

**Presentation to Senate Inquiry
Naomi Edwards**



Over promising?

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

Prospectus assumptions

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**

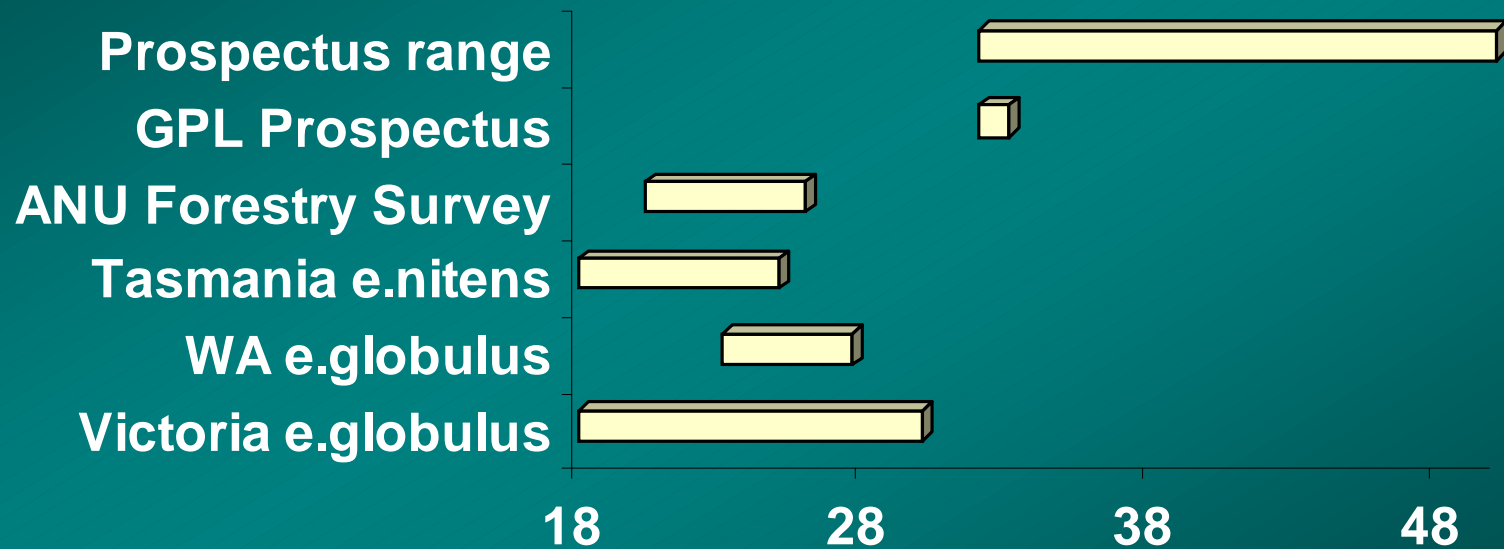
 **CPI**

 **Mean Annual Increment**

 **Costs**

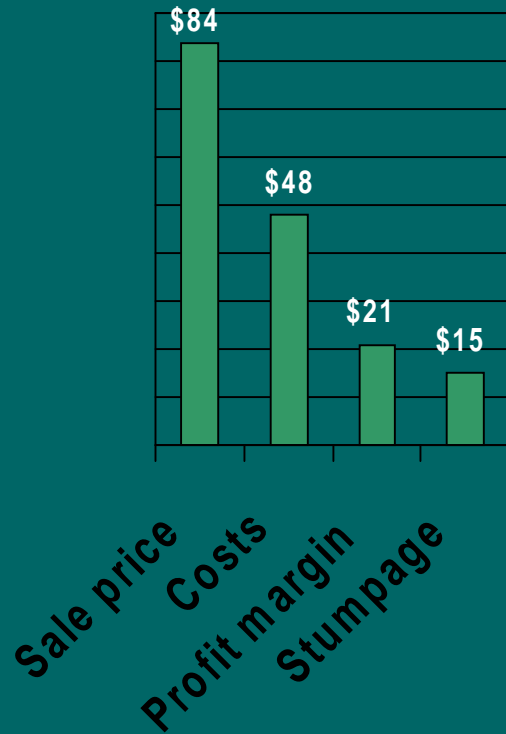
Stumpage prices today

Final clear felling stumpage price per cubic metre

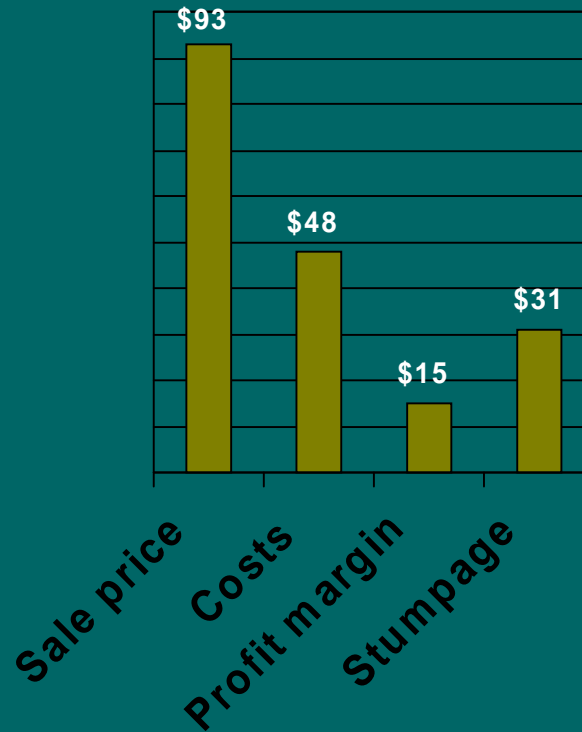


Gunns Conflict with Native Wood

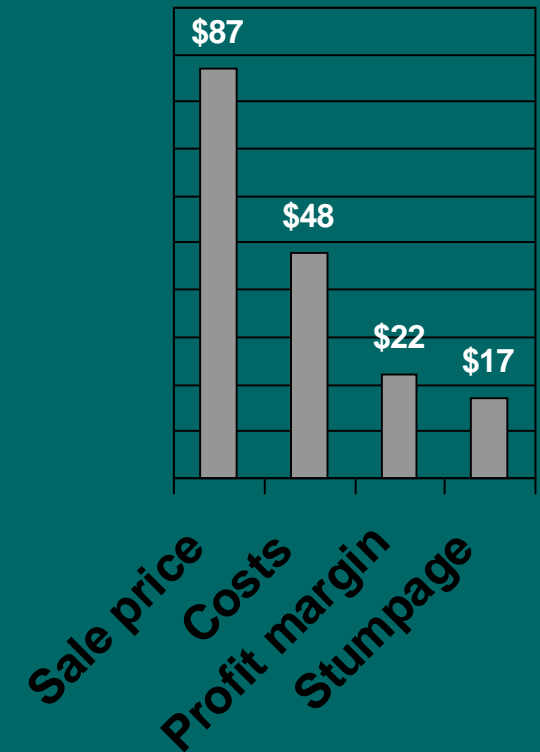
Gunns Today



GPL Prospectus

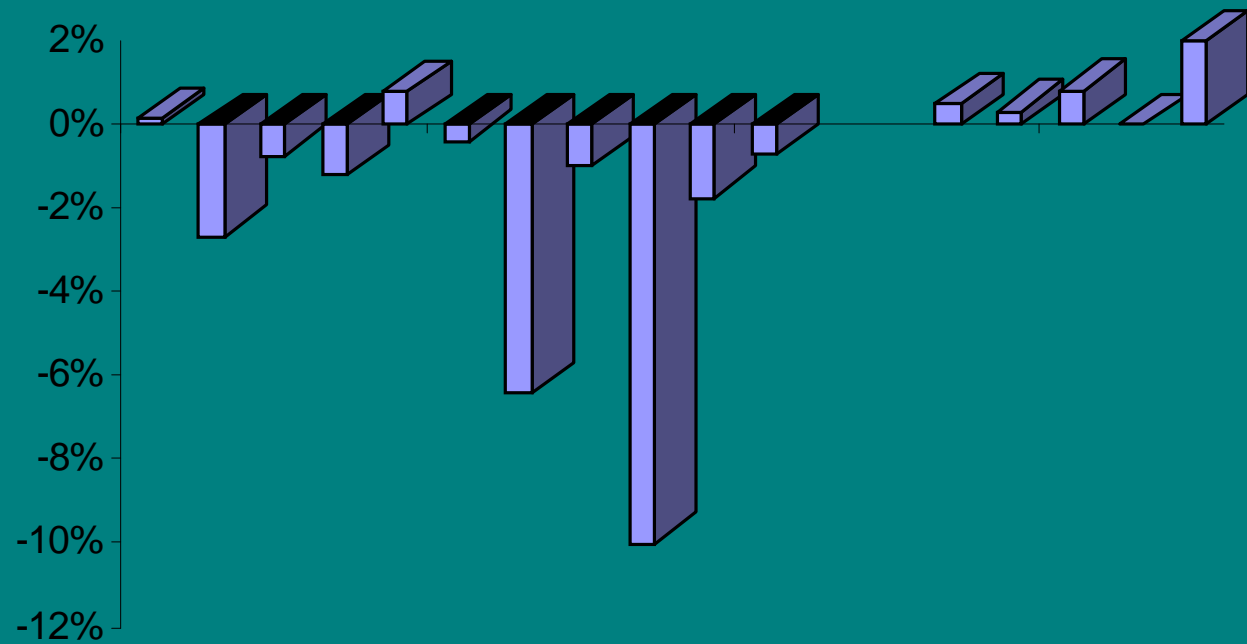


Reality?



Real price changes

Real price increases - historic versus prospectuses

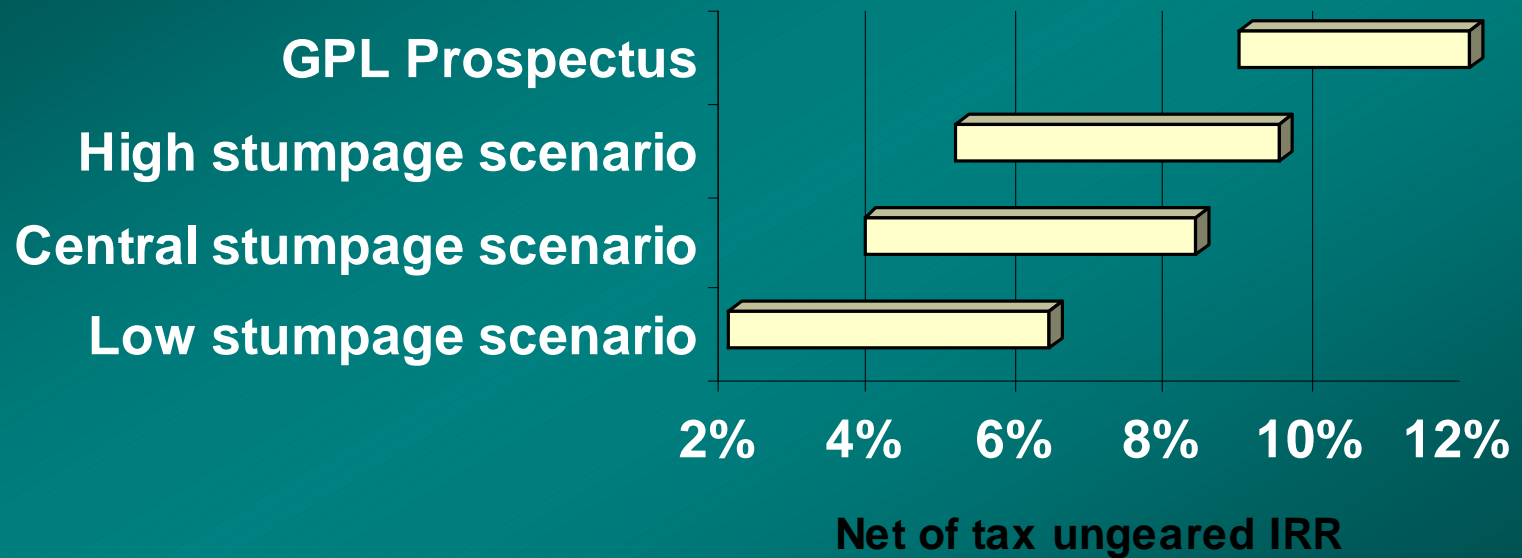


1992 to 2002

Prospectuses

Implications for Investors

Option 1 Forecast IRR's



Recommendations to 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