

Statement of **Corporate** **Intent**

2025–26



Sustainable
Timber
Tasmania





Strategic direction

Sustainable Timber Tasmania manages Tasmania's public production forests with care and respect.

Our responsibility is twofold: to maintain and promote the health of Tasmania's production forests and to supply high-quality timber to customers throughout Tasmania.

We take pride in our sustainable and responsible management of public production forests.

Our purpose

The principal purpose of Sustainable Timber Tasmania is to be the forest manager, in accordance with the *Forest Management Act 2013*, for Tasmania's Permanent Timber Production Zone (PTPZ) land for the benefit of multiple users of the land and resource to support economic growth and job creation in Tasmania.

What we do

- ✓ Sustainably manage the forest estate
- ✓ Sustainably supply timber
- ✓ Sustainably grow our business

How we do it



Delivering effectively

We are building a sustainable, effective and consistent business that is valued by our customers and stakeholders



Developing capability

We are investing in our people and our business, and promoting an educated, skilled and safe contractor workforce with capabilities for the future



Leading and innovating

We are embracing new ideas and realising opportunities to foster an innovative culture which supports the development of forestry in Tasmania



Growing value

We are investing in strategies and initiatives that grow and realise the full value of the forest estate and the services we provide



Listening and engaging

We are building trust and confidence with our stakeholders and the community through genuine communication, engagement and being a good neighbour

Business overview

Under the *Forest Management Act 2013* Sustainable Timber Tasmania is responsible for:

- ✎ Sustainably managing approximately 812,000 hectares of public production forests across Tasmania, the majority of which are on Permanent Timber Production Zone (PTPZ) land.
- ✎ Undertaking forest operations for the sale of forest products from PTPZ land. This includes making available at least 137,000 cubic metres of high-quality eucalypt sawlogs and veneer logs per annum.

In addition to the *Forest Management Act 2013*, Sustainable Timber Tasmania operates in accordance with several other statutes including:

- ✎ *Government Business Enterprise Act 1995*
- ✎ *Forest Practices Act 1985*
- ✎ *Forestry (Rebuilding the Forest Industry) Act 2014*



Our activities

Sustainable Timber Tasmania's core activities include:

- ✓ Land management
- ✓ Sale of forest products
- ✓ Fire management
- ✓ Forestry road construction and maintenance

Sustainable Timber Tasmania's other activities include:

- ✓ Nursery operations at Perth
- ✓ Negotiation and management of harvesting and haulage contracts with Tasmanian-based businesses

- ✓ Management of the Newwood Huon site
- ✓ Provision of professional and technical services to external customers on commercial terms
- ✓ Direct sales of special species timber on commercial terms
- ✓ Participation in carbon markets, consistent with any parameters and guidelines issues by the Shareholding Ministers, where this does not conflict with core business

Community service obligations

Sustainable Timber Tasmania performs a range of community service obligations for Tasmania for the benefit of local communities. This includes:

- ✓ Contributing to the state-wide Fuel Reduction Program
- ✓ Contributing to state fire management in the prevention, preparation, and detection of bushfires
- ✓ Supervising and conducting bushfire suppression on non-production forest and adjoining land
- ✓ Ensuring that Permanent Timber Production Zone land continues to be managed, accessible and available for multiple uses

Support for Tasmanian industry

Sustainable Timber Tasmania aims to maximise opportunities for Tasmanian service providers and in the 2023–2024 financial year spent around \$139 million representing 97% of all our procurement with Tasmanian businesses.

Our procurement policy aims to:

- ✓ Provide opportunities for Tasmanian regional businesses
- ✓ Be guided by the principles of integrity, probity and accountability
- ✓ Seek efficiency and effectiveness in procurement to achieve value for money
- ✓ Undertake procurement transactions in an ethical, fair, and equitable manner
- ✓ Pay eligible supplier invoices on time



Corporate objectives

To deliver its statutory requirements and meet the Government's expectations, the Board of Sustainable Timber Tasmania has set the following corporate objectives for the business:

- ✓ Professionally manage public production forests to maintain wood resource and other environmental, cultural and economic values
- ✓ Achieve zero harm to our people and contractors
- ✓ Efficiently and effectively make available agreed wood volumes and other services to our customers
- ✓ Achieve and maintain financial sustainability

Investing for the future

Sustainable Timber Tasmania will continue to invest in initiatives to provide future resource security for industry, enhance asset protection and build capability.

Whilst this impacts Sustainable Timber Tasmania's short term financial performance it is an important contribution to delivering the Government's objectives for industry.

Summary of the Corporate Plan

Sustainable Timber Tasmania's new Ministerial Charter clearly outlines the Government's expectations for the organisation. This includes a strong emphasis on the multiple uses of the Permanent Timber Production Zone (PTPZ) land, socio-economic outcomes, and effective stakeholder engagement. Sustainable Timber Tasmania is actively aligning its operations to meet these priorities.

Current market conditions underscore the need for a mixed forest landscape to meet evolving economic demands. However, in the short term, the business is navigating economic headwinds, including reduced demand for domestic sawlog and veneer log sales, largely due to a soft housing construction sector and broader economic uncertainty. While woodchip markets remain subdued overall, sales volumes and prices for both native and plantation chips have remained relatively stable.

Despite these challenges, Sustainable Timber Tasmania anticipates improved financial performance over the term of its current Corporate Plan.

Looking ahead, a significant reduction in available native forest resource volumes is expected post-2027. As a result, the successful sale of hardwood plantation logs will be critical to the organisation's long-term financial viability. In preparation, Sustainable Timber Tasmania is working closely with industry on future supply contracts for native regrowth timber beyond 2027.

Ongoing cost pressures across the supply chain, along with challenges in maintaining sufficient workforce levels among both staff and contractors, continue to affect operational capacity. Building contractor capability and capacity remains a key strategic objective.

The Government's confirmation of Sustainable Timber Tasmania's carbon mandate has already delivered tangible benefits, including increased revenue and a material uplift in forest valuations.

Sustainable Timber Tasmania is also investing in organisational capability and modernising its core business systems, particularly logistics. As the business transitions to a new log supply mix—especially with an increasing focus on plantation timber—these investments are essential to securing future performance and resilience.



Performance agreement

Introduction

This performance agreement sets out the key financial and non-financial performance targets to be met by Sustainable Timber Tasmania in 2025–2026. It also includes estimates for the following three years.

	2025–2026	2026–2027	2027–2028	2028–2029
Underlying net profit (\$M) ¹	(2.5)	(0.7)	5.0	6.7
Net cash flow from operations (\$M)	4.5	5.2	11.9	12.1
High quality eucalypt sawlogs (m ³)	120,000	120,000	120,000	120,000
Special species sawlogs (m ³)	8,400	8,400	8,400	8,400
Native forest regenerated ² (hectares)	4,700	4,700	4,700	4,700
Plantations re-established (hectares)	600	600	800	1,000
Forestry road construction to deliver customer commitments (kilometres)	Up to 55	Up to 55	Up to 55	Up to 55
Forestry road maintenance (kilometres)	Up to 4,000	Up to 4,000	Up to 4,000	Up to 4,000
Lost time injury frequency rate – employees	↔4	↔4	↔4	↔4
Lost time injury frequency rate – contractors	↔10	↔10	↔10	↔10

Notes

1 Underlying net profit is the operating profit revenue less the operating expenditure for the business.

2 Native forest regenerated is total site area prepared for regeneration.

Directors' Statement of Corporate Intent and Agreement of Ministers

The Board of Sustainable Timber Tasmania agrees to provide the Shareholding Ministers with financial and other information as set out in this Statement of Corporate Intent.

In signing this Statement of Corporate Intent, the Board and Sustainable Timber Tasmania commits to the targets proposed for the 2025–2026 financial year.

This Statement of Corporate Intent has been agreed between:



Rob de Fégely AM

Chair

Sustainable Timber Tasmania on behalf of the Board

The Hon. Eric Abetz MP

Treasurer

The Hon. Felix Ellis

Minister for Business, Industry and Resources





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