

## Statement of Expectations for Forestry Corporation of New South Wales (FCNSW)

Date: 4/07/2024

Issued by: Treasurer, the Hon Daniel Mookhey MLC  
Minister for Finance, Natural Resources, Domestic Manufacturing and  
Government Procurement, the Hon Courtney Houssos MLC  
**Shareholding Ministers**

Minister for Agriculture, Minister for Regional NSW, and Minister for Western  
NSW, the Hon Tara Moriarty MLC  
**Portfolio Minister**

The purpose of this statement is to provide guidance to ensure FCNSW's strategic direction aligns with the Government's expectations. We seek to clarify the Government's key priorities relevant to the work of FCNSW, while it continues to operate its business in a commercial manner.

The objectives and functions of FCNSW are described in the *State Owned Corporations Act 1989* and the *Forestry Act 2012*. This statement does not replace any aspect of the relationship between FCNSW, its Shareholding Ministers, and the Portfolio Minister as set out in applicable legislation.

### Government expectations

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#### Align the business's plans with the Government's priorities

We expect FCNSW to:

- work with the government to deliver the Great Koala National Park (GKNP) and NSW Forestry Industry Action Plan (FIAP) to support the delivery of outcomes consistent with the government's priorities;
- support the delivery of NSW Government climate change net zero and adaptation objectives and guiding principles in legislation and policy; and
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#### Ensure FCNSW balances the priorities of customers, the environment, communities and other stakeholders

We expect FCNSW to:

- focus on providing a safe workplace by minimising serious injuries, fatal incidents, and physiological health incidents;
- be a successful and growing business that delivers ecologically sustainable forest management and focus on minimising environment regulation non-compliance;
- be a valued land manager that contributes to community services, such as fire protection and pest and weed management;
- support sustainable initiatives in communities that demonstrate care and are underpinned by goodwill and respect;

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- build trust with customers, stakeholders and the community through providing transparent, meaningful and timely information and engagement;
- contribute to the Government's plans for future timber supply, including expanding the plantation estate, where commercially and economically viable; and
- maximise opportunities for all of the multiple-use benefits of State forests to be realised, including facilitating the construction and operation of renewable energy infrastructure.

#### **Maintain high standards of public accountability and corporate governance**

We expect FCNSW to:

- proactively communicate and engage with the Government to keep them informed of relevant matters of interest related to their accountabilities; and
- maintain the highest standards of governance, probity and integrity in line with government policies and community expectations.

#### **Ensure the Government's investment of its capital is used efficiently**

We expect FCNSW to:

- optimise business performance and deliver efficiencies to ensure it maximises sustainable returns to government without compromising service quality, safety or cost of living;
- undertake regular external efficiency reviews at least once every five years. The financial benefit from efficiencies should be returned to the State via dividends;
- seek to align their Target Capital Structure with the strongest performers among their industry peers while also ensuring their capital structure allows them to maintain a standalone credit rating at or above Baa2 / BBB (Moody's / Fitch or Standard & Poor's) (Minimum Credit Rating); and
- proactively identify surplus or underutilised assets and land whose value could be realised.

#### **Operate the business sustainably**

We expect FCNSW to:

- manage State Forests in line with the principles of Ecologically Sustainable Forest Management, including the protection of threatened species;
- reduce the carbon footprint of operations, including in the supply chain, contributing to NSW's emissions reduction targets in alignment with the Climate Change (Net Zero Future) Bill 2023;
- minimise the risks of climate change on assets, operations and services;
- monitor and report annually its activities against agreed sustainability reporting and climate risk disclosure frameworks; and
- continue to deliver sustainability outcomes across operations to achieve shared social, environmental, and economic value.

**Ensure robust procurement and employment practices that support the economic, environmental and social outcomes of the State**

We expect FCNSW to:

- support diversity in its suppliers by considering procuring from small and medium enterprises, Aboriginal businesses, regional businesses, disability employment organisations, and social enterprises;
- support decentralisation through flexible roles to encourage regional employment ensuring key operational roles are based regionally to align with industry;
- support female workforce participation; and
- consider the environmental sustainability of goods and services being procured, including supporting the transformation to a circular economy.

### **SOC response**

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We expect the guidance in this Statement of Expectations will be reflected in FCNSW's Statement of Corporate Intent in future years for as long as this Statement of Expectations remains in effect.



**The Hon Daniel Mookhey MLC**  
Treasurer



**The Hon Courtney Houssos MLC**  
Minister for Finance, Natural Resources,  
Domestic Manufacturing and Government  
Procurement



**The Hon Tara Moriarty MLC**  
Minister for Agriculture  
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Minister for Western NSW