Submission No 22, Received 31/03/05

### LEGISLATIVE ASSEMBLY PUBLIC ACCOUNTS COMMITTEE

#### Inquiry into Sustainability Reporting in the New South Wales Public Sector

Submission by Forests NSW, Department of Primary Industries

#### The Terms of Reference

On 1 September 2004, the Committee agreed to the following Terms of Reference:

- 1. That the Committee inquire into and prepare a report on Sustainability Reporting in the New South Wales public sector.
- 2. The Committee should:
  - a) Review the current requirements for sustainability reporting, whether compliance with these requirements is mandatory and how compliance is monitored;
  - Present information on the extent of sustainability reporting within and across NSW government agencies, with particular reference to the 'whole of government' approach to sustainability reporting initiated within the Premier's Department;
  - c) Consider whether sustainability reporting should be linked to other reporting mechanisms to Parliament:
  - d) Consider appropriate processes for auditing or verifying sustainability reports;
  - e) Consider how effectively sustainability reporting is linked to actions within and across agencies;
  - f) Review the adequacy of current central agency tools to assist individual agencies in applying sustainability reporting.
  - g) Consider sustainability reporting initiatives within the public sector in Australia and in international jurisdictions;
  - h) Study the processes agencies are using to achieve integration between the dimensions of social, economic and environmental sustainability and core principles of sustainability;
  - i) Examine the value of core sustainability indicators across all public sector agencies versus development of indicators which are agency-specific;
  - Discuss processes by which sustainability reporting practice is communicated and discussed within and across agencies and to Parliament.
- 3. In conducting the inquiry, the Committee should:
  - a) Consider sustainability reporting initiatives within the public sector in Australia and in international jurisdictions;
  - b) Study the processes agencies are using to achieve integration between the dimensions of social, economic and environmental sustainability and core principles of sustainability;
  - c) Examine the value of core sustainability indicators across all public sector agencies versus development of indicators which are agency-specific;
  - d) Discuss processes by which sustainability reporting practice is communicated and discussed within and across agencies and to Parliament.

# Part 1 - Background to Sustainability reporting for Forests NSW (previously State Forests of NSW)

Forests NSW, formerly State Forests of NSW, is a public trading enterprise responsible for managing almost 3 million hectares of public forest. Sustainability, a concept originating in forestry<sup>1</sup>, is the central management philosophy of the organisation.

The Forestry Act 1916 and its regulations sets the objectives of Forests NSW:

- to conserve and utilise the timber on Crown-timber lands and land owned by the commission or otherwise under its control or management to the best advantage of the State,
- to provide adequate supplies of timber from Crown-timber lands and land owned by the commission or otherwise under its control or management for building, commercial, industrial, agricultural, mining and domestic purposes,
- to preserve and improve, in accordance with good forestry practice, the soil
  resources and water catchment capabilities of Crown-timber lands and land owned by
  the commission or otherwise under its control or management,
- d) to encourage the use of timber derived from trees grown in the State,
- e) consistent with the use of State forests for the purposes of forestry and of flora reserves for the preservation of the native flora thereon:
- I. to promote and encourage their use as a recreation, and
- II. to conserve birds and animals thereon, and
- f) to provide natural resource environmental services (whether within or outside of New South Wales).

While 'sustainability' is not explicit in these objectives it has been embedded as an organisational goal through the Corporate plan 2000-2003 (currently being revised under the new Department of Primary Industries) which requires sound performance in 4 Key Result Areas:

- Ecologically sustainable management of natural resources.
- Sustained financial performance
- Accountability to the community
- Our people

Recognising the synergies between these objectives and organisational goals Forests NSW has identified as the core areas against which performance should be assessed as:

- commercial efficiency the returns generated from the marketing of forest products and from our expanding role as a service provider to investors in the environmental services of forests
- environmental care ecologically sustainable management of native forests to protect and enhance environmental values including flora and fauna, water and soil quality and scenic attraction
- our social contribution helping to generate social and economic benefits for the people of NSW, including recreation and regional employment opportunities

<sup>&</sup>lt;sup>1</sup> The origins of the word sustainability lie in the concept of 'sustained yield', which emerged first in scientific forestry in Germany in the late eighteenth century. It came not just as a response to the decline in German forests, but as a response to the uncertainty and social instability which still wracked Germany at that time and which were responsible at least in part for the decline in German forests (see Lee in Worster, 1993 and also Kellow 2002).

As such, Forests NSW has adopted what has popularly become know as a "triple bottom line" or sustainability approach for monitoring performance and undertakes to do this through an annual, voluntary, reporting process. The Organisation's sustainability report (known as <u>Seeing</u> - social, environmental and economic) and the systems and processes that underpin it has become the primary mechanisms for assessing performance in this area and affecting change at a corporate level. This process also provides information to track achievements against objectives set out in Ecologically Sustainable Forest Management plans which have been developed to implement sustainability at a regional level.

#### Part 2 - Response to the Terms of Reference, part 2

# a) Review the current requirements for sustainability reporting, whether compliance with these requirements is mandatory and how compliance is monitored;

Forests NSW currently produces or contributes a range of public reports on the sustainability of the organisation and the forests managed. The reports provide information at the International, National, State, organisational and Regional<sup>2</sup> level (Attachment 1) and are variously mandatory, obligatory and voluntary. They are:

- The Montreal Process Reports (International, National, obligatory) co-ordinated by The Department of Agriculture, Fisheries and Forestry Australia (AFFA);
- State of the Forests (National, obligatory) co-ordinated by AFFA;
- State of the Environment (National, obligatory) co-ordinated by the Commonwealth Department of Environment and Heritage (DEH);
- State of the Environment (State, obligatory) co-ordinated by NSW Department of Environment and Conservation (DEC-EPA);
- State of the Environment (Local Government Area, obligatory) co-ordinated by individual local governments.
- The Seeing (Social, Environmental and Economic) Report (organisational, voluntary) produced by Forests NSW (refer Attachment 4);
- Forests NSW Annual Report (organisational, mandatory) produced by Forests NSW;
- Forest Agreement Criteria and Indicators Report (Regional, mandatory) co-ordinated by NSW Department of Infrastructure, Planning and Natural Resources (DIPNR-RACD);
- Forest Agreement Annual Reports and IFOA Annual Reports (Regional, mandatory) co-ordinated by DIPNR (RACD);
- ESFM Annual Reports (Regional, mandatory) co-ordinated by DIPNR (RACD);
- Regional Forest Agreement Milestone Reports (Regional, mandatory) co-ordinated by DIPNR (RACD).
- Forest Management Plans under the Forestry Act and annual reports.

Where reports are obligatory, New South Wales has committed to provide data and information to these reports, but neither the reports nor the agreements/declarations which they contribute to are legally binding;

Where reports are mandatory there is a legislative basis for them. Compliance with these reports is monitored by DIPNR as the co-ordinating agency. The reports are submitted to parliament as required under the terms of the various Forest Agreements. Stakeholder 'monitoring' of report production and timeliness also occurs.

Where reports are voluntary, there is no legislative basis for their production. As such there is no compliance check of the production of the report. However, Forests NSW chooses to have the report verified and assured by an external and independent body (discussed later under verification). The Auditor General may also audit components of this report in conjunction with annual audits of Forests NSW Annual report.

# b) <u>Present information on the extent of sustainability reporting within and across NSW government agencies, with particular reference to the 'whole of government' approach to sustainability reporting initiated within the Premier's Department;</u>

Forests NSW has been producing an annual sustainability report for the past six years. Between 1997/98 and 1999/2000 Forests NSW produced an environmental and social values report. Building on this, in 2000/01, the organisation produced the first *Seeing* Report. The new name, *Seeing*, reflected a broadening of the report to cover social, environmental and economic values. Copies of

<sup>&</sup>lt;sup>2</sup> State forests are administered through 11 Regional centres which are geographically defined. There are also Regional Forest Agreements, however the geographical extent of these do not always coincide with the Forest NSW administrative boundaries.

Forests NSW' sustainability report are available online at: http://www.forest.nsw.gov.au/publication/e\_sv/default.asp.

Along with some of NSW' State Owned Corporations, Forests NSW has been recognised as a leading government agency in the sustainability reporting field. For example, in a recent report on Triple Bottom Line reporting to the Group of 100, which is an Association of Australia's senior Finance Executives from the nation's business enterprises, Forests NSW (then as State Forests) was listed as the leading Government agency for Sustainability reporting through the production of the 2003 Seeing report. Copies of this report, produced by Ernst and Young are available at: <a href="http://www.ey.com/global/download.nsf/Australia/AABS\_G100Guide/\$file/G100\_guide-tbl-reporting2003.pdf">http://www.ey.com/global/download.nsf/Australia/AABS\_G100Guide/\$file/G100\_guide-tbl-reporting2003.pdf</a>

Forests NSW participates in the Premier's Department 'whole of government' sustainability senior officer's group. Interagency collaboration with respect to specific reports occurs with other agencies involved in management of the public forest estate.

One of the central tenets often presented with respect to sustainability reporting is the embodiment of the principles of sustainability within the policies supporting the agency, organisation or firm. In line with this, information has been recently supplied to the Premier's Department about Forests NSW' policies (Attachment 3).

### c) Consider whether sustainability reporting should be linked to other reporting mechanisms to Parliament;

For Forests NSW, there are direct similarities and common indicators between many of the sustainability reports produced. This is, to a great extent, due to the replication of the Montreal Process Criteria and Indicators<sup>3</sup> between the National level forest reports and those derived through the Regional Forest Agreement (RFA) process and the NSW Forest Agreements (FA). Further, because Forests NSW *Seeing* report originated during the early stages of the RFAs in NSW there is considerable overlap between this and the RFA and FA related reports. However the *Seeing* report contains additional indicators and information, particularly relating to the performance of the organisation, as opposed to the state of the forests managed.

In producing the reports that are mandatory under the Forest Agreements, which are reports to Parliament, there is considerable overlap in data collection. The key variant is the geographic scale over which data is provided. To address this Forests NSW developed a data collection and management tool (called SEEDs - social, environmental and economic data system) which is used to facilitate the collection of data and production of reports at a variety of geographical scales.

#### d) Consider appropriate processes for auditing or verifying sustainability reports;

With respect to Forests NSW' *Seeing* report, the organisation has voluntarily chosen to subject the reports, the data and the supporting systems to external verification and assurance twice in the recent past. A statement of verification is included in the 2000/01 and 2002/03 *Seeing* reports.

The Auditor General's Department also audit sections of the Seeing report.

Reasons for voluntary external verification are various but at face value are undertaken to provide readers with surety as to the accuracy of the information provided and statements/claims made in the report. While a statement of verification is included in the produced report and provides assurance

<sup>&</sup>lt;sup>3</sup> During 1992, following the United Nations Conference on Environment and Development, an international seminar was held in Montreal on the sustainable development of temperate and boreal forests. Following from this, in 1995 the Santiago declaration was issued, which endorses 7 national level criteria and 67 indicators for the 'conservation of sustainable management of temperate and boreal forests'. Now known as the Montreal Process, this framework has been guiding the development of forest related indicators ever since. Australia is a signatory to the Santiago Declaration which requires that each State provides information to the Montreal Process Reports).

readers, a more useful outcome of the verification process is a detailed and comprehensive report outlining errors, omissions and areas for improvement in the reporting process.

Voluntary verification can be a positive experience, leaving open the opportunity for improvement without fear of reprimand. Further, external and independent verification provides stakeholders with some comfort that the organisation is not auditing itself, although some would argue that a paid auditor can not be entirely impartial. Compulsory audit, in the same way that, for example annual reports are audited, may not have the same benefits.

Third party audits, for example by a panel of stakeholders, or by a suitably qualified company chosen by a panel of experts may have its merits by proving degrees of separation between the auditor and that being audited.

A stakeholder consultation process, with both internal and external stakeholders, was also undertaken as part of the verification process for the *Seeing* report in 2000/01 and 2002/03. The information and issues arising from this process can be used to improve the relevance of the report to stakeholders and demonstrate responsiveness to community concerns.

One issue regarding verification/assurance has been the lack of statutory requirements or generally accepted standards for the preparation, public reporting and attestation of non-financial stakeholder reports. In the absence of such standards, the approach taken for verification and assurance provision of the *Seeing* report has been based on the requirements of the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines and more recently the *AA1000 Assurance Standard*.

The GRI is in the process of drafting a set of Sustainability Reporting Guidelines for use by public sector agencies. A draft for public comments is currently on line at <a href="https://www.gri.org">www.gri.org</a>.

Careful consideration should be given to the financial cost of undergoing external/independent verification of sustainability reports.

### e) <u>Consider how effectively sustainability reporting is linked to actions within and across agencies;</u>

For each of the 32 indicators measured as part of the *Seeing* report, broad targets have been set. Each year, the indicator results are compared with the previous year(s) to identify areas where performance may have declined. The verification process can also assist in this process.

With six years of sustainability reporting data now collected, indicator trends are becoming more apparent facilitating the identification of actions. However, complexities arise in setting targets which are relevant to the life-span of forests, which are far longer than those of a financial year or of a political cycle. It may take decades for the objectives and outcomes of management decisions to become apparent in the forest.

The Forests NSW Corporate Plan also monitors key result areas against performance indicators and results, and monthly reports to the Division's Senior Management Team are based loosely on social, environmental and economic measures. However, there are currently no direct linkages between measured sustainability performance and senior officer performance review.

Further, there is no agreed organisational process through which remedial action to address poor performance, with respect to sustainability measures, is undertaken. Overall, this area of linkages between reporting and actions is consistently a weak point with reporting performance trends not always translating into on the ground actions. However, this is being addressed in FNSW with the inclusion in performance agreements of reporting and through the corporate Environmental Management Systems, progress towards Forest Certification and the adoption of an approach to risk management that incorporates sustainability issues. Options for including sustainability triggers in business decisions such as procurement, tenders and contracts are also under consideration.

# f) Review the adequacy of current central agency tools to assist individual agencies in applying sustainability reporting.

Forests NSW has been producing the *Seeing* report, its major voluntary sustainability report, since 1997/98. Since this time, the tools used to produce the report, primarily in terms of data collection and collation have undergone significant change. This change has come about as the number of other reports produced has grown and with them the complexities of data capture and management in relation to the scale at which information is reported. As such, Forests NSW is required to provide information from the level of 'part of administrative Region' (as per Forest Agreement Boundaries) to whole of organisation.

Report production is co-ordinated in the Forest Management and Sustainability Branch, however only recently (2004) was a position dedicated to reporting established. Almost every business unit within Forests NSW is currently required to provide some level of information to the reports, however, the main source of information is Forest NSW regional offices. Each year almost 100 employees contribute to the reports.

Following an external verification of the reporting system and tools in 2002, Forests NSW funded the development of a centralised tool called SEEDs (Social, Environmental and Economic Data storage) to facilitate data collection and report production. The tool is an intranet based tool to which all necessary employees can have access for data entry and all employees have access for data retrieval and reporting.

Forests NSW does not receive any support (resources or financial) from central agencies in data collation or with the production of the *Seeing* Report. The level of support to other agencies that coordinate Regional (e.g. RFA), Statewide or national reports cannot be commented on.

Only recently has central government sought to address the need for a sustainability reporting framework, sustainability strategy or policy for public sector agencies. It is understood that the Premier's Department is currently in the process of drafting such a document. and Forests NSW is contributing to this through the Premier's Department Senior Officer's Sustainability Working Group (Forests NSW submission to this process is provided in Attachment 3)

# g) Consider sustainability reporting initiatives within the public sector in Australia and in international jurisdictions;

A number of guidelines or frameworks for sustainability reporting are currently being developed and applied worldwide<sup>4</sup> and have been reviewed in the process of developing Forests NSW *Seeing* report. These include:

- The Global Reporting Initiative
- PERI Public Environmental Reporting Initiative Guidelines
- GEMI Guidelines Environmental Reporting in a Total Quality Management Framework, and others
- Corporate Reporting (NSW EPA)
- World Wide Fund for Nature 'Ore or Overburden'
- Environment Australia A guide to Triple Bottom Line Reporting in Australia: A guide to reporting Against Environmental Indicators
- World Business Council For Sustainable Development Sustainable development Reporting: Striking the Balance
- Group of 100 Inc. Sustainability: a Guide to Triple Bottom Line Reporting.
- The International Institute for Sustainable Development:
  - Indicators for Sustainable Development: Theory, Method, Applications (Bossel 1999)

<sup>&</sup>lt;sup>4</sup> See: Verfaille, H.A and R. Bidwell 2000 for the World Business Council for Sustainable Development 'Measuring eco-efficiency: a guide to reporting company performance', Environment Australia (1999) 'Profiting from Environmental improvement in Business', PERI (1992) 'Public Environmental Reporting Initiative', WWF (1999) 'Mining Environmental Scorecard' and others.

• Assessing sustainable development: Principles in practice (including the Bellagio Principles) (Hardi and Zadan 1997).

Refer to Attachment 2 for a full list of references.

Forests NSW has undertaken a review of its reporting framework in consideration of a number of these initiatives, most specifically the Global Reporting Initiative (GRI). The findings of the review demonstrated that while the general structure and content of the GRI are useful as a guide to developing a sustainability report they did not provide the level of detail that would make Forests NSW report relevant to readers. Therefore, where other organisations and companies have sought to achieve GRI 'compliance' Forests NSW has not.

#### Sustainable Forest Management Reporting Guides.

The Montreal Process Criteria and Indicators currently form the basis of a framework of sub-national criteria and indicators used across Australia. Criteria are the broad forest values that forest managers seek to maintain, while indicators allow the measurement of how well those values are being protected. The aim is to use the criteria and indicators to assess trends in forest condition and management. They are aimed at provide a framework for answering the fundamental question: "How well are we managing our forests?" In Australia, the Montreal Process criteria and indicators have also been incorporated for use in reporting on the outcomes of the Regional Forest Agreements (RFA) and (State) Forest Agreements made with the objective of ecologically sustainable forest management across the public forest landscape.

These criteria and indicators formed the starting point of the development of the indicators used in Forest NSW *Seeing* report and as such have guided the development of sustainability reporting for the organisation.

Forests NSW is a member of the Australian Montreal Process Working Group, which is convened by Agriculture, Fisheries and Forestry Australia. This working group provides Australia's position on the application and review of the Montreal Process C&I framework, which is currently under review at an International level. Most specifically this review seeks to address the relevance of the Montreal process Criteria and Indicators with respect to the functioning of forest systems.

Where these Criteria and Indicators have been adopted as a tool for monitoring ecologically sustainable forest management through the Forest Agreement process, for State forest and National parks, there are a number of limitations in their utility. Most significantly these arise:

- where variations in data availability between agencies impact upon the ability to assess sustainability at a landscape level;
- where report production time is excessively long thereby reducing the relevance of the information once released; and
- where mechanisms for addressing poor performance or acknowledging positive performance are not in place.

Once set in place through formal arrangements such as Forest Agreement there are further limitations in opportunities to review and improve indicators, accommodate 'lead in' times for collecting data and reporting and reduce the likely hood of losing valuable trend data.

# h) <u>Study the processes agencies are using to achieve integration between the dimensions of social, economic and environmental sustainability and core principles of sustainability;</u>

For Forests NSW, the integration of the social, environmental and economic aspects of sustainability are intricately linked with the organisation's status as a government agency responsible for commercial forest management. However, frameworks for demonstrating and describing this in the format of a sustainability report are difficult to achieve in a way that makes a report interesting and understandable.

At present the *Seeing* report is structured around these three core areas of sustainability, while the annual report focuses on the organisation's financial performance (as distinct to the economics of the timber and other forest dependent industries).

The structure of the Seeing report has the following hierarchy:

	Forest Value	Indicators
Social	Community Benefits	<ul> <li>Social responsibility,</li> </ul>
		<ul> <li>public participation,</li> </ul>
		<ul> <li>recreation and tourism,</li> </ul>
		<ul><li>research and education,</li></ul>
		<ul><li>employment,</li></ul>
		<ul> <li>other (non-timber) forest products</li> </ul>
	Staff	<ul> <li>Quality of management,</li> </ul>
		<ul> <li>Human resources and training,</li> </ul>
		Health and safety
	Cultural Heritage	<ul> <li>Protection of sites,</li> </ul>
		Cultural awareness training
Environmental	Biodiversity	<ul> <li>Extent of forest type,</li> </ul>
	•	<ul> <li>Extent of forest structure,</li> </ul>
		<ul> <li>Record of surveyed species,</li> </ul>
		<ul> <li>Managing the forest structure matrix</li> </ul>
	Forest Health	<ul> <li>Pest animals and weeds,</li> </ul>
		<ul> <li>Forest affected by disease etc</li> </ul>
		■ Fire
	Soil and Water	<ul> <li>Soil erosion assessment,</li> </ul>
		Catchment protection
	Compliance	Regulatory compliance
	•	<ul> <li>Efficient harvest planning</li> </ul>
	Environmental	Carbon sequestration
	Services	<ul> <li>Energy consumption</li> </ul>
		Material consumption and recycling
Economic	Productivity	<ul> <li>Forest available for timber harvesting,</li> </ul>
	,	<ul> <li>Plantation establishment,</li> </ul>
		Effective stocking,
		<ul> <li>Annual growth of plantations,</li> </ul>
		<ul> <li>Removal of sawlogs compared to allowable volume,</li> </ul>
		<ul> <li>Percent of forest regenerated</li> </ul>
	Marketing and Sales	Volume of timber harvested
	]	<ul> <li>Product mix.</li> </ul>

To demonstrate the relationship between the three core areas, within the report each indicator is identified as relating to social, environmental and/or economic performance by the use of icons next to each indicator. However, there are significant difficulties in demonstrating the relationship between the forest values and Indicators in a static and retrospective reporting environment.

In order to be meaningful sustainability indicators and reports must be developed in the context of some form of framework or conceptual model. At present, Forests NSW is attempting to develop a sustainability strategy and reporting framework that utilises a combination of core descriptive indicators and functional, system-based indicators that examine the relationships between the structural components of the forest management system and influencing factors such as decision-making processes, policies and management decisions.

Due to the 'forward looking' nature of sustainability, that is for future generations, the utility of retrospective data to inform performance becomes considerably more complex and challenging. For

both public agencies and, in the case of Forests NSW, commercial public trading enterprises this is compounded by requirements for annual financial reporting, political cycles and requirements for good governance. As mentioned above, this is further exacerbated by the long life span of forests, which reaches far beyond all of the other cycles.

### i) <u>Examine the value of core sustainability indicators across all public sector agencies</u> versus development of indicators which are agency-specific;

This issue should considered in relation to sustainability reporting within the public sector in general. Is the intention for reporting to be used to demonstrate the public sector is sustainable, or to be used by central government in addressing areas of poor performance and revising policy accordingly? Is it appropriate for the public sector to be reporting on sustainability at all?

Sustainability reporting is an end point in a process for monitoring whether or not something is sustainable<sup>5</sup>. Sustainability reporting allows an assessment to be made to revise management, policy and even legislation if this cannot be achieved.

Sustainability reports and the indicators they encompass have to provide a picture about the current state and corresponding viability of the agency and/or management system, and they should also provide sufficient information about the organisation's contribution to the performance of other agencies, industries or systems that depend on it. To achieve this, and as mentioned in 2.h) above, a sustainability framework is required. As present no such framework exists for public agencies in NSW (see 2.f)).

Opportunity exists for a set of core indicators for reporting across all pubic sector agencies, however there are a number of significant challenges in achieving this.

For example, intra-sector, multi-agency reporting frameworks do exist, such as the Montreal Process Criteria and Indicators (C&I), which provides a set of core principles for monitoring and reporting on sustainable forest management. The Montreal Process C&I are a guiding set of principles and indicators, however it also retains a level of flexibility. As it stands the Montreal Process C&I provide some consistency that allows international comparison of performance in forest management, but can be adjusted to suite country and even regionally specific scenarios.

The Global Reporting Initiative has also released for public comment a draft "GRI public agency sector supplement" which provides useful information with respect to sustainability reporting in the public sector. However, as with the generic set of GRI sustainability reporting guidelines, these provide an extensive set of indicators, not all of which would be useful or relevant across all agencies.

Nevertheless both the Montreal Process structure and the GRI provide a useful guide in helping promote sustainability monitoring and reporting while facilitating innovation.

Other common indicators and reporting requirements are already in place across Government such as:

- the Waste Reduction and Purchasing Policy (WRAPP);
- the Government Energy Management Policy (GEMP);
- Occupational Health and Safety requirements;
- Equal Employment Opportunity e.g. Aboriginal and Torres Strait Islander NSW public sector employment targets.

In examining the utility of establishing a set of core sustainability indicators careful consideration should be given to the cost of data collection, report production and the usefulness of derived data not only for central government in monitoring the performance of all public agencies but to the individual agencies themselves. Sustainability monitoring and reporting is, in itself, a long-term

<sup>&</sup>lt;sup>5</sup> whether it will be there in the future and exists in a state that does not compromise its ability to provide for current and future needs.

commitment and consideration should be given to the value of this investment not only to the individual agency but to the audience at whom the reports are targeted. Within this context the issue of relevance becomes important and careful consideration should be given to the target audience and the level of detail required.

The cost of report production by public agencies is regularly of concern to the community and raised in parliament as an issue. This should be taken into account when determining the nature of the sustainability reports to be produced and whether a single whole-of-government sustainability report or individual agency reports are more appropriate.

Further consideration must also be given to the 'lead in' time for indicators to be drafted and reviewed, for systems to be established to collect data, for a full year of data collection to pass and then the number of subsequent year before trends can be developed and targets set. The value of time-sequence data cannot be underestimated and the cost of future indicator review process must also be considered.

### j) <u>Discuss processes by which sustainability reporting practice is communicated and</u> discussed within and across agencies and to Parliament.

Various conferences, networks and forums currently exist to discuss sustainability reporting and are attended by a range of government, business, NGO and community groups. Some examples include:

- Forums held by the Institute of Public Administration Sustainability Special Interest Group;
- Green Capital, an initiative of the Total Environment Centre
- The Australian Corporate Citizenship Alliance
- TBL NSW
- The Corporate Sustainability Network and Sustainable Business Forum, UTS.
- The Institute of Chartered Accountants of Australia TBL Special Interest Group

The NSW Premier's Department convenes the Senior Officer's Sustainability Group to discuss across agency issues. Forests NSW is part of this inter-agency group and sustainability reporting has been a main topic of discussion.

As indicated previously, Forests NSW mandatory reports are tabled within the NSW Parliament.

Within Forest NSW a significant number of employees contribute to the data collection process through which sustainability reports are developed. In addition all employees have access to the information through the reporting module of the SEED system (Forests NSW social, environmental and economic data system) and have access to the Seeing report either in hard copy through Regional libraries or on line at Forests NSW web site. Comment and feedback on the report is encouraged and an online facility is provided in the web site.

Forests NSW participates in processes through which those sustainability reports that are tabled in parliament (e.g. Forest Agreement reports, State of the Environment Report) are developed and reviewed. For Forest Agreement Reports this process are coordinated by DIPNR (RACD) and are attended by agencies involved in forest management including Forest NSW, Department of Environment and Conservation (NPWS) and The Department of Lands. Regular inter-agency forums and meeting have also been a component of the three-yearly State of the Environment Reports that are coordinated through DEC.

#### Part 3 - Response to the Terms of Reference, part 3

a) <u>Consider sustainability reporting initiatives within the public sector in Australia and in international jurisdictions;</u>

Refer to 2g) above.

b) Study the processes agencies are using to achieve integration between the dimensions of social, economic and environmental sustainability and core principles of sustainability;

Refer to 2h) above.

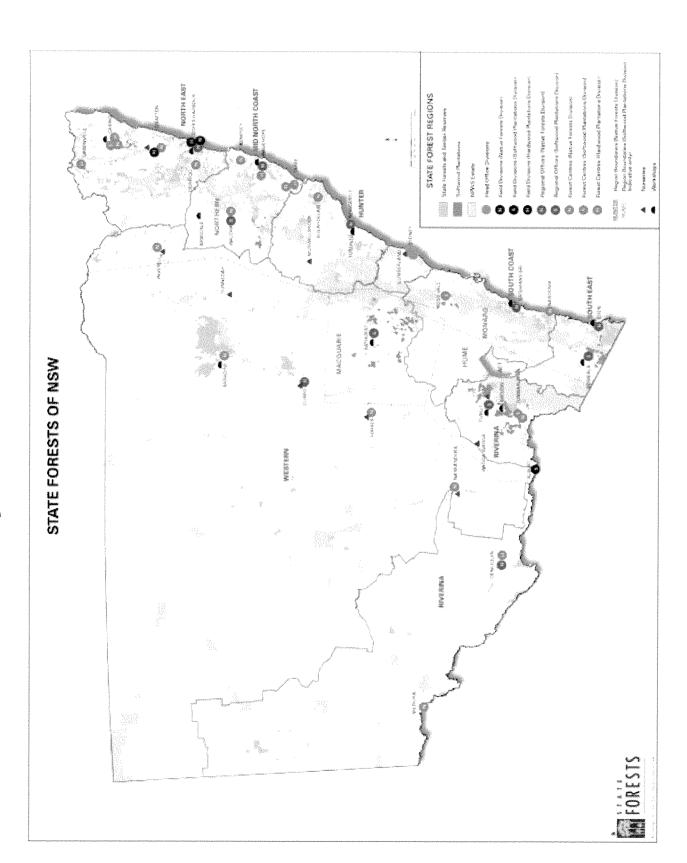
c) Examine the value of core sustainability indicators across all public sector agencies versus development of indicators which are agency-specific;

Refer to 2i) above.

d) <u>Discuss processes by which sustainability reporting practice is communicated and discussed within and across agencies and to Parliament</u>.

Refer to 2j) above.

Attachment 1: Forests NSW Administrative Regions



#### **Attachment 2: References**

Bossel, H. (1999) Indicators for Sustainable Development: Theory, Method, Applications, a report to The Balaton Group, International Institute for Sustainable Development.

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### Attachment 3: Forests NSW submission to the Permier's Sustainability Senior Officer's Working Group

# Sustainability and State Forests of NSW Legal Framework, Policies and Procedures

State Forests is a Government Trading Enterprise that operates under a requirement for Sustainable Forest Management.

The Forest Act 1916 sets the objects of the Forestry Commission (operating as State Forests) as follows:

- g) to conserve and utilise the timber on Crown-timber lands and land owned by the commission or otherwise under its control or management to the best advantage of the State.
- h) to provide adequate supplies of timber from Crown-timber lands and land owned by the commission or otherwise under its control or management for building, commercial, industrial, agricultural, mining and domestic purposes,
- to preserve and improve, in accordance with good forestry practice, the soil resources and water catchment capabilities of Crown-timber lands and land owned by the commission or otherwise under its control or management,
- j) to encourage the use of timber derived from trees grown in the State,
- k) consistent with the use of State forests for the purposes of forestry and of flora reserves for the preservation of the native flora thereon:
  - III. to promote and encourage their use as a recreation, and
  - IV. to conserve birds and animals thereon, and
- to provide natural resource environmental services (whether within or outside of New South Wales).

Organisationally this is set out in the corporate plan 2000-2003 (currently being revised) which requires sound performance in 4 Key Result Areas:

- Ecologically Sustainable management of natural resources.
- Sustained Financial Performance
- Accountability to the Community
- Our people

A set of Objectives and performance indicators are in place for each of these areas (refer Table 1).

Table 1: Performance Objectives in 2000-2003 Corporate Plan

Key Result Area	Objectives	Performance Indicators
Ecologically Sustainable	Conservation of Biodiversity, soil,	Implement and EMS and Field
management of natural	water, heritage values and	guides for native forests
resources	productivity of State forests	
	Increase the area of hardwood and	Double the area of hardwood
	softwood plantations to meet market	plantation by 2003

	opportunities	Expand plantations to meet domestic and international opportunities in wood supply, energy, carbon and third party investment.
Sustained Financial Performance	Meet financial targets agreed with NSW Government	By 2003: Operating profit to sales > 25% 8% pre tax return on net assets revenue per employee >\$110K/pa
	Focus on the needs of customers and open new markets and products or service opportunities for SF and industry	20% of total revenue to be from new customers, markets, products by 2003
Accountability to the Community	Publicly report against objective indicators of the environmental management of State Forests	Implement annual reporting environmental and socio-economic performance
Our people	Be a capable and skilled workforce with positive attitude, committed to the achievement of SF's objectives. Ensure the organisation is structured and employees are suitably qualified and experienced to deliver the objectives of the corporate plan. Achieve a safety and rehabilitation record which is the best in the Australian forest industry	Surveys will indicate employees are well-informed and with positive attitude Organisation-wide capabilities development program to be in place  Continuous improvement measured through reduction of accident frequency rate, Lost

The third KRA – Accountability has been the corporate driver for the organisation's report on sustainability; the *Seeing* Report which has now been produce for 6 years.

In general terms we measure our performance in terms of:

- **commercial efficiency** the returns generated from the marketing of forest products and from our expanding role as a service provider to investors in the environmental services of forests
- environmental care ecologically sustainable management of native forests to protect and enhance environmental values including flora and fauna, water and soil quality and scenic attraction
- our social contribution helping to generate social and economic benefits for the people of NSW, including recreation and regional employment opportunities

State Forests produces both an Annual Report which provides details of State Forests' financial and corporate performance as required under the *Public Finance and Audit Act, 1983* and the *Annual Reports (Statutory Bodies) Act 1984*. And a voluntary annual sustainability report for the whole organisation. Known as the <u>Seeing Report</u> (Social, Environmental and Economic Report), this report includes 3 performance areas – social, environmental and economic and a set of 10 forest values and 32 indicators have been developed to inform each of these.

A set of policies have been developed to guide management. Several of these relate specifically to sustainability (particularly environmental sustainability), while others are linked but the connection is not 'overt'.

Policy/Procedure	Links to Seeing Report Indicator(s)	Summary	Currency
Native Forest		The Native Forest Management System provides the	
Management System		policy and strategic context for ecologically sustainable	

	forest management in for State Frosts, as well as an overview of the entire Native Forest Management System (NFMS). The document describes the key management objectives and strategies of NFMS, as well as the accountabilities of State Forests' corporate, divisional, regional and field staff, contractors and others. The document also forms the basis for understanding State Forests' legislative requirements, the measures it will adopt to attain ESFM, and the efforts it will take to meet industry needs.
25 25 17	Policies within the NFMS include: Strategic Planning Regional ESFM Plans Protected Area Strategy Forest Management Zoning (see below) Timber resource assessment Harvesting Plan of Operations Strategic Road Network Planning Bushfire Risk Management – Risk, Fuel and Suppression Planning
21 10 19, 25	Operational Planning Systems      Forest Codes of Practice     Eco-field Guides     Cultural heritage Guidelines     Native Forest Silviculture
21 13, 21 18, 19, 2 13, 14 10 10 20	Harvest Planning System  Harvest Planning  Harvest Assessment and Survey  Soil and Water Protection  Threatened Species Protection and management in Harvesting  Protection of Indigenous Interest and values  Protection of non-indigenous cultural heritage  Harvest compliance system
15, 17 3 6, 17 6 6	Other Forest Operations  Forest health Recreation (See below) Grazing Bee Keeping Forest Products and Materials Forest Road and Fire Trail Construction and Maintenance Education, Research and Military Training Incident and Emergency Response
30 20	Forest Sustainability, monitoring and reporting      Post Harvest Assessment     Forest Operations Audit     Forest rehabilitation     Forest Management Information System     Forest Management Reporting  ESFM Research and Development  Communication and Consultation

		Public Access to Information (See below)	
		NFMS Communication	
	8	Corporate Structural and Environmental Responsibilities of Staff	
		Training and Accreditation	
		NFMS Review	
Managing our Forests Sustainably: Forest Management Zoning	3, 10, 19, 25	Forest Management Zoning (FMZ) is a land classification system which sets out in map format the way State Forests intends to manage forest areas across the entire State forest estate. It was developed by State Forests in consultation with the National Parks and Wildlife Service, the Resource and Conservation Division of the Department of Urban Affairs and Planning, the Department of Mineral Resources and community groups. The FMZ system is based on nationally agreed reserve criteria1 and clearly differentiates between those areas of State forests which are specifically set aside for conservation and those areas that are available for other activities including timber harvesting.	1999
Environmental Policy	11-21	State Forests of NSW recognises that planted and native forests represent a wide range of values and uses to the people of New South Wales. It is a goal of SFNSW to conserve and protect forest values ranging from biodiversity and forest productivity to the ability of forests to act as carbon sinks and for the many recreational and cultural values they provide.  The environmental policy statement reflects international, national, and State commitments, policies and programmes to ensure that State Forests operates its business and manages forests in a way that is environmentally sensitive, socially beneficial and economically viable.	2001
Recreation Policy	3	State Forests aims to promote and encourage the use of State forests for commercial and private recreation and tourism in a way which is complementary to State Forests corporate objectives, whilst providing major benefits to the people of NSW.	2000 - under review
Procurement Policy	23, 24	State Forests as a Government Trading Enterprise is always seeking best value for money. At the same time it is a public organisation which must act in a highly ethical manner applying the principles of fairness and impartiality at all times. We must always maintain a commercial focus while openly demonstrating probity in all dealings. The soundness of our processes is fundamental to demonstrating to our customers and the community that State Forests is an ethical member of the business community.	1998 – under review
Equity Policy	8	State Forests values equity and is an Equal Employment Opportunity employer. It embraces the principle of diversity and seeks to recognise and benefit from the ideas and different ways of working and decision-making which are afforded by a diverse workforce. The organisation believes that the principles of equity and	1997

		EEO must be ingrained in the development and implementation of all policies and practices.	
Ethnic Affairs	8	In 1997 amendments were proclaimed to the Ethnic Affairs Commission Act 1979. These amendments incorporated four Principles of Cultural Diversity. State Forests supports this action and shall observe the principles in conducting its affairs. The four Principles are: Principle 1 - All individuals in New South Wales should have the greatest possible opportunity to contribute to, and participate in, all aspects of public life.  Principle 2 - All individuals and public institutions should respect and accommodate the culture, language and religion of others within an Australian legal and institutional framework where English is the primary language.  Principle 3 - All individuals should have the greatest possible opportunity to make use of and participate in relevant activities and programs provided or administered by the Government of New South Wales.  Principle 4 - All public institutions of New South Wales should recognise the linguistic and cultural assets in the population of New South Wales as a valuable resource and promote this resource to maximise the development of the State.	1997
Fire Management	17	of the otate.	
Policy Public Access to Planning Information	2, 4	Implementation of Ecologically Sustainable Forest Management requires public participation, easy access to information and accountability and transparency in managing State forests. Consequently, there is a real opportunity for State Forests to generate informed public participation by providing ready access to the information on which we base our planning decisions and to underline the community benefits of active forest management.	2000
Safety Policy	9	State Forests is committed to the reduction of workplace incidents and will take all practical steps to reduce the exposure of all employees and forest workers to health and safety risks.	2000
Harassment Policy	7, 8	This policy is aimed at preventing harassment in the workplace. Harassment is not only unacceptable behaviour from any State Forests employee - it is unlawful under the Anti-Discrimination act of 1977, which also makes it unlawful to vilify a person on the grounds of that person's age, gender, race, sexual preference, AIDS/HIV status or marital status.	1998
Managing Reasonable adjustment and employment for people with a disability Policy	7	The NSW public sector is an equal opportunity employer and is committed to sound human resource management practices in its workplaces. Not all people with a disability will need work adjustments. However for those who do it is State Forests' policy that reasonable adjustments will be made wherever necessary in the circumstances and where they do not cause an unjustifiable hardship to State Forests.  Equal Employment Opportunity (EEO) gives all people the right to be considered for jobs for which they are skilled and qualified, that is on merit. The practice of making a reasonable adjustment is not considered a departure from that principle.	1998
Employee Skill and Competency	8	State Forests of NSW is committed to continuously developing a highly effective and efficient workforce that is	2001

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Development Policy		capable of achieving State Forests' policies and corporate objectives. The organisation recognises that employee skill and competency development is an <i>investment</i> in people and essential to the continued success of State Forests and the career growth of employees. State Forests will ensure that employees have the skills and competencies necessary for them to perform in their current position. Training and skills development will also be available to employees to enhance their skill base for their own career development.	
Code of Conduct	1	As employees, our work is important to State Forests and the NSW public sector.  The community is entitled to expect our business to be conducted with efficiency, economy, fairness, impartiality and integrity. This Code of Conduct explains:  The standards of conduct and behaviour we must follow at work, and  How to deal with ethical problems we may have at work	
Commitment o Ethical Practices Policy	1	The community is entitled to expect the business of the State to be conducted with impartiality and integrity. State Forests of New South Wales is committed to ethical practices. State Forests' people are required to meet this expectation by:  Implementing the Agency's policies and decisions in an impartial manner.  Treating members of the public and fellow colleagues fairly and consistently, in a nondiscriminatory  manner with proper regard for their rights and obligations.  Promoting confidence in the integrity of State Forests' administration and always act in  the public interest.  Ensuring the integrity and reputation of public sector agencies.  Not engaging in activities, at work or outside work, that would bring the public sector into disrepute.	1997
Reasonable Adjustment During Pregnancy Policy	7	The Federal Sex Discrimination Act1984 makes it unlawful to discriminate on the grounds of pregnancy or potential pregnancy. All categories of female employee are covered by this legislation including permanent, temporary, casual, full-time, part-time, apprentices and trainees. State Forests fully supports this legislation.	2001
Good Neighbour Policy	1, 2	<ul> <li>State Forests and its people will:</li> <li>be recognised in our communities as environmentally responsible, professional forest managers</li> <li>develop and maintain excellent relationships with our neighbours</li> <li>be recognised as a good corporate citizen</li> <li>work with and gain the confidence and support of neighbours in managing the community's forests</li> <li>understand our neighbours and their needs, and nurture their trust and respect</li> <li>actively engage and involve our neighbours in management of the community's forests.</li> </ul>	
Marketing – Timber Pricing Policy	31, 32	State Forests is at all times subject to the policies and directions of the State of New South Wales. While the Government may become involved in price determinations, there are very few instances of such	2001

	1	action	
		action.  The Government's forest reform agenda, covering the period 1995 through 1999, has involved a price determination and confirmation of the policy that price is to be used to assist the achievement of Government policies, including:  • promoting the best use of timber; • promoting value-adding of the State's timber resources.  As part of the N.S.W. Government's policy on native forests, State Forests were required to introduce a new system of log pricing to provide the following:  • separate price levels for each species or species class in three size classes. • amalgamation of small price areas. • pricing focused on species and optimum end-use. • value-adding and specialisation for timber companies. • provide options for price adjustments industry-wide or for relative adjustments in response to market influences or demands.	
Marketing/Financial Policy – Credit Management (for customers)	31, 32	State Forests as an authority is required to follow the directions of the Treasurer, specifically in regard to collections due to State Forests.  The primary objective of credit management is to protect State Forests' revenue and cash flow and to:  Allow forestry operations to be conducted within an acceptable financial risk for State Forests;  Provide a framework that encourages industry development;  Provide a flexible range of options that allow the customer and State Forests to negotiate the most suitable option;  Ensure fair and consistent treatment of customers while allowing credit to be extended or partially extended as considered appropriate to the customer's circumstances; and  Ensure that State Forests undertakes appropriate and disciplined risk assessment.	2003
Marketing/Financial Policy – Debtor Management (for customers)	31, 32	State Forests as a government trading enterprise follows the Treasurer's Directions relating to collection procedures, recovery of moneys etc.  The primary objective of debtor management is to protect State Forests' revenue and cash flow and to:  Ensure fair and consistent treatment of customers while allowing specific arrangements that reflect customer's individual circumstances;  Provide for rigorous and disciplined management of debtors;  Provide appropriate monitoring and reporting systems to support debtor management; and  Provide disincentives for late payment of accounts.	2003

Energy Policy (GEMP)	23	The NSW Government recognises that there are significant financial and environmental benefits to be gained through improved energy management. To achieve these benefits, agencies will adopt this <i>Government Energy Management Policy</i> as part of their normal business operations.  The Policy expresses the Government's commitment and responsibilities under the <i>National Greenhouse Strategy</i> . By pursuing measures within its own operations, the Government is demonstrating leadership within the community in reducing greenhouse gas emissions.  State Forests aims to meet the requirements of this policy and recognises its importance in improving organisational eco-efficiency.	1998
Waste Reductions and Purchasing Policy	24	State Forests complies with the State Government Waste Reductions and Purchasing Policy and recognises the importance of this policy in determining its overall contribution to the environment, community and economy through improved eco-efficiency.	1997
Customer Relations		See marketing policies for customer relations	

However State Forests' monitoring and reporting of sustainability, and the inclusion of sustainability principles in projects, initiatives and day-to-day operational management has been driven by a range of legal mechanisms and voluntary processes.

During 1992, following the United Nations Conference on Environment and Development, an international seminar was held in Montreal on the sustainable development of temperate and boreal forests. Following from this, in 1995 the Santiago declaration was issued, which endorses 7 national level criteria and 67 indicators for the 'conservation of sustainable management of temperate and boreal forests'. Now known as the Montreal Process or MIG this framework has been guiding the development of forest related indicators ever since. Australia is a signatory to the Santiago Declaration which requires that each State provides information the Montreal Process Reports (MIG).

The criteria and indicators used provide a common understanding of what is meant by sustainable forest management. The first six criteria deal specifically with forest conditions, attributes or functions, and the values or benefits associated with the environmental and socioeconomic goods and services that forests provide. The seventh criterion relates to the overall policy framework of a country that can facilitate the conservation and sustainable management of forests.

The criteria and indicators are tools for assessing *national* trends in forest conditions and management, and provide a common framework for describing, monitoring and evaluating progress towards sustainability at the country level. Application of the criteria and indicators is aimed at helping:

- provide an international reference for policy makers in the formulation of national policies,
- improve the quality of information available to decision makers and the public,
- better inform the forest policy debate at national and international levels, and
- provide an agreed framework for data collection and reporting that will provide a clearer picture of forest management performance and remove duplication in reporting standards.

The criteria and indicators could also help provide a basis for international co-operation in support of sustainable forest management. Concepts of the conservation and sustainable management of forests are continually evolving. The Montreal Process Criteria and Indicators will overtime be reviewed and adjusted as appropriate to reflect:

- improvements in scientific knowledge as to how forest ecosystems function and respond to human interventions,
- increased experience in and capability to measure indicators,
- · advances in technology,
- changing public demands for forest products and services, and

 improved definition of indicators that measure significant and useful aspects of sustainability of forest management.

Following from the United Nations Conference on Environment and Development the Australian and New Zealand Environment and Conservation Council (ANZECC) developed the National Forest Policy Statement. This has resulted in a number of outcomes which impact upon the way State Forests manages, monitors and reports on its performance. These include:

- a process to establish a CAR reserve system, based on JNAIS Criteria, through the establishment of Regional Forest Agreements.
- The ANZECC indicators, which are used in the <u>State of the Forests</u> report, <u>the Australian State of the Environment report</u> and the <u>NSW State of the Environment Report</u> and <u>many Local Council State of the Environment reports</u>.

Forest assessments were conducted as part of the State-Commonwealth Regional Forest Agreement (RFA) process. RFAs are one of the principle means of implementing the National Forest Policy Statement of 1992 under which the Commonwealth and all State and Territory Governments agreed to work towards a shared vision for Australia's forests. NSW RFAs are agreements between the Commonwealth and the NSW Governments on the future use and management of the State's coastal native forests RFAs are 20-year plans for the conservation and sustainable management of Australia's native forests. The agreements provide certainty for forest-based industries, forest-dependent communities and conservation. They are the results of years of scientific study, consultation and negotiation covering a diverse range of interests.

The foundation of the agreements is a series of Comprehensive Regional Assessments (CRAs) of the social, economic, environmental and cultural and natural heritage values of each region's native forests. RFAs aim to result in:

- a Comprehensive, Adequate and Representative (CAR) Reserve protecting the environmental and heritage values of forests through national parks and other reserves.
- Ecologically sustainable forest management, and
- secure access to forest resources, making possible continued development of internationally competitive and ecologically sustainable industries.

The Forestry and National Parks Estate Act 1998 formalised the new conservation reserves, resulting from the RFA's, through the transfer of certain State forest and other Crown land to the national park estate. The Act also provides for the making of NSW forest agreements.

Forest agreements were prepared for all regions now covered by a RFA in NSW. These forest agreements were signed by the Ministers administering the *Environmental Planning and Assessment Act* 1979, the *Forestry Act* 1916, the *National Parks and Wildlife Act* 1974, the *Protection of the Environment Administration Act* 1991 and the *Fisheries Management Act* 1994.

A NSW forest agreement is one means by which NSW implements the obligations and undertakings arising from an RFA for a region. A forest agreement contains provisions that promote ecologically sustainable forest management, sustainable timber supply, community consultation on forestry operations and arrangements concerning native title rights and interests or land claims, as well as other provisions the Ministers consider appropriate. Forest agreements establish a co-operative framework at a strategic, rather than operational, level for the management of forested areas across all tenures, including national parks.

The Forestry and National Park Estate Act also institutes a co-ordinated approach to the regulation of forestry activities, providing for a system of Integrated Forestry Operations Approvals (IFOAs) for forestry operations on State forests and other Crown timber lands in areas covered by Forest Agreements. As for a Forest Agreement, an IFOA is granted by the Ministers for the Environment, for Planning, for Forestry and, where necessary, the Minister for Fisheries. They are administered by the Department of Infrastructure. Planning and Natural Resources.

IFOAs represent an integration of the regulatory regimes for environmental planning and assessment, for the protection of the environment and for threatened species conservation. The approval sets out the

terms and conditions under which logging may occur in a State forest. The approval may contain the terms of relevant licences under the Protection of the Environment Operations Act 1997, the Threatened Species Conservation Act 1995 and the Fisheries Management Act 1994. The approval may also contain other relevant conditions. It can be revoked, suspended or amended at any time by the relevant Ministers.

The RFAs, Forest Agreements and IFOAs all include requirements for monitoring and reporting on performance, including:

ESFM plans to help implement appropriate strategies and monitor achievement against a set of objectives and targets (refer Table 2). Annual ESFM reports are to be produced and made publicly available.

<u>IFOA Reports</u> for each area covered by a Forest Agreement, providing detail of timber supply, in terms of performance against sustainable yield limits and predictions.

<u>Forest Agreement Reports</u> and <u>Forest Agreement Criteria and Indicators Reports</u> for each Forest agreement region detailing performance against a set of agreed performance indicators that are based on the MIG Criteria and Indicators, with sub-regional refinements developed through stakeholder consultation.

The relationships between these various reports, all of which inform State Forests performance with respect to sustainability, is presented in Table 3 and Figure 1.

Table 2: ESFM Management Strategies 2001 - 2004

ESFM Strategy	Objective	Outcomes
Protected areas	Conserve natural and cultural values within State forests.	Finalise Protection Plans for all Flora Reserves by December 2000. Finalise the Management Plan for informal reserves and areas managed by prescription by December 2000.
Forest Values	Maintain the full suite of forest values across the landscape.	Implement licence conditions for soil and water protection and threatened species conservation Implement the Forest Management Zoning (FMZ) system.
Social and Economic Development	Contribute to the regional economy and community.	Implement State Forests' component of the Forest Agreement employment initiatives. Implement log merchandising in the Region.
Sustainable Timber Supply	Supply timber in a long term ecologically sustainable manner.	Improve FRAMES* system including post logging assessments. Implement the private property supplementation program. Establish 2,000 hectares of hardwood plantations per year for five years. Establish a demonstration area for silviculture practices by April 2001. Implement the North Coast thinnings project.
Harvest Planning and Implementati on	Ensure that harvest planning and harvesting accords with the IFOA.	Implement the plan of operations. Undertake flora and fauna, soil, water, aquatic habitat and heritage survey requirements. Implement the training and accreditation program. Implement the audit program for harvesting operations. Finalise the Strategic Road and Fire Trial Management Plan by December 2000.
Forest Health	Maintain or enhance the health and productivity of the forests.	Prepare the joint research and monitoring program with NPWS by January 2001. Finalise the strategic management plans for Feral and Introduced Predators, Noxious Weeds, Fire Management and Forest Regeneration by December

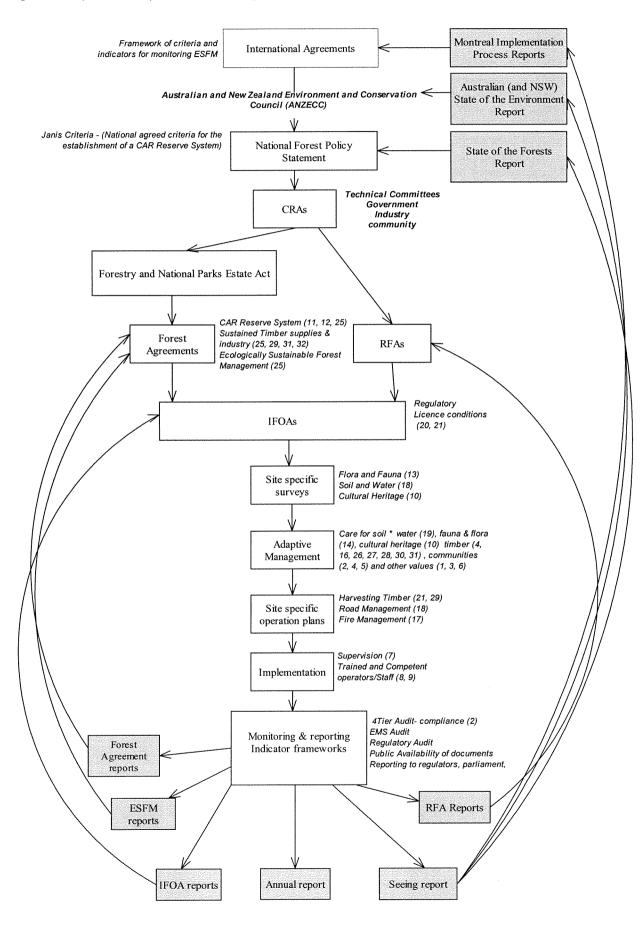
		2000.
Tourism and Recreation	Provide a range of recreation opportunities.	Develop partnerships with tourism and recreational businesses.  Develop a joint Regional Recreation and Tourism Plan with NPWS by April 2001.  Work with Aboriginal communities to identify & facilitate cultural heritage tourism opportunities.
Historic Cultural Heritage	Co-operate with local communities to conserve historical values.	Implement the Cultural Heritage Guidelines.  Maintain and update State Forests' Section 170  Heritage and Conservation register.  Implement a heritage management training and accreditation program.
Aboriginal Cultural Heritage	Co-operate with local Aboriginal Communities to conserve Aboriginal cultural heritage.	Implement the cultural heritage guidelines. Develop a memorandum of understanding with Aboriginal communities on co-management, and access for products and activities. Implement the Forest Agreement employment and industry development program for Aboriginal people. Develop an access strategy with NPWS for Aboriginal communities for forest products and activities.
Other Forest Uses	Encourage a range of forest uses consistent with conservation and timber production.	Finalise and implement the strategic management plans for apiculture, grazing and the collection of other forest products by December 2000. Finalise guidelines and conditions for a range of other forest uses, products and materials.
Consultation, Monitoring and Reporting	Ensure transparent and accountable professional forest management.	Consult with appropriate stakeholders on strategic and operational issues.  Monitor the actual volume cut of timber products against the FRAMES predicted yields. Report annually on logging operations. Prepare annual ESFM reports and contribute to SFNSW Environmental and Social Values Report. Prepare annual reports for RACD and Parliament. Prepare annual Environment Protection Licence reports.
Five Year Management Actions	Progressively implement identified actions to achieve ESFM.	Implementation of management actions within specified timeframes.

Table 3: Relationship between reporting indicators

Forest Value	Indicator Name	Forest	MIG	NSW SoE	ASoE	ESFM
		Agreement	SoF			
Community Benefits	Social responsibility	0	0	0	0	0
Community Benefits	Regional opportunities for public participation	7.2	7.2a	0	HS11	45
Community Benefits	Recreation	6.2c	6.2b	0	HS11	0
Community Benefits	Expenditure on research and education	7.2	6.3b	0	HS11	0
Community Benefits	Indirect employment through forest dependent industries	6.5a	6.5a	0	0	0
Community Benefits	Quantities of other forest products	2.1b	2.1e	0	0	0
Staff	Quality of management	6.5a	6.5a	0	0	0
Staff	Expenditure on human resource management and staff training	7.1	7.2c	0	0	20
Staff	Health and safety	0	0	0	0	0
Cultural Heritage	Protection of recorded places, artifacts, sites and other structures	6.4c	6.4c	9.9	0	34

Biodiversity	Extent of forest type	1.1a	1.1a	6.1	BD7	0
Biodiversity	Extent of native forest structure	1.1b	1.1b	6.1	BD7	0
Biodiversity	Record of surveyed species	1.2a	1.2a	6.5	BD9	0
Biodiversity	Habitat level of representative species	1.2a	1.2a	6.1	BD9	0
Forest Health	Expenditure on introduced predators, feral animals and weed control	3.1a	3.1a	6.7	BD4	27
Forest Health	Percent of planted forest affected by agents that may change ecosystem health and vitality	3.1a	3.1a	6.7	BD4	0
Forest Health	Fire fighting and prevention	3.1a	3.1a	6.8	BD3	0
Soil and Water Quality	Soil erosion assessment - Area and percentage of forest harvested	4.1a	4.1a	4.2	L2	23
Soil and Water Quality	Area and percent of forest managed primarily for catchment protection	4.1a	4.1a	6.3	IW14	0
Compliance	Regulatory compliance	7.1	7.2e	0	0	3
Compliance	Efficient harvest planning and operational compliance in native forest	0	0	0	0	4
Forests as Carbon Sinks	Annual carbon sequestration in planted forest	5.1a	5.1a	3.4	0	0
Forests as Carbon Sinks	Energy consumption	0	0	0	HS1	0
Forests as Carbon Sinks	Material consumption and recycling	0	0	0	HS9	0
Productivity	Forest available for timber production	2.1a	2.1a	4.1	BD10	5
Productivity	Plantation establishment	2.1f	2.1f	4.1	BD7	14
Productivity	Percent of planted forest effectively stocked	2.1f	4.1a	4.1	0	0
Productivity	Mean annual growth of planted forest	2.1f	2.1c	4.1	0	0
Productivity	Removal of sawlogs compared to allowable volume	2.1d	2.1d	6	0	0
Productivity	Percent of native forest regenerated	2.1g	2.1g	6.4	BD13	20
Marketing and Sales	Volume of timber harvested	2.1d	2.1d	.0	0	0
Productivity	Product mix of volume harvested	0	0	0	0	0

Figure 1: Report development and management process



### **Sustainability Considerations in the Public Sector**

Information for the NSW Premier's Department by the Forests NSW, Department of Primary Industries August 2004

Program	Program Description	Community benefits	Contact
Sustainable recreation, sport, tourism and training	Living, Working, PlayingForests: sustainable recreation, sport, tourism and training in State forest. Forests NSW recognises that native and planted State forests provide a wide range of opportunities for responsible recreation, sport, tourism and training and that these can be provided within the context of sustainable multiple-use forest management and government forest policy.  The primary objective of this policy and strategy is to promote and encourage the safe and responsible use of State forests for commercial and private recreation, sport, tourism and training in a way that is complementary to the corporate objectives of multiple-use sustainable forest management.	<ul> <li>Opportunity to participate in and comment on the development of the strategy and actions.</li> <li>Ability to undertake chosen recreation, sport, tourism and training pursuits in state forests.</li> <li>Flow on social, economic and environmental benefits to regional communities.</li> </ul>	Hilary Smith
Recreation Codes of Conduct	A suite of Codes of Conduct are being developed to inform and guide the community with respect to undertaking safe, responsible and appropriate recreation, sport, tourism and training activities in State forests. The Codes are an action arising from "Living, working, playingforests"	<ul> <li>Opportunity for stakeholders to participate in the development of the Codes;</li> <li>Providing information about activities in State forest;</li> <li>Promoting the safe and responsible use of State forests;</li> <li>Protecting the environment by minimising damage arising from activities.</li> </ul>	Hilary Smith
EMS and Forest Certification	Forests NSW are continuing to progress the implementation of an ISO 14001 compliant, Environmental Management System (EMS) in both our Native Forest and Planted Forests Operations. The organisation aims to seek ISO 14001 certification for the EMS by the end of 2004 for Native Forest Operations and the end of 2005 for the Planted Forests Operations.  An ISO 14001 EMS will assist the organisation to establish a framework for implementation of forest management performance standards, such as the Forest Stewardship Council (FSC) standards or the Australian Forestry Standards (AFS). These standards are intended to define well-managed or sustainable forest management. Certification to a forest management standard such as the FSC or AFS will provide Forests NSW with third party recognition of best management practice and our continued effort to achieve ecologically sustainable forest management, in the public	Provides assurance to the community that forests are being managed according to best practice and international standards.	Steve Shaw Ursula Winter

forests of NSW.

Forests NSW continue to prepare for certification to a forest management standard in the future. Some gap analysis and operational auditing have been implemented in the last 12 months to identify non-conformances with the standards and initiate the necessary improvements.

The Native Forest Management System provides the policy and strategic context for ecologically sustainable forest management (ESFM) in State forests, as well as an overview of the entire Native Forest Management System (NFMS). The document describes the key management objectives and strategies of NFMS, as well as the accountabilities of State Forests' corporate, divisional, regional and field staff, contractors and others. The document also forms the basis for understanding State Forests' legislative requirements, the measures it will adopt to attain ESFM, and the efforts it will take to meet industry needs.

Ecologically Sustainable Forest Management Plans	ESFM plans are being written to help implement appropriate strategies and monitor achievement against a set of objectives and targets for:  Protected areas Forest Values Social and Economic Development Sustainable Timber Supply Harvest Planning and Implementation Forest Health Tourism and Recreation Historic Cultural Heritage Aboriginal Cultural Heritage Other Forest Uses Consultation, Monitoring and Reporting	Through public consultation communities will have an opportunity to participate in and comment on forest management planning.	Jim Simmons
Management Information System for Native Forest	The intent of the MIS is to implement transparent standards and systems using a corporate management information system platform. This will result in improved accessibility to robust and timely information for forest management at Corporate and Regional levels.  Components include:  Corporate Geodatabase - GIS information Environmental Information Management Tools - flora and fauna databases  Timber Resource Management Tools - toolkit and applications for updating timber resource information  Atlas Cruiser - tree inventory and modelling system  Harvest Event Management Tools - Applications that assist in harvest planning process and the link to strategic timber resource management tools  Event Management Tools - Applications that support the planning, monitoring and reporting of events that impact on forest resources	Robust systems to support Forests NSW decisions making about and outcomes of sustainable forest management.	Mike Welch
"Communities in Forests" Program	Forests NSW and Conservation Volunteers Australia (CVA) have developed joint program for conservation management activities in State forests across NSW.  The program aims to maximise the involvement of communities and volunteers in the support of conservation management programs as identified by State Forests. CVA will assist State Forests in the implementation of on-ground conservation works through a partnership approach to deliver sustainable outcomes for the protection and management of State forest areas and wildlife.	<ul> <li>Community participation in forest management projects.</li> <li>Educational benefits about forest management.</li> <li>Development of forest based community assets.</li> <li>Environmental rehabilitation.</li> </ul>	Sally Arundell
Forest Education	Teachers and educators can see how forests are managed for a range of economic, environmental and social values. The information provided during the professional development trips is relevant for primary, secondary and tertiary teachers.	Improved     understanding by     teachers of forest     management resulting     in better dissemination     of information to     students.	Carmen Perry

"Ourimbah Protocol"	The Ourimbah Protocol is a unique partnership between Forests NSW and central coast community groups and businesses including Darkinjung Local Aboriginal Land Council, The Combined Community Organisation (Gosford), Central Coast Landcare Network and The Sydney Rainforest.	• (c)	Develop new opportunities for the wider community to become involved in forest management.  Improved social, cultural, environmental and economic benefits arising from the management of State forests along the central coast.	Mike Pryjma
Forest Health Program	This program aims to develop integrated decision support and management systems which provide an acceptable level of forest health protection.  Insect pests and fungal pathogens are a major threat to forest productivity. Both local and exotic organisms can cause considerable damage in Australian softwood and hardwood plantations and native forests. Early detection of problems and prompt action are a key to minimising damage from pests and diseases.	•	Cost effective, rapid detection of forest health issues; Effective control mechanisms to ensure improved forest survival, especially in new plantations; Improved economic return form plantations by minismising seedling loss to detrimental agents; Improved productivity and resource supply to industry.	Dr Christine Stone
Forest Biodiversity Program	This program aims to provide a scientific basis for maximising biodiversity values in managed forests.  The two key objectives are to provide an enhanced understanding of managed forests ecosystems and to develop integrated landscape models of wildlife habitat and timber production. Several strategies have been developed to address these objectives, leading directly to the formulation of individual research projects covering a range of vertebrate fauna groups.	•	Ensures biodiversity values and managed and maximsed in the forest management process.	Dr Rod Kavanaugh
Silvicultural Systems program	The aim of this program is to develop forest management which meet international benchmarks of productivity and sustainability Plantation forestry and wood market requirements are continually evolving with an ever increasing need to study the route-to-market requirements for plantation grown timber. The key to any plantation venture is the adoption of successful establishment and stand management regimes, and the prudent management of risk. Silvicultural regimes (e.g. establishment and tending practices, rotation age, thinning and pruning), strongly underpinned by research trial information and genetic improvement outcomes, are primary determinants of the quantity and quality of future wood fibre production. Taken together, the successful long-term financial performance of Plantation forests is largely governed by silviculture, patterns of silviculture investment and tree breeding, which all contribute to a risk management strategy. Accordingly, the Silviculture Program has development work focused in		Enhances the management of forests and contribute to the productivity of Forests NSW, thereby maintaining the organisations' contribution to the community through Treasury.	Dr Ross Dickson

	four key areas, namely: (a) establishment and stand management; (b) site stratification; (c) wood properties and; (d) growth and yield modelling	
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New Forests Program	The New Forests program assesses the potential role of planted forests in providing environmental services. The program is focused on addressing climate change through carbon sequestration, expanding forestry into agricultural areas for the amelioration of dryland salinity and enhancement of biodiversity and soil quality, and using forestry in the rehabilitation of mine sites and effluent disposal.  Includes:  Carbon Accounting Bioenergy research Life Cycle Assessment (See below) Dryland salinity trials Greenhouse gas balances	•	New markets for environmental services are expected to increase the financial viability of plantations, particularly in areas of low productivity or outside economic haulage distance to markets, and thus stimulate further investment in plantations.  Identify forest management systems that maximise productivity in these unfamiliar environments and to quantify the potential environmental benefits.  Addressing climate change.	Dr Annette Cowie
Salinity	There is growing recognition by landowners that dryland salinity is degrading current agricultural land and leading to a decline in catchment water quality and regional infrastructure. Landowners also recognise that a key element to the solution to this problem is a large scale revegetation or reforestation of recharge zones. Landowners in these recharge zones, however, are engaged in grazing or marginal cropping activities and have little or no capital to apply to the problem. These landowners are also unable to afford to retire land into forest or other natural vegetation without some alternative source of income.  Creating a commercial framework for revegetation, based on new markets for wood products (i.e. bioenergy, charcoal, speciality timber) and a framework of environmental credit markets is the most attractive option currently being explored to draw private investment into this area. However, a catalyst to the development of such a commercial framework must be the development of a sufficient knowledge base of appropriate reforestation techniques, silvicultural techniques for energy farming, and the ability to measure and accredit environmental credit streams such as carbon sequestration and salinity.	•	Development of cost- effective options for farmers in tackling salinity; Improved understanding of the relationship between vegetation and salinity.	Craig Barton
Life-cycle assessment in sustainable architecture	This project will provide data to support the extension of credits for carbon stored in trees to include carbon stored in forest products. The IPCC default position is that it is assumed that all carbon sequestered in trees is returned to the atmosphere in the year of harvesting and hence credits for carbon sequestration cease at the time of harvesting. This project will develop data on rates of deterioration and service lives of forest products that will provide the basis for creating a second credit for the carbon stored in the products or alternatively	•	Improved Life cycle Assessment methods; Improved building design and sustainability.	David Gardner Fabiano Ximines

Tree Improvement Program	increase the value of the original carbon credit to include carbon storage in forest products.  This project will also provide Life Cycle Inventories for forest products that will be available to be used as inputs to Life Cycle Assessment models to determine to determine the environmental impact of forest products. This will be a major benefit to the forest products industry as Life Cycle Assessment is increasingly being used as a building design tool and the input data for forest products is seriously lacking in its relevance to Australian tree production and forest product manufacture, use and disposal.  The Tree Improvement program aims to implement and co-ordinate applied research into the genetic improvement of both hardwood and softwood plantation tree species and to develop and deploy superior genotypes for Forests NSW plantations, within effective time frames. Germplasm produced is improved in one or more traits of growth, fibre, log and wood quality, pest and disease tolerance or adaptability to difficult environmental conditions. The aim is to achieve vigorous plantations, well adapted to NSW planting sites, and producing high quality products for specific end uses.	Productive, vigorous plantations, providing a good return on investment for government. High quality end products for industry.	Mr Michael Henson
Cypress Industry Strategy	A strategic six-year plan for the New South Wales cypress pine industry. The plan is seen as the first step in achieving an innovative, profitable and environmentally sustainable cypress industry, contributing to the social and economic wellbeing of regional communities.  The plan has been jointly formulated by the NSW Cypress Sawmillers, Forest Products Association, the Department of State and Regional Development and Forests NSW and will build on the significant achievements made under the last plan which ran from 1996 until last year.	Improved economic well being of regional communities.	Ross Irvine
Cultural Awareness training Program	Forests NSW' Aboriginal staff have been actively developing an innovative cultural awareness program designed to give their fellow co-workers an insight into Aboriginal culture dealing with both contemporary and traditional issues that effect Aboriginal people. The program had been developed by Aboriginal staff to enable all staff to gain insight into the beliefs and practices of Aboriginal people.	<ul> <li>Improved understanding of Aboriginal culture amongst staff;</li> <li>Improved cultural awareness and sensitivity;</li> <li>Protection of cultural sites and values in the forest.</li> </ul>	Cheryl Kitchener

Mirring Women's Group	At Strickland State Forest, Forests NSW ecologist staff work with the group to explain Forests NSW flora and fauna management practices and in turn learn about their relationship with the land through totems, bush tucker and bush medicine.	<ul> <li>Improved understanding for Forest NSW staff of importance of plants and animals for Aboriginal women.</li> <li>Participation of Aboriginal women in forest management;</li> <li>Educational opportunities for new generations of the Aboriginal community - and biston.</li> </ul>	Adam Fawcett Cheryl Kitchener
Warre Warren	Forests NSW along with the former NPWS, has an agreement with the Darkinjung LALC regarding the protection of sites at Warre Warren in McPherson State Forest. The place was recognised for its significant cultural value to the community. Now work is progressing to educate the community about the cultural importance of the area, through such projects as the construction of an interpretive trail.	oral history.  • Aboriginal community participation in management and decision making; • Improved cultural awareness in broader community;	Cheryl Kitchener
Yorta Yorta commercial thinning of Red Gum forests	Thinning is an integral component of the silviculture required to enhance timber production of even aged regrowth stands. This project involves the use of Red Gum thinnings for domestic firewood and paddleboat steam engine fuel. These products have minimum processing requirements but have strong, established markets and can provide a regular cash flow to Aboriginal people.	<ul> <li>Community         participation in forest         management resulting         in skills development;</li> <li>Economic benefit to         Aboriginal communities         through a sustainable         industry.</li> </ul>	Cheryl Kitchener
Summary of Various other partnerships and programs with local Aboriginal Communities	<ul> <li>The Southern Anaiwan/Guiwan Elders community provides information to Forests NSW about sites and they plan to run "culture camps" for children a couple of times a year in Coco and Keating State Forests to teach them lore and custom.</li> <li>The Taree Bahtoo Elders at Elands are undertaking commercial operations in bush tucker and bush medicine.</li> <li>The Githdabul and Bundgulung Native Title groups and the Mulli Mulli, Kyogle and Tabulum LALCs are working with State Forests regarding the transfer of ownership of Roseberry Park, located between Mulli Mulli and Kyogle.</li> <li>In Tumut, progress is being made at re-establishing snowy mountains elders travel routes.</li> </ul>		Cheryl Kitchener
Macquarie River Salinity Control	Forests NSW and Macquarie River Food & Fibre have signed a Memorandum of Understanding (MoU) to conduct a pilot project in the Macquarie catchment. The aim of the project is to develop an innovative, cost-effective and market-based approach to reducing salinity in the catchment. The project will explore the potential for establishing a system for trading salinity control rights.		Tony O'Hara
Tri-Avian Corridor	Balranald Shire, Wakool Shire, Murray Shire,	Community	Gary Rodda

	Barmah-Millewa Forum (community based group with representatives from approximately 20 "user groups" in the area), Mathoura Chamber of commerce and Forests NSW formed a partnerships to develop the "Tri-Avian Corridor: through the Federal Regional Solutions Programme.  The 3 shires are blessed with. The project aims to create a series of state of the art bird viewing structures, interpretive facilities, educational facilities and a web site, to attract tourists to a series of locations across the shires that migratory birds from all around the world visit each year to feed and breed. The Reed Beds Wetland in the Murray Shire is entirely within the Moira State forest RAMSAR wetland which is home to a large number of threatened and protected species, as well as being one of the few wetlands along the Murray that can be managed to emulate natural wetting and drying cycles, thereby making it critical to the life cycles of a wide range of flora and fauna.	participation in the planning and implementation of the project;  Development of a large community partnership;  Social and economic benefits through increased tourism numbers;  Environmental benefits through improved understanding of the importance of water flows to migratory birds.	
Young Women Mentor Program	Forests NSW has developed a Young women mentoring program. The 3-day work placement program will see students team up with talented female mentors from Forests NSW. Students will work through a planned program exploring and sharing in their mentor's day to day work. To give meaning and focus to the time students spend with Forests NSW, a mini project is to be completed over the three days culminating in a presentation from both mentors and participants on the third day.	Opportunity for young women to learn about forest management from women in forestry.  Carmen Perry  Perry  Carmen Perry	
Forests NSW Seeing report	A voluntary report on the social, environmental, economic and related financial performance of Forests NSW using 32 indicators developed through community and staff consultation.	Provides information to the community on Forests NSW sustainability performance;     Is independently assured.  Hilary Smit Sally Arundell	th
SEEDs data management system	A data management system utilised to capture, store and management information relating to social, environmental and economic data used for voluntary and regulatory reporting in these areas.	<ul> <li>Provides once source for social, environmental and economic information.</li> <li>Accessible by all staff for reporting purposes.</li> </ul>	
Cumberland Bush Regeneration Program	Bush regeneration is a technique used to maintain a healthy forest environment by reducing weeds and allowing native plants to dominate. The Cumberland Bush Regeneration Program is a community activity, managed by Forest NSW staff but carried out by volunteers.	<ul> <li>Learn to apply a variety of weed removal techniques, improve you identification of native and weed plant species, whilst enjoying some physical exercise.</li> <li>Understand concepts of provenance; collect seed from various natives and learn propagation skills</li> </ul>	
Cumberland Volunteer Ranger Program	The Cumberland Volunteer Ranger Program has been set up to provide training opportunities for volunteers beyond bush	Community education and skills development.  Mick Berry	

	regeneration. The activities they can receive training for include guided walks, forest maintenance, education programs and nestbox monitoring, just to name a few.  The program functions independently of the bush regeneration program, however all volunteers must complete 30 hours of bush regeneration work in the forest, prior to being interviewed for a Volunteer Ranger position. Once successful, you will be supplied a uniform, you will need to attend an induction session followed by competency based training in the project areas you choose. In return, volunteer rangers must make a formal commitment of at least 8 hours per month to the program.	Environmental benefits for urban forests.	
Bushfire CRC	Forests NSW is a core participant in the Bushfire CRC which was established under the Commonwealth Government's Cooperative Research Centres (CRC).  The objectives of the CRC can be summarised as providing research which manages bushfire risk to the community in an economically and ecologically sustainable way.	<ul> <li>To develop an internationally renowned centre of excellence to lead and coordinate bushfire research in Australia.</li> <li>To provide a research framework that will improve the effectiveness of bushfire management agencies.</li> <li>To increase the self-sufficiency of communities in managing the risks from bushfires.</li> </ul>	Paul de Mar
Fire Fighter Health and Fitness (FFHF) program	Forests NSW has a duty of care to ensure its staff has the necessary training, information, equipment and competence to do their jobs safely. Fire fighting is arduous and mentally fatiguing and here we must particularly ensure the health and fitness of employees is adequate for the task. The aim of the FFHF program is to improve the general health and fitness of employees and involves a medical assessment, fitness testing and fitness improvement methods. The program will be implemented over the next two years.	<ul> <li>Improved health and well being of staff.</li> <li>Improved fire fighter performance, providing a better service to the community and forests.</li> </ul>	Paul de Mar

#### Attachment 4: Forests NSW Seeing Report

Please refer to attached copy.