



**Corporate Office**

121-131 Oratava Ave West Pennant Hills NSW 2125  
(PO Box 100 Beecroft NSW 2119)

**T** 02 9872 0111

**F** 02 9871 6941

[www.forestrycorporation.com.au](http://www.forestrycorporation.com.au)

28/11/2019

Our Ref:

Dear

**RE: Force Majeure Notice – Type A, B, C, D Wood Supply Agreement (WSA),  
Parcel Sale (PSA)**

**Force Majeure Notice**

As you would be aware the Area of Supply defined by the WSAs has in places suffered severe wildfire that in many instances are still uncontrolled. This letter provides initial notice from Forestry Corporation of NSW (FCNSW) of the occurrence of a Force Majeure event being those wildfires in the Area of Supply, that may prevent FCNSW performing its obligations under the WSAs.

This notice may be premature or indeed unnecessary as it is not yet clear to what extent these events impact on FCNSW's capacity to perform its obligations under the WSAs for the remainder of the Year and beyond. And as all FCNSW's resources that would ordinarily assess the impact are being applied to the firefighting effort we cannot provide any meaningful comments on impact at this stage. But given the formal requirements of the WSAs in relation to Force Majeure, FCNSW has taken a cautious approach by issuing this notice.

We can however state that at this stage those wildfires are preventing harvesting operations in areas planned to supply the north coast industry and may have implications for available resource in the future.

FCNSW will maintain close consultations with all customers over this period and will advise of further developments in regard to this issue.

If you have any queries in the interim in relation to the Force Majeure clauses of your WSAs, please call Mike Farrow, Senior Manager Production North on

Yours sincerely

Daniel Tuan  
General Manager Hardwood Forests



20/12/2019  
 Our Ref:

Dear

**RE: Force Majeure Notice – Type A, B, C, D Wood Supply Agreement (WSA), Parcel Sale (PSA)**

You will recall our previous phone call on 28 November 2019 and subsequent written notification which provided an initial notice under the Force Majeure provisions of your PSA in relation to the wildfires on the north coast that are likely to prevent the Forestry Corporation of NSW (FCNSW) from performing its obligations under the PSA. The purpose of this letter is to provide a further, more detailed notice in accordance with the PSA within the 28 days specified.

This response is based on the information available to FCNSW right now. With many fires still uncontrolled you will appreciate the longer term impact remains unclear and will only be known when we are able to conduct full and detailed assessments.

**Area burnt to date:**

As at 16 December 2019, 44.3% of the net harvestable area of native hardwood forest has been burnt on the north coast. The attached table summarises the hectares burnt by supply zone.

North Coast						
Timber Supply Zone	Total Gross Area (ha)	Net Harvestable Area (ha)	Gross area burnt (ha)	Gross area burnt (%)	NHA burnt (ha)	NHA burnt (%)
Supply Zone 1	198,132	76,137	116,924	59.0%	47,719	62.7%
Supply Zone 2	231,163	107,027	138,799	60.0%	67,882	63.4%
Supply Zone 3	174,598	80,505	68,920	39.5%	28,974	36.0%
Supply Zone 4	138,513	65,469	30,748	22.2%	14,594	22.3%
Supply Zone 5	82,589	37,370	27,317	33.1%	8,391	22.5%
Supply Zone 6	75,889	41,327	25,178	33.2%	13,028	31.5%
<b>Total NC</b>	<b>900,884</b>	<b>407,834</b>	<b>407,887</b>	<b>45.3%</b>	<b>180,587</b>	<b>44.3%</b>

Burnt area analysis (native forest) as at 16/12/19 0836

In addition over 6000 ha of hardwood plantations have also been fire affected at this time.

FCNSW is currently assessing the intensity of the areas burnt to determine long term impacts on wood supply. Given the geographic spread and extent of the wildfires this will take some time to complete. The attached map shows the current extent of the burnt areas on the north coast.

**Impact on harvesting crews and harvesting plans:**

Many harvesting crews have had their compartments burnt and in some cases have also lost machinery. All have had significant disruptions to their operations. The Plan of Operations for the north coast has been significantly impacted with many of the alternate planned compartments also fire affected. A number of harvesting crews are doubled up in compartments as a short term solution.

FCNSW is also working with the Regulator and other government agencies on short and longer term solutions including administrative provisions and conditions for the recovery of timber from fire affected areas.

**Annual Delivery Plan:**

Indications are that your Annual Delivery Plan (ADP) has been significantly affected. Based on information at the date of this letter, FCNSW remains optimistic it can meet your volume supply entitlements this year (FY20). However there is likely to be an impact on your usual species mix and possibly also log size. This will obviously depend on assessment of the full impacts of the wildfires and because the fire season may still have some months to run.

FCNSW will apportion timber as described in clauses 11.3 and 24.3.3 of your PSA, that is to say where reasonably practicable, available timber will be apportioned justly and equitably on the basis customers would have been supplied with the timber had it not been for the Force Majeure event.

**Recovery plan**

With the effects of the fires likely to be felt in coming years not just the immediate future, a project team has been set up within FCNSW to work on a recovery plan. The plan includes an assessment of burnt areas and their impact on FCNSW's ability to meet its supply obligations; an assessment of infrastructure damage; arrangements for salvage operations and regeneration of the affected forest and plantation areas.

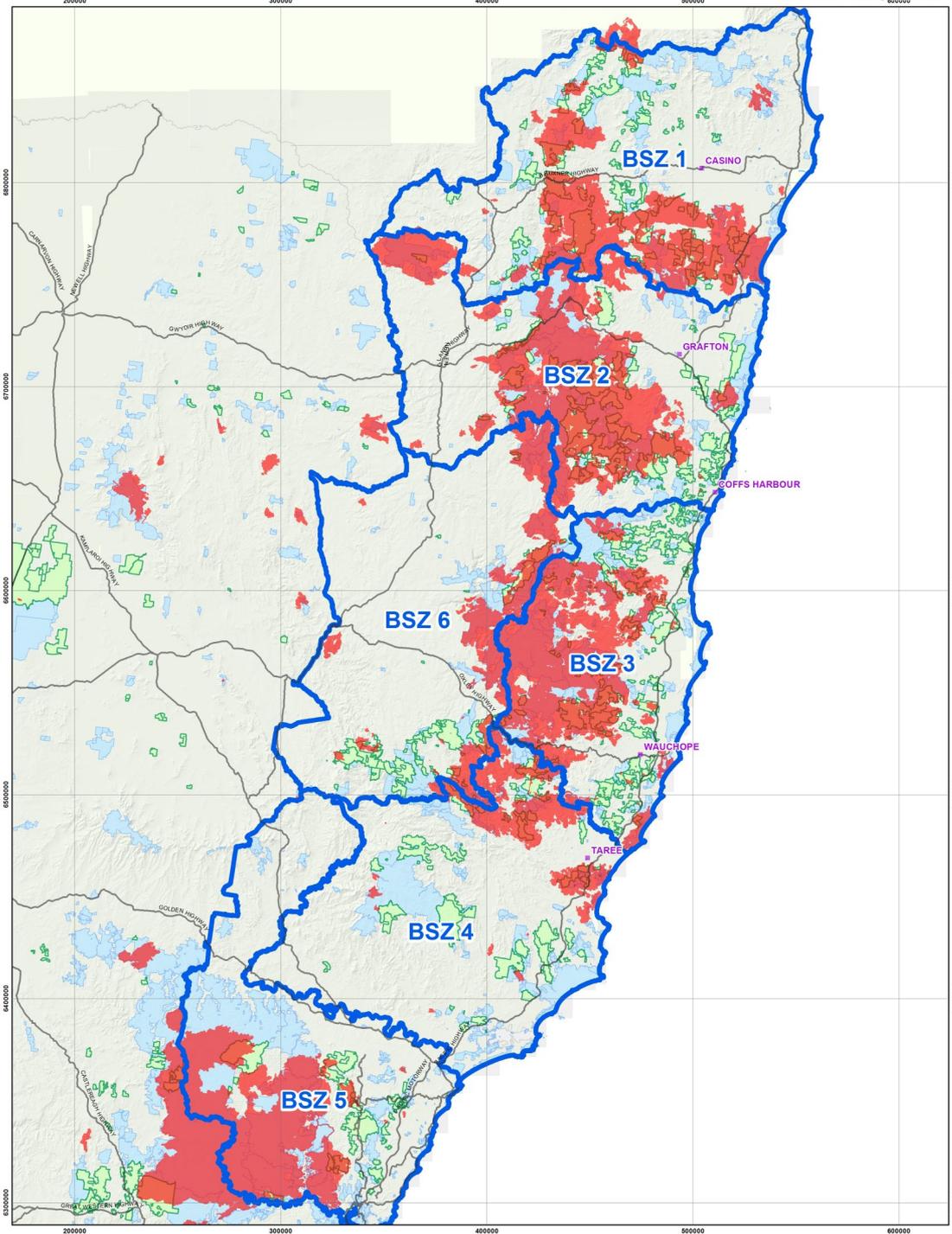
FCNSW will provide further details regarding this issue when more information is at hand. If you have any queries in the interim in relation to the Force Majeure clauses of your PSA, please call Mike Farrow, Senior Manager Production North on

Yours sincerely

Daniel Tuan  
General Manager Hardwood Forests

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# FORESTRY CORPORATION OF NSW FIRE SITUATION MAP 17/12/2019 12:00



Coordinate System: GDA 1994 MGA Zone 56  
Projection: Transverse Mercator  
Datum: GDA 1994  
Date: 17-Dec-2019 Time: 1:24:51 PM

- Highways
- Boral Supply Zones
- Burnt Area
- State Forest
- NPWS

0 10 20 30 40 50 60 70 80 90 100 Kilometers  
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14/01/2020

Our Ref:

E:

Dear

**RE: Force Majeure Notice – Type A Wood Supply Agreement (WSA)**

As you would be aware the South Coast Region part of the Area of Supply defined in your WSA has in places suffered severe wildfire that in many instances are still uncontrolled.

This letter provides initial notice from Forestry Corporation of NSW (FCNSW) in accordance with clause 24.4 of your WSA of the occurrence of a Force Majeure event being those wildfires in the South Coast Region part of the Area of Supply, that may prevent FCNSW performing its obligations under the contracts at some point during the term.

At this stage it is too early to identify the extent this event impacts on FCNSW's capacity to perform its obligations under the WSA for the remainder of the Year and beyond. This is particularly the case as the current Force Majeure event is ongoing within the Area of Supply. However, I can confirm that they are currently preventing harvesting operations in areas planned to supply the industry and may have implications for available resource in the future.

FCNSW will of course provide a further detailed notice as required under the WSA and hopefully at that stage the crisis will have passed and the implications for supply under the WSA will be much clearer

If you have any queries in the interim in relation to the Force Majeure clauses of your contract(s), please call Lee Blessington, Acting Senior Manager Production South on

Yours sincerely

Daniel Tuan  
General Manager Hardwood Forests



11/02/2020  
 Our Ref:

E:

Dear

**RE: Force Majeure – Second Notice – Type A Wood Supply Agreement (WSA)**

You will recall our previous phone call and subsequent written notification dated 14 January 2020 which provided an initial notice under the Force Majeure provisions of your Wood Supply Agreements (WSAs) in relation to the wildfires on the South Coast that are likely to prevent the Forestry Corporation of NSW (FCNSW) from performing its obligations under the WSAs. The purpose of this letter is to provide a further, more detailed notice in accordance with the WSA within the 28 days specified.

This response is based on the information available to FCNSW right now. You will appreciate the longer-term impact remains unclear and will only be known when we are able to conduct full and detailed assessments.

**Area burnt to date:**

As at 02 February 2020, 85% of the net harvestable area of native hardwood forest has been burnt in the South Coast region, 79% in the Eden region and 69% in the Tumut region. The attached tables summarise the hectares burnt in each sub-Region and specific information available for your company's Area of Supply.

Southern and Eden RFA regions						
Region/Sub-Region	Total Gross Area (ha)	Net Harvestable Area (ha)	Gross area burnt (ha)	Gross area burnt (%)	NHA burnt (ha)	NHA burnt (%)
South Coast	194,299	133,676	164,604	85%	113,639	85%
Eden	167,746	109,453	123,387	74%	86,784	79%
Tumut	65,064	44,847	46,086	71%	31,065	69%
<b>Total</b>	<b>433,972</b>	<b>283,137</b>	<b>338,587</b>	<b>78%</b>	<b>227,521</b>	<b>80%</b>

Burnt area analysis (native forest) as at 02/02/2020

Area of Supply	Total Gross Area (ha)	Gross area burnt (ha)	Gross area burnt (%)
Narooma	67,811	59,773	88%
Batemans Bay	81,732	78,868	96%
Nowra	13,130	11,031	84%

Area of Supply	Total Gross Area (ha)	Gross area burnt (ha)	Gross area burnt (%)
Tallaganda/Badja	31,625	14,932	47%

FCNSW is currently assessing the intensity of the areas burnt to determine long term impacts on wood supply. Given the geographic spread and extent of the wildfires this will take some time to complete. The attached map shows the current extent of the burnt areas on the south coast.

**Impact on harvesting crews and harvesting plans:**

Many harvesting crews have had their compartments burnt and in some cases have also lost machinery. All have had significant disruptions to their operations. The Plan of Operations for the south coast has been significantly impacted with many of the alternate planned compartments also fire affected. A number of harvesting crews are doubled up in compartments as a short-term solution.

FCNSW is also working with the Regulator and other government agencies on short and longer term solutions including administrative provisions and conditions for the recovery of timber from fire affected areas.

**Annual Delivery Plan:**

Indications are that your Annual Delivery Plan (ADP) has been significantly affected. Based on information at the date of this letter, FCNSW remains optimistic it can meet your volume supply entitlements this year (FY20). However, there is likely to be an impact on your usual species mix and possibly also log size.

**Recovery plan**

With the effects of the fires likely to be felt in coming years not just the immediate future, a project team has been set up within FCNSW to work on a recovery plan. The plan includes an assessment of burnt areas and their impact on FCNSW's ability to meet its supply obligations; an assessment of infrastructure damage; arrangements for fire salvage harvesting operations and regeneration of the affected forest areas.

FCNSW will provide further details as more information comes to hand. If you have any queries in the interim in relation to the above advice or the Force Majeure clauses of your WSA, please call Lee Blessington, Acting Senior Manager Production South on

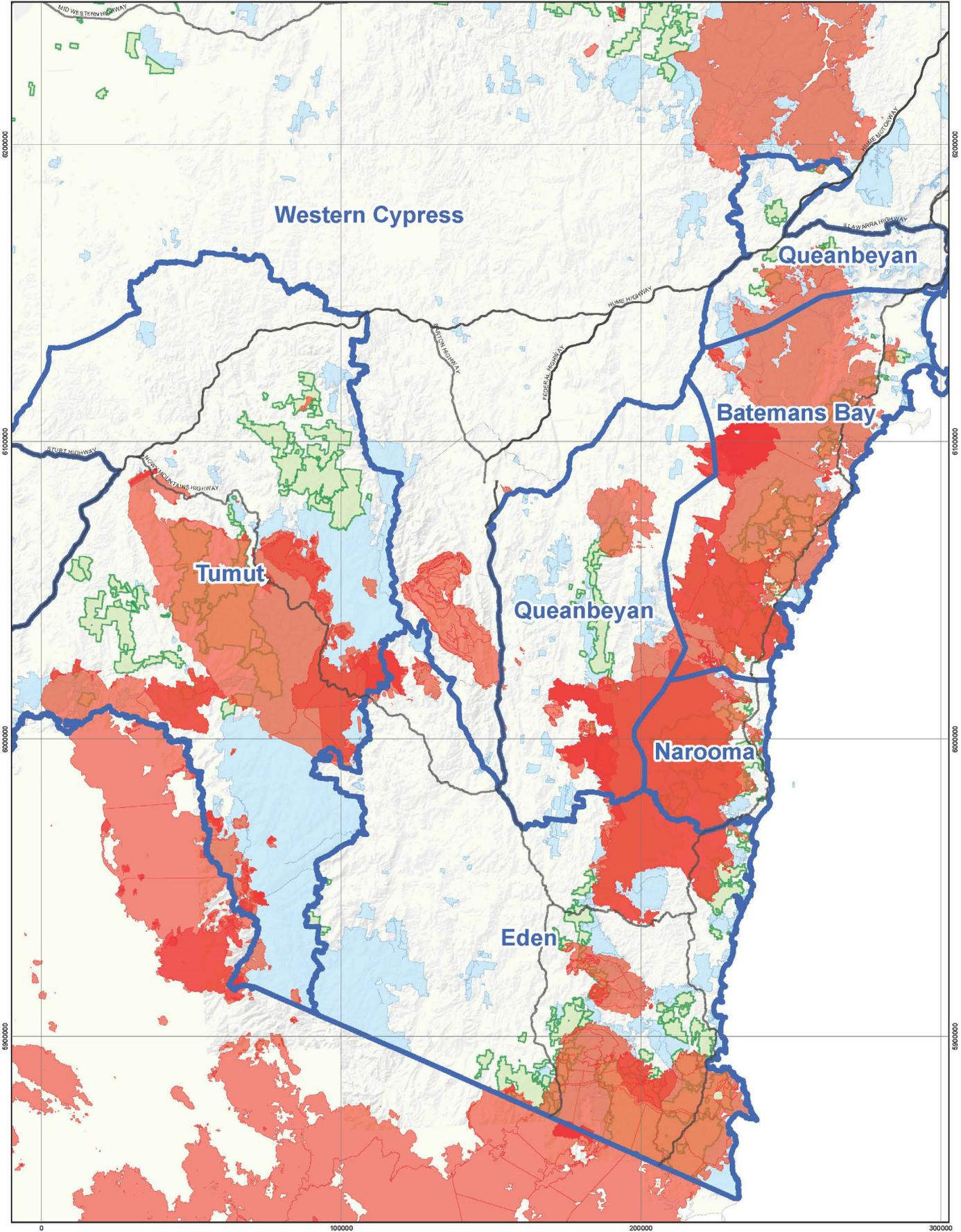
Yours sincerely

Daniel Tuan  
General Manager Hardwood Forests

FORESTRY CORPORATION OF NSW  
 FIRE SITUATION MAP 2/02/2020 12:00 PM



1:1,100,000



Coordinate System: GDA 1994 MGA Zone 56  
 Projection: Transverse Mercator  
 Datum: GDA 1994

Date: 2/02/2020 Time: 12:28:26 PM

- Highways
- Timber Supply Zone
- Burnt Area
- State Forest
- NPWS



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10/01/2020

Our Ref:

E:

Dear

**RE: Force Majeure Notice – Timber Supply Agreement dated xxx between xxxx and the Forestry Corporation of NSW (TSA)**

Terms used in this letter that have been defined by the TSA have the meaning given to them by the TSA.

As you would be aware State forests within the Area of Supply have in places suffered severe wildfire damage since 30 December 2019. And there is the possibility of further losses of Timber in those forests arising from the ongoing wildfire crisis.

This letter provides initial notice in accordance with clause 26.3 of the TSA of the occurrence of a Force Majeure event being those ongoing wildfires in the Area of Supply, which is likely to prevent FCNSW performing its obligations under the TSA.

It is at this stage too early to speculate on the extent this event impacts on FCNSW's capacity to perform its obligations under the TSA for the remainder of the Year and beyond. This is particularly the case as the current Force Majeure event is ongoing within the Area of Supply.

FCNSW will of course provide a further detailed notice as required by clause 26.3 and hopefully at that stage the crisis will have passed and the implications for supply under the TSA will be much clearer.

If you have any queries in the interim please contact me by email at  
or on my mobile 040

Yours sincerely

Mike Beardsell  
General Manager  
Softwood Plantations



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(PO Box 100 Beecroft NSW 2119)

T 02 9872 0111

F 02 9871 6941

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29/01/2020

Our Ref:

E:

Dear S

**RE: Detailed Force Majeure Notice – Timber Supply Agreement dated xxx between xxxx and the Forestry Corporation of NSW (TSA)**

Terms used in this letter that have been defined by the TSA have the meaning given to them by the TSA.

Further to the letter dated 10<sup>th</sup> January 2020, this letter provides more detailed advice of the Force Majeure event (FM event) and aims to set out particulars of the event and the likely effects of the event in accordance with clause 26.3 of the TSA. Further detailed advice is as follows:

**FM Event Details**

The FM event named as Dunn's Rd Fire had its origins in a fire caused by a lightning strike in private forest located approximately 10km from the FCNSW estate. This fire reached the North West of FCNSW Green Hills plantations and moved through FCNSW plantations from 30<sup>th</sup> December 2020, doing most of the damage up until 4<sup>th</sup> January 2020. Further isolated plantation damage has occurred post 4<sup>th</sup> January.

The Dunn's Rd fire was declared under section 44 of the NSW Rural Fire Act 1997 at 1200hrs on 29<sup>th</sup> December 2019. Approximately 333,000 ha of various land tenure has been impacted by the fire event to date. The fire has been ongoing until significant rainfall on 20<sup>th</sup> January has deescalated the immediate risk. Uncontained fire edges in the National Park remains an ongoing risk.

Estimates to date indicate that the fire has impacted approximately 32,000 ha of FCNSW plantation and 2,000 ha of FCNSW controlled plantation in the Tumut Management area. Area estimates by year of planting are provided in **Attachment 1**.

**Severity**

FCNSW is currently assessing the intensity of the areas burnt to determine long term impacts on wood supply. The map provided in **Attachment 2** shows the current extent of areas impacted by fire.

**Supply impacts**

Salvage program planning is underway and FCNSW will work with customers towards maximising the amount of green volume left on the stump for future access. Prior to the FM event, FCNSW records indicated a net stocked area of FCNSW plantation in the Tumut MA as being 88,476 ha. The fire impacted area of 32,572 ha (FCNSW estate) represents approx. 36% of the net planted area. As a result of the salvage operations underway, FCNSW expects that it will be able to meet its supply obligations in the current Year. Whether FCNSW will have to claim FM in subsequent Years and the extent of the FM impact on supply obligations in those Years, is unknown at this early stage.

FCNSW will provide further details of the likely impacts of the FM event as they become available.

If you have any queries in the interim, please contact me by email at  
or on my mobile

Yours sincerely

Mike Beardsell  
General Manager  
Softwood Plantations

**Attachment 1: Estimates of area impacted by fire on FCNSW owned or managed land in Tumut Management area**

Age class	Hectares impacted in Tumut MA	
	FCNSW	FCNSW managed
1925	2	
1968	10	
1969	167	
1970	14	
1971	52	
1972	51	
1973	61	
1974	46	
1975	1	
1982	114	
1983	104	
1984	129	
1985	345	
1986	317	
1987	572	
1988	706	
1989	411	
1990	583	
1991	349	
1992	452	
1993	447	
1994	509	
1995	693	
1996	765	
1997	919	
1998	977	
1999	861	
2000	1230	
2001	1368	
2002	1071	
2003	1017	
2004	926	
2005	1261	748
2006	703	780
2007	546	58
2008	388	317
2009	963	168
2010	717	
2011	1944	
2012	1202	9
2013	1487	
2014	1493	
2015	2058	
2016	763	
2017	1506	
2018	1037	
2019	1239	
<b>Grand Total</b>	<b>32572</b>	<b>2081</b>

Attachment 2: Map of Plantation area in Tumut MA impacted by fire pending further inspection.

