

16 May 2025

The Hon. Michael John Daley MP NSW Attorney General GPO Box 5341 SYDNEY NSW 2001 Via email

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Copy to: Bola Oyetunji, Auditor-General Audit Office of New South Wales <u>mail@audit.nsw.gov.au</u>

Dear Attorney General

Potential breaches of statutory duties by Forestry Corporation of New South Wales officers

- 1. We act for the North East Forest Alliance (**NEFA**).
- Our client requests an investigation into the Forestry Corporation of New South Wales (FCNSW), a statutory state owned corporation (SOC) responsible for managing and carrying out forestry operations on State forests and land, for potential breaches of statutory duties by officers of the FCNSW under sch 10 of the *State Owned Corporations Act 1989* (NSW) Act (SOC Act) and in particular cll 3(2), 3(3), 11(2), and 11(4).
- 3. We are directing this correspondence to you as the relevant authority as cl 9 of sch 10 of the SOC Act allows the Attorney General to apply to the Supreme Court or the District Court for an order to examine under oath a person who has been concerned, or taken part, in a statutory SOC's management, administration or affairs and who appears to the Attorney General to have been, or may have been, guilty of breach of duty in relation to the SOC.¹
- 4. Our client's concerns relate to significant discrepancies in FCNSW's Biomaterial and Sustainability Reports for the five years from 2019–20 until 2023–24² which allegedly obscured the economic yields of FCNSW's native forestry logging operations. This has assumed relevance over the past year with the phase out of native logging by Victoria and Western Australia,³ the recommendation of the Independent Pricing and Regulatory Tribunal (**IPART**) review that the state government consider the long-term feasibility and potential closure of NSW's native

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¹ State Owned Corporations Act 1989 (NSW) sch 10 cl 9 (**SOC Act**).

 ² North East Forest Alliance and South East Forest Rescue, '*Comparison of Forestry Corporation's data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22*' (February 2025) p 1.
 ³ WA Government, '<u>Commercial native logging ends in Western Australia</u>' (1 January 2024); Sydney Morning Herald, '<u>Axe falls on Victorian native forest logging</u>' (23 May 2023).

logging industry,⁴ and the state government's appointment of an expert advisory panel to consult on a Forestry Industry Action Plan for FCNSW's future.⁵

- 5. Our client considers that these discrepancies suggest that FCNSW officers may have:
 - a. Breached their statutory duty to act honestly under cl 3(2) of sch 10 of the SOC Act, given that FCNSW has been under mounting pressure to phase out native logging and therefore the economic performance of its native hardwood division is crucial to any decision on this issue.
 - b. Breached their duty under cl 3(3) of sch 10 of the SOC Act to perform their roles with the degree of care and diligence that a reasonable person in a like position within a SOC would exercise, with FCNSW's longstanding overstatement and misrepresentation of logging yields amounting to a failure to balance its commercial interests with its statutory objectives, causing potential harm to the public revenue and the environment.
 - c. Knowingly provided false or misleading information or documents to the Audit Committee, other FCNSW officers and/or shareholder Ministers contrary to cll 11(2) and 11(4) of sch 10 of the SOC Act, as FCNSW officers ought to have been alert to discrepancies in logging data and the Biomaterial and Sustainability Reports given our client has repeatedly brought these to the attention of FCNSW (with many errors still not addressed)
- Our client has documented continuing discrepancies between the revised Biomaterial Reports for FY 2022, 23 and 24 and other FCNSW data,⁶ as well as substantial problems with the earlier FY 2019, 20 and 21 Biomaterial Reports.⁷ These documents are provided for your assistance at Annexure A.

Background information

- 7. FCNSW is a statutory SOC established under the *Forestry Act 2012* (NSW) (**Forestry Act**).⁸ FCNSW is primarily regulated by the Forestry Act and the SOC Act,⁹ as opposed to private companies which are governed by the *Corporations Act 2001* (Cth) (**Corporations Act**) and regulated by the Australian Securities and Investment Commission.
- 8. Shares in SOCs are held for and on behalf of the State by "eligible Ministers",¹⁰ defined in s 3 of the SOC Act as the Treasurer and another Minister nominated by the Premier. The shareholder Ministers of FCNSW are the Treasurer, The Hon. Daniel Mookhey MLC, and the Minister for

⁴ Independent Pricing and Regulatory Tribunal, '<u>Review of Forestry Corporation of NSW's native timber</u> <u>harvesting and haulage costs from 2019-20 to 2021-22</u>' (November 2024), p 8.

⁵ NSW Government, '<u>NSW to consult on Forestry Industry Action Plan</u>' (26 August 2024).

⁶ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025).

⁷ North East Forest Alliance and South East Forest Rescue, '*Comparison of Forestry Corporation*'s data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22' (February 2025).

⁸ Forestry Act 2012 (NSW) s 5, s 9, and sch 4.

⁹ SOC Act s 20A and sch 5.

 $^{^{\}rm 10}$ SOC Act s 6, sch 2 cl 3, and sch 6 cl 3.

Finance, The Hon. Courtney Houssos MLC.¹¹ These shareholder Ministers hold the FCNSW Board accountable in the manner set out in pt 4 of the SOC Act and in cl 5.5(d)(i) of the Constitution of FCNSW (**the Constitution**).¹²

- 9. Like corporations, FCNSW produces both an Annual Report to summarise their operations and Sustainability Report to provide an overview of their environmental, social and corporate governance (**ESG**) and reports against the principles of Ecologically Sustainable Forest Management (**ESFM**).¹³ This is an important part of their transparency and accountability as a SOC to both their shareholder Ministers and the public.
- 10. Under condition 34 of the Coastal Integrated Forestry Operations Approval (**CIFOA**), FCNSW is required to prepare and submit Biomaterial Reports within 90 days after the end of each financial year to the NSW Environment Protection Authority (**EPA**).¹⁴ These reports provide the details required by condition 2.4 of CIFOA Protocol 2 which mandates data on the (a) area harvested and (b) volume of timber produced and sold, including details of the quality of logs and timber products.¹⁵
- 11. From June 2024, our client began notifying FCNSW of discrepancies with their data on logging areas and product yields, seeking an accurate dataset for undertaking a range of assessments, including assessing impacts of the proposed Great Koala National Park.
- 12. FCNSW's FY 2022/23 Biomaterial Report significantly overstated volumes of harvested timber products from native forests, erroneously adding FY 2021/22 data and thereby nearly doubling reported yields for 2022/23.¹⁶
- 13. In response to our client's concerns, FCNSW acknowledged that its Biomaterial Reports had contained erroneous data. In October 2024, FCNSW amended the FY 2022/23 Biomaterial Report to remove erroneously included 2021/22 data.¹⁷ This resulted in a reduction in reported yields of all timber products by an average of 45% across north-east NSW and 52% across NSW generally.¹⁸ FCNSW claimed these errors were rectified by the October 2024 amendment.¹⁹
- 14. In October 2024, FCNSW also released the FY 2023/24 Biomaterial Report.²⁰
- 15. Our client raised further concerns with FCNSW about the revised 2022/23 Biomaterial Report, following which a second revision was released in January 2025 along with newly revised FY 2021/22 and 2023/24 Biomaterial Reports. For north-east NSW, these January 2025 revisions made significant changes to the reports across all three fiscal years:

¹¹ Forestry Corporation of NSW, '<u>Our Board and Shareholders</u>' (accessed 9 May 2025).

¹² SOC Act pt 4; Constitution of the Forestry Corporation of NSW cl 5.5(d)(i).

¹³ Forestry Corporation of NSW, '<u>Sustainability reports</u>' (accessed 9 May 2025).

¹⁴ NSW Environmental Protection Authority, '<u>CIFOA Conditions</u>' (2018), p 12.

¹⁵ NSW Environmental Protection Authority, '<u>CIFOA Protocols</u>' (2023).

¹⁶ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025).

¹⁷ Ibid, p 1.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

- a. substantial reductions in timber volumes (between 23% and 24%), and in the case of the 2022/23 Biomaterial Report, this was in addition to the earlier 45% reduction in the initial October 2024 revision
- b. significant reclassifications of large high-quality logs reassigned to small high-quality logs (between 326 m³ and 500 m³ p.a.), which conflicts with the overall increases in claimed yields of high-quality logs (between 811m3 and 1,000m3 p.a.) and the reductions in claimed yields of low quality logs (between 37% and 38%), contained within the same revisions.
- 16. FCNSW subsequently published an explanation on its 'Biomaterial reports' webpage that the errors in the categorisation and reporting of high-quality logs, veneer logs, and weight-based timber sales resulted from a miscalculation between gross and net tonnes of volume by using the wrong column data in their tables during the extraction and formatting of data when preparing the Biomaterial Reports.²¹
- 17. Our client considers that FCNSW's explanation of the errors in its Biomaterial Reports is inadequate, as it fails to fully account for the discrepancies for the following reasons:
 - a. the reclassification of large high-quality logs to small high-quality logs cannot be explained by the miscalculation described by FCNSW.
 - b. despite correction of the more extreme errors, numerous discrepancies remain between FCNSW's revised Biomaterial Reports and historic Sustainability Reports, sales databases, and logged areas maps.²²
 - c. detailed comparisons of annual EPA Forestry Snapshot Reports with earlier Biomaterial Reports reveal significant inconsistencies in FCNSW's reported product volumes across nearly all regions dating as far back as FY 2019/20, often exceeding 1,000 m3/tons.²³
- 18. FCNSW claims that its Financial Statements, Sustainability Reports and Periodic Sustainable Yield Reviews which draw base data from these systems are not affected by the errors and revisions in the Biomaterial Reports.²⁴
- 19. Our client is concerned that FCNSW's claim that the errors and revisions in the Biomaterial Reports do not extend to its other Reports lacks credibility, particularly in relation to its Sustainability Reports, due to the following noteworthy discrepancies:
 - a. the revised Biomaterial Reports claim 3.5% higher volumes of high-quality sawlogs and 25% higher volumes of low-quality logs than the yields given in the 2023/24
 Sustainability Report for native forests in north-east NSW for both 2022/23 and 2023/24.²⁵

²¹ Forestry Corporation of NSW, 'Biomaterial Reports' (accessed 9 May 2025).

 ²² North East Forest Alliance and South East Forest Rescue, 'Comparison of Forestry Corporation's data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22' (February 2025), p 1.
 ²³ Ibid.

²⁴ Forestry Corporation of NSW, '<u>Biomaterial Reports</u>' (accessed 9 May 2025).

²⁵ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025), p 2.

- b. the revised Biomaterial Reports for north-east NSW identifies 1,414ha (21%) in 2022/23 and 1,104ha (24%) in 2021/22 less area logged than FCNSW's own logging mapping.²⁶
- 20. Our client considers that the unexplained discrepancies in the Biomaterial Reports and Sustainability Reports indicate underlying issues with FCNSW's source data and sales systems, such that none of FCNSW's resource data for the five years from 2019–20 until 2023–24 can be considered reliable.²⁷

Reasons why FCNSW officers may have breached statutory duties

Relevant principles

- 21. Section 20G of the SOC Act declares statutory SOCs to be exempt as an excluded matter for the purposes of s 5F of the Corporations Act.²⁸ As a result of the Corporations Act's exclusion, FCNSW officers are only subject to the statutory duties in the SOC Act (and any residual common law duties).
- 22. Schedule 10 of the SOC Act imposes statutory duties on SOC officers, including to act honestly and with due care and diligence in cl 3.²⁹ It also contains a separate prohibition on false or misleading conduct in cl 11. ³⁰ Notably, the definitions of "SOC officer" differ between these two clauses.³¹ The SOC Act makes contravention of either clause a criminal offence.³²
- 23. Our client considers that FCNSW officers may have breached cll 3(2), 3(3), 11(2) and/or 11(4) of sch 10 of the SOC Act for the reasons set out below.

Duty to act honestly

24. Clause 3(2) of sch 10 of the SOC Act imposes a duty on SOC officers "to act honestly" in exercising their powers and discharging their functions. This statutory duty reflects the broad fiduciary concept of honesty and is interpreted consistently with the duty to act in good faith in s 181 of the Corporations Act.³³ The clause was modelled on the antecedent provision in the *Corporations Act 1989* (Cth) which also used the wording "act honestly" before it was amended to "good faith" in 1999.³⁴ This amendment was not intended to change the meaning of the provision but to avoid inconsistent use of "honesty" in the law.³⁵ Whereas the Corporations Act uty to act in good faith imposed on private company directors is satisfied by acting in the best

²⁶ Ibid, p 9.

²⁷ North East Forest Alliance and South East Forest Rescue, '*Comparison of Forestry Corporation*'s data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22' (February 2025), p 1.

²⁸ Apart from *Corporations Act 2001* (Cth) s 1101I, to the extent that it applies to financial products entered into by energy service corporations or as otherwise provided in the regulations.

²⁹ SOC Act sch 10 cll 3(2) and 3(3).

³⁰ SOC Act sch 10 cll 11(2) and 11(4).

³¹ SOC Act sch 10 cll 3(1) and 11(1).

³² SOC Act s 33A(3)(b).

³³ Bruce Cowley and Stephen Knight, '*Duties of Board and Committee Members*' (Thomson Reuters, 1st ed, 2018) p 275 [9.210].

³⁴ <u>Corporate Law Economic Reform Program Paper No. 3: Proposals for Reform - Directors' Duties and</u> <u>Corporate Governance</u> (April 1997), p 2.

³⁵ Ibid.

interests of the company and shareholders, courts are likely to interpret the equivalent SOC Act duty as intended to align the interests of SOC officers with those of the public so as to reflect the status of SOCs as public bodies.³⁶ Accordingly, the public or the community is best seen as the ultimate principal or beneficiary in whose best interests SOC officers must exercise their powers in good faith.³⁷

- 25. Following the phasing out of native logging in Victoria and Western Australia in favour of a sustainable, plantation-based timber industry FCNSW has faced mounting pressure to provide an economic justification for its native forest logging operations, with a long history of poor financial returns and reliance on State and Commonwealth subsidies.³⁸ The Australian Forestry Products Association has used those inflated yield figures as a basis to lobby against closure of the native forestry industry on the North Coast, which is largely managed by FCNSW.³⁹
- 26. In November 2024, a review by IPART found FCNSW's native hardwood division is not "economically viable",⁴⁰ consistently failing to recover the costs of harvesting and transporting native timber under its existing Wood Supply Agreements (due to expire in 2028).⁴¹ It has accumulated losses of more than \$70 million over the past four years.⁴² In the 2023/24 financial year alone, FCNSW received government grants worth a total of \$45 million which helped subsidise its native hardwood division that reported a \$29 million loss.⁴³
- 27. The IPART review concluded that native forests would provide greater economic returns through alternative land uses such as carbon sequestration and tourism opportunities than through logging.⁴⁴ An earlier report by conservative think-tank the Blueprint Institute had reached the same conclusion, estimating that an immediate end to native forest logging in the North East forests of NSW would result in net benefits of \$45 million by 2040.⁴⁵ IPART's recommendation was for the state government to review the long-term feasibility of NSW's

 ³⁶ Benjamin B Saunders, '<u>Ministers, Statutory Authorities and Government Corporations: The Agency</u>
 <u>Problem in Public Sector Governance</u>' (2022) 45(2) Melbourne University Law Review 714.
 ³⁷ Ibid.

 ³⁸ Frontier Economics, '<u>Public native forest logging: a large and growing taxpayer burden</u>' (November 2023).
 ³⁹ Australian Forest Products Association, '<u>Great Koala Myth: New National Park won't help koalas but will</u> cost thousands of jobs, Sbillions in economic activity on North Coast NSW' (2 February 2020); Ernst & Young

Australia, '<u>The economic impact of the cancellation of NSW North Coast Wood Supply Agreements due to</u> the creation of the Great Koala National Park' (5 March 2019).

⁴⁰ Independent Pricing and Regulatory Tribunal, '<u>Review of Forestry Corporation of NSW's native timber</u> <u>harvesting and haulage costs from 2019-20 to 2021-22</u>' (November 2024), p 8.

⁴¹ Ibid, pp 1 and 8; North East Forest Alliance, '<u>IPART identify NSW pays to provide timber to mills,</u> <u>necessitating a rethink of logging</u>' (17 December 2024).

⁴² Forestry Corporation of NSW, <u>Annual Report 2023-2024</u>, pp 29–31; Nature Conservation Council, '<u>Forestry</u> <u>Corporation NSW loses \$29m of taxpayer funds, annual report reveals</u>' (14th December 2024).

⁴³ Forestry Corporation of NSW, <u>Annual Report 2023-2024</u>, pp 29 and 55.

⁴⁴ North East Forest Alliance, <u>'IPART identify NSW pays to provide timber to mills, necessitating a rethink of</u> <u>logging</u>' (December 17, 2024). In addition, a new report from Forest Alliance NSW found that the Great Koala National Park would be eligible for World Heritage status: Forest Alliance NSW, <u>'Great Koala National Park</u> <u>World Heritage Values</u>' (February 2025).

⁴⁵ Blueprint Institute, '<u>Branching Out: Exploring Alternate Land Use Options for the Native Forests of New</u> <u>South Wales</u>' (April 27, 2023), p 1.

native logging industry and to consider closure when the majority of FCNSW's Wood Supply Agreements expire in 2028 (if the industry's financial outlook fails to improve).⁴⁶

- 28. Our client is concerned that FCNSW may not have acted in good faith and thus potentially breached its statutory duty "to act honestly" by misreporting inflated logging yields as follows:
 - a. FCNSW's economic performance is tracked using information from its Biomaterial Reports, including logging locations, product volumes, and yield histories.⁴⁷ The 2024-25 New South Wales budget highlighted major financial miscalculations due to overestimations of profit projections stemming from FCNSW's longstanding inflation of performance metrics.⁴⁸ This may have delayed state forests' transition to other revenue sources, such as carbon farming and/or tourism, and instead allowed FCNSW to continue receiving taxpayer subsidies.
 - b. FCNSW's logging yields likely caused the National Parks and Wildlife Service's Great Koala National Park Economic Impact Analysis and Environmental Benefit Assessment,⁴⁹ that relied on the affected FY 2019/20 Biomaterial Report, to overestimate both the negative economic impact of ending native forestry logging and the basis for compensation needed for the proposed Great Koala National Park.⁵⁰
 - c. FCNSW's yields has hidden the declining health of state forests (with a 40% drop in yields from 1.3 million tonnes in 2010 to 0.8 million tonnes in 2023) and the unsustainability of its operations.⁵¹
 - d. FCNSW's submission of erroneous Biomaterial Reports to the EPA obscured noncompliance with harvesting limits set by the condition 13 of the CIFOA.⁵² Our client has complained to the EPA that the revised FY 2021/22, 2022/23, and 2023/24 Reports reveal fifteen logging operations in the Eden Region that were "conducted for the primary purpose of producing low quality [timber products]", such as pulp. This contravened the timber product requirements of Part 5 of Protocol 31 mandated by CIFOA Condition 12.1(b)(i) its forestry operations within the Coastal IFOA Region are subject to.⁵³ On average, high-quality sawlogs accounted for just 7.7% of the total yield.⁵⁴

⁴⁶ Australian Broadcasting Corporation, '<u>NSW Forestry Corporation overstated timber harvest data over</u> <u>three years</u>' (7 February 2025).

⁴⁷ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025), p 2.

⁴⁸ New South Wales, *Parliamentary Debates*, Legislative Council, 12 February 2025, (Sue Higginson MLC) ('<u>Forestry Corporation of NSW Motion</u>').

⁴⁹ The University of Newcastle and the Hunter Research Foundation Centre, '<u>Great Koala National Park:</u> <u>Economic impact analysis and environmental benefit assessment</u>' (February 2021).

⁵⁰ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025), pp 2 and 5.

⁵¹ North East Forest Alliance, 'Logging of Public Native Forests Needs to Stop' (September 2024), p 3.

⁵² NSW Environmental Protection Authority, '<u>CIFOA Conditions</u>' (2018), pp 3–4.

⁵³ Ibid, pp 2–3.

⁵⁴ South East Forest Rescue, '<u>Southern NSW Biomaterial Reports analysis</u>' (January 2025), pp 13–15.

29. Schedule 10 of the SOC Act does not predicate a breach of the duty "to act honestly" on an intent to deceive or defraud on the part of FCNSW officers.⁵⁵

Duty of due care and diligence

- 30. FCNSW officers owe a statutory duty under cl 3(3) of sch 10 of the SOC Act to perform their roles with the degree of care and diligence that a reasonable person in a like position would exercise.
- 31. While analogous to the duty imposed on private company officers under s 180 of the Corporations Act, the duty of due care and diligence under the SOC Act differs in two respects. First, the definitions of "officer", to which the duty applies, are worded differently under cl 3(1) of sch 10 of the SOC Act and for the purposes of s 180 of the Corporations Act. ⁵⁶ Substantively, both are similar, with the SOC Act's reference to any person who is "concerned, or takes part, in the SOC's management" broadly reflecting the Corporations Act's express provision for decision-makers, and persons with significant influence over the corporation's finances.
- 32. Second, cl 3(3) of sch 10 of the SOC Act predates the current form of s 180 of the Corporations Act and adopts the earlier objective test from the *Corporations Act 1989* (Cth) which enquired what a reasonable person "in a like position" would have done, rather than the two-limbed test in the current Corporations Act.⁵⁷
- 33. Instead of consideration of the officer's individual attributes or experience,⁵⁸ cl 3(9) of sch 10 of the SOC Act expressly requires regard to (a) the person being an officer of a statutory SOC, (b) the application of the SOC Act, and (c) the relevant matters required or permitted to be done under the SOC Act (in relation FCNSW), when interpreting the degree of care and diligence a reasonable person "in a like position" within FCNSW would exercise. This requires consideration of, among other things,⁵⁹ the statutory objectives of FCNSW.
- 34. Section 10(1) of the Forestry Act provides that the statutory objectives of FCNSW which shape the scope of its officers' duty of due care and diligence are to (a) be a successful business, (b) have regard to the interests of the community in which it operates, (c) conduct its operations in compliance with the principles of ecologically sustainable development contained in s 6(2) of the *Protection of the Environment Administration Act 1991* (NSW), (d) contribute towards regional development and decentralisation. As s 10(2) of the Forestry Act provides each of these statutory objectives are of equal importance, FCNSW officers must balance FCNSW's commercial interests with social and environmental objectives to discharge their duty of due care and diligence.

⁵⁸ Australian Securities and Investments Commission v Rich (2003) 44 ACSR 341 at [34].

⁵⁵ Even without this intent, such breach is punishable by a maximum of 100 penalty units (but no custodial sentence): *SOC Act* sch 10 cl 3(2)(b).

⁵⁶ Corporations Act 2001 (Cth) s 9AD.

⁵⁷ Bruce Cowley and Stephen Knight, '*Duties of Board and Committee Members*' (Thomson Reuters, 1st ed, 2018), pp 275–276 at [9.230].

⁵⁹ SOC Act sch 10 cl 3(10).

- 35. FCNSW officers' failure to notice or question errors in Biomaterial Reports and Sustainability Reports fell below the standard of care and diligence that a reasonable person in a like position within an SOC would exercise because:
 - a. FCNSW's repeated incorrect logging yields over at least five years points to failures of FCNSW's Audit and Risk Committee (sub-committee of the Board) in its monitoring and oversight role over FCNSW's internal and external audits. ⁶⁰
 - b. FCNSW's economic performance is tracked based on the data contained in these Reports—namely logging locations, product volumes, and yield history.⁶¹ Reliance on inflated data in these Reports may have caused overestimations of FCNSW profit projections.⁶²
 - c. Overestimations of FCNSW's performance may have harmed the environment and public revenue by justifying government subsidies and delaying the transition to other revenue sources for state forests, such as carbon farming and/or tourism. In the 2023/24 financial year alone, FCNSW received government grants worth a total of \$45 million which helped subsidise its native hardwood division that reported a \$29 million loss,⁶³ whereas conservative estimates predict net benefits of \$45 million by 2040 if native forest logging in the North East forests of NSW was brought to an immediate end.⁶⁴ Apart from burdening taxpayers, our client notes FCNSW also degrades ecosystems, threatens endangered species like koalas and greater gliders, and increases bushfire risks.⁶⁵
 - d. FCNSW's logging yields means that assessments by National Parks and Wildlife Service in February 2021,⁶⁶ which presumably relied on the affected FY 2019/20 Biomaterial Report, were based on false data which likely overestimated the economic and employment impacts of the Great Koala National Park and the basis for compensation required to end native forestry logging.⁶⁷
 - e. FCNSW's submission of erroneous Biomaterial Reports to the EPA potentially breached its obligation under CIFOA condition 34.1 to demonstrate how it complies with the limits on harvesting operations contained in condition 13 of the CIFOA.⁶⁸

⁶⁰ Forestry Corporation of NSW, <u>Annual Report 2023–2024</u>, p 33; North East Forest Alliance and South East Forest Rescue, '*Comparison of Forestry Corporation's data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22*' (February 2025) p 1.

⁶¹ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025), p 2.

⁶² New South Wales, *Parliamentary Debates*, Legislative Council, 12 February 2025, (Sue Higginson MLC) (<u>'Forestry Corporation of NSW Motion</u>').

⁶³ Forestry Corporation of NSW, <u>Annual Report 2023–2024</u>, pp 29 and 55.

⁶⁴ Blueprint Institute, '<u>Branching Out: Exploring Alternate Land Use Options for the Native Forests of New</u> <u>South Wales</u>' (April 27, 2023), p 1.

⁶⁵ North East Forest Alliance, '<u>IPART Identify NSW Pays to Provide Timber to Mills, Necessitating A Rethink of</u> <u>Logging</u>' (Media Release , 17 December 2024).

⁶⁶ The University of Newcastle and the Hunter Research Foundation Centre, '<u>Great Koala National Park:</u> <u>Economic impact analysis and environmental benefit assessment</u>' (February 2021).

⁶⁷ North East Forest Alliance, '<u>Revision of Logging Data in North-East NSW</u>' (January 2025), pp 2 and 5.

⁶⁸ NSW Environmental Protection Authority, '<u>CIFOA Conditions</u>' (2018), pp 3–4 and 12.

False or misleading information or documents

- 36. Clause 11(2) of sch 10 of the SOC Act prohibits knowingly false or misleading (a) statements or (b) omissions by SOC officers in a material particular regarding the affairs of the SOC to other officers or voting shareholders. Clause 11(4) of sch 10 of the SOC Act further prohibits a SOC officer from providing a document to another officer or voting shareholders that they know is false, misleading, or incomplete in a material particular.
- 37. The elements of an offence under either cll 11(2) or 11(4) of sch 10 of the SOC Act can be described as follows. The first element is that an SOC officer made or provided a false or misleading statement or document—or omitted anything without which the statement is misleading—in a material particular concerning the affairs of the SOC. The second element is that the SOC officer did so knowingly. The third element is that the statement, omission, or document was made or provided to another SOC officer or to a voting shareholder.
- 38. Prima facie, FCNSW's misreporting involve all three of these elements as explained below.
 - a. The first element is not contentious given FCNSW admitted that its Biomaterial and Sustainability Reports contained numerous errors,⁶⁹ which rendered the reports provided by SOC officers false or misleading statements, omissions and/or documents.
 - b. The second element requires interpretation of the phrase "knows is false or misleading" and/or "to the first officer's knowledge, misleading." Cases on the term "knowingly concerned" in other contexts required "knowledge of the essential facts constituting the contravention".⁷⁰ The knowledge requirement may be satisfied where a person possesses information that ought reasonably to have put them on inquiry⁷¹ as to whether the statements, omissions, or documents were false or misleading. Arguably, FCNSW officers ought to have been alert to discrepancies in logging data and the Biomaterial and Sustainability Reports considering mounting stakeholder pressure on FCNSW (outlined in paragraph [28] above).
 - c. The third element requires that the false or misleading statement or document be made or provided to a voting shareholder or another SOC officer. Compared to the definitions in the Corporations Act and cl 3(1) of sch 10 of the SOC Act, "officer" is defined more broadly for the purposes of cl 11, encompassing all employees of the SOC.⁷² While we do not have direct evidence of which FCNSW officers, including employees, shared or received the erroneous data in the Biomaterial and Sustainability Reports, or the Reports themselves, some of this data was almost certainly shared either with the Audit Committee (pursuant to FCNSW's internal Risk Management processes)⁷³ or

⁶⁹ Forestry Corporation of NSW, <u>Biomaterial Reports</u> (accessed 9 May 2025).

⁷⁰ Yorke v Lucas (1985) 158 CLR 661 at 670 in context of *Trade Practices Act* 1974 (Cth) s 75B.

⁷¹ Bruce Cowley and Stephen Knight, '*Duties of Board and Committee Members*' (Thomson Reuters, 1st ed, 2018) pp 88–89 [3.190].

⁷² SOC Act sch 10 cl 11(1).

⁷³ Forestry Corporation of NSW, <u>Annual Report 2023–2024</u>, p 33.

shareholder Ministers (under s 24 of the SOC Act, as the 2023-24 Forestry Corporation annual report highlighted major financial miscalculations despite FCNSW claims that its other Reports were not affected by the errors and revisions in the Biomaterial Reports).⁷⁴

39. While SOC officers are not in breach of cl 11(4) of sch 10 of the SOC Act if they (a) indicate to the recipient how the document is false, misleading, or incomplete in a material particular,⁷⁵ FCNSW's revisions to the Biomaterial and Sustainability Reports likely came too late to satisfy this exception. In any event, our client considers that numerous discrepancies remain despite correction of the more extreme errors and a variety of errors and data inconsistencies being identified to the FCNSW.

Request to investigate

- 40. For the reasons that are above, our client considers that there may be evidence against FCNSW officers proving each element of the offences in cll 3(2), 3(3), and 11(2), and 11(4). Our client is concerned that despite internal and external auditing of FCNSW (including by its Audit Committee, the EPA, Auditor General, and Programme for the Endorsement of Forest Certification), the consistent and systemic misreporting in Biomaterial and Sustainability Reports was not identified or rectified until our client's repeated questioning of errors and discrepancies in FCNSW data. For these above reasons, our client requests that this issue be investigated.
- 41. If you have any questions, please do not hesitate to contact us by email at kirsty.ruddock@edo.org.au or by phone at (02) 7227 0031.

Yours faithfully

Environmental Defenders Office

Kirsty Ruddock Managing Lawyer-Corporate and Commercial

⁷⁴ New South Wales, *Parliamentary Debates*, Legislative Council, 12 February 2025, (Sue Higginson MLC) ('<u>Forestry Corporation of NSW Motion</u>'); Cf. Forestry Corporation of NSW, '<u>Biomaterial Reports</u>' (accessed 9 May 2025).

⁷⁵ *SOC Act* sch 10 cl 11(4)(a)–(b).

Annexure A

Comparison of Forestry Corporation's data in Snapshot Reports and Biomaterial Reports for 2019/20, 2020/21 and 2021/22

Dailan Pugh, North East Forest Alliance, Scott Daines, South East Forest Rescue, February 2025

This assessment compares data provided to parliament in annual EPA Forestry Snapshot Reports with Biomaterial Reports for 2019-20, 2020-21 and 2021-22 to ascertain the accuracy of those datasets.

As shown by comparisons in this review of the claimed volumes in comparable datasets for 2019-20, 2020-21 and 2021-22 there are significant discrepancies between most claimed volumes of products across all regions for all years. As well as significant differences (+/- 1000 m³ or tonnes) in most reported volumes of products in each region, there are significant differences in most of the total volumes of products claimed to have been obtained in each year, and significant differences for nearly all regional total volumes across most regions in each year. None of the reports provide consistent and comparable volumes, so none can be considered to be an accurate recording of the volumes of products obtained.

Previous assessments by us identified numerous discrepancies between various Forestry Corporation data sets, resulting in the Forestry Corporation making major changes to their Biomaterial Reports for 2021-22, 2022-23 and 2023-24, admitting their errors and apologising to us. We have identified that the revised Biomaterial Reports still do not match other data given in Sustainability Reports, the sales database and mapping of areas logged. While the revised Biomaterial Reports may have fixed some extreme errors, they still include numerous other problems.

This review shows that there are also large and substantial problems with Forestry Corporation's reporting of data for 2019-20 and 2020-21. None of the Forestry Corporation resource data presented to parliament for the five years from 2019-20 until 2023-24 can be considered reliable. There may also be underlying problems in Forestry Corporation's source data and sales systems.

We recommend:

- 1. There be an independent audit of Forestry Corporation's data to assess the extent of the problems, ensure their sales data is accurately and reliably recorded, and improve their reporting processes to ensure accurate data is provided to parliament and the public.
- 2. The Forestry Corporation report data in a manner consistent with their sales database to reduce conversion errors (i.e. m³ to tonnes), and problems with amalgamating data (i.e. by aggregating data for groups of compartments or whole forests) by reporting on products at the compartment scale it is recorded at (as legally required by the CIFOA).
- 3. In the interests of transparency, the Forestry Corporation provide their annual Biomaterial Reports as excel spreadsheets to enable easy review.

Background

Until 2022 the Environmental Protection Authority (EPA) was required to prepare annual forestry snapshot reports as required under section 69H of the Forestry Act. As all four NSW Forest Agreements have now lapsed, with the last being Southern in 2022, the 2019-20, 2020-21 and 2021–22 snapshot reports were the last in the series which commenced in 2000.

Amongst other things, the Forestry Snapshot Reports were required to assess compliance with integrated forestry operations approvals (IFOA) and summarise annual harvesting and timber volumes. They were required to be tabled in each House of Parliament as soon as practicable after they were prepared.

The Coastal Integrated Forestry Operations Approval (CIFOA) requires annual Biomaterial Reports to be prepared. These are required to summarise volumes of products obtained for each compartment logged in each financial year. Biomaterial Reports are included as part of Sustainability Reports, which are also presented to parliament as attachments to the Forestry Corporation's Annual Reports.

NEFA and South East Forest Rescue have been pursuing the Forestry Corporation to rectify errors in the Biomaterial Reports for some time, resulting in the Forestry Corporation redoing their Biomaterial Reports for the 2021/22, 2022/23 and 2023/24 financial years in January 2025, to rectify gross errors. NEFA's <u>Revision of Logging Data for North East NSW</u> and SEFR's <u>Southern NSW</u> <u>Biomaterials Reports</u> identified that across the NSW IFOA regions the revised Biomaterial Reports reduced volumes by 28% for each year from what the Forestry Corporation previously certified they obtained. Over the 3 years they had reclassified a total of 65,584 m³ of premium large high quality logs as lower value small high quality logs, and reduced claimed yields of low quality logs by 616,384 tonnes (36%).

The Forestry Corporation reluctantly conceded:

In 2024, stakeholders raised concerns about discrepancies in the reported timber volumes. A review of the 2021-22, 2022-23, and 2023-24 reports found errors that led to some product categories being overstated. These errors were primarily related to how high-quality sawlogs, veneer logs, and weight-based timber sales were categorised and reported.

The errors occurred in the extraction and formatting of the data for the purposes of the Biomaterial Reports. It is important to note that source data and sales systems are not affected by this issue.

Our annual reports, financial statements, sustainability reports and periodic sustainable yield reviews draw base data from our systems and are completely separate from the Biomaterial Report, so are not subject to the errors and revisions described above

NEFA and SEFR have documented that there are still significant discrepancies between the revised Biomaterial Reports and other Forestry Corporation data, showing that there are still significant problems, which may extend to their underlying source data and sales system.

This review extends and confirms those concerns.

Comparisons of claimed yields for 2019-20, 2020-21 and 2021-22

This review compares volumes of products claimed by the Forestry Corporation to have been obtained from public native State forests in the EPA Snapshot Reports for 2019-20, 2020-21 and 2021-22 with corresponding Biomaterial Reports to assess consistency.

There are now three versions of reporting of timber yields for 2021-22, with the data in the EPA's '<u>NSW forestry snapshot report 2021–2022 Implementation of NSW Forest Agreements and</u> <u>Integrated Forestry Operations Approvals</u>', the original 2021-22 Biomaterial Report and the January 2025 revised 2021-22 Biomaterial Report.

The EPA data for 2020-21 is taken from <u>NSW Forestry Snapshot Report 2020–2021</u> and for 2019-20 from <u>NSW Forestry Snapshot Report 2019-2020</u>.

The original 2021/22 Biomaterial Report was provided by the Forestry Corporation, though is no longer on their website. The 2020/21 Biomaterial Report has been removed from Forestry Corporation's website (we have a copy). The other Biomaterial Reports are on their website as links accessed via the relevant Sustainability Reports.

Data on products in the Snapshot Reports was amalgamated into the same categories as the Biomaterial Reports, as is reported for each region. For comparison, data on 'low quality sawlogs' and 'other' given in the Snapshot Reports were converted from m³ to tonnes (by dividing by 1.11). As the Forestry Corporation refused our requests to provide us with the conversion factor they use, this conversion factor was derived by comparisons of volumes given in tonnes in the Biomaterial Reports with corresponding volumes given in m³ in Sustainability Reports. The EPA have a disclaimer: *Source: Forestry Corporation NSW data. Figures are derived from an operational database; there may have been minor reconciliations since the end of the reporting period.*

Given the complexities of the multitude of significant and major differences between claimed product yields in many regions shown in Tables 1-4, for presentation significant variations have been highlighted in the following tables:

Denotes relatively consistent data with a variation of +/- 200 m³ or tonnes between data sets.

<u>Denotes</u> significant reductions of over 1,000 m³ or <u>tonnes</u> from the Snapshot Reports to the Biomaterial Reports.

Denotes significant increases of over 1,000 m³ or <u>tonnes</u> from the Snapshot Reports to the Biomaterial Reports.

In broad terms changes in total volumes identified for 2020-21 and 2019-20 are relatively minor, with the Biomaterial Reports showing decreases of -0.6% in 2020-21 and an increase of +0.8% in 2019-20 compared to the Snapshot Reports, indicating that the broad reductions of -28% previously identified in the revised January 2021-22, 2022-23 and 2023-24 Biomaterial Reports may not extend back further.

Though as shown in the following tables there are major variations across reported products and regions, showing numerous significant incompatibilities between the various datasets. As well as significant changes (+/- 1000 m³ or tonnes) in most reported volumes of products in each region, there are significant anomalies in most of the total volumes of products claimed to have been obtained each year, and for nearly all regional totals significant anomalies across most regions in each year.

Table 1 focusses on changes between the 2021-22 EPA Forestry Snapshot Report, original Biomaterial Report and January 2025 revised 2021-22 Biomaterial Report. It highlights the inconsistencies between the three versions. Most data is not consistent, though it shows that for some products and regions the data in the Snapshot Report and revised Biomaterial Report are relatively compatible (+/- 200 m3/tonnes) (green highlight), with most data relatively closer in magnitude than with the original Biomaterial Report. Conversely the data for high quality products in South Coast and Upper North East are comparable between the two versions of the Sustainability Reports, but not the Snapshot Report. This emphasizes the lack of consistency with the changes made to the January 2025 revised 2021-22 Biomaterial Report.



Note that totals often mask the significant differences (i.e. +/- 1,000 m³ or tonnes) for each category, so these are highlighted in subsequent tables.

TABLE 1. Comparison of volumes of products obtained in 2021-22 between EPA Forestry Snapshot Report, original Biomaterial Report and revised January 2025 2021-22 Biomaterial Report (note this focuses on compatible data, see Table 2 for variations).

		High quality large	High- quality small	Poles				REGION
		sawlogs	sawlogs	piles	Low			TOTALS*
		& large	& small	and	quality			(m3)
		veneer	veneer	girders	sawlogs*	Pulpwood	other*	
Region	2021/22 Reports	(m3)	(m3)	(m3)	(tonnes)	(tonnes)	(tonnes)	
South	EPA Forest Report	15642	4169	0	4777	19322	13285	<mark>61307</mark>
Coast	Biomaterial (original)	<mark>14614</mark>	<mark>3854</mark>	0	1285	30423	24547	80911
area	Biomaterial (revised)	<mark>14613</mark>	<mark>3855</mark>	0	6045	18299	15986	<mark>63234</mark>
Tumut	EPA Forest Report	<mark>9734</mark>	<mark>14544</mark>	0	41012	<mark>25861</mark>	2027	100757
area	Biomaterial (original)	24277	0	0	75820	39679	4088	157019
aica	Biomaterial (revised)	<mark>9732</mark>	<mark>14545</mark>	0	49753	<mark>25861</mark>	2633	111131
۲don	EPA Forest Report	<mark>5641</mark>	16451	0	0	134243	496	171652
region	Biomaterial (original)	13705	7574	0	0	176150	953	217863
region	Biomaterial (revised)	<mark>5555</mark>	15723	0	0	111303	602	145493
	EPA Forest Report	<mark>48297</mark>	<mark>11524</mark>	<mark>12373</mark>	30855	<mark>20101</mark>	12462	142588
region	Biomaterial (original)	<mark>48477</mark>	10886	11757	62046	31046	25838	203132
region	Biomaterial (revised)	<mark>48295</mark>	<mark>11523</mark>	<mark>12396</mark>	39386	<mark>20103</mark>	15925	155924
	EPA Forest Report	17055	7335	7627	11668	0	3578	48940
UNE	Biomaterial (original)	<mark>20589</mark>	<mark>8060</mark>	<mark>8445</mark>	31301	0	8396	81158
I CEIOIT	Biomaterial (revised)	<mark>20445</mark>	<mark>8203</mark>	<mark>8445</mark>	18730	0	5162	63613

* EPA Forest Report gives volumes of low quality logs and other in m³, for comparison these were converted to tonnes by dividing by 1.11. For TOTALS all data is converted to m³ by multiplying tonnes by 1.11

Table 2 focusses on changes between the 2021-22 EPA Forestry Snapshot Report and January 2025 revised 2021-22 Biomaterial Report. Of the 30 categories of products by regions, 4 show a significant reduction (yellow highlight), 10 a significant increase (orange highlight), and 13 have comparable reported volumes (green highlight). The most significant increases in total products are for low quality sawlogs and other (29 and 27% respectively), with pulpwood decreasing by -12%. All totals for regions show significant variations, with the most significant increase being 30% in Upper North East, with significant decreases in Tumut and Lower North East (-10 and -9% respectively). There is an overall increase in total volumes by 2.7%.



		High	High-					
		large	small	Poles	Low			
		sawlogs	sawlogs	piles	quality			
		& large	& small	and	sawlogs*	Pulpwood	other*	REGION
Region	2021/22 Reports	veneer	veneer	girders	(tonnes)	(tonnes)	(tonnes)	TOTALS
South	EPA Forest Report	15642	4169	<mark>0</mark>	4777	19322	13285	61307
Coast area	Biomaterial revised	14613	3855	0	6045	18299	15986	63234
Tumut	EPA Forest Report	<mark>9734</mark>	<mark>14544</mark>	<mark>0</mark>	41012	<mark>25861</mark>	2027	100757
area	Biomaterial revised	<mark>9732</mark>	<mark>14545</mark>	<mark>0</mark>	49753	<mark>25861</mark>	2633	111131
Eden	EPA Forest Report	<mark>5641</mark>	16451	<mark>0</mark>	0	134243	<mark>496</mark>	171652
region	Biomaterial revised	<mark>5555</mark>	15723	<mark>0</mark>	0	111303	<mark>602</mark>	145493
LNE	EPA Forest Report	<mark>48297</mark>	<mark>11524</mark>	<mark>12373</mark>	30855	<mark>20101</mark>	12462	142588
region	Biomaterial revised	<mark>48295</mark>	<mark>11523</mark>	<mark>12396</mark>	39386	<mark>20103</mark>	15925	155924
UNE	EPA Forest Report	17055	7335	7627	11668	<mark>0</mark>	3578	48940
region	Biomaterial revised	20445	8203	8445	18730	<mark>0</mark>	5162	63613
PRODUCT	EPA Forest Report	96,369	54,023	20,000	88,312	199,527	31,848	525,245
TOTALS	Biomaterial Report	98,640	53,849	20,841	113,914	175,566	40,308	539,395
% change EPA Forest to Biomaterial		2.4	-0.3	4.2	29.0	-12.0	26.6	2.7

TABLE 2. Comparison of volumes of products obtained in 2021-22 between EPA Forestry SnapshotReport and January 2025 revised Biomaterial Report.

* EPA Forest Report gives volumes of low quality logs and other in m³, for comparison these were converted to tonnes by dividing by 1.11. For TOTALS all data is converted to m³ by multiplying tonnes by 1.11

Table 3 focusses on changes between the 2020-21 EPA Forestry Snapshot Report and the original Biomaterial Report. Of the 30 categories of products by regions, 7 show a significant reduction, 11 a significant increase, and 10 have comparable reported volumes. The most significant increases in total products are for low quality sawlogs and other (35 and 14% respectively), with pulpwood decreasing by -28%. All totals for regions show significant variations, with the most significant increases in Tumut and Lower North East (10 and 8% respectively), with significant decreases in South Coast and Eden and (-32% and -10% respectively). There is a decrease in overall total volumes of -0.6%.



Region	2020/21 Reports	High quality large sawlogs & large veneer	High- quality small sawlogs & small veneer	Poles piles and girders	Low quality sawlogs* (tonnes)	Pulpwood (tonnes)	other* (tonnes)	REGION TOTALS
South	EPA Forest Report	5,262	2,761	O	2,022	6,384	8,330	24,759
Coast area	Biomaterial Report	3,540	1,500	0	1,499	3,622	6 <i>,</i> 679	16,840
Tumut	EPA Forest Report	24,920	896	O	9,557	<mark>4,929</mark>	2,877	43,179
area	Biomaterial Report	25,810	6	<mark>0</mark>	12,729	<mark>5,055</mark>	3,833	47,433
Eden	EPA Forest Report	<mark>1,194</mark>	<mark>1,635</mark>	<mark>0</mark>	<mark>95</mark>	48,497	<mark>82</mark>	51,503
region	Biomaterial Report	<mark>1,194</mark>	<mark>1,635</mark>	<mark>0</mark>	<mark>128</mark>	43,183	<mark>57</mark>	46,197
LNE	EPA Forest Report	31,069	11,146	10,216	25,123	<mark>8,511</mark>	9,877	95,942
region	Biomaterial Report	30,121	12,397	9,639	30,956	<mark>8,512</mark>	12,029	103,654
UNE	EPA Forest Report	16,463	8,563	4,798	12,075	15,550	1,354	58,803
region	Biomaterial Report	18,225	10,751	6,007	20,398	0	2,995	58,376
PRODUCT	EPA Forest Report	<mark>78,908</mark>	25,001	15,014	48,872	83,871	22,520	274,186
TOTALS	TOTALS Biomaterial Report		26,289	15,646	65,710	60,372	25,593	272,500
% change Biomateria	% change EPA Forest to Biomaterial		5.2	4.2	34.5	-28.0	13.6	-0.6

TABLE 3. Comparison of volumes of products obtained in 2020-21 between EPA Forestry Snapshot Report and original Biomaterial Report.

* EPA Forest Report gives volumes of low quality logs and other in m³, for comparison these were converted to tonnes by dividing by 1.11. For TOTALS all data is converted to m³ by multiplying tonnes by 1.11

Table 4 focusses on changes between the 2019-20 EPA Forestry Snapshot Report and the original Biomaterial Report. Of the 30 categories of products by regions, 6 show a significant reduction (all in high quality products), 13 a significant increase, and 16 have comparable reported volumes. The most significant increases in total products are for other, low quality sawlogs and small high quality sawlogs (21%, 16% and 14% respectively), with decreases in large high quality sawlogs and poles, piles and girders (-14% and -10% respectively). Note that these data indicate a reallocation of large high quality logs to small. All totals for regions show significant variations, with the most significant increase being 16% in the Upper North East and the most significant decrease being -9% in the Lower North East. There is an increase in overall total volumes of 0.8%.



TABLE 4. Comparison of volumes of products obtained in 2019-20 between EPA Forestry Snapshot Report and original Biomaterial Report.

Region	2019/20 Reports	High quality large sawlogs & large veneer	High- quality small sawlogs & small veneer	Poles piles and girders	Low quality sawlogs* (tonnes)	Pulpwood (tonnes)	other* (tonnes)	REGION TOTALS
South	EPA Forest Report	31,615	<mark>4,810</mark>	<mark>673</mark>	9,037	<mark>26,756</mark>	18,905	97,813
Coast area	Biomaterial Report	26,345	<mark>4,810</mark>	<mark>639</mark>	12,148	<mark>26,756</mark>	25,071	102,806
Tumut	EPA Forest Report	24,164	<mark>80</mark>	<mark>0</mark>	7,447	<mark>1,355</mark>	1,447	35,620
area	Biomaterial Report	20,654	<mark>80</mark>	<mark>0</mark>	10,631	<mark>1,355</mark>	2,669	37,001
Eden	EPA Forest Report	2,680	<mark>3,276</mark>	<mark>138</mark>	982	<mark>74,998</mark>	2,805	93,545
region	Biomaterial Report	7,679	<mark>3,277</mark>	<mark>138</mark>	504	<mark>74,999</mark>	3,735	99,048
LNE	EPA Forest Report	83,294	14,242	15,396	55,874	<mark>13,077</mark>	11,712	202,468
region	Biomaterial Report	64,473	15,809	13,445	57,171	<mark>12,890</mark>	11,437	184,190
UNE	EPA Forest Report	25,570	11,606	<mark>5,327</mark>	17,905	<mark>0</mark>	2,280	64,908
region	Biomaterial Report	25,233	14,670	<mark>5,184</mark>	25,305	0	2,064	75,467
PRODUCT	EPA Forest Report	167,323	34,014	<mark>21,53</mark> 4	91,245	<mark>116,186</mark>	37,149	494,355
TOTALS	TOTALS Biomaterial Report		38,646	19,406	105,759	<mark>116,000</mark>	44,976	498,512
% change EPA Forest to Biomaterial		-13.7	13.6	-9.9	15.9	-0.2	21.1	0.8

* EPA Forest Report gives volumes of low quality logs and other in m³, for comparison these were converted to tonnes by dividing by 1.11. For TOTALS all data is converted to m³ by multiplying tonnes by 1.11

Revision of logging data in north-east NSW

Dailan Pugh, January 2025

In shock moves the Forestry Corporation first halved claimed yields of timber products from native forests for 2022/23, then again this month revised their claimed yields for 2022/23, as well as 2023/24 and 2021/22, for north east NSW identifying a reduction of 23% across all products, reallocating significant volumes of large high quality logs to small high quality logs, and reducing claimed yields of low quality products by 38%.

As a result of NEFA's complaints about the Forestry Corporation's annual data on the extent of logging in public native forests, and the yields of products obtained, the Forestry Corporation has undertaken a series of major downward revisions of claimed yields given in their Biomaterial Reports with wide ranging ramifications. Despite these changes, numerous inconsistencies between their datasets shows that much still needs to be done to achieve a reliable data set.

The Forestry Corporation is legally required by the Coastal Integrated Forestry Approval to prepare annual Biomaterial Reports that detail areas of native forests logged, and volumes of products obtained, on a compartment basis, for Regional Forest Agreement Areas.

Since June 2024 I have been bringing inconsistencies with data on logging areas and product yields to the Forestry Corporation's attention in an attempt to obtain an accurate dataset to be able to undertake a range of assessments, including assessing impacts of the proposed Great Koala National Park. I had considered these to be factual documents detailing the volumes of each product obtained in each logging operation, rather than subjective reports open to revision. My complaints resulted in the Forestry Corporation first redoing their Biomaterial Report for 2022/23 in October 2024, and subsequently redoing their Biomaterial Reports for 2021/22, 2022/23 and 2023/24 in January 2025.

The Forestry Corporation redid their 2022/23 Biomaterial Report in October 2024, claiming they had rectified gross errors by removing erroneously included 2021/22 data. This had the effect of reducing claimed yields of all products for north-east NSW by an average of 45% (52% across NSW). In October 2024 the 2023/24 Biomaterial Report was also released.

Following further complaints, revised 2021/22, 2022/23 and 2023/24 Biomaterial Reports were released in January 2025, all of which made significant changes to the volumes of products claimed to have been removed across north east NSW in those years:

- The second revision of the 2022/23 Biomaterial report identifies a further 24% reduction in volumes of all products, in addition to the earlier 45% reduction. It claims a 28% increase in the logging area, an overall increase of 811m³ in claimed yields of high quality logs (though reallocates over 500 m³ of large high quality logs to small), and a 73,986 tonne (38%) reduction in yields of low quality logs (33-47% across most products and operations).
- The revision of the 2021/22 Biomaterial Report identifies a 23% reduction in timber volumes, from a similar area it identifies an overall increase of 1,094m³ in claimed yields of high quality logs (though reallocates over 326 m³ of **large** high quality logs to **small**), and reduces yields of low quality logs by 59,321 tonnes (37%).
- The revision of the 2023/24 Biomaterial Report similarly identifies a 23% reduction in timber volumes from a similar logging area, identifies similar volumes of high quality logs yet reallocates over 1,000m³ of **large** high quality logs to **small**, and reduces yields of low quality logs by 69,744 tonnes (38%).

These are major changes, though no explanation has been provided. Aside from being legally required to demonstrate how the Forestry Corporation complies with the limits on harvesting operations specified in the CIFOA, these data are the basis for evaluating the Forestry Corporation's

performance in a broad range of processes and evaluations. If the new data is to believed, it means that all assessments the Forestry Corporation's performance have been based on inflated false information for years.

It appears that erroneous and inflated data has been used as the basis for assessing impacts on the industry of the creation of the Great Koala National Park, and the magnitude of compensation needed.

The 2023/24 Sustainability Report now admits that since 2017 they have "**overreported** the area harvested in coastal forests by around 14,000 hectares", as well as double-counting some plantations and underreporting logging in Western NSW. The Forestry Corporation now claims to have rectified these errors, though a comparison with the revised Biomaterial Reports for north east NSW and the Forestry Corporation's mapping of logging shows that the revised Biomaterial Reports are **underreporting** the extent of logging by 1,414ha (21%) in 2022/23 and 1,104ha (24%) in 2021/22.

A comparison with yields given in the 2023/24 Sustainability Report for native forests in north east NSW for both 2022/23 and 2023/24 identifies that the revised Biomaterial Reports are claiming 3.5% higher volumes of high quality sawlogs and 25% higher volumes of low quality logs than the Sustainability Report. Neither are these minor variations.

It is perplexing how product yields per compartment can become so subjective, and open to frequent retrospective revisions, as this is the basis for marketing of products and should be an objective fact. The data purports to record the actual volumes of each product obtained (which is used as the basis for later aggregation), yet years after the logging is complete the Forestry Corporation is changing product allocations and dramatically reducing claimed volumes. This is fundamentally wrong.

This misrepresentation of areas logged and product volumes obtained in Sustainability and Biomaterial Reports has been going on for years. "Fixing" a few years of data is unlikely to fix the magnitude of the problem, particularly as it is admitted that problems with reporting the extent of logging extend back over a decade.

The logging industry has developed their own certification system, the Programme for the Endorsement of Forest Certification (PEFC), for forest certification and labelling of forest-based products. The Forestry Corporation's operations are certified under the Australian Standard for Sustainable Forest Management, Responsible Wood by that system, which entails regular auditing, principally of processes and reporting. The fundamental reporting errors so far identified and continuing discrepancies are major non-conformities.

These gross errors would not have been identified or rectified except for our repeated questioning of errors and inconsistencies in the Forestry Corporation's data. That these were not identified until pursued by us displays a failure of auditing processes by the Forestry Corporation, EPA, Auditor General and PEFC.

1. BIOMATERIAL REPORTS

Biomaterial Reports provide the details on which native forests the Forestry Corporation logs each year and the volumes of the various products obtained. These track product yields and provide a record of past yields, while also providing a basis for tracking the Forestry Corporation's economic performance. It was assumed that these provide accurate and definitive records of the areas logged and the volumes of products obtained. There have long been concerns about their accuracy, which came to a head last year when numerous errors and inconsistences were encountered while trying

to collate them, and other Forestry Corporation data, into a consistent record for assessing carbon values of forests and the timber significance of the Great Koala National Park.

In June 2024 I wrote to the Forestry Corporation asking for an accurate set of logging data, highlighting some of the inconsistencies I had found, and seeking advice. With no substantial response, the problem with obtaining the data was raised in a meeting with the Forestry Corporation CEO Anshul Chaudhary on 26th September 2024. It was not until I alerted Mr Chaudhary on 22 October that a comparison of the 2022/23 Biomaterial Report with the recently released 2023/24 Biomaterial report showed a 52% drop in volumes obtained from NSW's forests, that this finally generated some interest. In response Daniel Tuan informed me on 24 October that they had erred by including data from 2021-22 in the 2022-23 Biomaterial report and had now corrected the online data. I expected that the new data was accurate and that I could rely upon it.

I re-iterated my complaints about other data sets, and on 8 November I was told "*We have reviewed our biomaterials reports and discovered some underlying data issues*". On 15 January 2025 I was provided with links to PDFs of revised Biomaterial reports for FY22, FY23 and FY24. I was not provided with excel spreadsheets as requested and there was no response to my various requests for advice or further information.

While I expected the January 2025 revision of the 2022/23 biomaterial report would be the same as the October 2024 revision, I thought I should check. I was shocked by the fundamental differences between the two versions.

2022-23 Biomaterial Reports North East NSW	Net Area logged	High Quality Large Sawlog + Large veneer (m ³)	High Quality Small Sawlog + Small veneer (m ³)	Poles, piles & girders (m ³)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m³ (tonnes x1.2))	Yield per hectare (m³/ha)
2022-23, original	7575	155829	45463	44600	217908	54333	82283	671321	88.6
2022-23 October 2024 Revision	4050	86763	26517	24398	124561	23287	48049	372754	92.0
2022-23 January 2025 Revision	5186	86214	27521	24754	77297	14691	29923	284782	54.9

Comparisons of the 3 versions of the Forestry Corporation's 2022/23 Biomaterial Report for north-east NSW:

For overall totals, tonnes were converted to m3 by multiplying by 1.2

It is apparent that there were massive errors in the original 2022-2023 Biomaterial Report, with major reductions across all categories in the October revision, and gross yields of all products for north-east NSW reduced by 45%. This fundamental error is not considered further, though it is astounding that it took so long to rectify. The review below focusses on the differences between the October 2024 and January 2025 revisions of the 2022-2023 Biomaterial Report, as there is no obvious explanation as to why the numerous changes were made.



In general, compared to the October 2024 version, the January 2025 version shows a 24% reduction in volumes claimed to have been obtained, comprising:

- a 28% increase in the net area logged
- an overall increase of 811m³ in claimed yields of high quality logs, though reallocates over 500m³ of large high quality logs to small
- dramatically different yields of low quality sawlogs (38% reduction) and pulpwood (37% reduction) and other (firewood, fencing, woodchop etc) (38% reduction).

These are not minor adjustments. A comparison of the data for logging areas shows:

Double counting of Lansdown 21 in October revision

The addition of Olney 50 & 51, and Riamukka 50 to the January version

The net logging areas are mostly consistent, though with many significant increases in the January revision, ie

- Yarratt 2 & 3 & 4 & 5 increasing from 43ha to 338ha
- Styx River 28 & 29 & 35 increasing from 2ha to 243ha
- Bom Bom 1 & 2 increasing from 5ha to 124ha
- Forestland 8 & 9 & 10 & 11 increasing from 73 up to 187ha

Even with some corrections in the January revision, there are still claims of incredibly high yields from small logging areas, ie

- 3 ha in Coopernook 4 reputedly yielding 1414m³ of product (1906m³ in Oct version)
- 0 ha in Lansdown 21 yielding 657m³ of product
- 1 ha in Olney 50&51 yielding 1827m³ of product
- 9ha in Lansdown 26&27 yielding 3984m³ of product

The claimed total yields of high quality logs are mostly consistent, though strangely there are numerous reallocations by the January variation from large high quality logs to small high quality logs ie

- Styx River 28&29&35, 202m³ reallocated
- Bom Bom 1&2, 165m³ reallocated
- Camira 9&10&11, 91m³ reallocated
- Tamban 17&18&19, 59m³ reallocated
- Yarratt 6&7, 54m³ reallocated
- Yarratt 2&3&4&5, 51m³ reallocated

The starkest changes are to the volumes and product allocations of low quality sawlogs, pulplogs and "other", with a few minor exceptions, the total of all low quality products within each group of compartments has been reduced by 36-43%. The same, with a broader range, applies across each category of low value products across most groups of compartments. Some of the biggest reductions in the January revision are:

- Yarratt 2&3&4&5 reduced low quality logs by 2,077tonnes, pulplogs by 1,602tonnes, other by 3,824tonnes
- Doubleduke 5&6&7&8 reduced low quality logs by 3,607tonnes, other by 664tonnes
- Ellis 3&4&&6 reduced low quality logs by 3,193tonnes, other by 616tonnes
- Styx River 28&29&35 reduced low quality logs by 2,481tonnes, pulplogs by 65tonnes, other by 16tonnes
- Moonpar 3&4&5 reduced low quality logs by 2,845tonnes, pulplogs by 129tonnes, other by 409tonnes
- Lansdown 4&5&6 reduced low quality logs by 1,273tonnes, pulplogs by 457tonnes, other by 1,154tonnes
- Bagawa 1 reduced low quality logs by 2,076tonnes, other by 470tonnes
- Tamban 28&29&30&31 reduced low quality logs by 1,205tonnes, pulplogs by 17tonnes, other by 1,020tonnes
- Lansdown 7&8 reduced low quality logs by 1,645tonnes, pulplogs by 657tonnes, other by 569tonnes
- Bachelor 1&2 reduced low quality logs by 1,067tonnes, pulplogs by 459tonnes, other by 467 tonnes

Comparisons of the 3 versions of the Forestry Corporation's 2022/23 Biomaterial Report for the Great Koala National Park:

2022-23 Biomaterial Reports GKNP	Net Area logged	High Quality Large Sawlog + Large veneer (m ³)	High Quality Small Sawlog + Small veneer (m ³)	Poles, piles & girders (m³)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m³/ha)
2022-23, original	3066	48140	17525	21663	80503	6586	26262	223349	72.8
2022-23 October 2024 Revision	1525	27174	8656	10082	43666	2989	11188	115324	75.6
2022-23 January 2025 revision	1579	26938	8893	10082	26569	1833	6978	88369	56.0

For overall totals, tonnes were converted to m3 by multiplying by 1.2

Comparisons of the October 2024 and January 2025 revisions of the 2022/23 Biomaterial Report for the GKNP show a 23% reduction in overall yields, reallocation of 236m³ of large high quality sawlogs to small, and a 22,463m³ (39%) reduction in low quality logs. It is assumed that either the original or October revision were used by Mandala in assessing impacts of the creation of the GKNP and deriving compensation packages. This indicates that the economic impact is likely grossly overestimated.



Comparisons of the 2 versions of the Forestry Corporation's 2023/24 Biomaterial Report for north-east NSW:

2023/24 Biomaterial Reports North East Regions	Net Area logged (ha)	High Quality Large Sawlog + Large veneer (m ³)	High Quality Small Sawlog + Small veneer (m ³)	Poles, piles & girders (m ³)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Volume per ha (m³/ha)
2023/24 Released Oct 2024	6318	92576	31285	25345	129273	28229	25288	368554	58.3
2023/24 Revised Jan 2025	6324	91464	32394	25342	80015	17444	15587	284855	45.0

For overall totals, tonnes were converted to m3 by multiplying by 1.2



The Forestry Corporation's 2023/24 Biomaterial Report was first released in October 2024, with a revised version released in January 2025. The review below focusses on the differences between the October 2024 and January 2025 revisions of the 2023-2024 Biomaterial Report, again there is no obvious explanation as to why the numerous changes were made.

In general, compared to the October 2024 version, the January 2025 version shows a 23% reduction in volumes claimed to have been obtained, comprising:

- similar, though variable, quantities of high quality logs, with a reallocation of over 1,100m³ of large high quality logs to small high quality logs
- a remarkably consistent, and dramatic, across the board 38% reduction in yields of low quality sawlogs, pulpwood and other (firewood, fencing, woodchop etc)

A comparison of the changes from the October data to the January revision for logging areas shows strong consistency for the net areas claimed to have been logged and yields of "poles, piles and girders", though there were numerous reclassifications of large HQLs to small HQLs, and a blanket reduction of around 38% across all low quality products and logging areas:

The claimed total yields of high quality logs are mostly consistent, though strangely there are numerous reallocations by the January variation from large high quality logs to small high quality logs ie

- Styx River 31&32&33&36&38&40 had a reallocation of 184m³
- Clouds Creek 34&35&36&37&39 had a reallocation of 145.9m³
- Wang Wauk 20&21&25 had a reallocation of 128.3m³
- Candole 12&13&14&16&17&18 had a reallocation of 98m³
- Yarratt 6&7&8&9 had a reallocation of 73.6m³
- Bulahdela 40&37&39&41 had a reallocation of 68m³

The starkest changes are to the volumes and product allocations of low quality sawlogs, pulplogs and other (firewood, fencing, woodchop etc), with across the board volume reductions of 33-47% in each category for each group of compartments. While there were some minor variations, it appears to have been a directive to reduce volumes of all categories of low quality logs by around 38% since the October release. There were only a few exemptions to these blanket reductions:

- Olney 49&50&52 had an increase in low quality sawlogs from 74.5 to 339 tonnes, though with reductions in pulplogs and "other" ended with only a 2.2% increase in low quality products.
- Tamban 4&7 had a 21% increase in "other" from 88 to 106 tonnes, though an overall reduction of 38% in low quality products.
- Mistake 5&6&7&8 had a 98% increase in "other" from 44 to 87 tonnes, though an overall reduction of 36% in low quality products.
- Ewingar 70&71&72&75 only had a 21% reduction in low quality sawlogs.

Comparisons of the 2 versions of the Forestry Corporation's 2021/22 Biomaterial Report for north-east NSW

2021/22 Biomaterial Reports North East Regions	Net Area logged (ha)	High Quality Large Sawlog + Large veneer (m ³)	High Quality Small Sawlog + Small veneer (m ³)	Poles, piles & girders (m³)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Volume per ha (m³/ha)
2021/22 Original	3525	69066	18946	20202	93347	31046	34234	298566	84.7
2021/22 Revised Jan 2025	3523	68740	19726	20841	58116	20103	21087	228474	64.9

For overall totals, tonnes were converted to m3 by multiplying by 1.2



A revised version of the Forestry Corporation's 2021/22 Biomaterial Report was released in January 2025. The review below focusses on the differences between the original and January 2025 revisions of the 2021-2022 Biomaterial Report, again there is no obvious explanation as to why the numerous changes were made.

In general, compared to the original version, the January 2025 version shows a 23% reduction in volumes claimed to have been obtained, comprising:

- An increase of 1,094m³ in volumes of high quality logs, with a reduction of 326m³ in large high quality logs, presumably reallocated to small high quality logs
- a remarkably consistent, and dramatic, across the board 35-38% reduction in yields of low quality sawlogs, pulpwood and other (firewood, fencing, woodchop etc), with an overall reduction of 59,321 tonnes (37%)

2. LOGGING HISTORY (NATIVE FORESTS)

One of my complaints has been inconsistencies in claims of the extent of native forest logged each year. The Forestry Corporation's 2023/24 Sustainability Report now acknowledges that their data on logged areas has been incorrect for the past decade:

Note: The way we report harvested area has been updated to align with the National State of the Forest Report. The review informing this update revealed a misinterpretation of some data in coastal forests since 2017. "Integrated", in the "Harvest type" column was incorrectly matched with "integrated harvesting" in the State of the Forest Report. The review also found that some areas of hardwood plantation had been double counted and that a manual estimate of area harvested in the Western Region led to some inconsistencies. As a result, previous reports overreported the area harvested in coastal forests by around 14,000 hectares, and underreported Western Region estimates of area harvested by around 12,000 hectares over 10 years. These issues have been addressed and the data rectified for this year's report.

While the revised Biomaterial Reports are presumably corrected to account for these errors, a comparison with the Forestry Corporation's logging history shows that the extent of logging is being underreported.

The Forestry Corporation has mapping of logging history up until April 2024 on their data website. Experience has shown the mapping to be relatively accurate (except for a failure to exclude Tree Retention Clumps). For review, data was selected by financial years (and areas within the Great Koala National Park subtotaled).

The area of native forest logged each year is variable (as is volume per hectare), as can be seen by the spike in 2011/12, and trends are masked by the declines in the area being logged over time, particularly during the 2019 to 2022 period when logging was disrupted by first wildfires and then floods. During this period volumes were supplemented by increased logging of hardwood plantations.



Logging History Data for North East NSW, area logged per annum of native forests.

The revised January 2025 version of the 2022/23 Biomaterial Report identifies the net area of north east NSW's public forests logged that year as 5,186 ha, which is a significant increase compared to the 4050 ha identified as logged in the October 2024 version. By contrast Forestry Corporation's logging history data identifies 6,600 ha as being logged that year. The revised biomaterial report identifies 1,414ha (21%) less area logged than Forestry Corporation's own mapping.

For 2021/22 the revised 2021/22 Biomaterial Report identifies the net area of north east NSW's public forests logged that year as 3,522ha, whereas Forestry Corporation's logging history data identifies 4,626ha as being logged. The revised biomaterial report identifies 1,104ha (24%) less area logged than Forestry Corporation's own mapping.

The two comparisons above show that even with revisions, the Biomaterial Reports are grossly understating logging extent, even after the Forestry Corporation claim they have fixed their problem which they attribute as overreporting.

3. SUSTAINABILITY REPORTS

The Sustainability Report has a graph of annual yields of products, that can be interrogated to identify product yields from public native forests in north-east NSW. One of my principal complaints has been that this data is inconsistent with the Biomaterial Reports. The Sustainability Report is in m³, while the Biomaterial Reports use tonnes for reporting low quality products. For comparison tonnes have been converted to m³ by applying a multiplier of 1.2.

The 2023/24 Sustainability Report provides a table that gives volumes produced from north-east NSW's State Forests since 2010/11.

The data from the Sustainability Report give consistently lower yields than the revised Biomaterial Reports, showing that there are still significant differences between the data sets.

A comparison with yields given in the 2023/24 Sustainability Report for native forests in north east NSW for both 2022/23 and 2023/24 identifies that the revised Biomaterial Reports are claiming 3.5% higher volumes of high quality sawlogs and 25% higher volumes of low quality logs than the Sustainability Report. This gives a total yield increase of 16%. Neither are these minor variations.



Yields of products obtained from north east NSW native forests (FC Sustainability Reports)

COMPARISON OF VOLUMES IN REVISED 2022/23 AND 2023/24 BIOMATERIAL REPORTS AND 2023/2024 SUSTAINABILITY REPORT FOR NATIVE FORESTS IN NORTH EAST NSW

North East NSW	Source	High Quality Large Sawlog + Large veneer (m ³)	High Quality Small Sawlog + Small veneer (m ³)	Poles, piles & girders (m ³) ¹	TOTAL High Quality	Low Quality Sawlogs, Pulp, Other (m ³)	GRAND TOTAL (m ³)
2022/23	Biomaterial Report (Jan 2025)	86214	27521	24754	138,489	146,293*	284,782
	Sustainability Report	94,427	39,302		133,730	109, 900	243,630
2023/24	Biomaterial Report (Jan 2025)	91464	32394	25342	149,200	135,655*	284,855
	Sustainability Report	98,574	45,344		143,918	102,320	246,237

1. Poles, piles and girders are not separated from large and small high quality logs in Sus. Reports. *Converted from tonnes to m3 by multiplying by 1.2

4. APPENDIX 1

Emails chains with Forestry Corporation (note: email addresses removed)

On 15/01/2025 10:39 am, Daniel Tuan wrote: Hi Dailan,

Again sorry for the delay in responding. I can now confirm that the revised Biomaterial reports for FY22, FY23 and FY24 have now been published on our website at:

Home_About_Publications_Timber volumes and modelling

Regards, Daniel

From: Daniel Tuan Sent: Friday, 8 November 2024 8:48 AM To: dailan pugh Cc: Anshul Chaudhary Subject: RE: Biomaterial Reports

Hi Dailan,

Sorry for the delay in replying. We have reviewed our biomaterials reports and discovered some underlying data issues. We are currently working through this and will update published reports if required, and provide you revised data as soon as it is available.

Thanks for your patience with this matter.

Regards, Daniel

From: dailan pugh Sent: Thursday, 24 October 2024 8:41 PM To: Daniel Tuan Cc: Anshul Chaudhary Subject: Re: Biomaterial Reports

Hi Daniel, in response to your query, I checked my comparison with the sustainability report and realised I had made some mistakes, so I have had another go (attached), including hardwood plantations (which I assume need to be included?). I can see little correlation between the two data sets, the Sustainability report identifies significantly higher volumes of high quality logs and pulpwood/other as having been harvested, in total the Sustainability Report claims a total yield of 405,954, compared to the Biomaterial report 333,575, a reduction of 72,379 (18%).

I would appreciate if you could identify any problems with my assumptions and outcomes. I would also appreciate your advice whether volumes for low quality logs/pulp and other in the sustainability report need to be converted to tonnes for comparison, and the appropriate multiplier to use. Regards

Dailan

On 24/10/2024 2:47 pm, dailan pugh wrote:

Thanks Daniel,

I am relieved to hear that it was not me making a fundamental error.

The figures I gave you were from the 2022/23 and 2023/24 biomaterial reports. I also compared the 2022/23 biomaterial report to the figures derived from the 2022/23 sustainability report: Sustainability of timber supply - graph Hardwood & cypress modelled & actual volumes - selecting for hardwood forests - north coast - native - and then the timber categories.

With the removal of the 2021/22 data from the 2022/23 biomaterial report, then the difference between these figures and those given in the sustainability report will be even starker. Will you also be adjusting those data to obtain a better match? I have also identified significant differences in the areas logged between the two reports.

I have also identified to you problems with reconciling data within the 2020/2021 biomaterial report. To go back to my original request, can you please provide me with the biomaterial reports for each of the past 10 years in excel spreadsheets to make it easier to work with and avoid any errors that might arise from me converting your data into that form.

As I said I just want reliable data, that you are happy is accurate, that I can work with.

Thanks for looking into this,

Regards, Dailan

On 24/10/2024 12:48 pm, Daniel Tuan wrote: Hi Dailan,

Thank you for bringing this to our attention. Anshul asked me to look into this enquiry and I have followed up with our team.

The reason the values in the biomaterials report in the sustainability report for 2022-23 appear to increase so much is because the year specific filter was not applied to the table. The biomaterials report in the 2022-23 sustainability report was reporting both 2021-22 and 2022-23 under the title Biomaterials Report 2022-23. This has been addressed, with a note acknowledging the update.

As the report summarises and provides a lot of details, our team was not clear on precisely what numbers were being compared. If you are able to clarify where in the report each volume figure was obtained, we will investigate whether there are further issues or clarify and explain why there are volume differences.

Please let me know.

Regards, Daniel

From: Anshul Chaudhary Sent: Wednesday, 23 October 2024 8:17 AM To: Daniel Tuan Subject: Fw: Biomaterial Reports

From: dailan pugh Sent: Tuesday, October 22, 2024 9:07:27 PM To: Anshul Chaudhary Subject: Biomaterial Reports

Hi Anshul,

As discussed at our meeting I have been trying since June to obtain accurate biomaterial reports (preferably as spreadsheets) that I can rely upon to review timber yields from north-east NSW. I have obtained you latest biomaterial report for 2023/24 from your website

(https://www.forestrycorporation.com.au/__data/assets/pdf_file/0010/1582165/biomaterials-report-2023-

24.pdf) and compared it to your 2022/23 biomaterial report:

The 2023/24 total NSW volume is given as 746,120.3 m3/tonnes

The 2022/23 total NSW volume is given as 1,539,767 m3/tonnes

This is an incredible 52% drop. Is this correct? This is the comparison for north east NSW: Comparison of yields from State Forests in north east NSW 2022/23 and 2023/24 (FCNSW Biomaterial Reports)

North East NSW	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (T)	Pulpwood (T)	Other (firewood, fencing, etc) (T)	TOTALS	Volume per ha
2023/24	6318	92576	31285	25345	129273	28229	25288	331995	52.5
2022/23	7575	155829	45463	44600	217908	54333	82283	600416	79.3
% Reduction in 2023/24	16.6	40.6	31.2	43.2	40.7	48.0	69.3	44.7	33.8

As previously identified, I have found significant discrepancies between the 2022/23 biomaterial and sustainability reports.

For 2023 the graph provided in the Forestry Corporation's Sustainability Report gives very different figures to the biomaterial report, identifying the total yield from native forests on the north coast (including joint ventures) as 627,971.62m³, compared to 600,416 m3/t in the sustainability report, with 119,877.73 m³ large HQ sawlogs compared to 155, 829m³ in the sustainability report, 92,819.05m³ small HQ sawlogs compared to 45,463 m³ in the sustainability report (though maybe this has been combined with poles piles and girders, which would give 90,063), 119,632.31 m³ low quality logs compared to 217,908 m³ in the sustainability report.

I am just after figures that I can rely upon, and I do not want to misrepresent your actual figures. If I am doing something wrong please let me know. If I don't hear from you very soon I will assume the biomaterial reports are the accurate figures, and rely upon your latest report for comparisons.

If there has been a 52% drop, why is this? Regards Dailan

On 21/08/2024 11:17 am, dailan pugh wrote:

Hi Joanna,

Unfortunately I was not able to use your data in the report I was preparing because of its gross inconsistencies and inaccuracies. I would still like to complete my assessment. I note that I originally asked for correct data on 2 June and I still have not been able to obtain accurate data off you that I can rely upon. You claim that the Forestry Corporation is committed to transparency around its operations and providing quality information to help the community understand these, yet when I identified gross errors in data that has been on your website for years, you have refused to provide me with the correct data despite it presumably being readily available in your files. When can I expect to get the correct data?

Regards, Dailan

On 2/08/2024 2:27 pm, Joanna Bodley wrote:

Hi Dailan

By way of an update, we are working on your queries below. We are working on this and I will come back to you ASAP.

Joanna

-----Original Message-----From: Joanna Bodley Sent: Thursday, July 4, 2024 2:04 PM To: dailan pugh Cc: Information Forestry Corporation <u><info@fcnsw.com.au></u> Subject: RE: Biomaterial Reports

Dear Dailan

Thank you for your email. Forestry Corporation is committed to transparency around its operations and providing quality information to help the community understand these.

We will work through the feedback you have provided and come back to you regarding this as soon as we can.

As I am sure you can appreciate, Forestry Corporation has a number of significant challenges to navigate at the moment and we have a pool of resources internally which need to be directed towards the priorities at hand. Nonetheless, we will address your concerns as soon as possible and I expect to be able to update you on this at the end of the month.

Regards Joanna Bodley Manager Corporate Affairs

-----Original Message-----From: dailan pugh

Sent: Saturday, June 29, 2024 11:01 PM To: Information Forestry Corporation <<u>info@fcnsw.com.au></u> Cc: Sandie Jones Subject: Re: Biomaterial Reports

To whom it may concern,

I recently wrote to you requesting NSW Biomaterial Reports. I was trying to work with the two biomaterial reports for 2022 and found areas listed as obtaining yields in BODALLA, CHH STOCKYARD, KEREWONG, KOBOLD PNF, KOPPERS, STOCKYARD, OLEARYS PNF, ORARA EAST, and NOWENDOC are omitted from the table identifying areas logged. Conversely there are a areas, such as Stephenson Profit a Pendre, identified as being logged that do not have corresponding yields.

I also note that the total yield identified as obtained in the 2022 biomaterial report is 477,465 (which would be less if tonnes were converted into m3), yet the graph in the 2023 Sustainably of timber supply gives the 2022 volume as 730,924.99. The biomaterial report volumes drop down to 274,081 if pulpwood and other is excluded.

Also the area of native forest identified as harvested in the graph in the 2022 Sustainability Report is 11,191 ha, yet that given in the Biomaterial Report is 6,751ha.

I also note that the total yield identified as obtained in the 2023 biomaterial report is 1,539,767 yet the graph in the 2023 Sustainably of timber supply gives the volume as 790,295.78, if I exclude pulpwood and other from the biomaterial report I end up with 732,790.

The blatant gross errors in the data presented makes it impossible to work with this data. I ask you to please provide me with accurate biomaterial reports in excel form for each of the past 10 years as soon as possible.

I ask that you also rectify the errors in your Sustainability and Biomaterial reports to avoid misleading other researchers.

Yours sincerely,

Dailan Pugh

On 28/06/2024 10:32 pm, dailan pugh wrote:

> To whom it may concern,

>

- > Could you please provide me with NSW Biomaterial Reports in excel
- > spreadsheet form for each of the past 10 years.
- > > Regards
- regai

>

> Dailan Pugh

Southern NSW Biomaterial Reports analysis

Scott Daines - South East Forest Rescue, January 2025

This report looks at the recently updated Biomaterial Reports for the Eden, South Coast and Tumut regions and compares them to the previously published version for each region.

After enquiries and concerns from SEFR and NEFA to FCNSW last year about the accuracy of Biomaterial Reports, FCNSW released an amended Biomaterial Report for FY22-23 in October 2024. For Eden, South Coast and Tumut regions the original FY23 Biomaterial report contained multiple entries for several operations in each region, all with different areas and volumes reported. This was reported to FCNSW and the EPA in March 2024 and yet it took until October to fix the problems. It appears that some entries from the FY22 Biomaterial Report were included in the FY23 report. The amended report removed the FY22 entries from the report. Prior to this it seems FCNSW corrected them in the Biomaterial Report included in the Annual Return to the EPA but failed to amend the Biomaterial Report that is accessed through the Sustainability Report.

The reasons for the second amended Biomaterial Report in January this year and the amending of the FY22 and FY24 reports is not known. The difference between the reports is quite astounding given this should be a very simple report to produce as it relates to product volumes which are sold to industry and therefore the data would be stringently collected and correct. It is also a very important report as it goes to the heart of sustainability.

The following analysis of the different reports will not look at the original FY23 report that contained entries from the previous year. This is not saying there is no problem with this, there needs to be some accountability from FCNSW as to how this happened and why it was not identified by FCNSW prior to public release. FCNSW were aware of the problems in March 2024 and it took until October for them to rectify these issues. The bigger issue is why FCNSW needed to amend the last 3 years of reports, why are the volumes and areas so wildly different between them.

For the Eden region there has been a substantial redistribution of High Quality Large sawlogs (HQL) to High Quality Small sawlogs (HQS) in all years resulting in the reduction for HQL of 60% in FY22, 78% in FY23 and 88% in FY24 with a corresponding increase of HQS. For Pulp volumes there has been a consistent 37% reduction in all years. For Other (firewood, fencing, woodchop etc) there has been a 36% reduction in FY22 and FY23 and a 48% reduction in FY24. It is interesting that for all 3 reports there is zero Low Quality sawlog (LQ) volume reported, we find this hard to believe and it requires an explanation from FCNSW.

For the South Coast region FCNSW have actually managed to get HQL and HQS correct for the 3 years, although with all the errors in the reports it is debatable what confidence we can have in this. It is a different story for Pulp and Other with a consistent 36%-38% decrease in

volumes. For LQ the trend is the opposite with a 360%, 1500% and 200% increase in volumes. These increases do not account for the decreases in Pulp and Other.

In the Tumut region there is a mixed bag of decreases across all products in all years. For HQL there is a downgrade of 60% in FY22, 100% in FY23 and 25% in FY24. For LQ, Pulp and Other there is a 35% reduction in FY22, 32-35% in FY23 and 25-33% in FY24. Despite the reductions some of the operations have extremely high yields, similar and in a few cases more than the Eden region which is the most intensively logged region in NSW.

Considering this is a very basic report into FCNSW's core business of logging and selling timber products it is astounding how wrong they have got the figures. There are still some obvious problems within these reports and as such how can we have confidence that these figures are indeed correct, or even close to being correct. Given this debacle we have zero confidence in anything FCNSW says.

There needs to be a complete independent audit into all the Biomaterial Reports that have been produced by FCNSW along with correct reporting to the compartment level as required by the CIFOA. This audit needs to be transparent and provide explanations as to how these gross errors were allowed to occur to enable any confidence in future reports produced by FCNSW.

1. Eden Region

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2021- 22, New	1,364	5,555	15,723	0	0	111,303	602	155,564	114
2021-22 Original	1,431	13,705	7,574	0	0	176,150	952	233,801	163.4

Eden: Comparison of original and new Biomaterial Reports for 2021-22

There has been a downgrade of HQL of 8,150m³ or 59.4% reduction. Pulp has been adjusted by 64,847t or 36.8% reduction. Other has been adjusted by 350t or 36.7% reduction.

While 7 of the 17 operations have the same volumes of HQL and HQS in the new and old reports the other 10 operations have completely different HQL and HQS volumes between versions. In the new report volumes have been downgraded from HQL to HQS. The reduction in HQL for East Boyd 208A was 1520m³ or 94%. Some other notable examples are:

- Nadgee 158A 161A 162A HQL was 5,807m³ now 2,222m³.
- Nadgee 115A HQL was 3,855m³ now 1547m³.

All operations have wildly different Pulp and Other volumes, all being less in the new reports compared to the original. Some notable examples are:

- East Boyd 209 4,982t less Pulp in new report
- Nadgee 116A 117A 9,394t less Pulp in new report
- Nadgee 115A 11,640t less Pulp in new report
- Nadgee 158A 161A 162A 13,602t less Pulp in new report
- East Boyd 191A 203A 204A 7,004t less Pulp in new report

The Net Harvest Area (NHA) subject to logging remained the same between reports except for 1 operation, Nadgee 158A 161A 162A, in which the area logged was downgraded by 68ha.

Considering that operations in the Eden region are pulp driven, regardless of FCNSW's assertions otherwise, there are two operations that report zero Pulp being produced despite 98ha being logged in East Boyd 186A 187A and 93ha logged in East Boyd 192A. The average

yield for this report is 114m³/ha and yet these operations had yields of 2.1m³/ha and 1.4m³/ha respectively, there is something very wrong with these figures.

Eden: Comparison of original (October 2024) and new Biomaterial Reports for 2022	2-
23	

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2022- 23, New	2099	4131	20086	0	0	187929	1052	250,994	119.5
2022-23 Original	1728	18916	5301	0	0	295519	1658	380829	220.4

The same trends in the previous year continue, a downgrade of HQL to HQS and reduction of Pulp volumes and Other. HQL has been downgraded by 14,785m³ or 78%. Pulp volumes have been reduced by a massive 107,590t or 37%. Some notable examples are:

- Yambulla 292A 293A 296A 297A 8,807t less Pulp in new report.
- Yambulla 300A 294A 295A 8,242t less Pulp in new report.
- Nadgee 55A 58A 64A 7,614t less Pulp in new report.
- Nadgee 86A 87A 88A 7,159t less Pulp in new report.

In this year all but 1 operation had HQL downgrades to HQS. While the overall downgrade was 78% there are some larger downgrades for individual operations, some examples are:

- Yambulla 358A 359A 361A 1747m3 to 25m³ a 98% downgrade.
- Yambulla 339A 340A 341A 1840m³ to 89m³ a 95% downgrade.
- Yambulla 300A 295A 294A 2958m³ to 173m³ a 94% downgrade.

The NHA subject to logging increased by 372ha with most being small increases but a few large adjustments were:

- Yambulla 292A 293A 296A 297A -increase of 88ha
- Nadgee 55A 58A 64A increase of 194ha

Eden: Comparison of original and new Biomaterial Reports for 2023-24

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2023- 24, New	2262	1948	17200			188883	919	246910	109.1
2023-24 Original	2261.9	16362	2785			298093	1476	378,629	167.3

A reoccurring theme of downgrade of HQL to HQS and reduction of Pulp and Other volumes. HQL is down 14,414m³ or 88%, and another massive decline in Pulp volumes of 109,210t or 37%. Some notable examples are:

- Timbillica 228A 232A 233A 17,425t less Pulp in new report.
- Yambulla 260A 261A 263A 264A 12,555t less Pulp in new report.
- Yambulla 346A 347A 349A 9,886t less Pulp in new report.
- Yambulla 328A 329A 330A 9,578t less Pulp in new report.

In this year all but 2 operations had HQL downgrades but 1 of those had zero HQL and HQS in the original report so there was nothing to downgrade. The overall downgrade of HQL was 88%. Some large downgrades were:

- Yambulla 304A 305A 4,820m³ to 249m³, downgrade of 4,571m³ or 95%.
- Nadgee 69A 70A 1,593m³ to 72m³, downgrade of 1,521m³ or 95%.
- Nadgee 62A 71A 3,324m³ to 326m³, downgrade of 2,998m³.

2. South Coast

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2021- 22, New	802	14,271	3,637		5,953	18,299	15,235	65,292	81.4
2021-22 Original	792	14,272	3,635		1,285	29,233	24,547	83,985	106

South Coast: Comparison of original and new Biomaterial Reports for 2021-22

The volumes of HQL and HQS are the same for the new and old versions and that applies for the individual operations. There are, however, major differences in the LQ, Pulp and Other categories.

Pulp volume declined by 10,934t (37%), and Other by 9,312t (38%) between the original and new versions, LQ actually increased by 4,667t (363%). The table below shows the LQ, Pulp and Other volumes for the different versions for all operations.

		New			Old		
		LQ	Pulp	Other	LQ	Pulp	Other
TALLAGANDA	2447A & 2448A	495	3,040	108	0	4,853	173
	& 2449A &						
	2450A						
SHALLOW	212A	797	724	5,232	0	1,178	8,548
CROSSING							
SHALLOW	211A	286	1,096	2,026	0	1,735	3,246
CROSSING							
CURROWAN	502A & 503A	1,139	3,750	1,851	0	6,119	2,970
SOUTH	66A	126	135	327	0	218.5	527
BROOMAN							
MOGO	180A	913	1,679	1,206	0	2,755	1,933
BOLARO	242A & 243A	494	2,797	2,257	1,285	4,439	3,562
TALLAGANDA	2451A	1,070	3,769	401	0	5,866	655
MOGO	146A	633	1,309	1,827	0	2,070	2,927
TOTALS		5,953	18,299	15,235	1,285	29,233	24,547

LQ has increased in all except one operation, which decreased in the new version but this increase is less than the decrease in Pulp and Other volumes, it is not just a simple redistribution of Pulp and Other volumes to LQ.

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (PPG) (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2022- 23, New	903	18,675	4,026	226	7,355	30,767	16,146	88,048	97.5
2022-23 Original	726	18,675	4,026	226	447	48,090	25,739	112,058	154.3

South Coast: Comparison of original (October 2024) and new Biomaterial Report	ts
for 2022-23	

Same theme as the previous year, HQL and HQS and PPG are all the same in the new and original versions with LQ increasing and Pulp and Other decreasing in the new version. Pulp is down 17,323t (36%) and Other by 9,593t (37%), LQ increased by 6,908t (1545%). This is not a simple redistribution between product classes. The table below shows the LQ, Pulp and Other volumes for the different versions for all operations.

		New			Old		
State Forest /	Compartment	LQ	Pulp	Other	LQ	Pulp	Other
OCTL							
SHALLOW	211A		1,161		0	1,876	0
CROSSING							
BOYNE	108A	431	856	2,314	0	1,407	3,725
BENANDARAH	109A	418	1,153	1,101	0	1,865	1,631
SHALLOW	208A & 209A &	618	1,932	6,233	0	3,197	10,049
CROSSING	210A						
TALLAGANDA	2208A & 2209A	2,243	5,476		0	8,288	0
TALLAGANDA	2447A & 2448A &	1,441	12,406	679	359	18,911	1,057
	2449A & 2450A						
CURROWAN	485A & 486A	360	1,710	958	0	2,752	1,527
CURROWAN	502A & 503A	826	3,669	917	0	5,918	1,445
SOUTH	66A	1,018	2,404	3,944	88	3,876	6,305
BROOMAN							
TOTALS		7,355	30,767	16,146	447	48,090	25,739

Of note are the Tallaganda 2447A, 2448A, 2449A, 2450A figures, Pulp has been downgraded by 6,505t. Shallow Crossing 211A shows an area of 2 ha logged which produced 1,876t in the old version downgraded to 1,161t in the new which equates to yield of 580.5m³/ha, highly unlikely.

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2023- 24, New	743	8,814	2,956	278	5,835	20,572	9,794	55,489	74.7
2023-24 Original	743.9	8,814	2,956	278	1,933	32,854	15,728	72,665	97.7

South Coast: Comparison of original and new Biomaterial Reports for 2023-24

HQL and HQS and PPG are all the same in the new and original versions with LQ increasing and Pulp and Other decreasing in the new version. Pulp is down 12,282t (37%) and Other by 5,934t (37%), LQ increased by 3,902t (201%). Again this is not a simple redistribution between product classes. The table below shows the LQ, Pulp and Other volumes for the different versions for all operations.

		New			Old		
State Forest	Compartment(s)	LQ	Pulp	Other	LQ	Pulp	Other
BOYNE	108A	0	76	40	0	128	60
BOYNE	110A	223	987	499	0	1,613	801
CLYDE	206A & 467A	243	457	979	0	743	1,564
SHALLOW	208A & 209A & 210A	241	907	985	0	1,480	1,559
CROSSING							
CURROWAN	502A & 503A	1	0	0	0	0	0
CURROWAN	485A & 486A	569	2,177	1,124	0	3,524	1,793
CURROWAN	216A	800	4,771	1,123	0	7,780	1,818
FLAT ROCK	34A	247	1,595	510	0	2631	815
FLAT ROCK	35A	37	106	57	0	176	92
MOGO	574A	481	472	2,193	0	786	3,573
SHALLOW	211A	526	1,832	2,091	0	3,017	3,339
CROSSING							
SHALLOW	214A	53	457	193	0	743	310
CROSSING							

TALLAGANDA	2447A 2448A 2450A	513	2,312	0	342	3,492.5	0
TALLAGANDA	2208A & 2209A	1,901	4,423	0	1,590	6,737	0
TOTALS		5,835	20,572	9,794	1,932	32,854	15,728

Only 2 operations had LQ in the original report and in the new, all but 1 have LQ volumes. It beggars' belief how this can be so different?

3. Tumut

Tumut: Comparison of original and new Biomaterial Reports for 2021-22

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2021- 22, New	597	9,732	14,545	0	49,753	25,861	2,633	118,173	197.9
2021-22 Original	596.8	24,277	0	0	75,819	39,678	4,088	167,779	281.1

There has been a downgrade of HQL of 14,545m³ (60%), a reduction in LQ, Pulp and Other of 26,066t (34%), 13,817t (35%) and 1,455t (35%) respectively. Some notable examples are;

- Bago 80A 82A 83A 84A 85A HQL downgrade of 5,408m³ (70%), LQ reduction of 7,366t and Pulp reduction of 5,616t.
- Bago 88A 89A HQL downgrade of 2,500m³ or 97%.
- Bago 36A 37A HQL downgrade of 3,546m³ or 100% and LQ reduction of 5,537t.
- Bago 97A 98A 99A HQL downgrade of 1,084m³ or 100% and LQ reduction of 4,151t.
- Bago 90A 91A 92A 93A HQL downgrade of 646m³ or 100%.

Tumut: Comparison of original (October 2024) and new Biomaterial Reports for 2022-23

Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
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2022- 23, New	406		10,156	46,362	14,202	1,711	84,886	209.1
2022-23 Original	253	10,156		70,118	20,896	2,617	112,357	444.1

In this year there was a 10,156m³downgrade of HQL to HQS which was 100% of the volume. LQ, Pulp and Other reduced by 23,756t (34%), 6,694t (32%) and 906t (34%) respectively. Some notable examples are:

- Bago 44A 45A HQL downgrade of 6,434m³ (100%), LQ reduction of 9,803t and Pulp reduction of 3,986t.
- Bago 90A 91A 92A HQL downgrade of 1,882m³ (100%) and LQ reduction of 10,191t.

In the new version it has an operation in Bago 89A which was not listed in the original version. This operation also has 0ha showing as logged and produced 461t of pulp.

Tumut: Comparison of original and new Biomaterial Reports for 2023-24

	Net Area logged	High Quality Large Sawlog + Large veneer (m3)	High Quality Small Sawlog + Small veneer (m3)	Poles, piles & girders (m3)	Low Quality Sawlog (Tonnes)	Pulpwood (Tonnes)	Other (firewood, fencing, woodchop etc) (Tonnes)	TOTALS (m3 (tonnes x1.2))	Yield per hectare (m3/ha)
2023- 24, New	160	4,504	1,717		11,290	7,857	206	29,444	184
2023-24 Original	159.9	6,053	167		15,160	11,154	308	38,166	238.7

This year sees less error than others but still every category is different. HQL is downgraded by 1,549m³ (25%). LQ, Pulp and Other are reduced by 3,870t (25%), 3,297t (33%) respectively. Some notable examples are:

- Bondo 8101A 8102A 8103A HQL downgrade of 1,549m³ (25%), LQ reduction of 5,000t (33%) and Pulp reduction of 3,755t.
- Bago 44A 45A LQ increased by 1,130t (100%) and Pulp by 414t (100%)
- Bago 40A 41A Pulp increased by 44t (100%)

In the 3 reports there are some operations that have very high yield figures especially Bago 97A 98A 99A. These yields are more than the Eden region which has the most intensive logging in NSW. Some examples of this are:

- Bago 90A 92A 93A 94A 216.4m³/ha
- Bago 80A 92A 83a 84A 85A 253.8m³/ha
- Bago 44A 45A 187.9m³/ha
- Bondo 8101A 8102A 8103A 173.2m³/ha
- Bago 97A 98A 99A 432.9m³/ha

4. Eden region pulp driven operations

Condition 13.1(b)(i) of the CIFOA requires that forestry operations comply with the requirements of Part 5 of Protocol 31: Matters covered by the approval.

Part 5: Timber product requirements

31.4 Timber product requirements

(3) A harvesting operation must not be conducted for the primary purpose of producing low quality logs (including salvage and firewood), pulpwood logs or heads and offcuts.

It appears that there are numerous operations that have the primary purpose of producing low quality products. These operations are in the Eden region which is and always has been the most intensively logged region in NSW. It is a fallacy that pulp is just a by-product of logging for high quality sawlogs.

As the Biomaterial Reports for FY2020-21 and earlier only report volumes to the State Forest level, which does not comply with the CIFOA, we have only included operations that were undertaken fully in the time of the 3 new reports. They are listed for the year they were completed.

		HQL	HQS	Pulp (t)	Other	Pulp	Other
					(t)	(m3)	(m3)
EAST BOYD 191A	Products	21	21	11,777	116	14,132	139
203A 204A	%	0.01	0.01			98.7	1
	Yield m3/ha	0.1	0.1			66.6	0.6
TIMBILLICA &	Products	49	139	7,084	0	8,501	
EAST BOYD 209A	%	0.5	1.6			97.8	
210A 211A	Yield m3/ha	0.6	1.7			104.9	

2021-22

The average of high quality products is 13.6% and low quality products is 86.4% for all operations in the year. There is no justification that these 2 operations are not primarily for low quality products.

2022-23

		HQL	HQS	Pulp	Other	Pulp	Other
		(m3)	(m3)	(t)	(t)	(m3)	(m3)
EAST BOYD	Products	122	516	9,708	162	11,649	194
22A 23A 24A	%	0.9	4.1			93.3	1.5
	Yield m3/ha	0.9	3.7			83.8	1.4
EAST BOYD	Products	50	125	11,976	579	14,370	695
175A 176A	%	0.3	0.8			94.3	4.6
	Yield m3/ha	0.3	0.9			104.9	5.1
	Products	130	217	16,405	643	19,686	771
	%	0.6	1			94.6	3.7

EAST BOYD	Yield m3/ha	0.7	1.2		111.2	4.3
173A 178A						
189A						
TIMBILLICA	Products	31	155	9,419	11,302	
221A 227A	%	0.3	1.3		98.4	
	Yield m3/ha	0.4	2.1		152.7	

The average of high quality products is 9.6% and low quality products is 90.4% for all operations in the year. Low quality products in these operations range from 94.8% to 98.9%. There is no justification that these 4 operations are not primarily for low quality products.

2023-24

		HQL	HQS	Pulp	Other	Pulp	Other
		(m3)	(m3)	(t)	(t)	(m3)	(m3)
TIMBILLICA	Products	38	429	17,799		21,358	
222A 223A	%	0.2	1.9			97.8	
	Yield m3/ha	0.2	2.5			127.9	
NADGEE	Products	67	746	20,728	208	24,873	249
75A 76A 77A	%	0.2	2.8			95.9	0.9
101A	Yield m3/ha	0.2	2.7			92.1	0.9
NADGEE	Products	115	815	13,724		16,468	
83A 84A 85A	%	0.6	4.7			94.6	
	Yield m3/ha	0.7	5.1			103.5	
NADGEE	Products			1,397		1,676	
111A	%					100	
	Yield m3/ha					79.8	
EAST BOYD	Products		64	11,985	263	14,382	315
180A 181A	%		0.4			97.4	2.1
182A	Yield m3/ha		0.4			97.8	2.1
EAST BOYD	Products	8	13	5,685		6,822	
213A 214A	%	0.1	0.2			99.7	
	Yield m3/ha	0.1	0.2			113.7	
NADGEE	Products	108	241	7,458	226	8,949	271
51A 52A	%	1.1	2.5			93.5	2.8
	Yield m3/ha	0.9	2			73.9	2.2
YAMBULLA	Products	355	956	21,100		25,320	
260A 261A	%	1.3	3.6			95.1	
263A 264A	Yield m3/ha	1.2	3.3			86.7	
YAMBULLA	Products	221	338	16,857		20,228	
328A & 329A	%	1	1.6			97.3	
& 330A	Yield m3/ha	1.4	2.2			130.5	

The average of high quality products is 7.7% and low quality products is 92.3% for all operations in the year. There is no justification that these 9 operations are not primarily for low quality products.

For every hectare logged, and in the Eden region it is called Modified Shelterwood Harvest System, which is basically clearfelling leaving 8 hollow-bearing trees, the average yield for high quality products for the operations above is only 2.2m³/ha and for low quality products 103.4m³/ha or 47 times more.

5. Non-compliance with CIFOA Condition 34.1 and Protocol 2.4

The new Biomaterial Reports still do not comply with the CIFOA in that they report to the operational level not the compartment level as required. This non-compliance has been the subject of many letters to FCNSW and the EPA. The EPA was also advised and asked to investigate why there were differences between the FY22 Biomaterial Report and a GIPA by SEFR for volumes during the same period.

- 22/12/22 SEFR to EPA CIFOA non-compliance
- 17/7/23 EPA to SEFR Reply saying FY22 Biomaterial Report complies
- SEFR to EPA phone call saying FY22 Biomaterial Report does not comply
- 17/8/23 SEFR to EPA Biomaterial Report and GIPA differences
- 28/8/23 EPA to SEFR re 17/8/23 SEFR letter, EPA investigating
- ?/12/23 SEFR/EPA meeting Biomaterial Report complaint
- 2/1/24 EPA to SEFR FCNSW have been informed of obligations
- 19/3/24 SEFR to EPA/FCNSW FY23 Biomaterial Report non-compliance
- 3/6/24 SEFR to FCNSW Email FY23 Biomaterial Report non-compliance
- 28/6/24 FCNSW to SEFR Email no real response to complaint above
- 5/8/24 SEFR to FCNSW Email follow up to FCNSW response above
- 18/10/24 SEFR to FCNSW email FY24 Biomaterial Report non-compliance
- 6/12/24 SEFR to FCNSW Complaint re differences between Biomaterial Report and Sustainability Report

None of the correspondence with FCNSW has received a response that addresses the issue of non-compliance, and in fact they seem to be totally ignoring the fact they are in breach. The EPA agrees that the Biomaterial Reports do not comply and have informed FCNSW of this but no regulatory action has been taken, which emboldens FCNSW to ignore the issue.

2/1/24 EPA to SEFR

Presentation of Data

As you raised during our meeting, the EPA notes that the Annual Plan and Annual Timber and Biomaterial Report are currently presented in a way that provides the required details for multiple compartments, presumably based on the harvest plans. However, this does not allow the EPA to assess the area and volume information for each individual compartment as required by Protocol 2.2 and 2.4 of the CIFOA. The EPA has advised FCNSW that it requires it to present the information in the Annual Plan and Annual Timber and Biomaterial Report for each individual compartment so that it is consistent with the requirements of Protocols 2.2 and 2.4 of the CIFOA. Forestry Corporation

Emails

On 21/02/2025 4:23 pm, Daniel Tuan wrote:

Hi Dailan,

Thank you for these queries. We have been unable to replicate the issue with accessing the report in the Sustainability Report. Our technical teams are looking into it and alternatively the publication of a static version. They are also reviewing the query regarding the GIS data.

As you will see from my separate email we would like to meet to discuss all of these issues with you and Scott.

Regards, Daniel

From: dailan pugh <dailan@tpg.com.au>
Sent: Wednesday, 19 February 2025 9:50 AM
To: Daniel Tuan <Daniel.Tuan@fcnsw.com.au>
Cc: Anshul Chaudhary <Anshul.Chaudhary@fcnsw.com.au>; Information Forestry
Corporation <info@fcnsw.com.au>
Subject: Re: Biomaterial Reports URGENT QUERY

Hi Daniel,

You stated to me, and on your website, that Biomaterial Reports for 2019/20 and 2020/21 are available in the corresponding Sustainability Reports, though when I click on the Biomaterial links in the 2020/21 report I just get redirected to your biomaterial landing page which tells me to look in the sustainability report. Could you please provide me with the 2020/21 Biomaterial Report (preferably as an excel spreadsheet) or inform me when you have restored it to your website.

Also I note that you have uploaded new HFDHarvest History data to your data website though it can not be downloaded as a shapefile. Could you please rectify the problem or send it to me as a shapefile?

Thanks

Dailan

On 21/02/2025 4:07 pm, Daniel Tuan wrote:

Hi Scott and Dailan,

Thank you for your additional questions.

To provide some context, Forestry Corporation maintains a sales database that details timber sales and volumes arising from forestry operations carried out under separate regulatory frameworks including the CIFOA, other IFOAs and authorised plantations. This data is used as the basis for many different reports.

The Biomaterial report is prepared by extracting a specific subset of the sales data to align with the reporting categories set out in the CIFOA. Information published in the Sustainability Report and any information prepared in response to specific requests may draw on different sub-sets of the data in the sales database.

Forestry Corporation has identified that clearer business rules are required to ensure consistency in the extraction and reporting of sales data and is working to develop these.

In relation to your point regarding reporting at the operational level rather than the compartment level, Forestry Corporation is currently working with the EPA on this matter.

To explore all of these issues I would like to invite you both to a meeting with Anshul and I. We are happy to meet face to face and will both be in Sydney on Thu 6, Thu 13, Wed 19 and Thu 20 March. If an online meeting is more suitable then we have various other available times between Thu 6 and Fri 21 March.

Please let me know your preferences and availability or other alternative dates and times.

Regards, Daniel

From: South East Forest Rescue <sefr@fastmail.fm>
Sent: Tuesday, 18 February 2025 7:33 PM
To: Daniel Tuan <daniel.tuan@fcnsw.com.au>; Anshul Chaudhary
<anshul.chaudhary@fcnsw.com.au>; Information Forestry Corporation
<info@fcnsw.com.au>
Cc: dailan pugh <dailan@tpg.com.au>
Subject: Biomaterial Reports

Hi Daniel,

Thank you for your reply and it is encouraging that FCNSW has admitted it has produced erroneous reports.

There are still some serious issues that need to be addressed by FCNSW.

- The amended reports still appear to contain errors. We have checked the 2021-22 report against a GIPA of your sales database and there are errors in the report and therefore it is likely there are errors in the other 2 years reports. Also the amended reports still have differences to the volumes in the Sustainability Reports. FCNSW has a major credibility problem that it needs to address.
- 2. The reasons for the errors provided in your email and on the website do not seem to account for the errors in the report. it is far more than just extraction and formatting.
- 3. Of major concern though is the total avoidance by FCNSW that all the Biomaterial Reports do not comply with the CIFOA in that they report to the operational level and not the compartment level as required. FCNSW has been aware of this for years and has been told by the EPA they do not comply and yet FCNSW continues to produce non-compliant reports. We demand FCNSW immediately produce Biomaterial Reports to the compartment level as required by the CIFOA and if not provide written reasons why FCNSW is not complying with the CIFOA.

Regards,

Dailan Pugh

Scott Daines

On 18/02/2025 7:41 am, Daniel Tuan wrote:

Hi Dailan,

Further to my email below. Thanks for your correspondence regarding Forestry Corporation's Annual Timber and Biomaterial Report. I acknowledge that you have written several times raising questions about the information in this report and I assure you that the matters you raised have been taken seriously. The reports were thoroughly reviewed in light of your concerns and regrettably several errors were identified.

These errors related only to the extraction and formatting of data for this particular report from the source data and sales systems, which are correct and accurate. However, I appreciate that you reference and use these reports and apologise that they contained incorrect information.

We have corrected the reports that are published on our website, provided the EPA with the updated reports, and have also published information on the website explaining the errors. We are now reviewing and clearly documenting the data extraction processes to be followed when compiling the Annual Timber and Biomaterial Report in future.

Thank you again for taking the time to raise your concerns with us.

Regards, Daniel

From: Daniel Tuan <Daniel.Tuan@fcnsw.com.au>
Sent: Thursday, 6 February 2025 5:28 PM
To: dailan pugh <dailan@tpg.com.au>
Cc: Anshul Chaudhary <Anshul.Chaudhary@fcnsw.com.au>; Information Forestry
Corporation <info@fcnsw.com.au>
Subject: RE: Biomaterial Reports URGENT QUERY

Hi Dailan,

I want to reassure you that the errors which have occurred have been in the extraction and categorisation of data from our sales system into the format required for the Biomaterials report. The underlying sales database is an accurate reflection of what timber is removed from the forest and the products sold.

Our team is still working through the specific details and we will come back to you with a more detailed response on the various elements.

Regards, Daniel

From: dailan pugh <<u>dailan@tpg.com.au</u>>
Sent: Monday, 3 February 2025 6:59 PM
To: Daniel Tuan <<u>Daniel.Tuan@fcnsw.com.au</u>>
Cc: Anshul Chaudhary <<u>Anshul.Chaudhary@fcnsw.com.au</u>>
Subject: Re: Biomaterial Reports URGENT QUERY

Hi Daniel,

Attached are my report on north-east NSW and Scott Daines for southern NSW that review the recent changes in the Biomaterial Reports. I was shocked with the scale and breadth of the changes for almost every group of compartments. I do not understand your rationale for reallocating large high quality sawlogs to small, or low-quality sawlogs to pulp or other. Neither can I understand your systematic reductions in volumes of low quality logs. It is also apparent that while there are broad trends there are significant variations for each group of compartments. I would still like to know your rationales for making such broad changes.

Regards

Dailan

On 3/02/2025 8:08 am, Daniel Tuan wrote:

Good morning Dailan,

Thanks for raising these queries. Our team is working through the questions and the data and I will come back to you with a response as soon as it is available.

Regards, Daniel

From: dailan pugh <dailan@tpg.com.au>
Sent: Tuesday, 28 January 2025 2:23 PM
To: Daniel Tuan <<u>Daniel.Tuan@fcnsw.com.au></u>
Cc: Anshul Chaudhary ">Anshul.Chaudhary@fcnsw.com.au>
Subject: Re: Biomaterial Reports URGENT QUERY

Hi Daniel,

I can see that my complaints have resulted in a drastic reconsideration of your logging data. I had expected the October revision of the 2023FY would be the end of that issue, but now you have sent me a further revision of the 2022/23 Biomaterial report which identifies a further 24% reduction in volumes of all products, in addition to the earlier 45% reduction. It claims a 28% increase in the logging area, an overall increase of 811 m3 in claimed yields of high quality logs (though reallocates over 500m3 of large high quality logs to small) and a 38% reduction in yields of low quality logs. The revision of the 2023/24 Biomaterial Report similarly identifies a 23% reduction in timber volumes, reallocates over 1,000 m3 of large high quality logs to small, and reduces yields of low quality logs by 38%.

These are not minor changes!!

I am writing-up my findings. Could you please <u>URGENTLY</u> explain to me why large high quality sawlogs were retrospectively classed as small. Also why yields of low quality logs were retrospectively reduced by an average of 38% (up to 50%) across all operations and years?

I would like to complain that you still won't provide data in excel spreadsheets to make use of it easier and avoid conversion errors. Nor have you answered any of my previous questions or provided any explanation of the changes.

Regards

Dailan

From website 18/2/2025

https://www.forestrycorporation.com.au/about/pubs/timber-volumes-and-modelling/biomaterial-reports

Some corrections have been made to recent reports. These are explained below

Issue identified

In 2024, stakeholders raised concerns about discrepancies in the reported timber volumes. A review of the 2021-22, 2022-23, and 2023-24 reports found errors that led to some product categories being overstated. These errors were primarily related to how high-quality sawlogs, veneer logs, and weight-based timber sales were categorised and reported.

The errors occurred in the extraction and formatting of the data for the purposes of the Biomaterial Reports. It is important to note that source data and sales systems are not affected by this issue.

Our annual reports, financial statements, sustainability reports and periodic sustainable yield reviews draw base data from our systems and are completely separate from the Biomaterial Report, so are not subject to the errors and revisions described above

Actions taken

We conducted a thorough review and corrected the affected reports in January 2025. Changes included refining classification methods for sawlogs and veneer, ensuring accurate weight reporting, and eliminating errors in how data was processed. The revised reports confirm that all harvesting remained within the CIFOA limits.

Improvements and next steps

We appreciate that the community has a strong interest in our operations and acknowledge that these errors should not have occurred. We sincerely apologise for any confusion this may have caused.

To prevent future errors, we are documenting data extraction processes, enhancing collaboration between sales and reporting teams, and strengthening oversight of external reporting.