forestry Corporation often partners with other fire authorities such as the NSW Rural Fire Service (RFS) and National Parks and Wildlife Service to conduct coordinated hazard reduction burn programs.

Planned burn emissions (Table C4) represent biogenic emissions associated with carbon stock changes in the managed forest estate. Hazard reduction, windrow and other planned burns release greenhouse gases as part of the forest carbon cycle; however, when applied appropriately, they reduce fuel loads and can assist in reducing the likelihood and severity of future wildfires. Over time, vegetation regeneration contributes to the recovery of forest carbon stocks following disturbance.

Planned burn emissions are estimated using Forestry Corporation's forest carbon accounting framework, which uses FLINTpro modelling, spatial fire history data and forest growth information to estimate changes in carbon stocks associated with forest management and disturbance. The framework complements, but is separate from, the NSW Greenhouse Gas Emissions Accounting and Reporting Guidelines. While the NSW Guidelines are used for organisational greenhouse gas emissions reporting, the forest carbon accounting framework is used to estimate carbon stock changes, sequestration and disturbance impacts across the managed forest estate, including wildfire, planned burning and harvested wood products. Forestry Corporation considers this approach appropriate because these forest carbon processes cannot be adequately represented through conventional organisational greenhouse gas inventories.



Forest carbon balance

The Intergovernmental Panel on Climate Change (IPCC) recognises that sustainably managed forests that maintain or increase carbon stocks while providing a sustained yield of timber, fibre and energy can deliver significant climate change mitigation benefits. The IPCC also recognises the long-term carbon storage and substitution benefits of wood products when used in place of more emissions-intensive materials.

Forestry Corporation has modelled carbon flows across the State forest estate for many years, tracking changes in forest carbon stocks associated with forest growth, harvesting, regeneration, fire and harvested wood products. These assessments provide information on carbon sequestration and storage outcomes across the forests under management and are reported annually through the Sustainability Report.

Forestry Corporation's managed forests remained a net carbon sink during FY26. Total forest carbon stocks increased from 1,062 Mt CO_2 to 1,068 Mt CO_2, with net forest sequestration exceeding combined unplanned and planned fire-related emissions. Native production forests recorded a net increase of approximately 2 Mt CO_2-e, compared with 1 Mt CO_2-e in native reserved forests, while softwood plantations recorded the largest increase at approximately 3 Mt CO_2-e. These results are derived from Forestry Corporation's forest carbon accounting framework and are subject to uncertainty associated with forest inventory, growth modelling, disturbance estimates and other model assumptions. Accordingly, the results should be considered indicative of broad trends in forest carbon stocks and flows rather than direct measures of organisational greenhouse gas emissions.

Table C5. Approach, inputs, assumptions and justification for CRFD emissions and forest carbon metrics

Carbon and emissions reporting category	Element	Disclosure
Scope 1 - Forestry Corporation stationary	Approach	Stationary emissions comprise fuel used in Forestry Corporation-controlled plant and machinery, together with minor LPG and petrol use. Report consumption is sourced from invoices and converted to carbon emissions.
	Inputs	Fuel-card and bulk-fuel expenditure records, with Australian Institute of Petroleum published average petrol price used to convert to consumption; LPG invoices and NGA Factors 2025.
	Assumptions	Where petrol volume is unavailable, expenditure is converted using the applicable published average price.
	Justification	Reported consumption records provide the most representative available basis. Expenditure conversion is limited to minor fuel sources where volume data is unavailable, enabling a complete estimate without overstating precision.
Scope 1 - Forestry Corporation transport	Approach	Transport emissions comprise diesel used by Forestry Corporation-controlled vehicles. Reported fuel consumption is converted to carbon emissions.
	Inputs	Fleet system records for transport diesel; and NGA Factors 2025.
	Justification	Reported fuel consumption is the most direct and reliable available measure of fuel used by Forestry Corporation-controlled vehicles and is consistent with the operational control boundary.
Scope 1 - contractor partners stationary	Approach	Contractor stationary emissions relate primarily to harvesting, loading, external plant hire for site preparation and roading undertaken within Forestry Corporation's operational control. Direct contractor fuel data is generally unavailable. Harvest and loading fuel is estimated from timber harvested tonnes and documented fuel-intensity factors. Plant-hire fuel is estimated from relevant procurement expenditure, an assumed fuel share based on the available benchmark period and an average diesel price, then converted using NGA Factors 2025.
	Inputs	Timber harvest and haulage tonnes from the sales system; documented harvesting fuel-intensity factors; and NGA Factors 2025.
	Assumptions	Fuel-intensity factors remain representative of current harvesting and loading activities. The benchmark period (FY16) relationship between plant-hire expenditure and fuel use remains representative of FY26 activities. Direct contractor fuel data is not sufficiently complete or reliable to support a consumption-based calculation.
	Justification	Production and procurement data provide the most complete and consistently available activity proxies where direct contractor fuel records are unavailable. The estimation methods enable operationally controlled contractor activities to be included while transparently recognising estimation uncertainty.
Scope 1 - contractor partners transport	Approach	Contractor transport emissions primarily relate to timber haulage from State forests to delivery points within Forestry Corporation's operational control. Direct contractor fuel data is generally unavailable, so fuel use is estimated from haulage activity, including distance and load information, and documented fuel-consumption assumptions, then converted to carbon emissions.
	Inputs	FY26 haulage activity records; timber quantities or loads; haulage distances; assumptions for loaded and empty travel; fuel-consumption factors; and NGA Factors 2025.
	Assumptions	Haulage activity records are complete and representative. Stumpage sales, where customers are responsible for haulage are excluded. Distance and load information appropriately represent the work performed. Fuel-consumption assumptions remain representative of contractor vehicles and operating conditions.
	Justification	Haulage activity data provide the most reliable and complete available proxy where direct contractor fuel consumption is unavailable.

Carbon and emissions reporting category	Element	Disclosure
Scope 2 electricity - location-based	Approach	Location-based Scope 2 emissions are calculated by multiplying purchased electricity consumption for controlled sites by the applicable factor. This factor reflects the average emissions intensity of electricity generation in the location where electricity is consumed.
	Inputs	Electricity invoices and supplier data; metered electricity consumption in kWh; reporting-period allocation; and the applicable location-based electricity factor in NGA Factors 2025.
	Assumptions	Invoices and site mapping are complete for FY26. Estimated meter readings and later billing adjustments may create minor cut-off differences.
	Justification	The location-based method is the Scope 2 measure required by TPG24-33 MT4 and provides a consistent measure of emissions associated with electricity consumed from the grid.
Planned burn emissions	Approach	Planned burn emissions are calculated as gross biogenic emissions associated with hazard reduction, windrow and other planned burns within the managed forest estate. The estimate combines FY26 treated area, fuel load, fuel consumption or burn efficiency assumptions, gas-specific emissions factors and global warming potentials.
	Inputs	Burned area data were obtained from spatial fire records. Fuel loads and combustion efficiencies were based on the National Inventory System (NIS), as referenced in the CSIRO report Review of Fuel Loads, Burn Efficiencies, Emission Factors and Recovery Functions Used to Estimate Greenhouse Gas Emissions and Removals Associated with Wildfire on Temperate Forested Lands. Methane (CH_4) and nitrous oxide (N_2O) release factors were derived from data presented in this report, while fire emission factors were sourced from the Australian Department of Climate Change, Energy, the Environment and Water (DCCEEW) *Technical Update Estimating Greenhouse Gas Emissions from Bushfires in Australia's Temperate Forests: Focus on 2019-20*. Applicable IPCC AR5 global warming potential factors were then applied to calculate carbon dioxide equivalent (CO_2-e) emissions.
	Assumptions	Recorded treated area represents planned burns undertaken during FY26. Fuel loads, burn efficiencies and emissions factors are representative of the relevant forest conditions. Emission factors for CH_4 and N_2O represent the mid-point values for fine biomass (<6 mm) and coarse woody debris (> 6 mm). Fire behaviour and combustion completeness vary across the estate due to differences in fuel characteristics, moisture conditions, weather and topography. Subsequent regrowth is reflected through forest carbon stock movement over time and is not netted against the gross planned-burn figure.
	Justification	Direct measurement of combustion emissions across the forest estate is impracticable. Spatial burn-area data combined with recognised scientific fuel and emission parameters provide the most appropriate and repeatable available method for estimating planned-burn emissions.
Total forest carbon stock	Approach	Total forest carbon stock represents carbon stored across native production forests, native reserved forests, hardwood plantations and softwood plantations. Native forest and hardwood plantation estimates use the latest validated FLINTpro outputs. Softwood plantation estimates use Forestry Corporation's internal plantation stock and area modelling.
	Inputs	FLINTpro outputs; spatial forest cover and remote-sensing data; forest type and biomass information; disturbance and fire history; forest growth modelling; Forest Management Zoning; and softwood plantation inventory, stock and area data.
	Assumptions	The latest validated FLINTpro outputs remain the best available baseline for native forests and hardwood plantations. Plantation inventory and area data represent the best available FY26 information. Modelled relationships between forest type, biomass, growth and disturbance remain appropriate. Source datasets may not all be updated annually.
	Justification	Direct measurement of carbon across the managed forest estate is not feasible. The combined modelling approach uses the most suitable validated spatial, inventory and growth information available for each forest category and provides a consistent estate-scale estimate.

Carbon and emissions reporting category	Element	Disclosure
Forest carbon stock movement	Approach	Annual forest carbon stock movement is calculated from opening carbon stock and assessed change, incorporating all disturbances. Fire-related emissions are reported separately. Movements are assessed across the forest categories reported in the CRFD.
	Inputs	Forest area, inventory information, internal growth modelling, DPIRD research biomass conversion for softwood plantations; FLINTpro outputs for native forests and hardwood plantations; opening carbon stock; assessed biomass change; wildfire and planned-burn data;
	Assumptions	Opening balances and area boundaries are consistent with the prior closing position. For the FLINTpro method biomass change has been continued forward from the 2023 data. The result is an indicative estimate of broad estate-scale stock movement across the full range of forest management categories, rather than a direct measurement of a subset.
	Justification	A stock-change approach is appropriate because forest carbon performance is reflected by changes in stored carbon over time. It captures the combined effect of growth, management and disturbance.



INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

On selected climate-related financial disclosures

Forestry Corporation of New South Wales

To the Directors of Forestry Corporation of New South Wales

Limited assurance conclusion

I have conducted a limited assurance engagement on the selected climate-related financial disclosures (the subject matter information) of Forestry Corporation of New South Wales (the Corporation) for the year ended 30 June 2026.

Based on the procedures I have performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that the subject matter information below has not been prepared and fairly presented, in all material respects, in accordance with the criteria as established by Treasurer's Direction TD 25-04 *Climate-related financial disclosures* (the Treasurer's direction) and NSW Treasury Policy and Guidelines Paper TPG 24-33 *Reporting framework for climate-related financial disclosures* (TPG 24-33):

- Governance (sections 'Governance', 'Board oversight' and 'Management implementation') in accordance with requirements G1 – G3 of TPG 24-33
- Strategy – Risks and opportunities ('Risk description' and 'Type' in 'Table C1. Summary of Forestry Corporation climate-related risks', and 'Opportunity description' and 'Type' in 'Table C2. FY26 Forestry Corporation climate-related opportunities') in accordance with requirements S1 – S2 of TPG 24-33
- Scope 1 and 2 greenhouse gas (GHG) emissions (sections 'Reporting greenhouse gas emissions', 'Planned burn emissions' and 'Table C5. Approach, inputs, assumptions and justification for CRFD emissions and forest carbon metrics' excluding 'Total forest carbon stock') in accordance with requirements MT1 – MT4 of TPG 24-33.

Other than the subject matter information described in the previous paragraph, I have not performed assurance procedures on any other disclosures included in the Corporation's climate-related financial disclosures.

Basis for limited assurance conclusion

I conducted my limited assurance engagement in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000), issued by the Australian Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

My responsibilities under this standard are further described in the 'Practitioner's responsibilities' section of my report.

I am independent of the Corporation in accordance with the applicable requirements of Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (November 2018 incorporating all amendments to July 2025) (the code) that are relevant to my assurance engagement of the subject matter information in Australia.

I have also fulfilled my other ethical responsibilities in accordance with the code.

The Audit Office of New South Wales (Audit Office) applies Australian Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements*, which requires the Audit Office to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-assurance services.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Other information

The Directors of the Corporation are responsible for the other information. At the date of this report, the other information I have received comprises of the Corporation's general-purpose financial statements and climate-related financial disclosures, but does not include the subject matter information and my Independent Practitioner's Limited Assurance Report thereon.

My conclusion on the subject matter information does not cover the other information. Accordingly, I do not express any form of assurance conclusion thereon. However, as required by the *Government Sector Audit Act 1983*, I have separately expressed an opinion on the Corporation's general purpose financial statements.

In connection with my limited assurance engagement on the subject matter information, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the subject matter information, or my knowledge obtained during the assurance engagement, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' responsibilities for the subject matter information

The Directors are responsible for:

- the preparation and fair presentation of the subject matter information in accordance with the criteria as established by the Treasurer's direction and TPG 24-33
- designing, implementing and maintaining such internal control that Directors determine is necessary to enable the preparation and fair presentation of the subject matter information, in accordance with the criteria as established by the Treasurer's direction and TPG 24-33 that is free from material misstatement, whether due to fraud or error.

Inherent limitations in preparing the subject matter information

Greenhouse gas emissions from planned burn emissions are subject to significant measurement uncertainty. The quantification of planned burn emissions relies on key assumptions and estimates relating to fuel loads, burn efficiencies, forest conditions and emissions factors which may differ from actual conditions. As a result, calculated emissions may differ from actual emissions, and the comparability of planned burn emissions between entities and over time may be affected by changes in these assumptions.

Practitioner's responsibilities

My objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the subject matter information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes my conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the subject matter information.

As part of the limited assurance engagement in accordance with ASSA 5000, I exercise professional judgment and maintain professional scepticism throughout the engagement. I also:

- perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the Corporation's internal control
- design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the subject matter information. The nature, timing, and extent of the procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error.

My limited assurance engagement consisted of making enquiries, primarily with persons responsible for preparing the subject matter information, and applying analytical and other appropriate procedures. The procedures I performed included, but were not limited to, the following:

- Overall subject matter information:
  - obtained an understanding of the internal control environment, processes, and information systems relevant to the preparation of the subject matter information and assessed the appropriateness of the reporting boundary applied
  - assessed whether the subject matter information was fairly presented against the criteria in TPG 24-33 and my knowledge obtained during the engagement
- Governance:
  - obtained an understanding of the governance arrangements established by the Corporation including the processes, controls and procedures used to oversee and monitor climate-related risks and opportunities
  - corroborated governance arrangements through enquiries and inspection of selected supporting documentation
- Strategy – Risks and opportunities:
  - obtained an understanding of the processes used to identify climate risks and opportunities
  - assessed the completeness of risks and opportunities disclosures
  - corroborated risks and opportunities through enquiries and inspection of selected supporting documentation

- Scope 1 and 2 GHG emissions:
  - obtained an understanding of the measurement approach, key inputs and assumptions, and the processes and controls in place to capture emissions sources, including changes in operations
  - evaluated the appropriateness of key assumptions and estimates used in measuring emissions
  - performed analytical procedures and other inspections over a selection of underlying activity data to assess the reasonableness of the reported emissions.



Nicky Rajani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 October 2026
SYDNEY

Management and accountability



Our people

Our workforce includes people with the mix of skills, capabilities and expertise required to manage a large and complex forest estate. Staff are employed under the terms of an Enterprise Agreement or a Common Law Contract, and our Code of Conduct and supporting policies provide staff with a clear and consistent understanding of expected behaviours. We also engage a large number of contractors, particularly in harvesting and haulage, whose staff work alongside our people and on our behalf to carry out operations.

Building capability

Ongoing professional development and training programs ensure staff are equipped for their roles and have opportunities to develop their skills. Over the past few years, staff have been supported to expand their professional forestry skills and build organisational capability by participating in a two-year course to obtain a Certificate III in Forestry, Certificate IV in Forestry or Graduate Certificate in Forestry.

Since 2024, 12 staff have obtained their Certificate III qualification and four have completed their Graduate Certificate. An additional 41 staff are working towards one of these qualifications. These programs contribute to developing technical expertise, supporting career progression, and building a sustainable talent pipeline for the future.

As a fire authority, staff in all areas of the organisation are required to be available for firefighting. Annual fire camps provide opportunities for upskilling in fire-related roles, while refresher training days ensure staff retain a high level of fire readiness.

Workforce changes

At the end of the reporting period, consultation commenced on a workforce change process. Changes are necessary to realign staff numbers to the smaller area that will be managed after the commencement of the Great Koala National Park, and build a sustainable workforce structure for the future in light of the broader financial challenges impacting the business.

After the reporting period, we consulted widely with our staff to gather feedback on the proposed changes. This sort of change is difficult and staff were supported through tailored wellbeing sessions, individual assistance to explore suitable options and ongoing access to confidential counselling services. The workforce change plan was finalised prior to publication, taking on board the feedback received during the consultation process. The Great Koala National Park will result in 28 roles being discontinued, while 17 roles will be removed from across the business in response to financial challenges. Changes are expected to come into effect from early FY27. Ongoing support and assistance will be provided to staff, with a focus on redeployment and transitioning to new opportunities wherever possible.

Employee numbers – trend (full-time equivalent)

Year ended 30 June	Flexible	Rostered	Total
2025	378	219	597
2026	380	210	590

Employee numbers – trend (head count)

Year ended 30 June	Flexible	Rostered	Total
2025	387	224	611
2026	386	214	600

Workforce diversity

We are committed to building a workforce that reflects the diverse communities in which we operate and fostering a workplace culture where people feel respected, valued and able to contribute their best. Diversity and inclusion remain important elements of our people strategy, supporting employee wellbeing, organisational capability and better business outcomes.

The Board has a diversity and inclusion policy that sets objectives for encouraging a diverse and inclusive workplace that embraces a range of skills, backgrounds and experiences. The policy sets out commitments to promote the value of diversity, respect unique experiences employees bring to the workplace, attract a skilled and diverse workforce, provide equal employment opportunities based on capability and performance and maintain a safe work environment.

Management operationalises these policy commitments in a range of ways, including by providing tools to support leaders and people managers, encouraging and facilitating flexible working arrangements, maintaining and promoting a code of conduct that supports an inclusive workplace, and training staff in their positive duty to prevent sexual harassment.

We continued to invest in programs that promote positive workplace behaviours, inclusion, mutual respect and psychosocial wellbeing. Respect@Work training and awareness activities supported a workplace culture where employees feel safe, respected, valued and able to contribute fully.

Celebrating events such as International Women's Day, Harmony Week and NAIDOC Week further strengthened inclusion by recognising the diverse cultures, experiences and perspectives that enrich our workforce.

Key priorities for FY27 will include:

- attracting, developing and retaining employees from a broad range of backgrounds and experiences
- creating greater opportunities for women and other under-represented groups in operational, technical and leadership roles
- supporting Aboriginal and Torres Strait Islander employment, career development and participation across the organisation
- strengthening inclusive leadership capability and promoting respectful workplace behaviours
- embedding diversity and inclusion considerations into workforce planning, recruitment and talent development practices
- recognising and celebrating diversity through organisation-wide awareness and engagement activities
- continuing to monitor workforce diversity outcomes and use workforce data to inform future initiatives and continuous improvement.

Workforce diversity outcomes are regularly monitored through workforce reporting and analysis, helping inform decision-making and measure progress against organisational objectives.

Trends in the representation of Equal Employment Opportunity (EEO) groups

EEO group	Benchmark or target	FY23	FY24	FY25	FY26
Women	50%	26%	27%	28%	27.5%
Aboriginal and Torres Strait Islander peoples	2.6%	5%	4.7%	4.5%	4.5%
People whose first language is not English	19%	7%	5.3%	4.7%	4.5%
People with a disability	N/A	11%	9.2%	9.2%	8%
People with a disability requiring work-related adjustment	1.5%	0.3%	0.3%	0.3%	0.5%



Senior executives

As a State-owned Corporation, Forestry Corporation does not have public service senior executives. Information in the tables below reports gender distribution and average remuneration for the six senior executives on our ELT. These executives provide strategic direction and operational oversight as set out in the organisational chart on page 13 and are responsible for key decision making. Data in the tables reflects personnel changes during the period, including a period where acting arrangements were in place between the resignation of the former General Manager of the Softwood Plantations Division and the permanent appointment of the current General Manager. Approximately three per cent of total employee-related expenditure during the reporting period related to senior executives (FY25: 3%).

Gender distribution of senior executives (headcount)

	Female		Male	
Band	**FY25**	**FY26**	**FY25**	**FY26**
Band 4 or above	-	-	1	1
Band 3	1	-	1	1
Band 2	2	2	1	2
Band 1	-	-	-	-

Average remuneration of senior executives ($)

Band*	**FY25**	**FY26**
Band 4 or above	553,500	572,873
Band 3	375,464	375,832
Band 2	316,675	332,201
Band 1	Not applicable	Not applicable

** Public service senior executive (PSSE) bands are used for annual reporting purposes only and do not reflect Forestry Corporation's classification or remuneration structure.*

Risk management and internal audit

The Board Charter identifies the Board as responsible for determining Forestry Corporation's risk appetite and providing rigorous oversight of risk. This includes but is not limited to review of the effectiveness of the risk management framework and internal control systems in relation to material business risks and legal and regulatory compliance. The ARC is established to assist the Board in overseeing risk management. The Board implements a risk management framework that follows the Australian/New Zealand Standard Risk Management Guidelines (AS/NZS ISO31000:2018 Risk Management).

Operational risk management is delegated to the ELT, which is supported by an internal risk and compliance steering committee. The risk management framework allocates responsibility for risk management and includes defined criteria for the assessment of the likelihood and potential consequence of different risk types within a risk assessment matrix. Risk management software enables consistent reporting, assessment of incidents and hazards, risk identification, follow up of audit actions and risk mitigation measures. Key risks and controls are reviewed by the risk and compliance steering committee and reported to the ELT and ARC.

The Audit and Risk Manager develops an internal audit plan corresponding to identified risks. The ARC approves the audit plan, reviews audit reports and notes the identified remedial actions. Audits are completed by external providers.



During the year, internal audits focused on contractor safety management systems and pesticide use. Internal and external assurance reviews assessed risk management maturity, Map App and aviation safety as well as several external publications including climate-related financial disclosures, the Annual Timber and Biomaterial Report, and harvest area and volumes reported in the Sustainability Report. The internal audit framework and process also underwent a quality assurance assessment. Both operating divisions internally audited their forest management systems and underwent external surveillance audits during the period to monitor ongoing compliance with the Australian Standard for Sustainable Forest Management, under the Responsible Wood Certification Scheme.

Insurance

Forestry Corporation maintains extensive insurance coverage. Policies in place during the reporting period included Workers' Compensation, Public Liability, Professional Indemnity, Product Liability, Directors and Officers, Personal Accident (volunteers, travel domestic and abroad), Property and Motor Vehicle. All insurance cover is administered under the Treasury Managed Fund (TMF), which is the NSW Government's self-insurance scheme. Forestry Corporation no longer holds a Workcover NSW self-insurance licence, however remains responsible for the tail management of workers' compensation claims incurred whilst licensed as a self-insurer.

Legislation and legal matters

The Bungabbee State Forest Revocation Bill passed both houses of Parliament and received assent in February 2026. The Bill revoked the Bungabbee State Forest dedication and the declarations of Special Management Zones within the State Forest.

During the period, the Forestry Regulation 2022 was amended to include section 31A, allowing taking of timber and forest products from environmentally significant areas for the HumeLink and Hunter Transmission energy transmission projects.

In March 2026, The Land and Environment Court handed down its sentence in relation to giant and hollow-bearing trees in Wild Cattle Creek in 2020. The proceedings commenced in 2022. As part of sentencing, Forestry Corporation participated in a restorative justice process that included representatives of the local Aboriginal community. In lieu of a fine, the court ordered a payment of $450,000 to the Yurruungga Aboriginal Corporation to fund actions identified by community representatives through the restorative justice process.

In August 2025, the Environment Protection Authority commenced proceedings in relation to operations in Tallaganda State Forest in 2023. The matter remains before the court.

In October 2026, the National Park Estate (Great Koala National Park Reservations) Bill 2026 passed NSW Parliament to create the Great Koala National Park.

Consultants

Over $50,000 per engagement

Vendor	Subject Matter	Amount
Aurecon Australasia Pty Ltd	Advisory services for the supply of forest materials	110,407
Enerfi Pty Ltd	Consulting services on renewable energy market	57,690
Total		**168,097**

Less than $50,000 per engagement

Number of engagements: 7	
Total	**121,354**

International travel

Forestry Corporation took part in four separate Australian and New Zealand deployments to fight wildfires in Canada and the United States of America during the year. Fifteen Forestry Corporation staff were deployed overseas in a range of firefighting and incident management roles. The NSW contingent of these firefighting deployments included staff from various Government agencies, coordinated by the RFS.

In November 2025 Senior Manager, Country and Community attended the World Architecture Festival Final held in the United States of America and delivered a presentation on the Guulabaa – Place of Koala in Cowarra State Forest project to judges. Guulabaa – Place of Koala in Cowarra State Forest was one of 17 projects from around the world shortlisted for the World Architecture Festival Final.

In November 2025 Company Secretary Dr Ross Dickson travelled to New Zealand to attend meetings of the Radiata Pine Breeding Company (RPBC). Dr Dickson is Chair of the RPBC requiring him to travel to New Zealand to Chair meetings and attend technical meetings. Forestry Corporation is a major shareholder of the RPBC, which provides access to genetic improvement research outcomes and genetically improved seed stock for softwood plantation establishment.

In May 2026 the Chief Forester travelled to New Zealand to attend a technical committee meeting of the RPBC.

IPART determinations

The Independent Pricing and Regulatory Tribunal (IPART) did not make any new determinations or recommendations related to Forestry Corporation during the reporting period.

Privacy

Forestry Corporation has a privacy policy, privacy management plan, privacy manual and data breach response plan that set out how we will comply with the *Privacy and Personal Information Protection Act 1998* (PPIP Act). These resources are available for staff on Forestry Corporation's intranet, which includes links to the Information and Privacy Commission's *Privacy Resources for Agencies* site. No reviews were conducted under Part 5 of the PPIP Act in FY26.

Modern slavery

Forestry Corporation is committed to maintaining and improving systems and processes to avoid contributing to modern slavery or other human rights violations related to our operations and our supply chain. No operational issues were raised by the Anti-slavery Commissioner during FY26.

Priority actions to prevent modern slavery include ensuring policies and procedures provide for identification and management of the risks associated to modern slavery and educating staff about preventing modern slavery and reporting suspected wrongdoing. During the period, the procurement policy was reviewed. Staff were also informed about the risk of modern slavery and provided with information on higher risk product categories and resources to support procurement and reporting.

Government Information (Public Access)

Forestry Corporation values transparency and recognises the strong public interest in its operations as a public land manager. Open access to information about forest management and operations, in particular spatial and map-based data, has been continually reviewed, expanded and enhanced over recent years. Key categories of information released proactively include maps and spatial data, harvest plans, ecology and other reports for native forest operations, information about projects the community may be interested in, reports, policies, timber yield forecasts and reconciliations, policies and operational guides and detailed multi-year data against a range of forest management and operational indicators.

Forestry Corporation continues to review the information made proactively available to the community and the website is regularly updated with additional information and documents identified for proactive release. Extensive GIS spatial datasets are made available for viewing or download via Forestry Corporation's open data site. These were added to during the period with the proactive publication of additional datasets. Forestry Corporation also maintains several web-based applications that provide detailed information, maps, plans and data about its operations in coastal hardwood forests, including an operational viewer that proactively publishes near real-time data about operational progress. To continuously improve information provision, an improved web-based system designed for forest visitors was also introduced during the period to enhance provision of information about closures. These internal systems are complemented by the supply of data via public interfaces managed by other agencies including real time fire and hazard reduction information via the RFS Hazards Near Me website and app, species records published via the NSW Government Bionet Atlas, and operational information available via the Environment Protection Authority's native forestry map viewer.

Between 1 July 2025 and 30 June 2026, Forestry Corporation received 15 formal and valid applications for information under the *Government Information (Public Access) Act 2009* (GIPA Act). The following tables report information on the applications and determinations as required under the GIPA Act. Two applications received in FY25 were determined in this period and included in this report. Two applications were received at the end of June 2026 and determined in FY27. The outcome of these determinations will be included in next year's report.

GIPA Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector businesses	0	1	0	0	0	0	0	0
Not for profit organisations or community groups	1	3	0	3	1	0	0	0
Members of the public (by legal representative)	1	3	0	0	0	0	0	0
Members of the public (other)	1	2	0	2	0	1	0	0
Total	**3**	**9**	**0**	**5**	**1**	**1**	**0**	**0**

** More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.*

GIPA Table B: Number of applications by type of application and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	3	9	0	5	1	1	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
Total	**3**	**9**	**0**	**5**	**1**	**1**	**0**	**0**

** A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).*

GIPA Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	1

GIPA Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	2
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Privilege generally - Sch 1(5A)	0
Information provided to High Risk Offenders Assessment Committee	0
Total	**2**

** More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.*

GIPA Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used
Responsible and effective government	3
Law enforcement and security	0
Individual rights, judicial processes and natural justice	5
Business interests of agencies and other persons	3
Environment, culture, economy and general matters	2
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
Total	**13**

GIPA Table F: Timeliness

	Number of applications*
Decided within the statutory timeframe (20 days plus any extensions)	12
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	0
Total	**15**

GIPA Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	1	1
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	1	0	1
Review by NCAT	0	0	0
Total	**1**	**1**	**2**

** The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.*

GIPA Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0
Total	**1**

GIPA Table I: Applications transferred to other agencies

	Number of applications transferred
Agency-Initiated Transfers	0
Applicant-Initiated Transfers	0
Total	**0**

Financial performance



Financial summary

Performance against Statement of Corporate Intent

Total comprehensive income for the year ended 30 June 2026 was -$29 million, compared with $85 million in FY25. For management purposes, normalised earnings[1] are used to evaluate the underlying financial position.

Forestry Corporation delivered normalised earnings of $6 million in the year ended 30 June 2026, compared with $0 million in the prior year. Normalised earnings exclude significant non-cash items such as biological asset fair value movements, asset impairments and defined benefit actuarial movements, and are unaudited.

Total revenue was $405 million, up from $389 million in FY25. Revenue from contracts with customers was $330 million, other income was $70 million, and investment revenue was $5 million. The increase in other income included additional government funding associated with specific programs and services, and the resolution of an insurance claim relating to costs incurred following the 2019-20 Black Summer fires.

Forestry Corporation received funding during the year for the delivery of community services obligations (CSO) and other government programs. In accordance with the applicable accounting standards, funding is recognised as income when the related expenditure is incurred. Amounts received but not yet spent are carried forward as liabilities and therefore do not contribute to current earnings.

Total expenses were $403 million, compared with $385 million in FY25. While cost controls have been implemented to curb expenses, a major contributor was the sudden and severe spike in diesel prices in the second half of the period. Forestry operating costs are particularly sensitive to diesel prices because vehicles and equipment used for forest management and firefighting rely on diesel, including harvesting equipment, heavy plant, fire tankers and trucks that transport timber to customers. Employee costs included $5 million in termination benefits recognised in relation to the workforce change plan.

Total comprehensive income was materially affected by non-cash valuation movements. The principal driver was a $113 million reduction in the fair value of the softwood biological asset, including the effect of a higher discount rate applied in the independent valuation. This was partly offset by increases in the value of land, roads and other property assets and a favourable actuarial movement in defined benefit obligations.

The softwood biological asset was valued at $701 million at 30 June 2026, compared with $814 million at 30 June 2025. The valuation reflects the estimated present value of future cash flows from the standing timber estate and is therefore sensitive to discount rates, future prices, costs, yields and market assumptions. It does not represent the operating performance or cash result for the year.

$6 million
normalised earnings
(improved by $6 m)

$405 million
revenue (improved by 4%)

$76 million
cash (improved by $67 m)

$701 million
biological asset value
($113 m below prior year)

Capital expenditure was $27 million, supporting plantation land expansion, fleet and firefighting capability, and upgrades to roads, bridges and other operational assets. Cash at year end was $76 million, compared with $9 million in FY25. The stronger cash position included funding held for approved future programs and services.

The tables on page 67–68 reconcile the normalised earnings to the statutory result and report performance against SCI targets. A breakdown of financial results for each operating division is also provided on page 67. This breakdown is provided for information only, and the split of these figures is unaudited. The audited financial statements, presented in full from page 69 of this report, set out the consolidated results for all Forestry Corporation operations and activities.

1 Normalised earnings exclude significant items such as fair value movements, asset impairments and defined benefit actuarial movements. The normalised earnings calculation is unaudited.

Softwood timber production

Softwood operations generated revenue of $268 million, up from $265 million in FY25. Forestry Corporation supplied approximately 3.1 million cubic metres of sawlog, fibre and other wood products during the year.

Demand for higher-value structural sawlogs remained subdued as low levels of new home construction continued to affect the market. Increased sales of lower-value pulpwood supported overall volume and revenue, although the change in product mix placed pressure on margins.

Normalised earnings for the Softwood Plantation Division were $21 million, compared with $28 million in FY25. Cost controls and active management of production schedules helped reduce the impact of weaker market conditions and higher operating costs, including the rapid escalation of fuel costs. The division also continued to invest in long-term estate value and resilience through plantation re-establishment, land acquisitions, improved silvicultural modelling and expanded fire-detection capability.

Forestry Corporation planted approximately 8 million pine seedlings during the year to re-establish plantations and acquired around 700 hectares of land in strategic locations. These investments support the long-term productive capacity and value of the softwood estate.

$268 million
revenue from softwood operations (improved by $3 m)

$21 million
normalised earnings for softwood operations ($7m below prior year)



Native and hardwood timber production and extractive activities

Across the hardwood estate, Forestry Corporation supplied approximately 500,000 cubic metres of sawlog, specialty timber and other wood products during FY26.

Hardwood timber supply was lower than the previous year as a result of the moratorium on harvesting within the proposed Great Koala National Park. Forestry Corporation responded to the moratorium by adjusting short-and medium-term operating plans, while maintaining production from hardwood plantations and native forests elsewhere on the north coast, as well as on the south coast and in western NSW.

Revenue from hardwood timber and extractive activities increased to $85 million, compared with $70 million in FY25. The result included government funding associated with the implementation of Ministerial directions related to the Great Koala National Park and the resolution of an insurance claim relating to costs incurred following the 2019-20 Black Summer fires.

Normalised earnings from timber and extractive activities improved to $6 million, from a loss of $6 million in FY25. This reflects operational responses and cost management as well as the impact of one-off items.

$85 million
revenue from hardwood and extractive operations (improved by $15 m)

$6 million
normalised earnings for hardwood and extractive operations (improved by $12 m)



Hardwood land management and community services

Forestry Corporation delivers extensive land management and community services, including fire prevention and response, maintenance of roads and visitor facilities, pest and weed management, environmental monitoring and community access. These activities deliver important public benefits but are only partially funded through government contributions.

Revenue attributed to hardwood land management and community services was $38 million, compared with $37 million in FY25.

During the year, Forestry Corporation managed more than 50,000 kilometres of roads, supported firefighting and hazard reduction activities, maintained public access and visitor facilities, managed pests and weeds, and progressed major repairs to roads, bridges and other infrastructure damaged by natural disasters.

Normalised earnings for land management and community services recorded a loss of $24 million. While this was an improvement from the $26 million loss recorded in FY25, this result reflects the continuing gap between government funding and the cost of delivering Forestry Corporation's statutory and community land management responsibilities.

$-24 million
normalised earnings for hardwood land management (improved by $2 m)

$38 million
revenue for hardwood land management ($1 m above prior year)





Renewable energy

Permits for the investigation of potential renewable energy projects generated revenue of $6 million, and normalised earnings of $4 million, in line with FY25. Five investigation permits remain in place for potential renewable energy projects within the pine plantation estate.

The permits allow proponents to undertake preliminary investigations, environmental assessments, community engagement and planning work. No renewable energy project had been approved for construction or operation at the end of the reporting period.

5 investigation permits
(unchanged from prior year)

$6 million
revenue from renewable energy permits (in line with prior year)

Divisional financial results

	FY23	FY24	FY25	FY26
Year ended 30 June ($ millions)				
Softwood Plantations				
Revenue[1]	246	257	265	268
Normalised earnings[2]	19	22	28	21
Renewables				
Revenue[1]	-	1	6	6
Normalised earnings[2]	-	(1)	4	4
Hardwood Forests[3]				
Hardwood Timber & Extractive Resources:				
Revenue[1]	94	89	70	85
Normalised earnings[2]	(2)	(6)	(6)	6
Native Forest Land Management:				
Revenue[1]	35	40	37	38
Normalised earnings[2]	(13)	(23)	(26)	(24)
Total Hardwood Forests				
Revenue[1]	129	128	106	123
Normalised earnings[2]	(15)	(29)	(32)	(18)
Corporate				
Revenue[1]	8	8	4	7
Normalised earnings[2]	0	0	0	0
Total Forestry Corporation of NSW				
Revenue[1]	383	394	381	405
Normalised earnings[2]	3	(9)	0	6

Reconciliation of normalised earnings to statutory results ($ millions)

	FY23	FY24	FY25	FY26
Year ended 30 June ($ millions)				
Normalised earnings[2]	3	(9)	0	6
Interest and tax on normalised earnings	(3)	1	(3)	(4)
Normalised earnings after tax	0	(8)	(2)	2
Impact of the valuation of standing timber (net of tax)	2	96	23	(79)
Impact of the revaluation and related impairment of property, plant and equipment (net of tax)	48	50	63	36
Impact of actuarial assessment on the defined benefit superannuation liabilities (net of tax)	7	(2)	0	14
Total comprehensive Income/(loss) per the financial statements	57	136	85	(29)

1 Revenue consists of timber and extractive activities, grant funding, other income and interest.

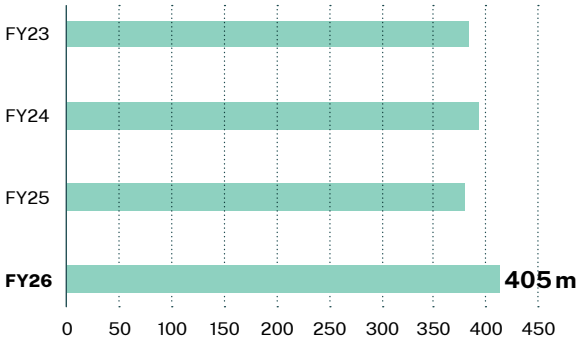
2 Normalised earnings excludes significant items such as fair value movements, asset impairments and defined benefit actuarial movements and is unaudited.

3 The breakdown within the Hardwood Forests Division is provided for information purposes only and is unaudited. The division is managed and assessed as a single Cash Generating Unit.

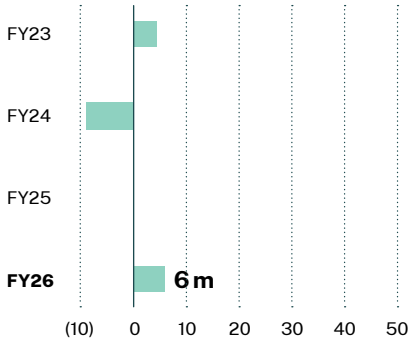
Key financial data

						FY26 SCI Targets	
		FY23	FY24	FY25	FY26	SCI	Variance
Year ended 30 June							
Revenue[1]	**$m**	383	394	381	405	403	2
Normalised earnings[2]	**$m**	3	(9)	0	6	1	5
Dividend payable	**$m**	13	0	0	0	0	0
Borrowings	**$m**	50	70	70	75	77	(2)
Softwood estate valuation	**$m**	1,543	1,817	1,943	1,871	1,943	(72)
Key ratios							
Return on equity	**%**	0.2	(0.6)	0.0	0.4	0.1	0.3
Normalised earnings[2] margin	**%**	0.8	(2.3)	0.1	1.5	0.3	1.2
Liquidity ratio	**times**	1.5	0.7	1.0	0.7	0.7	0.0
Gross debt to normalised earnings before depreciation and amortisation	**times**	3.8	23.9	5.6	3.8	5.7	(1.9)
Interest cover	**times**	1.2	(3.8)	0.1	1.8	0.2	1.6

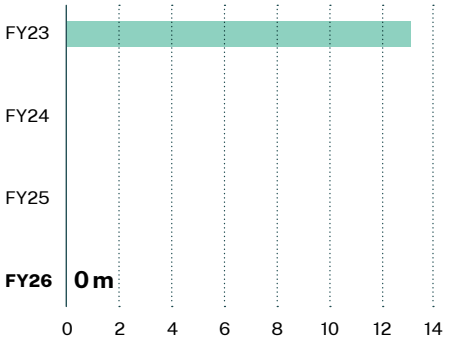
Revenue[1] ($m)



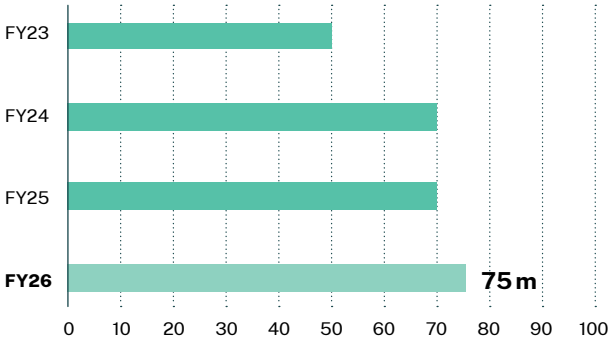
Normalised earnings[2] ($m)



Dividend payable ($m)



Borrowings ($m)



1 Revenue consists of timber and extractive activities, grant funding, other income and interest.

2 Normalised earnings excludes significant items such as fair value movements, asset impairments and defined benefit actuarial movements and is unaudited.

Financial Statements

30 June 2026

Start of the audited financial statements

70 Statement of profit or loss and other comprehensive income
71 Statement of financial position
72 Statement of changes in equity
73 Statement of cash flows
74 Notes to the financial statements
115 Directors' declaration
116 Independent auditor's report

Statement of comprehensive income
For the year ended 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Revenue			
Revenue from contracts with customers	4	330,209	335,995
Other income	5	70,513	48,833
Investment revenue	6	4,653	3,729
Total revenue		405,375	388,557
Expenses			
Other operating expenses	8	(286,234)	(279,691)
Employee benefits expense	9	(99,231)	(89,610)
Depreciation and amortisation expense	17,18	(13,685)	(12,163)
Finance costs	10	(3,387)	(3,068)
Total expenses		(402,537)	(384,532)
Other gains/(losses)	7	(112,258)	33,809
Net impairment (loss) of right-of-use asset	18	(560)	(82)
Net impairment (loss) of property, plant and equipment	17	(2,107)	(8,274)
Fair value Gain/(loss) on revaluation of non-current assets	17,19	1,754	(171)
Reversal/Impairment (Loss) on receivables	14	163	(474)
Net profit/(loss) before income tax benefit/(expense)		(110,170)	28,833
Income tax benefit/(expense)	11	32,476	(8,995)
Net profit/(loss) after income tax benefit/(expense) for the year attributable to the owners of Forestry Corporation of New South Wales		(77,694)	19,838
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain on the revaluation of assets		49,126	87,531
Income tax effect relating to net increase in assets revaluation reserves		(14,028)	(23,164)
Actuarial gain/(loss) on defined benefit plans, net of tax		14,023	446
Other comprehensive income for the year, net of tax		49,121	64,813
Total comprehensive income/(loss) for the year attributable to the owners of Forestry Corporation of New South Wales		(28,573)	84,651

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
As at 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Assets			
Current assets			
Cash and cash equivalents	12	76,085	9,389
Trade and other receivables	14	51,552	58,274
Inventories	15	4,472	4,887
Biological assets	16	32,698	47,123
Income tax refund	11	-	8,924
Total current assets		164,807	128,597
Non-current assets			
Property, plant and equipment	17	1,690,141	1,630,073
Biological assets	16	667,842	766,762
Investment property	19	6,534	6,804
Right-of-use assets	18	1,830	1,723
Total non-current assets		2,366,347	2,405,362
Total assets		2,531,154	2,533,959
Liabilities			
Current liabilities			
Trade and other payables	21	111,099	61,157
Contract liabilities	22	31,022	25,267
Borrowings	23	20,864	-
Lease liabilities	24	911	683
Employee benefits	25	39,691	35,199
Provisions	26	6,767	6,788
Income tax	11	18,850	-
Total current liabilities		229,204	129,094
Non-current liabilities			
Borrowings	23	54,410	75,202
Employee benefits	25	1,199	2,307
Provisions	26	1,561	661
Lease liabilities	24	2,758	3,103
Retirement benefit obligations	27	3,511	22,706
Deferred tax liability	11	578,546	610,606
Total non-current liabilities		641,985	714,585
Total liabilities		871,189	843,679
Net assets		1,659,965	1,690,280
Equity			
Contributed Equity	28	491,706	491,706
Reserves	28	1,055,977	1,023,248
Retained profits		112,282	175,326
Total equity		1,659,965	1,690,280

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity
For the year ended 30 June 2026

	Contributed equity $'000	Asset revaluation reserve $'000	Deferred tax asset reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2024	491,706	919,107	50,092	153,535	1,614,440
Net profit/(loss) after income tax benefit/ (expense) for the year	-	-	-	19,838	19,838
Other comprehensive income for the year, net of tax	-	64,367	-	446	64,813
Total comprehensive income for the year	-	64,367	-	20,284	84,651
Transfer of asset revaluation to retained profits	-	(1,823)	-	1,823	-
Land transferred to NSW state government agencies	-	(8,495)	-	(316)	(8,811)
Balance at 30 June 2025	491,706	973,156	50,092	175,326	1,690,280

	Contributed equity $'000	Asset revaluation reserve $'000	Deferred tax asset reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2025	491,706	973,156	50,092	175,326	1,690,280
Net profit/(loss) after income tax benefit/ (expense) for the year	-	-	-	(77,694)	(77,694)
Other comprehensive income for the year, net of tax	-	35,098	-	14,023	49,121
Total comprehensive income/(loss) for the year	-	35,098	-	(63,671)	(28,573)
Transfer of asset revaluation to retained profits	-	(2,369)	-	2,369	-
Land transferred to NSW state government agencies	-	-	-	(1,742)	(1,742)
Balance at 30 June 2026	491,706	1,005,885	50,092	112,282	1,659,965

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2026

	Note	30 June 2026 $'000	30 June 2025 $'000
Cash flows from operating activities			
Receipts from customers and grants (inclusive of GST)		446,327	417,487
Payments to suppliers and employees (inclusive of GST)		(359,696)	(404,922)
Interest received		1,279	437
Interest and other finance costs paid		(3,002)	(2,638)
Income taxes paid (net)		8,153	(4,030)
Net cash from operating activities	13	93,061	6,334
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	17	(27,088)	(13,580)
Proceeds from disposal of property, plant and equipment		1,978	1,720
Net cash used in investing activities		(25,110)	(11,860)
Cash flows from financing activities			
Proceeds from borrowings	13	-	5,786
Payment of principal portion of lease liabilities	13	(1,255)	(1,230)
Net cash from/(used in) financing activities		(1,255)	4,556
Net increase/(decrease) in cash and cash equivalents		66,696	(970)
Cash and cash equivalents at the beginning of the financial year		9,389	10,359
Cash and cash equivalents at the end of the financial year	12	76,085	9,389

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements
30 June 2026

Note 1. General information 75
Note 2. Statement of Material Accounting Policy Information 75
Note 3. Critical accounting judgements, estimates and assumptions 76
Note 4. Revenue from contracts with customers 77
Note 5. Other income 78
Note 6. Investment revenue 79
Note 7. Other gains/(losses) 79
Note 8. Other operating expenses 79
Note 9. Employee benefits expense 80
Note 10. Finance costs 80
Note 11. Income tax 81
Note 12. Cash and cash equivalents 82
Note 13. Cash flow information 83
Note 14. Trade and other receivables 84
Note 15. Inventories 85
Note 16. Biological assets 86
Note 17. Property, plant and equipment 87
Note 18. Right-of-use assets 89
Note 19. Investment property 91
Note 20. Intangible assets 92
Note 21. Trade and other payables 92
Note 22. Contract liabilities 93
Note 23. Borrowings 93
Note 24. Lease liabilities 94
Note 25. Employee benefits 94
Note 26. Provisions 96
Note 27. Retirement benefit obligations 96
Note 28. Contributed equity and Reserve 106
Note 29. Financial instruments 106
Note 30. Fair value measurement 109
Note 31. Commitments 111
Note 32. Contingent liabilities 112
Note 33. Key management personnel and related party disclosures 112
Note 34. Remuneration of auditors 114
Note 35. Events after the reporting period 114

Notes to the financial statements
30 June 2026

Note 1. General information

The financial statements of the Forestry Corporation of New South Wales (the 'Corporation') are presented in Australian dollars, which is the Corporation 's functional and presentation currency.

The Corporation is New South Wales ('NSW') state owned corporation, incorporated and domiciled in Australia. Its registered office and principal place of business is:

121-131 Oratava Avenue, West Pennant Hills, NSW 2125

The Corporation's principal activities involve tree planting and regeneration operations, planning and managing harvest operations, marketing and delivering timber products, land management and being a Fire Authority in NSW. The Corporation has entered into renewable energy activities (wind farms), with issuance of permits to allow investigations on wind energy.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 September 2026.

Note 2. Statement of Material Accounting Policy Information

The material accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024, the Treasurer's directions and the *State Owned Corporations Act 1989*.

The Corporation is a for-profit entity and its financial statements are consolidated as part of the NSW Total State Sector Accounts.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of biological assets, property, plant and equipment and investment properties, which are accounted at fair value.

Impairment of non-financial assets

The Corporation assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Corporation estimates the recoverable amount of the asset. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the depreciation / amortisation method or period.

The Corporation carries an impairment provision for its substantial Hardwood assets relating to property, plant and equipment, excluding land.

Rounding of amounts

All values in the financial statements are rounded to the nearest thousand dollars unless otherwise stated.

New or amended Accounting Standards and Interpretations effective for the first time in FY25–26

The accounting policies applied in 2025–26 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2025–26:

- AASB 2023-5 *Amendments to Australian Accounting Standards - Lack of Exchangeability*
- AASB 2026-1 *Amendments to Australian Accounting Standards - Disclosures about Uncertainties in the Financial Statements (AASB 136 & AASB 137)*

Amendments and interpretations adopted by the Corporation for the year ended 30 June 2026 have not had a material impact on the current period or any prior period.

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise. The following new AAS has not been applied and not mandated.

Issued but not effective:

- AASB 17 *Insurance Contracts* replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 will fundamentally change the accounting by all entities that issue insurance contracts. AASB 17 is effective from 1 July 2026.
- AASB 18 *Presentation and Disclosure in Financial Statements*. AASB 18 will replace AASB 101 *Presentation of Financial Statements* and includes new requirements for subtotals in the statements of profit or loss and introduces changes to other Australian Accounting Standards, including AASB 107 *Statement of Cash Flows*. AASB 18 applies to annual reporting periods beginning on or after 1 January 2027.

The Corporation does not expect any material financial impact on adoption of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of accounting estimates, judgments and assumptions based on historical events and other available factors, including expectations of future events that may have a financial impact on the Corporation and that are believed to be reasonable under the circumstances.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. These judgements, estimates and assumption are further discussed below.

(i) Key judgements

Impact of climate-related matters on financial statements

The key areas of risk from climate change are intense and prolonged bushfire seasons, floods, droughts, impact on forest health, biodiversity, and tree growth. Identifying and establishing controls to mitigate these risks are central to the Corporation's risk management strategy and is a key feature in its strategic plan.

The Corporation invests in research and development on monitoring forest health and biodiversity for long-term sustainability and implemented pre-emptive controls for bushfire risks by redesigning plantations and fuel load management. In addition, the Corporation looks to diversify its product mix to seek and promote growth in the renewable energy and non-timber products sector.

In preparing its financial statements, the Corporation assesses the effect on its climate related factors on its financial position, financial performance, and cash flow. It is concluded that there is no material financial impact on the recognition or measurement of its assets, liabilities, and related income and expenses in the current financial year. Refer to the following notes to the financial statements for further information.

- Note 14 Trade and other receivables
- Note 15 Inventories
- Note 16 Biological assets
- Note 17 Property, plant and equipment

The Corporation has management strategies to reduce the climate change risks.

Fair value measurement hierarchy

The Corporation is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Refer to note 30 for fair value hierarchy and assessment for property, plant and equipment and biological assets and note 27 of fair value hierarchy and assessment for fair value of fund assets.

Superannuation defined benefit liability

As discussed in note 27, the liability for the defined benefit superannuation plans is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost as determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. The actuarial valuations are sensitive to these assumptions.

Estimation of useful lives of assets

The Corporation determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment (note 17).The useful lives could change significantly as a result of technical innovations or some other events. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold is written off or written down.

Note 4. Revenue from contracts with customers

	30 June 2026 $'000	30 June 2025 $'000
Sales revenue from contracts with customers		
Forest products	310,338	324,083
Miscellaneous forests products	9,554	3,343
Permits and licence fees	9,058	8,079
Other forestry management services	1,259	490
Revenue from contracts with customers	330,209	335,995

	30 June 2026 $'000	30 June 2025 $'000
Timing of sales revenue recognition		
Goods transferred at a point in time	319,892	327,426
Services transferred over time	10,317	8,569
	330,209	335,995

Recognition and measurement

In accordance with the requirements of AASB 15 *Revenue from Contracts with Customers*, revenue is recognised at the amount that reflects the consideration to which the Corporation is expected to be entitled in exchange for transferring control of goods or services to a customer. The transaction price takes into account estimates of variable consideration such as discounts and refunds as well as the time value of money. Revenue is recognised when or as each separate performance obligation is satisfied.

Sale of forest products

Revenue from the sale of timber and other forest products is recognised at the point in time when product is delivered to the customer. Timber is delivered in accordance with the specifications in the sales contract, such as log length, diameter and species, and delivery is confirmed. Delivery in accordance with the contract denotes acceptance by the customer and confirms that the performance obligations are met for the revenue recognition to occur.

Sales of permits and licence fees and other forest management services

Revenue from permits and licence fees and forest management services is recognised over a period of time. Revenue is typically received in advance, with the amount received representing a net present value aligned with individual contractual arrangements. Revenue is then recognised on an activity basis when the transfer of services to the customer occurs. Estimates of revenues, costs, or extent of progress towards completion are revised if circumstances change.

Note 5. Other income

	30 June 2026 $'000	30 June 2025 $'000
Grants revenue-community service obligations	29,971	31,511
Grants revenue-other state government grants	32,106	12,192
Other services rendered	8,436	5,130
	70,513	48,833

Recognition and measurement

Government grants are disclosed separately in the financial statements in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. Income from government funded projects is recognised in profit or loss when the related expenditures are incurred.

Community Service Obligations ('CSO')

The Corporation received grants revenue including provisions for recreational facilities, education and advisory services, government liaison and regulatory services, community fire protection, infrastructure works, research and land management. The costs are included in operating expenditure in note 8. Any unspent CSO grants (note 21) are carried forward to the next financial year for on-going projects.

Other Government Grants

The State Government also paid the Corporation for the performance of specific services including fire tankers replacement, fire mitigation and Great Koala National Park harvesting moratorium compensation funding. Any unspent other government grants are carried forward (see note 21) to the next financial year for on-going projects.

Other services rendered

Other revenue is recognised when it is received or when the rights to receive payment is established and or once performance obligations have been met.

Note 6. Investment revenue

	30 June 2026 $'000	30 June 2025 $'000
Land rental income - Forest Management Income	134	134
Bank Interest	1,279	437
Rental income - buildings & cottages	704	689
Other rental	2,536	2,469
	4,653	3,729

Rental income from operating leases is recognised on a straight-line basis over the term of the contract.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 7. Other gains/(losses)

	30 June 2026 $'000	30 June 2025 $'000
Net change in valuation of biological assets	(113,345)	33,436
Gain/(loss) on disposal of non-current assets	1,087	373
	(112,258)	33,809

Refer to note 16 for biological assets movement.

Note 8. Other operating expenses

	30 June 2026 $'000	30 June 2025 $'000
Contract harvest and haulage	156,318	159,656
External contractor costs	70,098	69,270
Other operating expenses	27,377	22,759
Materials	18,215	15,180
Occupancy costs other than long-term leases	2,086	1,831
Forest management and licence costs	973	1,014
Travel and accommodation	2,481	2,011
Communication and computer costs	6,042	5,334
Insurance and state taxes	2,355	2,416
Consultants	289	220
	286,234	279,691

Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities.

Note 9. Employee benefits expense

	30 June 2026 $'000	30 June 2025 $'000
Salaries and wages (including annual leave)	73,924	68,915
Long service leave	4,274	5,840
Superannuation - Defined benefit plans*	7,901	7,255
Superannuation - Defined contribution plans	1,511	1,555
Termination benefits	5,442	52
Payroll & Fringe Benefits Tax	4,857	4,446
Workers Compensation	1,322	1,547
	99,231	89,610

**Refer to note 27 for further details on defined benefit superannuation obligation.*

Employee benefits expense excludes $ 1.1 million (2025: $0.7 million) capitalised as part of property, plant and equipment and intangible assets.

Note 10. Finance costs

	30 June 2026 $'000	30 June 2025 $'000
Amortisation - Discount/(Premium) on borrowings	71	(101)
Government guarantee fee	1,065	950
Interest expenses	2,034	1,982
Lease interest	217	237
	3,387	3,068

Recognition and measurement

Government guarantee fee

The Corporation is required to pay an annual government guarantee fee to NSW Treasury relative to the amount of loans at the reporting date, based upon the differential between an independently assessed, stand alone, credit rating for the Corporation and the NSW Government's rating. The actual fee payable is calculated using factors provided by NSW Treasury each year. The government guarantee fee is expensed in the period in which it is incurred.

Note 11. Income tax

	30 June 2026 $'000	30 June 2025 $'000
Income tax expense		
Current tax	19,613	727
Deferred tax - origination and reversal of temporary differences	(52,097)	8,703
Adjustment recognised for prior periods	8	(435)
Aggregate income tax expense/(benefit)	(32,476)	8,995
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Net profit/(loss) before income tax benefit/(expense)	(110,170)	28,833
Tax at the statutory tax rate of 30%	(33,051)	8,650
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	378	233
Non-deductible loss on disposals	-	461
Non-deductible revaluation	189	86
	(32,484)	9,430
Adjustment recognised for prior periods	8	(435)
Income tax expense/(benefit)	(32,476)	8,995

	30 June 2026 $'000	30 June 2025 $'000
Amounts charged directly to equity		
Deferred tax liabilities	20,037	23,355

	30 June 2026 $'000	30 June 2025 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Investment properties	449	530
Biological assets	191,435	225,439
Employee benefits	(9,833)	(10,088)
Community service obligations and other government grants	(19,865)	(9,568)
Contract liability	(10,284)	(7,425)
Property, Plant and Equipment	(6,323)	(5,451)
Other	(4,979)	(992)
	140,600	192,445
Amounts recognised in equity:		
Revaluation of property, plant and equipment	438,999	424,972
Retirement benefit obligations	(1,053)	(6,811)
	437,946	418,161
Deferred tax liability	578,546	610,606
Movements:		
Opening balance	610,606	578,982
Charged/(credited) to profit or loss	(52,097)	8,703
Charged to equity	20,037	23,355
Prior year adjustment	-	(434)
Closing balance	578,546	610,606

	30 June 2026 $'000	30 June 2025 $'000
Income tax refund		
Income tax refund	-	8,924

	30 June 2026 $'000	30 June 2025 $'000
Income Tax Payable		
Income Tax	18,850	-

Recognition and measurement

The Corporation operates in accordance with the National Tax Equivalent Regime ('NTER'), under which 'equivalent' taxes are payable to the NSW Government through the Revenue NSW. The NTER closely mirrors the Commonwealth Income Tax Assessment Acts of 1936 and 1997 (as amended) and is administered by the Australian Taxation Office ('ATO').

The income tax expense for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 12. Cash and cash equivalents

	30 June 2026 $'000	30 June 2025 $'000
Cash at bank	76,085	9,389

Note 13. Cash flow information

Changes in liabilities arising from financing activities

	Borrowings $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2024	70,021	4,551	74,572
Net cash used in financing activities	-	(1,230)	(1,230)
Other charges	(119)	237	118
Loans received	5,300	-	5,300
Remeasurement of lease liabilities	-	228	228
Balance at 30 June 2025	75,202	3,786	78,988
Net cash used in financing activities	-	(1,255)	(1,255)
Other charges	72	-	72
Remeasurement of lease liabilities	-	442	442
New leases	-	492	492
Derecognition	-	(13)	(13)
Interest expense (included in finance costs)	-	217	217
Balance at 30 June 2026	75,274	3,669	78,943

Reconciliation of net profit/(loss) after income tax to net cash from operating activities

	30 June 2026 $'000	30 June 2025 $'000
Net profit/(loss) after income tax benefit/(expense) for the year	(77,694)	19,838
Adjustments for:		
Depreciation and amortisation	13,685	12,163
Impairment of non-current assets	2,107	8,274
Impairment of right-of-use assets	560	82
Impairment of financial and contract assets	(163)	474
Fair value gains on non-current assets revaluations	(1,754)	171
Net loss/(gain) on disposal of property, plant and equipment	(1,087)	373
Change in fair value of biological assets	113,345	(33,436)
Other non-cash item	1,288	(42)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,722	(5,335)
Decrease/(increase) in inventories	415	295
(Decrease)/increase in trade, other payables and provision	59,960	(1,681)
(Decrease) in provision for income tax	27,774	(3,302)
Increase/(decrease) in deferred tax liabilities	(52,097)	8,460
Net cash from operating activities	93,061	6,334

Note 14. Trade and other receivables

	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Trade receivables	40,745	49,859
Less: Allowance for expected credit losses	(457)	(620)
	40,288	49,239
Other debtors	5,014	1,469
Deposits*	1,289	1,289
	6,303	2,758
Prepayments	4,961	6,277
	51,552	58,274

** Workers Compensation Security Deposit of $1,289,000 which are held by State Insurance Regulatory Authority. These deposits are subject to regulatory restrictions and therefore not available for general use.*

Allowance for expected credit losses

The Corporation has recognised an expected credit loss/ (net reversal) of ($163,000), (2025: $474,000) in profit or loss for the period ended 30 June 2026

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Gross Carrying amount		Allowance for expected credit losses	
	30 June 2026 %	30 June 2025 %	30 June 2026 $'000	30 June 2025 $'000	30 June 2026 $'000	30 June 2025 $'000
Not overdue under 30 days	-	-	38,964	47,494	-	-
31 Days	2%	2%	697	1,476	(11)	(23)
61 Days	5%	5%	612	64	(30)	(3)
90 Days	50%	50%	109	456	(53)	(226)
180 Days	100%	100%	363	369	(363)	(368)
			40,745	49,859	(457)	(620)

Movements in the allowance for expected credit losses are as follows:

	30 June 2026 $'000	30 June 2025 $'000
Opening balance	620	146
Receivables written off during the year as uncollectable	185	474
Unused amounts reversed	(348)	-
Closing balance	457	620

Recognition and measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement on 14 or 30-days settlement terms.

The Corporation has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Corporation based on recent sales experience, historical collection rates and forward-looking information that is available. Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Changes to expected credit losses are recognised within other expenses. For receivables found to be uncollectable, the carrying value is directly reduced, and a bad debt recognised within other expenses.

For this reporting year, the Corporation does not identify any significant climate-related matters that may affect its exposure to credit losses.

Note 15. Inventories

	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Work in progress and finished goods	4,472	4,887

Recognition and measurement

Inventories including work in progress and finished goods are stated at the lower of cost and net realisable value. In the case of materials and parts, cost comprises purchase price and incidental expenses. The valuation of work in progress and finished goods is based on direct costs and an appropriate proportion of production overheads.

Seeds harvested from biological assets are measured at fair value less estimated costs to sell at the time of harvest. If market determined prices are not available, seeds are measured at cost as a proxy for fair value.

For this reporting year, there has been no significant change to inventory due to climate-related matters.

Note 16. Biological assets

	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Softwood at fair value	32,698	47,123
Non-current assets		
Softwood at fair value	667,842	766,762
	700,540	813,885

Reconciliations

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Softwood $'000
Balance at 1 July 2024	780,449
Harvested timber recognised in profit or loss	(38,564)
Changes in fair value less estimated point of sale costs recognised in profit or loss due to: • change in the discount rate	74,818
• changes in volumes, prices, costs and markets	(2,818)
Balance at 30 June 2025	813,885
Harvested timber recognised in profit or loss	(47,160)
Changes in fair value less estimated point of sale costs recognised in profit or loss due to: • change in the discount rate	(87,823)
• changes in volumes, prices, costs and markets	21,638
Balance at 30 June 2026	700,540

Refer to note 30 for further information on fair value measurement.

Recognition and measurement

Biological assets are measured at their fair value less estimated costs to sell in accordance with AASB 13 'Fair Value Measurement' and AASB 141 'Agriculture'. The Corporation's biological assets primarily consist of plantation timber (softwood or standing timber).

For this reporting year, the Corporation does not identify any significant climate-related matters which would impact on the fair value of biological assets.

Softwood

The Corporation manages approximately 230,000 (2025:230,000) hectares of softwood plantations.

The Corporation engaged an expert valuer to carry out valuation as at 30 June 2026. The independent valuer applied a market-based valuation approach, which involves a combination of the sales comparison method and income approach under a discounted cash flow framework.

Key assumptions used in the sales comparison approach include:

- Weighting adjustments applied to the selected comparable market transactions; and
- Net cash flows from the softwood estate discounted with an implied discount rate.

Key assumptions used in the income approach include:

- Growth and yield;
- Forest management, production, sales, general, administrative and land holding costs;
- Log and wood products markets and prices; and
- Discount rate calculation: evidence based and theoretical costs of capital.

The net increment or decrement in the value movement of the softwood plantation estate has been recognised in profit or loss.

Hardwood

The Corporation manages approximately 34,000 (2025:34,000) hectares of hardwood plantations and approximately 1,899,000 (2025:1,901,000) hectares of native forests.

Hardwood assets are measured at Nil, and the tree crop value is not recognised in the financial statements. Other related assets, except for land, are also measured at Nil.

Note 17. Property, plant and equipment

	30 June 2026 $'000	30 June 2025 $'000
Non-current assets		
Land	1,481,908	1,428,458
Buildings	59,306	58,476
Less: Accumulated depreciation	(34,759)	(33,286)
Less: Impairment	(8,170)	(8,613)
	16,377	16,577
Plant and equipment	63,914	53,942
Less: Accumulated depreciation	(29,604)	(22,520)
	34,310	31,422
Roads and bridges	307,796	293,312
Less: Accumulated depreciation	(119,752)	(110,546)
Less: Impairment	(34,590)	(32,495)
	153,454	150,271
Property work in progress - at cost	4,092	3,345
	1,690,141	1,630,073

Reconciliation

Movements in the written down values of previous and current financial years are set out below:

	Land $'000	Buildings $'000	Plant and equipment $'000	Roads and bridges $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2024	1,387,982	17,141	34,572	114,682	5,239	1,559,616
Additions	-	-	-	-	13,580	13,580
Disposals	(63)	(222)	(893)	-	-	(1,178)
Transfer to NSW State agencies	(8,813)	-	-	-	-	(8,813)
Revaluation increments/ (decrements)	49,259	(21)	-	37,685	-	86,923
Transfer from work in progress	-	812	5,586	9,076	(15,474)	-
Impairment	-	(258)	-	(8,016)	-	(8,274)
Transfers to/from investment properties (note 19)	93	-	-	-	-	93
Depreciation expense	-	(875)	(7,843)	(3,156)	-	(11,874)
Balance at 30 June 2025	1,428,458	16,577	31,422	150,271	3,345	1,630,073
Additions	12,295	-	-	-	14,793	27,088
Disposals	(308)	-	(360)	-	-	(668)
Transfer to NSW State agencies	(1,740)	-	-	-	-	(1,740)
Revaluation increments/ (decrements)	43,202	532	-	7,042	-	50,776
Transfer from work in progress	-	61	11,858	2,127	(14,046)	-
Impairment	-	(13)	-	(2,095)	-	(2,108)
Transfers to/from investment properties (note 19)	1	135	-	-	-	136
Depreciation expense	-	(915)	(8,610)	(3,891)	-	(13,416)
Balance at 30 June 2026	1,481,908	16,377	34,310	153,454	4,092	1,690,141

For this reporting year, there has been no significant re-estimate of useful lives and/or residential values because of climate-related matters.

Refer to note 30 for further information on fair value measurement.

Items of property, plant and equipment are initially measured at their cost and are subsequently measured at their fair value in accordance with NSW Treasury's accounting policy TPG25-11 '*Valuation of Physical Non-Current Assets at Fair Value*'. This policy adopts fair value in accordance with AASB 13 '*Fair Value Measurement*' and AASB 116 '*Property, Plant and Equipment*'.

An interim valuation of land, buildings, roads and bridges was carried out during the financial year ended 30 June 2026 under TPG25-11 "*Valuation of Physical Non-Current Assets at Fair Value*". A comprehensive valuation was carried out during the financial year ended 30 June 2025 under TPP 21-09 '*Valuation of Physical Non-Current Assets at Fair Value*'.

Plant and equipment including fleet assets, IT, communication, office equipment are considered to be non-specialised assets. The carrying amount of these items in depreciated historical cost are deemed to be stated as fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is deemed to be immaterial.

Physical non-current assets or parts of an asset costing more than $5,000 individually are capitalised. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and any costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.
Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Buildings 10 to 50 years
- Plant and equipment 3 to 20 years
- Roads - Pavements 30 years
- Roads - Earthworks 100 years
- Roads and bridges - Concrete and Steel Crossing 50 to 100 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

The Corporation's road policy includes primary and secondary harvesting roads and excludes fire trails and tracks.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Corporation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 18. Right-of-use assets

	30 June 2026 $'000	30 June 2025 $'000
Non-current assets		
Land and buildings - right-of-use	7,674	7,230
Less: Accumulated depreciation	(1,118)	(849)
Less: Impairment	(4,726)	(4,658)
	1,830	1,723

The Corporation leases land and buildings for its forestry operations and offices. As at the reporting date, the remaining terms ranging from one month to 24 years, but these include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Corporation does not provide residual value guarantees in relation to leases.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and building $'000
Balance at 1 July 2024	1,862
Additions	84
Lease Remeasurement	145
Impairment of assets	(82)
Depreciation expense	(286)
Balance at 30 June 2025	1,723
Additions	495
Lease Remeasurement	441
Impairment of assets	(560)
Depreciation expense	(269)
Balance at 30 June 2026	1,830

For other lease related disclosures refer to the following:

- note 10 for details of interest on lease liabilities and other lease payments;
- note 13 for changes in lease liabilities;
- note 24 for lease liabilities as at the reporting date;
- note 29 for undiscounted future lease commitments; and
- the statement of cash flows for repayment of lease liabilities.

Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Corporation expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Corporation has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 19. Investment property

	30 June 2026 $'000	30 June 2025 $'000
Non-current assets		
Investment properties	6,534	6,804

Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	6,804	6,629
Net transfers (to)/from property, plant and equipment (note 17)	(136)	(93)
Disposals	(225)	(169)
Revaluation increments	91	437
Closing fair value	6,534	6,804

Lessor for operating leases

	30 June 2026 $'000	30 June 2025 $'000
Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at 30 June		
One year or less	444	680
Between one and five years	471	1,149
	915	1,829

Amount disclosed as minimum rentals receivable includes GST of $83,113 (2025: $166,259) payable to the Australian Taxation Office.

Recognition and measurement

Investment properties principally comprise freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Corporation. The Corporation does not actively trade or engage in the investment property market. Offices and building sites that are surplus to the Corporation's requirements are leased out to generate rental income.

Investment properties are initially recognised at cost, including transaction costs, and are subsequently measured at fair value. Movements in fair value are recognised directly in profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers between the classification of investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Valuations of investment properties

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. An interim valuation of investment properties was carried out during the financial year ended 30 June 2026 under TPG25-11 '*Valuation of Physical Non-Current Assets at Fair Value*.' A comprehensive valuation of investment properties was conducted during the year ended 30 June 2025 by an independent valuer in accordance with NSW Treasury's accounting policy TPP 21-09 '*Valuation of Physical Non-Current Assets at Fair Value*', AASB 13 '*Fair Value Measurement*' and AASB 140 '*Investment Properties*'.

Refer to note 30 for further information on fair value measurement.

Note 20. Intangible assets

	30 June 2026 $'000	30 June 2025 $'000
Non-current assets		
Software - at cost	21	21
Less: Accumulated amortisation	(21)	(21)
	-	-
Right of access land easement	500	500
Less: Impairment	(500)	(500)
	-	-
	-	-

Reconciliation

Movements of the written down values for the current financial year is set out below:

	Software $'000	Right of access land easement $'000	Total $'000
Balance at 1 July 2024	3	-	3
Amortisation expense	(3)	-	(3)
Balance at 30 June 2025	-	-	-
Amortisation expense	-	-	-
Balance at 30 June 2026	-	-	-

Note 21. Trade and other payables

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
Trade creditors	27,649	*25,011
Accruals	6,298	6,656
Other liability	9,226	-
Community service obligations and other government grants	67,926	29,490
	111,099	61,157

Refer to note 29 for further information for financial instruments.

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

** Legal and contractual claim liability of $6,788 million previously included in Trade and Other Payables has been reclassified to Provisions.*

Note 22. Contract liabilities

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
Contract liabilities	31,022	25,267
	31,022	25,267

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	25,267	20,641
Contract liabilities incurred in the current period	32,546	22,153
Revenue recognised from performance obligation satisfied	(26,791)	(17,527)
Closing balance	31,022	25,267

Recognition and measurement

Contract liabilities represent the Corporation's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Corporation recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Corporation has transferred the goods or services to the customer.

Note 23. Borrowings

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
NSW Treasury Corporation loans	20,864	-
Non-current liabilities		
NSW Treasury Corporation loans	54,410	75,202
	75,274	75,202

** NSW Treasury Corporation (TCorp) is the Corporation's Liability Advisor and assists in the management and structuring of the debt portfolio. Management of the portfolio is in accordance with NSW Treasury requirements and Board approved parameters. During FY 24-25, the Corporation fully repaid short term borrowing from Come and Go Facility.*

Refer to note 29 for further information on financial instruments.

Recognition and measurement

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 24. Lease liabilities

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
Lease liabilities	911	683
Non-current liabilities		
Lease liabilities	2,758	3,103
	3,669	3,786

Refer to note 29 for further information on financial instruments.

Note 25. Employee benefits

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
Long service leave	25,707	25,575
Annual leave	6,526	6,795
Termination benefits	5,238	-
Worker compensation	533	868
Superannuation	951	1,081
Payroll tax & Fringe benefits tax	737	880
	39,692	35,199

	30 June 2026 $'000	30 June 2025 $'000
Non-current liabilities		
Workers Compensation	654	1,051
Long service leave	545	1,256
	1,199	2,307

Amounts not expected to be settled within the next 12 months

The current liability for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Corporation does not have an unconditional right to defer settlement. However, based on past experience, the Corporation does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months:

	30 June 2026 $'000	30 June 2025 $'000
Employee benefits obligation not expected to be settled within the next 12 months	27,012	26,934

Measurement and recognition

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities for employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Sick leave is non-vesting and is expensed as incurred.

Other long-term employee benefits

Long-term employee benefits are all employee benefits other than short-term employee benefits and are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability for more than 12 months. The liability is measured at the present value of expected future payments to be made for services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bond rates (5.7% p.a.) with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation schemes

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in determining profit or loss in the periods during which services are rendered by employees.

Refer to note 27 for defined benefit superannuation schemes.

Termination benefits

Termination benefits including redundancy payments are recognised as an expense when the Corporation is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Corporation has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits are expected to be settled wholly within 12 months after the end of the reporting period.

Note 26. Provisions

	30 June 2026 $'000	30 June 2025 $'000
Current liabilities		
Provision for legal and contractual claims	6,767	6,788
Non-current liabilities		
Provision for legal and contractual claims	1,561	661
	8,328	7,449

Movements in provisions

Movements in each class of provision during the current financial year, are set out below:

30 June 2026	Legal and Contractual Claims $'000
Carrying amount at the start of the year	7,449
Additional provisions recognised	879
Carrying amount at the end of the year	8,328

Measurement and recognition

Provisions are recognised when the Corporation has a present (legal or constructive) obligation as a result of a past event, it is probable the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 27. Retirement benefit obligations

Statement of financial position amounts

The amounts recognised in the statement of financial position are determined as follows:

	30 June 2026 $'000	30 June 2025 $'000
Present value of the defined benefit obligation	201,986	222,760
Fair value of defined benefit plan assets	(198,475)	(200,054)
Net liability in the statement of financial position	3,511	22,706

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme ('SASS');
- State Superannuation Scheme ('SSS');
- State Authorities Non-contributory Superannuation Scheme ('SANCS').

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* ('SIS'). The SIS legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2024. The next actuarial investigation will be performed as at 30 June 2027.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- management and investment of the fund assets; and
- compliance with other applicable regulations.

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

Investment risk	The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
Longevity risk	The risk that pensioners live longer than assumed, increasing future pensions.
Pension indexation risk	The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset)

30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Net defined benefit liability/(asset) at 1 July 2025	(12,810)	(4,466)	39,982	22,706
Current service cost	133	109	-	242
Net interest on the net defined benefit liability/(asset)	(673)	(233)	2,063	1,157
Actual return on fund assets less interest income	(2,749)	(263)	(4,782)	(7,794)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(1,516)	(69)	(5,958)	(7,543)
Actuarial (gains)/losses arising from liability experience	(1,429)	(61)	(3,207)	(4,697)
Employer contributions	(464)	(96)	-	(560)
Net defined benefit liability/(asset) at 30 June 2026	(19,508)	(5,079)	28,098	3,511

30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Net defined benefit liability/(asset) at 1 July 2024	(10,297)	(3,871)	36,683	22,515
Current service cost	155	130	-	285
Net interest on the net defined benefit liability/(asset)	(580)	(215)	2,010	1,215
Actual return on fund assets less interest income	(2,876)	(302)	(5,252)	(8,430)
Actuarial (gains)/losses arising from changes in demographic assumptions	401	-	3,674	4,075
Actuarial (gains)/losses arising from changes in financial assumptions	1,289	24	5,770	7,083
Actuarial (gains)/losses arising from liability experience	(346)	(117)	(2,903)	(3,366)
Employer contributions	(556)	(115)	-	(671)
Net defined benefit liability/(asset) at 30 June 2025	(12,810)	(4,466)	39,982	22,706

Reconciliation of the Fair Value of Fund Assets

30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Fair value of fund assets at 1 July 2025	66,823	7,752	125,479	200,054
Interest income	3,271	382	6,134	9,787
Actual return on fund assets less interest income	2,749	263	4,782	7,794
Employer contributions	463	96	-	559
Contributions by participants	246	-	-	246
Benefits paid	(7,767)	(804)	(12,439)	(21,010)
Taxes, premiums and expenses paid	104	6	935	1,045
Fair value of fund assets at 30 June 2026	65,889	7,695	124,891	198,475

30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Fair value of fund assets at 1 July 2024	68,319	7,782	125,710	201,811
Interest income	3,540	405	6,520	10,465
Actual return on Fund assets less interest income	2,877	302	5,252	8,431
Employer contributions	556	115	-	671
Contributions by participants	310	-	-	310
Benefits paid	(8,742)	(837)	(12,587)	(22,166)
Taxes, premiums and expenses paid	(37)	(15)	584	532
Fair value of fund assets at 30 June 2025	66,823	7,752	125,479	200,054

Reconciliation of the Defined Benefit Obligation

30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligations at 1 July 2025	54,013	3,286	165,461	222,760
Current service cost	133	109	-	242
Interest cost	2,599	149	8,196	10,944
Contributions by participants	246	-	-	246
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(1,516)	(69)	(5,958)	(7,543)
Actuarial (gains)/losses arising from liability experience	(1,429)	(61)	(3,207)	(4,697)
Benefits paid	(7,768)	(804)	(12,439)	(21,011)
Taxes, premiums and expenses paid	104	6	935	1,045
Present value of defined benefit obligations at 30 June 2026	46,382	2,616	152,988	201,986

30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligations at 1 July 2024	58,022	3,911	162,392	224,325
Current service cost	155	130	-	285
Interest cost	2,960	189	8,530	11,679
Contributions by participants	310	-	-	310
Actuarial (gains)/losses arising from changes in demographic assumptions	401	-	3,674	4,075
Actuarial (gains)/losses arising from changes in financial assumptions	1,289	25	5,770	7,084
Actuarial (gains)/losses arising from liability experience	(345)	(117)	(2,903)	(3,365)
Benefits paid	(8,742)	(837)	(12,586)	(22,165)
Taxes, premiums and expenses paid	(37)	(15)	584	532
Present value of defined benefit obligations at 30 June 2025	54,013	3,286	165,461	222,760

Fair value of Fund assets

All Pooled fund assets are invested by SAS Trustee Corporation ('STC') at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund:

30 June 2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Asset category				
Short term securities	2,061,072	871,341	-	2,932,413
Australian fixed interest	-	626,438	1	626,439
International fixed interest	-	229,320	10,806	240,126
Australian equities	4,143,576	220,815	128,293	4,492,684
International equities	15,505,733	-	571,187	16,076,920
Property	383,253	-	2,224,839	2,608,092
Alternatives	79	4,380,411	5,709,070	10,089,560
Total assets	22,093,713	6,328,325	8,644,196	37,066,234

30 June 2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Asset category				
Short term securities	2,550,082	-	-	2,550,082
Australian fixed interest	1	891,141	-	891,142
International fixed interest	5,390	246,983	6,743	259,116
Australian equities	4,328,683	86,629	-	4,415,312
International equities	14,702,437	-	7,477	14,709,914
Property	450,960	-	2,442,042	2,893,002
Alternatives	134,404	4,332,150	7,601,970	12,068,524
Total assets	22,171,957	5,556,903	10,058,232	37,787,092

Refer to note 30 for information of the three level hierarchy.

Fund assets

The percentage invested in each asset class at the reporting date is:

	30 June 2026 %	30 June 2025 %
Short term securities	7.9%	6.7%
Australian fixed interest	1.7%	2.4%
International fixed interest	0.7%	0.7%
Australian equities	12.1%	11.7%
International equities	43.4%	38.9%
Property	7.0%	7.7%
Alternatives	27.2%	31.9%
Total	100.0%	100.0%

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of $292 million (30 June 2025: $280 million).

Significant actuarial assumptions at the reporting date

	30 June 2026	30 June 2025
Discount rate	5.75%	5.16%
Salary increase rate (excluding promotional increases	3.76% for 26/27; 3.58% for 27/28; 3.50% pa thereafter	3.47% for 25/26; 3.56% for 26/27; 3.58% for 27/28; 3.50% pa thereafter
Rate of CPI increase	3.75% for 25/26; 3.75% for 26/27; 2.50% pa thereafter	2.50% for 24/25; 3.00% for 25/26; 2.60% for 26/27; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those used for the 30 June 2021 Triennial Valuation of the NSW Pooled Fund.	The pensioner mortality assumptions are those used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2026 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2026.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

30 June 2026	Base case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above -0.5% pa	as above +0.5% pa	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above +0.5% pa	as above -0.5% pa	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above +0.5% pa	as above -0.5% pa
Defined benefit obligation $'000	201,986	210,823	193,743	210,990	193,537	202,268	201,711

30 June 2026	Base Case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation $'000	201,986	209,791	194,182

** Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.*
***Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.*

30 June 2025	Base case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above -0.5% pa	as above +0.5% pa	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above +0.5% pa	as above -0.5% pa	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above +0.5% pa	as above -0.5% pa
Defined benefit obligation $'000	222,760	233,066	213,186	233,147	213,051	223,128	222,400

30 June 2025	Base Case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation $'000	222,760	231,142	214,385

** Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.*
***Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.*

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2026 financial position of the fund calculated in accordance with AASB 1056 '*Superannuation Entities*':

30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Accrued benefits*	46,010	3,197	136,913	186,120
Net market value of fund assets	(65,889)	(7,695)	(124,891)	(198,475)
Net (surplus)/deficit	(19,879)	(4,498)	12,022	(12,355)

30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Accrued benefits*	50,098	3,688	136,913	190,699
Net market value of fund assets	(66,823)	(7,752)	(125,479)	(200,054)
Net (surplus)/deficit	(16,725)	(4,064)	11,434	(9,355)

** There is no allowance for a contribution tax provision within the accrued benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.*

The AASB 1056 deficit (surplus) is lower (higher) than the AASB 119 net defined benefit liability (asset) recognised in the Statement of Financial Position, because the expected after-tax rate of return on plan assets is typically higher than the government/corporate bond rate.

Value of Vested Benefits at 30 June 2026: $187,329,121

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS 30 June 2026	SASS 30 June 2025	SANCS 30 June 2026	SANCS 30 June 2025	SSS 30 June 2026	SSS 30 June 2025
Multiple of member contributions	1.9	1.9	-	-	1.6	1.6
% member salary		-	2.50%	2.50%	-	-

Economic assumptions

The economic assumptions adopted for 30 June 2026 AASB 1056 'Superannuation Entities':

Weighted-average assumptions	
Expected rate of return on fund assets backing current pension liabilities	7.0% pa
Expected rate of return on fund assets backing other liabilities	6.2% pa
Expected salary increase rate (excluding promotional salary increases)	3.76% for 26/27; 3.58% for 27/28; 3.50% pa thereafter
Expected rate of CPI increase	4.90% for 25/26; 2.50% pa thereafter

Movement in AASB1056 Net Deficit/(Surplus)

	A$
The increase/(decrease) in the net deficit AASB1056 position from June 2025 to June 2026 was:	(3,000,208)
The main factors contributing to the increase/(decrease) and their approximate financial impact have been:	
a. Interest on 2025 net deficit/(surplus) (7.0%):	(674,448)
b. Actual 24/25 CPI equals assumed (1.90)%:	0
c. Changes in assumed rates of future CPI and Salary increases (refer assumptions above and 2025 report) :	3,495,196
d. Shortfall/(Excess) of the actual investment return for 2026 over that assumed :	(3,979,594)
e. Shortfall/(Excess) of contributions made over the cost of benefit accrual :	(318,240)

These are the main items. Other items would include variations in salary, pensioner mortality and other experience compared to assumptions.

Sensitivity analysis - AASB 1056

Scenarios A and D relate to the sensitivity of the AASB 1056 liabilities to the major economic assumptions.

30 June 2026	Base Case	Scenario A -0.5 % return	Scenario B +0.5 % return	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Expected rate of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%	7.0%/6.2%	7.0%/6.2%
Rate of CPI increase	as above	as above	as above	as above +1.0% pa	as above -1.0% pa
Salary inflation rate	as above	as above	as above	as above	as above
Accrued Benefits $'000	186,120	192,567	180,085	198,002	175,254

30 June 2025	Base Case	Scenario A -0.5 % return	Scenario B +0.5 % return	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Expected rate of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%	7.0%/6.2%	7.0%/6.2%
Rate of CPI increase	as above	as above	as above	as above +0.5% pa	as above -0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above
Accrued Benefits $'000	190,699	197,402	184,435	197,697	184,268

Expected contributions

30 June 2027	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Expected employer contributions	403	82	-	485

30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Expected employer contributions	467	98	-	565

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 8.7 years (2025: 8.8 years).

Profit or loss impact

For the year ended 30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Current service cost	133	109	-	242
Net interest	(673)	(233)	2,063	1,157
Profit or loss component of the defined benefit cost	(540)	(124)	2,063	1,399

For the year ended 30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Current service cost	155	130	-	285
Net interest	(580)	(215)	2,010	1,215
Profit or loss component of the defined benefit cost	(425)	(85)	2,010	1,500

Other comprehensive income

For the year ended 30 June 2026	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains) losses on liabilities	(2,945)	(130)	(9,165)	(12,240)
Actual return on fund assets less interest income	(2,749)	(263)	(4,782)	(7,794)
Total remeasurement in other comprehensive income	(5,694)	(393)	(13,947)	(20,034)

For the year ended 30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains) losses on liabilities	1,344	(92)	6,541	7,793
Actual return on fund assets less interest income	(2,876)	(302)	(5,252)	(8,430)
Total remeasurement in other comprehensive Income	(1,532)	(394)	1,289	(637)

Recognition and measurement

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. In the NSW public service, defined benefit schemes (which are called Pooled Fund Schemes) include SAAS, SSS and SANCS.

The Corporation's net obligation for defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; this benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds. Terms to maturity and currency match as closely to the estimated future cash outflows.

Calculations are performed by the Pooled Fund's actuary using various assumptions such as discount rate, future salary increases, mortality rates and future pension increases.

When the calculation results in a benefit to the Corporation, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Corporation. An economic benefit is available to the Corporation if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the calculation of profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the calculation of profit or loss.

The Corporation recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all other expenses related to defined benefit plans in employees and related expenses in profit or loss.

The Corporation recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

Note 28. Contributed equity and Reserve

	30 June 2026 $'000	30 June 2025 $'000
Capital contribution	491,706	491,706

Ordinary shares

The Corporation's capital comprises two fully paid $1 ordinary shares issued to:

- The Minister for Finance, Natural Resources, Domestic Manufacturing and Government Procurement
- The Treasurer.

Each shareholder holds their share non-beneficially on behalf of the NSW Government. The shares entitle the NSW Government to a dividend from the Corporation, the amount of which is determined as part of the annual process of negotiating and agreeing the Corporation's Statement of Corporate Intent with the shareholders.

Asset revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of property, plant and equipment, excluding investment properties.

Deferred tax asset reserve

A specific reserve was created in 2013 for the recognition of deferred tax asset relating to employee benefit obligations on adoption of the AASB Standards.

Capital management policy

The Corporation is a for-profit entity and operates under the guidelines and policies set up by NSW Treasury. It is management practice and policy to maintain a strong capital base to sustain future development of the Corporation. The Board and senior management monitor the return on capital as well as the level of debt and dividends payable to NSW Government.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Recognition and measurement

Contributed equity represents the NSW Government's investment in the Corporation. There were no changes in the year ended 30 June 2026.

Note 29. Financial instruments

Financial risk management objectives

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation.

This note presents information about the Corporation's exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Corporation's Board of Directors has overall responsibility for the establishment and oversight of risk management. The Audit and Risk Committee (sub-committee of the Board) endorses the policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Compliance with policies is reviewed and audited on a continuous basis.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings. The Corporation has only minimal exposure to foreign currency risk and does not enter into commodity contracts.

NSW Treasury Corporation (TCorp) manages interest rate risk exposures applicable to Fixed Loans State Guaranteed borrowings of the Corporation in accordance with a debt portfolio mandate agreed between the two parties.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's interest-bearing liabilities. This risk is minimised by undertaking long-term fixed rate borrowings and short-term Come & Go facility with The NSW Treasury Corporation ('NSW TCorp').

	30 June 2026 $'000	30 June 2025 $'000
Approximate increase (decrease) in fair value of financial liabilities assuming 1 percentage point decrease (increase) in interest rates	1,756	2,389

Price risk sensitivity

The Corporation has no investment in TCorp IMF funds.

Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for expected credit losses), as disclosed in the statement of financial position and notes to the financial statements.

Credit risk arises from the financial assets of the Corporation, including cash, receivables and authority deposits. Some collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

The Corporation has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Corporation based on recent sales experience, historical collection rates and forward-looking information that is available.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The credit risk on the financial assets of the Corporation has been recognised in the statement of financial position at the carrying amount, net of any allowance for expected credit loss.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The Corporation has a credit policy, which aims to mitigate the credit risk exposure from its sales customers. Customers are assessed for credit worthiness before payment and delivery terms are offered. The Corporation's review includes external ratings, when available, company searches, and trade references. Purchase limits are established, and customers are required to lodge suitable security for the estimated maximum credit exposure to its sales. The policy requires stringent credit assessment of customers before the granting of any unsecured credit.

The Corporation has proactively managed customer exposure through implementation of payment plans and the use of frequent credit assessments. A substantial majority of trade receivables are derived from sales to timber sawmills. The 10 largest customers in each of the operating divisions, accounted for 65% of forest sales revenue for 2026 (2025:75%). Additionally, these customers accounted for 82% of our accounts receivable as at 30 June 2026 (2025:73%).

Liquidity risk

Vigilant liquidity risk management requires the Corporation to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages this risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The Corporation has utilised $75.3 million of long-term borrowings (unutilised balance of $44.7 million) and $50 million of Come and Go borrowings is available to manage liquidity risk and ensure that it can meet its payment obligation as they fall due.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral.

Remaining contractual maturities

The following table details the Corporation's remaining contractual maturity for its financial instrument liabilities. The tables show the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2026	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-Interest bearing						
Trade creditors	-	27,649	-	-	-	27,649
Interest-bearing -Fixed						
NSW TCorp loans	2.80%	23,040	24,616	22,978	9,975	80,609
Interest-bearing						
Lease liability	5.80%	1,187	868	792	2,393	5,240
Total non-derivatives		51,876	25,484	23,770	12,368	113,498

30 June 2025	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-Interest bearing						
Trade creditors	-	25,011	-	-	-	25,011
Interest-bearing -Fixed						
NSW TCorp loans	2.80%	2,033	23,040	34,692	22,877	82,642
Interest-bearing						
Lease liability	5.80%	978	867	1,236	2,297	5,378
Total non-derivatives		28,022	23,907	35,928	25,174	113,031

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 30. Fair value measurement

The fair value measurements for interest bearing borrowings are determined by NSW TCorp using the observable curves combined with margins derived from appropriate benchmarks/comparators.

The carrying values of cash and short-term deposits, trade receivables and trade payables are equal to the fair value due to the short-term maturities of these instruments except for long-term borrowings.

Fair value hierarchy

The following tables detail the Corporation's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

30 June 2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land (including Crown and Freehold land)	-	1,481,908	-	1,481,908
Building	-	-	16,377	16,377
Roads and bridges	-	-	153,454	153,454
Investment properties	-	6,534	-	6,534
Biological assets	-	-	700,540	700,540
Total assets	-	1,488,442	870,371	2,358,813

30 June 2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land (including Crown and Freehold land)	-	1,428,458	-	1,428,458
Building	-	-	16,577	16,577
Roads and bridges	-	-	150,271	150,271
Investment properties	-	6,804	-	6,804
Biological assets	-	-	813,885	813,885
Total assets	-	1,435,262	980,733	2,415,995

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities issued by TCorp (Level 2).

	30 June 2026		30 June 2025	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Liabilities				
Borrowings	75,274	71,140	75,202	71,888

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The valuation for non-current assets was conducted by a land and property valuer, covering land, roads, and building structures. The valuation techniques, inputs, and relationship of unobservable inputs in the fair value are provided below:

Land (includes Crown and freehold land) and investment properties (level 2)

In determining the most appropriate measure of fair value for land and investment properties, the valuer considers a number of factors such as the principal (or most advantageous) market in which an orderly transaction would take place for the asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis, and the assumptions that a market participant would use when pricing the asset.

The valuer has taken into consideration all the restrictions, impediments and constraints, as well as the special attributes of the land. In the case of the Corporation, there is little to no potential for development other than that permitted by legislation. Thus, the value is limited to the existing use which represents the highest and best use.

Buildings, roads and bridges (level 3)

The valuer used depreciated replacement cost ('DRC') method to perform a fair value assessment of the building, roads and bridges assets. The calculation for roads and bridges is based on forestry operation requirements. Key unobservable inputs for DRC are:

- estimated construction cost for each type of structure;
- estimated useful life for each type of structure; and
- assets condition as at valuation date.

The fair value would increase/(decrease) if construction cost and useful life for buildings, roads and bridges increase/(decrease).

Biological assets: current standing timber - softwood (level 3)

Discounted cash flows:

The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include current crop (standing timber) from a single rotation. The expected net cash flows are discounted using an appropriate discount rate.

The key inputs used:

- current and estimated future timber market prices per cubic metre;
- estimated yield per hectare or estimated timber projections;
- current and industry benchmark direct and indirect costs; and
- discount rate of 10.48% (2025:9.32%).

The estimated fair value would increase/(decrease) if the:

- current and estimated future timber market price was higher/(lower);
- estimated yield per hectare or estimated timber projections were higher/(lower);
- current and industry benchmark direct and indirect costs were lower/(higher); and
- discount rate was lower/(higher).

Level 3 assets

For movements in level 3 assets disclosures refer to the following:

- note 16 for biological assets;
- note 17 for buildings, roads and bridges; and

The level 3 assets unobservable inputs and sensitivity are as follows:

30 June 2026			
Description	**Unobservable inputs**	**Range (weighted average)**	**Sensitivity ($'000)**
Biological assets	(i) Discount rate	+/-1%	1% change would (decrease)/increase fair value by ($62,821)/$74,545
	(ii) Expected future sales values	+/-5%	5% change would increase/(decrease) the fair value by $111,522/($111,522)
	(iii) Expected future costs	+/-5%	5% change would (decrease)/increase the fair value by ($79,947)/$79,947
	(iv) Expected future changes in volume	+/-5%	5% change would increase/(decrease) the fair value by $56,106/($56,106)
	(v) Fire risk at lower end	0.18%	0.18% change would decrease the fair value by $13,933
	(vi) Fire risk at higher end	0.30%	0.30% change would decrease the fair value by $23,204

30 June 2025			
Description	**Unobservable inputs**	**Range (weighted average)**	**Sensitivity ($'000)**
Biological assets	(i) Discount rate	+/-1%	1% change would (decrease)/increase fair value by ($74,818)/$90,046
	(ii) Expected future sales values	+/-5%	5% change would increase/(decrease) the fair value by $103,236/(103,236)
	(iii) Expected future costs	+/-5%	5% change would (decrease)/increase the fair value by $(84,977)/$84,977
	(iv) Expected future changes in volume	+/-5%	5% change would increase/(decrease) the fair value by $60,705/($60,705)
	(v) Fire risk at lower end	0.21%	0.21% change would decrease fair value by $16,747
	(vi) Fire risk at higher end	0.35%	0.35% change would decrease the fair value by $27,502

Fire risk can impact the fair value measurement of the biological assets. The sensitivity table above illustrates how valuation may fluctuate at both higher and lower ends due to the fire risk factor.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 31. Commitments

	30 June 2026 $'000	**30 June 2025 $'000**
Capital expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	4,304	5,939

Amount disclosed as capital commitments includes GST of $391,000(2025: $180,000) recoverable from the Australian Taxation Office.

Note 32. Contingent liabilities

As at 30 June 2026, 553,267 hectares (2025: 636,899 hectares) of Crown Land were subject to claims under the Native Title Act. The impact of these claims cannot be quantified at this time.

The Corporation may need to rehabilitate mines or dams which lie on its land. The amount of this contingent liability cannot be measured reliably at this time.

Climatic events occur from time to time that impact the Corporation's ability to meet wood supply agreement volumes. The Corporation includes force majeure provisions in contracts to protect against force majeure events such as climatic events. Force majeure relieves the Corporation from contractual obligations to customers, such as minimum supply volumes, due to the force majeure events. It is therefore considered that potential claims are covered by force majeure and no estimate has been included at this stage.

Notices have been received regarding alleged non-compliance with environmental regulations and other legal matters. These matters are currently under review and their ultimate resolution remains uncertain. Where a present obligation is considered to exist and a reliable estimate can be made, a provision has been recognised. Further information on provisions recognised in respect of legal and regulatory matters is provided in Note 26. The outcome of the remaining matters cannot be reliably determined at this stage.

Note 33. Key management personnel and related party disclosures

Directors

The following persons were Directors of Forestry Corporation of New South Wales during the financial year:

- Stefanie Loader — Chair - Board Member (Non-Executive)
- Nancy Fox AM — Board Member (Non-Executive)
- Gary Humphreys — Board Member (Non-Executive)
- Rob de Fégely — Board Member (Non-Executive)
- Anshul Chaudhary — Chief Executive Officer

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Corporation, directly or indirectly, during the financial year:

- Meredith Payne — General Manager People and Safety
- Daniel Tuan — General Manager Hardwood Forests Division
- Rachel Johnson — General Manager Softwood Plantation Division - resigned 14.11.25
- Andrew O'Brien — General Manager Softwood Plantation Division - appointed 09.03.26
- Ross Dickson — General Manager Governance & Assurance and Company Secretary
- Katrina Van Poppel — Chief Financial Officer

In accordance with the Treasury Circular TPG 23-16, the Portfolio and Shareholder Ministers of the Corporation are also regarded as key management personnel. The Corporation has not made any monetary or non-monetary compensation to the Ministers during the financial year.

Compensation

The aggregate compensation paid or due to Directors and other members of key management personnel of the Corporation is set out below:

	30 June 2026 $'000	30 June 2025 $'000
Short-term employee benefits	2,453	2,451
Post-employment benefits	91	193
Long-term benefits	191	103
	2,735	2,747

Other transactions with key management personnel

Any transactions undertaken with key management personnel or entities related to them are conducted on an arm's length basis on commercial terms and conditions. In accordance with the requirements of TPG23-16 Related Party Disclosures, the Corporation discloses arm's length transactions in excess of $100,000.

There were three payments made to a related party, Radiata Pine Breeding Company Limited (RPBC) totalling $224,897. These payments were in relation to shareholder levies which are calculated based on the area under afforestation. One of the Executive Officers of the Corporation has been the Chair for RPBC during the financial year.

Government-related entities

Government-related entities are those that are controlled or jointly controlled or significantly influenced by the NSW Government.

The government agencies where the Corporation has transactions over $1 million during the year are listed below:

Government agencies	Nature of transactions	Note Reference	30 June 2026 $'000	30 June 2025 $'000
Revenue				
Department of Primary Industries and Regional Development	Grant funding – Community Service Obligations, plantation fire protection, fire tanker funding, Apiary permit	Note 5. Other Income	37,369	32,980
Crown Finance Entity	Grant funding – Great Koala National Park, harvesting moratorium compensation funding, Interest Revenue	Note 5. Other Income Note 6. Investment Income	20,503	7,194
NSW Rural Fire Service	Grant funding - fire mitigation work recovery, rental income	Note 5. Other Income	902	2,301
Expense			-	-
Revenue NSW	Land Tax, Payroll Tax	Note 8. Other operating expenses; Note 9. Employee Benefits	5,367	5,129
NSW Treasury Corporation	Borrowings and interest repayment	Note 10. Finance costs, Note 23. Borrowings	2,105	1,881
NSW Treasury	Government Guarantee Fee	Note 10. Finance costs	1,065	951
Other payables				
Department of Primary Industries and Regional Development	Grant funding – Community Service Obligations, plantation fire protection, fire tanker funding, Apiary permit	Note 21. Trade and other payables	60,942	24,486
Crown Finance Entity	Eden Transition Funding	Note 21. Trade and other payables	3,513	3,213
Department of Planning, Housing and Infrastructure	Funding for transfer of Bungabbee State Forest	Note 21. Trade and other payables	1,237	-
Department of Agriculture, Fisheries and Forestry	Funding for Plantation Establishment	Note 21. Trade and other payables	1,204	116
Purchase & Acquisition				
NSW Rural Fire Service	Purchase of Fire Tankers	Note 17. Property, plant and equipment	6,832	-

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by The Audit Office of New South Wales, the auditor of the Corporation:

	30 June 2026 $	30 June 2025 $
Audit services - The Audit Office of New South Wales		
Audit of the financial statements (excluding GST)	350,200	340,000
Climate-related financial disclosures (excluding GST)	98,790	-
	448,990	340,000

Note 35. Events after the reporting period

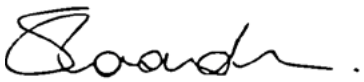
On 7 September 2025, the NSW Government announced the proposed boundary for the Great Koala National Park (GKNP) and FCNSW received a temporary moratorium on timber harvesting in the 176,000 hectares of State forests from 8 September 2025 which expired on 7 September 2026. On 8 September 2026 an extension to the moratorium was issued for up to 12 months to allow the transition process to continue.

Forestry Corporation of NSW
Directors' declaration
30 June 2026

Pursuant to the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation, the *Forestry Act 2012* and in accordance with a resolution of the Board of Directors, we declare on behalf of Forestry Corporation of New South Wales that in our opinion:

- The financial statements have been prepared in accordance with the Australian Accounting Standards, the relevant requirements of the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2024, the Treasurer's Directions and the *State Owned Corporations Act 1989*.
- We are not aware of any circumstances at the date of this declaration that would render any particulars included in the financial statements to be misleading or inaccurate;
- the attached financial statements and notes presents fairly the Corporation's financial position, financial performance and cash flows.
- There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Stefanie Loader
Chair



Anshul Chaudhary
Chief Executive Officer

14 September 2026

End of the audited financial statements

INDEPENDENT AUDITOR'S REPORT

Forestry Corporation of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Forestry Corporation of New South Wales (the Corporation), which comprise the Directors' declaration, the Statement of comprehensive income for the year ended 30 June 2026, the Statement of financial position as at 30 June 2026, the Statement of changes in equity and the Statement of cash flows, for the year then ended, and notes to the financial statements, including a statement of material accounting policy information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2026. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key audit matter	How my audit addressed the matter
Fair value of biological assets	
At 30 June 2026, the Corporation reported $700.5 million in biological assets measured at fair value. A fair value loss of $113.3 million was recognised for the year ended 30 June 2026. I consider this to be a key audit matter because: • the valuation model is complex and involved significant judgements and assumptions • changes in assumptions, such as the discount rate, timber demand, yield predictions, future selling prices and cost assumptions, can significantly affect the fair value. Further information on valuation techniques, inputs and sensitivity for biological assets is disclosed in Notes 16 and 30.	Key audit procedures included: • obtaining an understanding of the Corporation's approach to estimating fair value of biological assets • assessing qualifications, competence and objectivity of management's expert • engaging a forestry valuation expert to review the valuation model and assess the reasonableness of key judgements and assumptions • validating key inputs to the valuation, including growth and yield predictions, future selling prices, cost assumptions and discount rate • testing the mathematical accuracy of the valuation model • assessing the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.
Value of defined benefit superannuation liabilities	
At 30 June 2026, the Corporation reported net defined benefit superannuation liabilities totalling $3.5 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment. I consider this to be a key audit matter because: • the underlying liability valuation model (the model) is complex due to the significant degree of judgement required to determine key assumptions used to value the liability • the value of the liability is sensitive to minor changes in valuation inputs. Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 27.	Key audit procedures included: • obtaining an understanding of the processes and key controls in place supporting the: – membership data used in the model – defined benefit superannuation liability calculation • assessing the completeness and accuracy of the membership data used in the model • assessing the qualifications, competence and objectivity of the actuarial expert • with the assistance of an actuarial expert, reviewing the methodology and key assumptions for reasonableness • assess the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasurer's Directions.

Director's responsibilities for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Directors' responsibility also includes such internal control as the Directors determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Nicky Rajani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 September 2026
SYDNEY

Compliance index

Compliance requirement	Source of requirement	Completed	Page
Acknowledgement of Country	TPG25-10a	Yes	2
Letter of submission	TPG25-10a	Yes	3
Overview			
Purpose, vision and values	TPG25-10a	Yes	15
Enabling legislation	TPG25-10a	Yes	8
Board and committees	TPG25-10a	Yes	11–12
Structure	TPG25-10a	Yes	13
Principal officers	TPG25-10a	Yes	13
Functions and services	TPG25-10a	Yes	10
Controlled entities and subsidiaries, other related agencies	TPG25-10a	N/A	N/A
Consolidated/combined information	TPG25-10a	N/A	N/A
Extensions	TPG25-10a	N/A	N/A
Exemptions	TPG25-10a	N/A	N/A
Strategy			
Strategic objectives and outcomes	TPG25-10a	Yes	14–16
Current and future strategic plans	TPG25-10a	Yes	14–16
Strategic resource allocation	TPG25-10a	Yes	15
Measuring progress	TPG25-10a	Yes	14–16
Operations and performance			
Key products and services	TPG25-10a	Yes	18–28
Service delivery models	TPG25-10a	Yes	18–28
Summary of programs and operations	TPG25-10a	Yes	18–28
Factors affecting achievement of operational objectives	TPG25-10a	Yes	18–28
Use of technology	TPG25-10a	Yes	18–28
Innovation and improvement	TPG25-10a	Yes	28
Infrastructure program	TPG25-10a	Yes	21
Events arising after the reporting period	TPG25-10a	Yes	22, 55, 114
Work health and safety	TPG25-10a	Yes	29–30
Sustainability			
Climate-related financial disclosures	TPG25-10a, TPG24-33	Yes	33–53
Disability inclusion action plans	*Disability Inclusion Act 2014*	N/A	N/A
Management and accountability			
People	TPG25-10a	Yes	55–57
Workforce diversity	TPG25-10a, PSCC 2014-09	Yes	56
Senior executives	TPG25-10a	Yes	57
IPART determination	Section 18(4) of the IPART Act	Yes	58
Consultants	TPG25-10a	Yes	58
International travel	TPG25-10a	Yes	58
Personnel services	TPG25-10a	N/A	N/A
Legislation administered	TPG25-10a	N/A	N/A
Legislative changes	TPG25-10a	Yes	58
PPIP Act requirements	TPG25-10a	Yes	59
GIPA Act requirements	Section 125(4),(6) of the GIPA Act	Yes	59–61
Risk management and insurance	TPG25-10a	Yes	57–58
Internal audit and risk management policy attestation	TPP20-08	N/A	N/A
Modern Slavery Act 2018 requirements	*Modern Slavery Act 2018*	Yes	59
Financial			
Summary of financial performance	TPG25-10a	Yes	63–68
Performance metrics	TPG25-10a	Yes	68
Annual GSF financial statements	TPG25-10a	Yes	69–115
Controlled entities financial statements	TPG25-10a	N/A	N/A
Audit report	TPG25-10a	Yes	116–118
Start and finish of audited financial information	TPG25-10a	Yes	69, 115
Machinery of government changes	TPG25-10a	N/A	N/A



forestrycorporation.com.au