

**Presentation to Senate Inquiry**  
**Naomi Edwards**



**Plantation promises stretched to  
breaking point – What happens when  
the prospectus assumptions hit the  
ground?**



# Prospectuses


Private investors have invested over \$2 billion in plantation prospectuses.

Will their aspirations be met?

Are the plantations a suitable investment for low risk investors?

Is anything impeding investor returns?

 **Prices today**

 **Real growth**

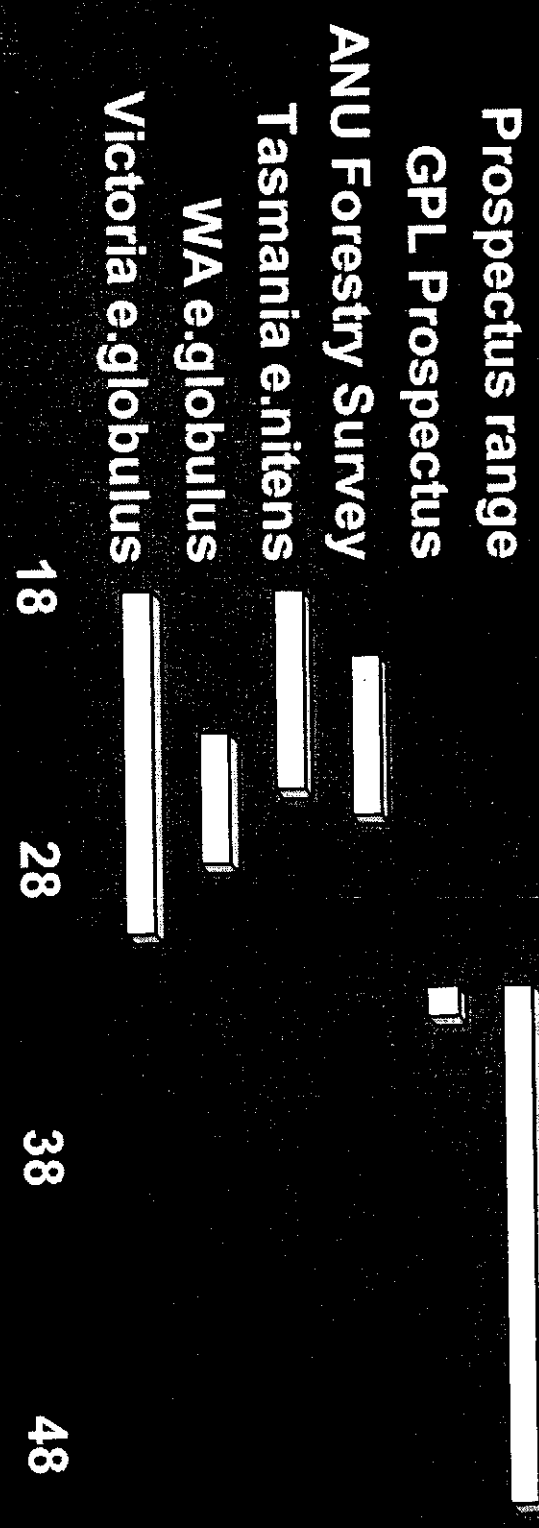
 **CPI**

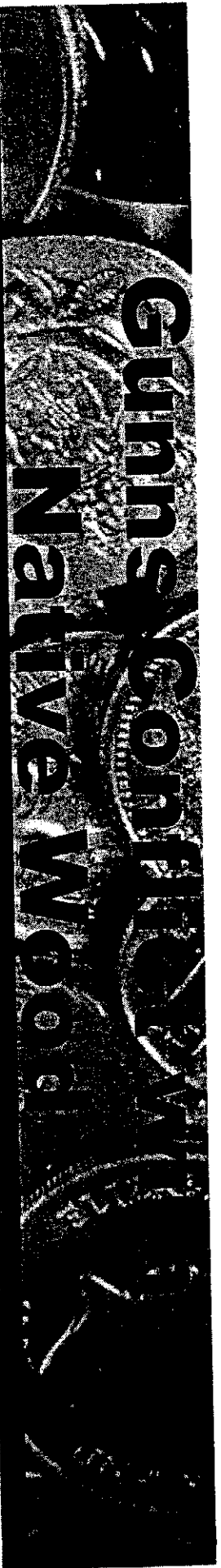
 **Mean Annual Increment**

 **Costs**

# Stumpage prices

Source: *Forest Economics* 2004-05  
Prices are in \$/m³



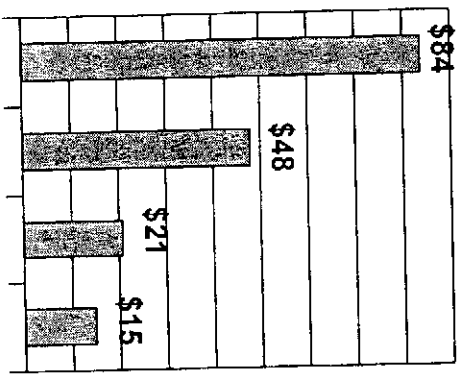


Gunn's Today

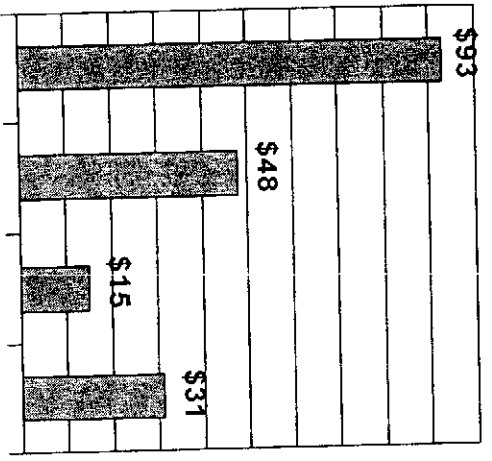
GPL  
Prospectus

Reality?

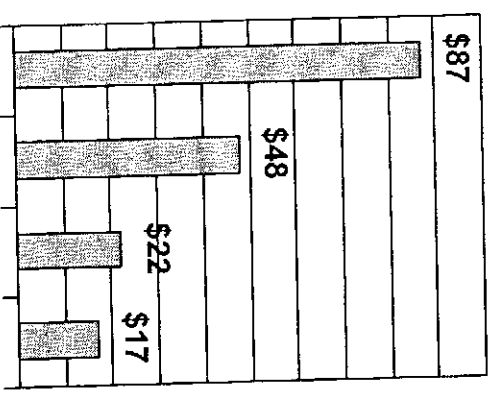
Sale price  
Costs  
Profit margin  
Stumpage



Sale price  
Costs  
Profit margin  
Stumpage



Sale price  
Costs  
Profit margin  
Stumpage



# Real price of copper

Real Price of Copper in US Dollars

1982 to 2002



1982 to 2002

Prospectuses

# Implications for Investors

**GPL Prospectus**  
**High stumpage scenario**  
**Central stumpage scenario**  
**Low stumpage scenario**

2% 4% 6% 8% 10% 12%





# Recommendations of Senate Enquiry

- Consider implications of low returns, given Government support of industry
- Support ASIC crackdown on forecasts
- Address native wood competition issues
- Consider stumpage returns when reviewing plantation targets
- Assist in developing a more equitable stumpage formula