

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

Date: February 2022

Issued by: Treasurer, Minister for Energy, the Hon. Matt Kean MP
Minister for Finance, and Minister for Employee Relations, the Hon. Damien Tudehope MLC
Shareholding Ministers

Minister for Agriculture, and Minister for Western New South Wales, the.
Hon Dugald Saunders MP
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

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. The outcome of this should include a return to overall profitability as soon as possible; 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;
- plan and manage operations in a way that is consistent with the Government's Net Zero Plan, including Stage 1 of that plan to fast-track emissions reduction over the next decade;
- help support NSW communities to benefit from the economic and employment opportunities created by decarbonisation; and
- monitor and report annually its activities against agreed sustainability reporting and climate risk disclosure frameworks.

Ensure robust procurement and employment practices that support the economic 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;
- assist small and medium enterprises to become more competitive by providing suitable feedback following unsuccessful tender bids;
- ensure payments to all suppliers, but particularly small and medium enterprises, are made on time, and where possible, faster than the payment terms require; and
- support female workforce participation.

Support decentralisation and regional development

In keeping with: one of the principal objectives of the FCNSW in section 10 of the *Forestry Act 2012*; the *20-Year Economic Vision for Regional NSW*; the *NSW Forestry Industry Roadmap*; and the NSW Government's policy on the Decade of Decentralisation, we expect FCNSW to contribute to decentralisation, regional development and employment through:

- developing a plan for future timber supply, including:
 - renegotiating hardwood long-term wood supply agreements within long-term ecologically sustainable yield parameters
 - expanding the plantation estate, where commercially and economically viable
 - supporting other sources of timber supply including private native forestry (PNF).
- developing and implementing a plan to support decentralisation through flexible roles to encourage regional employment ensuring key operational roles are based regionally to align with industry.
- maximising opportunities for all of the benefits of State forests to be realised.

SOC response

We expect the guidance in this Statement of Expectations will be reflected in FCNSW's 2022-23 Statement of Corporate Intent and those of future years for as long as this Statement of Expectations remains in effect.



The Hon. Matt Kean MP
Treasurer
Minister for Energy



The Hon. Damien Tudehope MLC
Minister for Finance
Minister for Employee Relations
Leader of the Government in the
Legislative Council



The Hon. Dugald Saunders MP
Minister for Agriculture
Minister for Western New South Wales