

Half-Year Report

2025–26



Sustainable
Timber
Tasmania

From our Board

Half-Year Performance 2025-26

Strategic alignment and government priorities

Sustainable Timber Tasmania's Ministerial Charter outlines the Government's expectations for the organisation and guides our strategic focus. The Charter places a strong emphasis on supporting the multiple uses of Permanent Timber Production Zone (PTPZ) land, delivering positive socio-economic outcomes and maintaining effective stakeholder engagement.

During the first half of the financial year, the organisation remains on track to meet its targets under the Statement of Corporate Intent (SOCl).

The SOCl targets are actively managed through internal processes, with a focus on meeting Government expectations and supporting Tasmania's evolving needs.

Due to the nature of the organisation, a range of the SOCl targets are seasonal and conducted at a point in time of year, this includes roading and regeneration of native forests.

Market conditions and financial outlook

Market conditions remained challenging through the first half of the financial year, reflecting subdued demand for eucalypt sawlog and native pulp log. Since December 2025, demand, particularly for high-quality sawlog, has shown signs of improvement.

Production during the period was moderated in response to poor market conditions. Since the increase in demand, Sustainable Timber Tasmania has been working to progressively lift sawlog production, recognising the time required to safely reinstate capacity.

Operational responses include the redeployment of crews, schedule adjustments, and targeting higher sawlog-yielding areas. These actions are supporting a steady improvement in production and supply as the organisation enters the second half of the financial year.

The underlying net profit to 31 December 2025 was \$826,279 with net cash flows from operations of \$7,918,799.

Wood supply contracts for the future

Progress continued during the first half of the year to establish future long-term wood supply contracts for both plantation and native forest resources.

Stage 2 of the process to bring plantation solid wood resource to market was completed during the period. The project has now progressed to Stage 3, with discussions underway with shortlisted customers to finalise long-term supply agreements. The process is expected to conclude in the 2025-2026 financial year.

In parallel, engagement with existing customers regarding future native forest wood supply arrangements is continuing, noting that most existing contracts expire in June 2027.





Safety

Safety remains a top priority for Sustainable Timber Tasmania. During the first half of the financial year, we continued to focus on targeted initiatives delivered in collaboration with employees and contractors, reinforcing our shared commitment to everyone going home safe and well each day.

Safety performance for our contractors during this period did not meet our target. Incidents included a single vehicle accident on a sealed road which resulted in a fatality. This incident is still under investigation by authorities and STT will carefully consider any action required as a result.

We have strengthened our focus on safety leadership, culture, and continuous improvement. Sustainable Timber Tasmania continues to engage Safety Circle to support the delivery of consistent safety training and expectations across our operations.

Our people

Sustainable Timber Tasmania continues to focus on building workforce capability and supporting future talent through targeted development initiatives. This included internal scholarships for employees undertaking the University of Tasmania's Graduate Certificate in Forestry, with two employees currently enrolled, as well as participation in Forestry Australia's Young Professional Foresters International Exchange Program, through which one employee completed a three-month placement in Canada during the first half of the financial year. In 2026, one Sustainable Timber Tasmania employee will have the opportunity to participate in an exchange to Scotland.

As at the half-year, Sustainable Timber Tasmania employed 167 people (161.7 full-time equivalent), with an average employee tenure of 12.8 years. Women represent 32 per cent of the workforce, reflecting our ongoing focus on diversity and inclusion.

Contractors

As at 31 December 2025, Sustainable Timber Tasmania engaged 16 harvesting contractors, operating 27 harvesting crews with a combined annual harvesting capacity of approximately 1.29 million tonnes, including 120,000 tonnes of plantation capacity. Harvested wood products are delivered by eight transport contractors operating under 20 transport contracts, supporting more than 270 workers across regional Tasmania.

Contractor activity during the period continued to be influenced by market conditions, particularly reduced demand for native pulpwood, which affected production from native harvesting crews.

Carbon projects

Sustainable Timber Tasmania is an active participant in the Australian Carbon Credit Unit (ACCU) Scheme, consistent with the Ministerial Charter. During the first half of the financial year, two ACCU Scheme projects covering 539 hectares were registered and are expected to generate 127,481 ACCUs over a 15-year crediting period. Further ACCUs are expected to be credited in the second half of the financial year.

Sustainable Timber Tasmania currently has six registered ACCU Scheme projects covering more than 1,700 hectares across Tasmania.

Managing fire and community contribution

Bushfire preparedness is a year-round focus. Since July 2025, Sustainable Timber Tasmania has responded to 24 bushfires across multiple land tenures, supported by a firefighting workforce of more than 100 trained staff and 74 trained contract firefighters. Preventative risk reduction also remains a priority, with two fuel reduction burns completed during spring, covering more than 2,000 hectares, and 148 person-days contributed to the Tasmanian Fuel Reduction Program.

During this period, Sustainable Timber Tasmania has also supported interstate bushfire response efforts, deploying Arduous Firefighter and Incident Management Team personnel, along with firefighting equipment, to Victoria as part of the Tasmanian Arduous Taskforce. These deployments provide valuable assistance to affected communities and strengthen cross-jurisdictional cooperation.

Innovation continues to enhance our fire management and forest stewardship. During the reporting period, Sustainable Timber Tasmania led the rollout of Tasmania's Integrated Fire Camera Network, with AI-enabled cameras already providing real-time situational awareness during fire events, including at Stieglitz on Tasmania's east coast.

Regenerating and sustaining forests

Regeneration outcomes are assessed on an annual basis, with regeneration programs due to be completed in Autumn 2026 and the next reporting period scheduled for July 2026.

CEO and Board Succession

Following the retirement of Steve Whitely as Chief Executive Officer (CEO) in July 2025, Greg Hickey General Manager Operations commenced as Acting CEO. The Board initiated a formal process to recruit a permanent CEO and engaged an experienced executive search firm to manage the selection process.

Interviews were completed in September 2025, after which the Board provided its recommendation of the preferred candidate, progressing through the required approval processes with Shareholding Ministers, Cabinet, and the Premier. The appointment of new CEO, Dean Kearney, occurred during the period.

Arrangements for the recruitment of three Non-Executive Directors also progressed during this period and it is expected appointments will be in place by the end of financial year.



Looking ahead and emerging issues

Recent reforms to the Environment Protection and Biodiversity Conservation (EPBC) Act have been passed by the Federal government and will introduce new environmental standards for the forestry industry. The new standards, and the process by which Sustainable Timber Tasmania operations will be impacted are not fully understood and as such presents a risk to Sustainable Timber Tasmania's operations.

Sustainable Timber Tasmania is engaging with government and industry stakeholders to understand the implications of these reforms and to support a coordinated and practical implementation approach that provides certainty to customers and contractors.

Following a motion passed in the Tasmanian Parliament regarding recreational hunting access on PTPZ land, Sustainable Timber Tasmania continues to engage with relevant stakeholders on this matter. Recreational hunting is supported in designated areas under appropriate licensing and permitting arrangements, alongside other approved land uses.

Engagement with recreational hunting groups and government land management agencies will inform the assessment of any opportunities for expanded access, ensuring compatibility with operational forestry, safety requirements and broader land-use objectives. Any new or expanded areas will be made available on Sustainable Timber Tasmania's website.

In the second half of the year, continuing negotiations with customers for native forest saw logs, plantation logs and biomass are expected to result in executional contracts by 30 June 2026.

SUBSIDIARIES

Newood Holdings Pty Ltd + Newood Huon Pty Ltd

Sustainable Timber Tasmania has two subsidiary companies, Newood Holdings Pty Ltd and Newood Huon Pty Ltd. Financial reporting is undertaken on a regular basis.

Newood is responsible for the management of the Southwood wood processing site near Judbury in the Huon Valley.

Newood is considering options for operations at Southwood.



Statement of Corporate Intent – Half-Year Results 2025-26

Introduction

This performance agreement sets out the key financial and non-financial performance targets to be met by Sustainable Timber Tasmania in 2025–2026. Due to the nature of the organisation, a range of the SOCI targets are seasonal and conducted at a point in time of year, this includes roading and regeneration of native forests. Below is an update on Sustainable Timber Tasmania’s half-year performance for this period.

	Target 2025–26	Half-Year Result 2025–26	Comment
Underlying net profit (\$M) ¹	(2.5)	0.8	Continuing weak sawlog demand has impacted financial performance in first half of year. Margin remains on target, volume under target.
Net cash flow from operations (\$M)	4.5	7.9	The half year result is largely due to timing of revenue. On track to meet end of FY target.
High quality eucalypt sawlogs (m ³)	120,000	41,850	Market-led, low demand.
Special species sawlogs (m ³)	8,400	1,120	Seasonal – the bulk of supply expected in Q3.
Native forest regenerated ² (hectares)	4,700	0	Seasonal – commences in Autumn.
Plantations re-established (hectares)	600	299	Progressing well – on target.
Forestry road construction to deliver customer commitments (kilometres)	Up to 55	1.6	Seasonal – undertaken in summer.
Forestry road maintenance (kilometres)	Up to 4,000	1,499	On target.
Lost time injury frequency rate – employees	≤4	6.33	Target not met in this period, incidents reviewed and corrective actions underway.
Lost time injury frequency rate – contractors	≤10	11.51	Target not met in this period, includes one fatality. Incidents have been investigated, working with contractors to improve safety performance.

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.

3 These half-year results have not been audited.

Delivery on Government direction and milestones for major projects

Update

*Sustainable Timber Tasmania has not received any directions from the Tasmanian Government during this period. The new Ministerial Charter for Sustainable Timber Tasmania was jointly approved by the Shareholding Ministers in August 2024.

**Sustainable Timber Tasmania has no major capital project milestones to report in this period.

Notes

**Under the Government Business Governance Reform Bill 2025, all Government business must comply with any lawful directions issued by the Shareholding Ministers. Directions must be tabled in Parliament and listed in the GB Annual Report.*

***According to the Tasmanian Government Business Capital Investment Guidelines (revised March 2025), a major capital investment project qualifies as valued at or over \$50million.*



