
10 Forestry

Key points

- The performances of six forestry government trading enterprises (GTEs) are presented in this report. Together they controlled assets valued at \$6.5 billion and generated \$685 million of total income in 2006-07.
- Overall, the profit before tax (and before self-generating and regenerating asset revaluations) of forestry GTEs decreased by 35.9 per cent in real terms to \$111 million in 2006-07 (excluding Forestry Plantations Queensland (FPQ)). Within the sector:
 - most of the decrease in profit before tax was attributable to two GTEs (Forests NSW and FPQ)
 - profits decreased (in real terms) for five GTEs
 - one GTE recorded a loss before tax.
- Return on assets (excluding FPQ) declined from 8.5 per cent to 5.4 per cent in 2006-07. Of the monitored GTEs, four earned less than the risk-free rate of return.
- Debt to assets for the sector decreased from 17.1 per cent to 16.6 per cent in 2006-07.
- All six forestry GTEs made dividend payments to owner-governments, totalling \$57.3 million in 2006-07. The sector recorded an income tax-equivalent benefit of \$34.8 million in 2006-07.
- Three forestry GTEs received community service obligation (CSO) funding totalling \$14.6 million. CSO payments comprised 2.1 per cent of total sector income in 2006-07.

The financial performances of six forestry government trading enterprises (GTEs) are reported in this chapter. Together they controlled \$6.5 billion in assets and generated around \$685 million in total income in 2006-07.

Financial performance summaries, including performance indicators for each forestry GTE monitored over the period 2004-05 to 2006-07, are presented after this introduction. Their financial performances are examined using the financial indicators defined in chapter 1.

There are some differences between measured performance for 2004-05 and 2005-06 in this and earlier reports because of changes in accounting standards, data sources and indicators (chapter 1). Further, the set of monitored GTEs can change over time because of restructuring and privatisation. Consequently, care should be exercised in making performance comparisons over longer time periods than that covered in this report.

In making comparisons between GTEs, consideration should be given to: differences in the nature and scale of the businesses; their individual market environments; a number of issues relating to the valuation of their assets; and the level of payments for community service obligations (CSOs).

Particular care should be given to issues relating to the valuation of self-generating and regenerating assets (SGARAs). Given the volatile nature of changes in the valuation of standing timber assets, profits are reported both before and after movements in forest valuations.

10.1 Monitored GTEs

Forestry GTEs from six States were monitored — Forests NSW (FNSW), VicForests, Forestry Plantations Queensland (FPQ), the Forest Products Commission of Western Australia (FPCWA), ForestrySA and Forestry Tasmania.¹

The financial performance of FPQ was reported for the first time in 2005-06. FPQ was established on 1 May 2006, replacing DPI Forestry as the manager of Queensland's state-controlled softwood and hardwood plantation lands. The Forestry Plantations Queensland Office (FPQO) was also established to support and complement FPQ's operations by providing administrative services and by having custodial responsibility for the new State Plantation Forest lands.

The monitored forestry GTEs provide a broad range of services (table 10.1) including:

- management of plantation and native forests
- supply of forest products to the timber industry
- research and development of new forestry techniques and processes

¹ ACT Forests operates within the Department of Urban Services and is not reported because of substantial restructuring following the catastrophic bushfire in 2002-03. The Northern Territory does not have a forestry GTE.

- contributions to marketing forest products and
- management of activities unrelated to timber production, which occur in state-managed native forests and plantations — including beekeeping, recreation facilities, grazing and quarrying.

Forestry GTEs also generally have responsibility for fire-fighting and other ancillary forest-management activities.

The total assets of forestry GTEs decreased by 4.4 per cent in real terms to \$6.5 billion in 2006-07 (figure 10.1). The assets of all GTEs decreased in real terms, despite nominal increases for five of them. FPQ experienced a real fall in assets of 11.7 per cent, due mostly to a reduction in SGARAs.

The size of monitored forestry GTEs varies substantially in terms of the value of their assets and total income (figure 10.2). In 2006-07, the largest was FNSW (\$2.7 billion) and the smallest was VicForests (\$38.0 million). In terms of income, the largest was Forestry Tasmania (\$201 million) and the smallest was FPQ (\$38.6 million).

10.2 Market environment

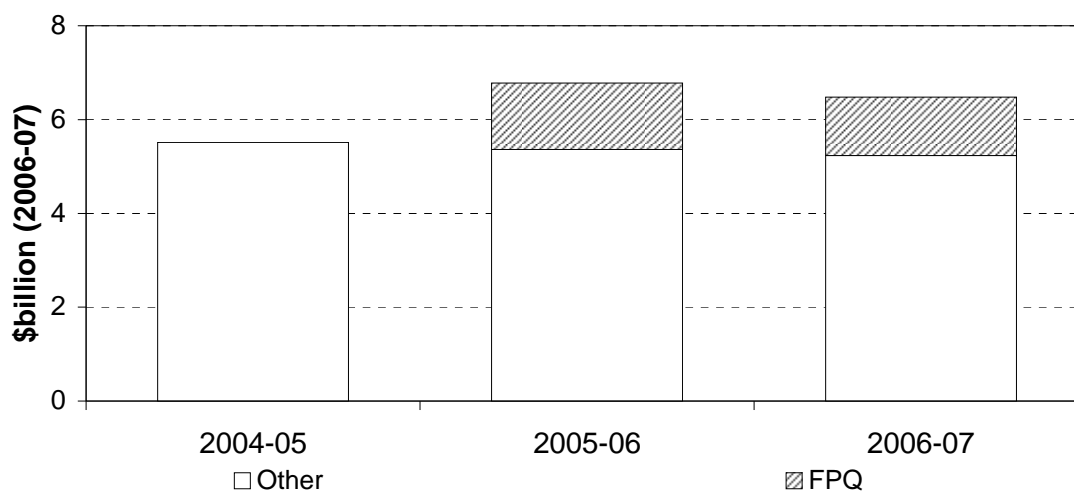
The financial performance of forestry GTEs is affected by the demand for timber products, industry reforms, accounting standards and environmental conditions (including drought and fire).

Table 10.1 **Activities — forestry GTEs, 2006-07**

<i>Forestry GTE</i>	<i>Activities</i>			
	<i>Tourism and recreation activities</i>	<i>Plantation management</i>	<i>Native-forest management</i>	<i>Research and marketing</i>
Forests NSW	✓ ^a	✓	✓	✓
VicForests	✗	✗	✓	✓
Forestry Plantations Queensland	✗	✓	✗	✓
Forest Products Commission WA	✗	✓	✓	✓
ForestrySA	✓ ^a	✓	✓ ^b	✓
Forestry Tasmania	✓	✓	✓	✓

^a Forests NSW and ForestrySA provide services and infrastructure for tourism activities, such as scenic drives, picnic areas and hiking trails. However, these activities generate negligible revenue. Forests NSW receives community service obligation (CSO) funding for providing recreation facilities. ^b ForestrySA receives CSO funding for specific native forest management activities.

Figure 10.1 Sector assets — forestry GTEs^a



^a The value of sector assets is reported in 2006-07 dollars using the ABS implicit price deflator — gross fixed capital formation of public corporations (chapter 1).

Source: Productivity Commission estimates

Demand for forest products

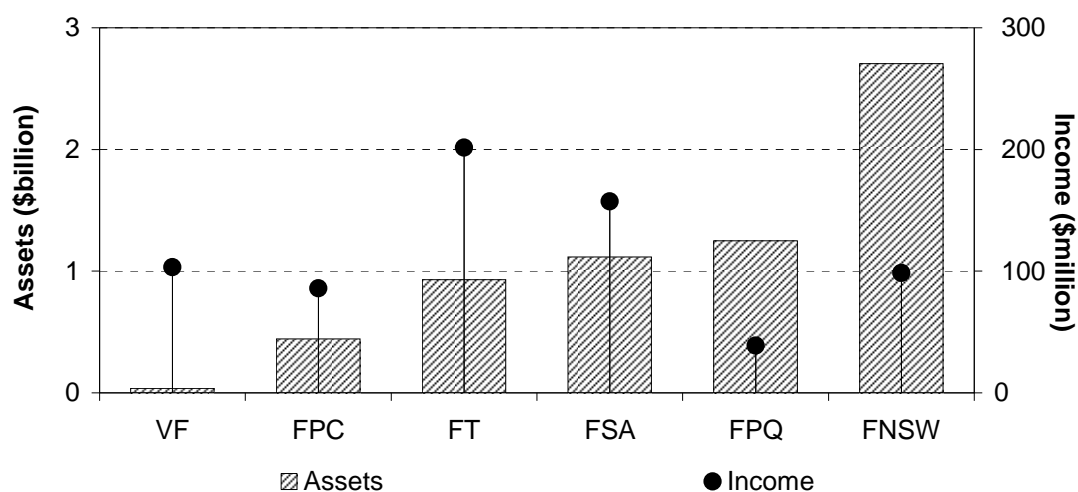
The major traded output of forestry GTEs is logs. These are either harvested by the GTEs themselves or by private loggers operating as sub-contractors. Logs can be harvested as either:

- sawlogs — for conversion into sawn-timber, plywood, or veneer products that are mainly used in the construction and furniture industries or
- pulp logs — for conversion into woodchips, fibreboard, particleboard or pulp (for subsequent conversion into paper and paperboard products).

Sawlogs are used domestically, with 93 per cent of sawn-timber needs produced locally in 2005-06 (ABS 2008c). The demand for sawlogs is influenced by local economic conditions and government policies. Buoyant building activity had increased demand for sawlogs earlier in the decade. However, new residential building has slowed since 2003 (ABS 2008a). Some forestry GTEs noted that this slowdown had caused a reduction in demand for sawlogs in 2005-06 and 2006-07. However, FPQ cited strengthening building activity in Queensland despite a decline in other States.

Approximately 40 per cent of pulpwood harvested in Australia is sold domestically for pulp and paper products, while the balance is exported — mainly as woodchips (ABARE 2000). Forest product exports totalled \$2.4 billion in 2006-07, an increase

Figure 10.2 **Assets and total income — forestry GTEs, 2006-07**



Source: Productivity Commission estimates.

of around 10 per cent on 2005-06. Woodchips represented just over 40 per cent of total exports by value, while paper and paperboard represented just under 28 per cent in 2006-07.

The top three destinations of Australian forestry exports in 2006-07 were Japan (\$885 million), New Zealand (\$363 million) and China (\$250 million) (ABARE 2007). Some forestry GTEs cited the appreciation of the Australian dollar and increased freight costs associated with higher fuel prices as impediments to international trade.

Industry reforms

The key forestry GTE reforms since the early 1990s have been the National Forest Policy Statement (NFPS), Regional Forest Agreements (RFAs), the Plantations 2020 Vision and the application of National Competition Policy.

National Forest Policy Statement

The Australian, State and Territory Governments signed the NFPS in 1992. The NFPS was a comprehensive agreement on a ‘blueprint’ for the future management of Australia’s forests for the next 20 years, particularly for native forests. Aspects of the statement that were of particular significance to forestry GTE performance were:

- the establishment of market-based pricing principles for forest resources

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- the use of RFAs as a means of providing integrated management of forest resources
 - the expansion of Australia's commercial plantations of softwoods and hardwoods.

Regional Forest Agreements

Regional Forest Agreements are 20-year plans for the conservation and sustainable management of Australia's native forests. Four States currently have RFAs — New South Wales, Victoria, Western Australia and Tasmania. They are intended to provide greater certainty and security in relation to forest conservation and timber resource supply. More specifically, RFAs are intended to:

- reduce uncertainty for industry and duplication of government processes for land-use decision making
- produce long-term solutions that meet the requirements of governments, the community and industry, while also being consistent with the principles of ecologically sustainable development
- equitably balance competing objectives and coordinate the policies and activities of governments
- maintain regional, environmental, heritage and social values
- provide secure access to resources for the forestry industry.

Since 2000, hardwood woodchips from native forests can only be exported from forest regions in which RFAs have been successfully negotiated under the *Export Control Act 1982*.

The Tasmanian Community Forest Agreement was negotiated under the Tasmanian RFA and announced in May 2005. It is a joint commitment of the Australian and Tasmanian Governments. The agreement extends the area of protected forest as well as increasing assistance to the forestry industry.

Plantations 2020 Vision

Plantations 2020 is a strategic partnership between governments and industry aimed at reducing impediments to the development of plantations. The Plantations 2020 Vision statement included a proposal to treble the area of Australia's plantation forests to around 3 million hectares by 2020, in line with previous proposals in the NFPS. This initiative was endorsed by the Ministerial Council on Forestry,

Fisheries and Aquaculture in July 1996. The Plantations 2020 vision was revised in 2001 to take account of developments grouped around five strategic elements:

1. encouraging a comprehensive policy approach
2. establishing the right legislative environment
3. promoting investor confidence, research and development and skills development
4. improving stakeholder engagement and identifying environmental benefits and services
5. monitoring future developments and opportunities to maintain investment.

National Competition Policy

As part of National Competition Policy, governments have agreed to minimise resource allocation distortions relating to any competitive advantage derived by forestry GTEs as a result of their public-sector ownership. To the extent that the benefits outweigh the costs, under clause 3 of the Competition Principles Agreement, governments are obliged to:

- adopt a corporatisation model where appropriate and
- impose income taxes or income tax-equivalent payments, debt guarantee fees and regulations equivalent to those of private-sector competitors.

Self-generating and regenerating assets

Self-generating and regenerating assets represented 58.9 per cent of the monitored forestry GTEs' assets in 2006-07. FPQ had the largest proportion of SGARAs at 86.7 per cent. VicForests only includes the allocation of timber it receives for harvest over a five-year period in SGARA valuations. Its SGARA assets were valued at zero in 2006-07, as it was the final year of a period.

The value of SGARAs is influenced by changes in the following:

- *The volume of timber* — can be affected by changes in the area of commercial forests (natural or plantation) controlled by a GTE, or changes in the commercial timber available within the existing forest areas.
- *Age and quality of timber* — the value per cubic metre varies for trees of different ages. Older, larger trees generally have higher use values — such as building materials and furniture — than younger, smaller trees. Different species of trees also have different use values and attract different market prices.

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- *Market prices* — the prevailing market prices for the sawlogs and pulp logs harvested from SGARA assets.

Fluctuations in demand largely determine movement in the overall value of forest products from year to year. Forestry GTEs are able to model the expected physical changes in their SGARA assets with some precision. However, the market price received for forestry products is outside the control of forestry GTEs and can be highly variable. The primary factor influencing market prices is changes in demand conditions because supply is relatively constant.

The effect of SGARA revaluations on performance measures

The value of SGARAs can fluctuate significantly each year because of revaluations, affecting measures of profitability and financial management. SGARA valuation adjustments are reported in the income statement and balance sheet of forestry GTEs' annual reports. As a result, the method of valuing SGARAs is important to monitoring the operation and performance of forestry GTEs.

The accounting standard for valuing SGARAs under the Australian International Financial Reporting Standards is AASB 141 *Agriculture*. SGARAs held primarily for profit are valued at fair value less estimated point-of-sale costs. When fair value cannot be reliably measured, SGARAs are measured at cost less any accumulated depreciation and impairment losses. Increments and decrements to SGARA valuations are recognised directly in the income statement.

Although the forestry GTEs follow the accounting standard, there remains some variation in its implementation. For example, VicForests and Forestry Tasmania use a discounted cash flow method to derive a net present 'market' value for most of their forest assets. FNSW uses three separate net market value models to value its softwood and hardwood plantations, and native forest timber.

Over the reporting period, each monitored forestry GTE adjusted the value of their SGARAs (table 10.2), which in some cases had a significant impact on reported income. For example, FNSW's SGARA revaluation in 2006-07 resulted in a \$173 million decrement, representing 63.8 per cent of revenue.

10.3 Profitability

Profitability indicators provide information on how GTEs are using the assets vested in them by shareholder governments to generate earnings.

Table 10.2 Net SGARA revaluations — forestry GTEs (\$million)

<i>Forestry GTE</i>	<i>SGARA revaluation</i>		
	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
Forests NSW	-40.0	-62.8	-172.6
VicForests	2.2	-2.0	-0.1
Forestry Plantations Queensland	..	16.0 ^a	27.8
Forest Products Commission WA	-0.5	13.1	-45.8
ForestrySA	-24.5	-18.6	23.0
Forestry Tasmania	-12.6	6.7	37.8
All	-75.4	-47.6	-129.9

^a Revaluation from 1 May 2006 to 30 June 2006. .. Not available.

Sources: GTE annual reports.

The measure of profitability for forestry GTEs can be significantly affected by the valuation of SGARAs (section 10.2). SGARA revaluations are classified as movements in fair value in this report (chapter 1). They are included in total income, but not measures of profit used to estimate indicators such as cost recovery, return on assets or return on equity.

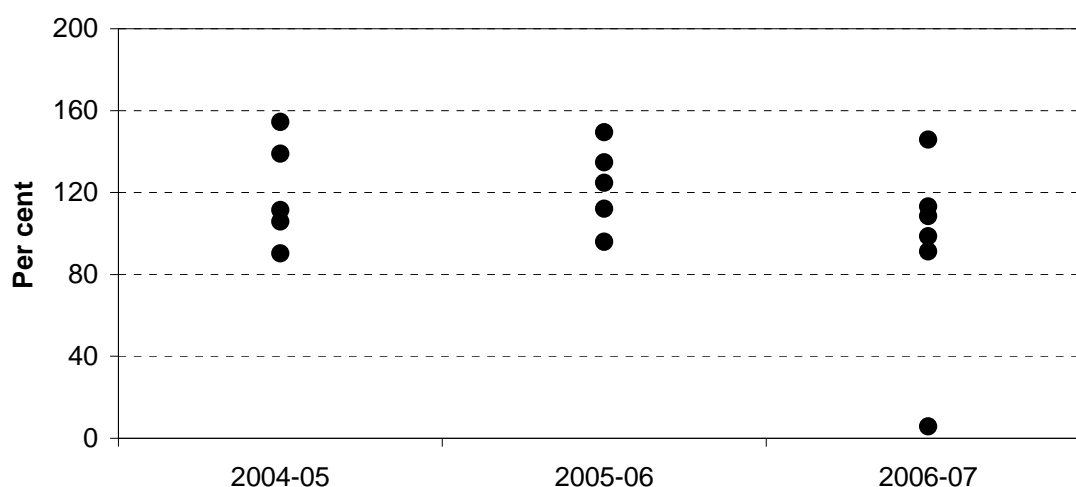
All forestry GTEs except FPQ recorded a profit before tax in 2006-07. FPQ recorded a loss before tax of \$68.8 million. Excluding FPQ, forestry sector profits before SGARA revaluations (and before tax) were \$111 million in 2006-07, a decrease of 35.9 per cent in real terms from 2005-06.^{2,3}

The cost recovery ratio indicates the ability of an entity to generate adequate revenue to meet expenses. The cost recovery ratio exceeded 100 per cent for three forestry GTEs in 2006-07 — Forests NSW, FPCWA and ForestrySA — indicating they are able to meet operating expenses from operating revenue (figure 10.3). For the forestry sector (excluding FPQ), the cost recovery ratio decreased from 124 per cent in 2005-06 to 109 per cent in 2006-07. FPQ recorded a cost recovery ratio of 5.8 per cent in 2006-07, as only 11.1 per cent of its income was operating revenue.

² Forestry Plantations Queensland is excluded because 2005-06 financial data are for the period 1 May 2006 to 30 June 2006 only. Therefore profit before tax for 2005-06 and 2006-07 are not directly comparable. FPQ has been excluded from the 2005-06 calculations of cost recovery, return on assets, return on equity and interest cover.

³ After SGARA revaluations, the sector recorded a loss before tax of \$46.9 million in 2006-07. This excludes FPQ.

Figure 10.3 Cost recovery — forestry GTEs^{a,b}



^a Each data point represents the cost recovery ratio for a government trading enterprise in that financial year. Cost recovery is the ratio of revenue from operations to expenses from operations (chapter 1). ^b Forestry Plantations Queensland's cost recovery is only reported for 2006-07.

Source: Productivity Commission estimates.

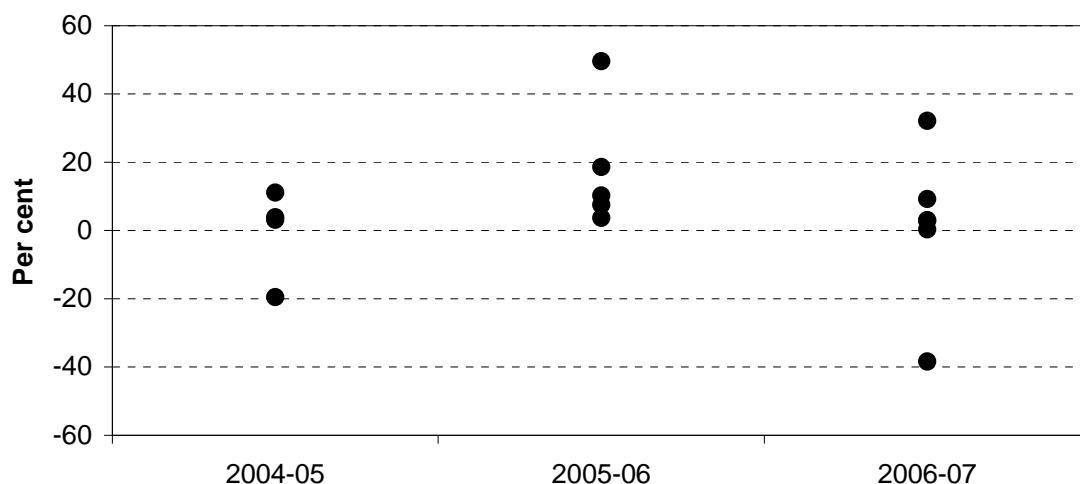
Five forestry GTEs reported a positive return on assets in 2006-07 (figure 10.4), ranging from 0.3 per cent for VicForests to 32.1 per cent for FPCWA. The only GTE to report a negative return on assets was FPQ (-38.4 per cent). Every GTE reported a decline in performance from 2005-06 to 2006-07. Overall, return on assets for the forestry sector (excluding FPQ) was 5.4 per cent in 2006-07, down from 8.5 per cent in 2005-06.

Only two of the six forestry GTEs achieved a return that exceeded the risk-free rate of return on assets — FPCWA and ForestrySA.⁴ This suggests that the remaining forestry GTEs are not operating on a commercially sustainable basis.

Return on total equity for the sector (excluding FPQ) was 2.2 per cent in 2006-07, down from 2.4 per cent in 2005-06. The change in return on equity for the forestry GTEs generally mirrored the change in their return on assets. The exceptions were FNSW and FPCWA, with slight increases in return on total equity and decrease in return on assets and on operating equity.

⁴ The risk-free rate of return is defined as the 2006-07 interest rate on 10-year Australian Government bonds (5.8 per cent) (RBA 2008).

Figure 10.4 Return on assets — forestry GTEs^{a,b,c}



^a Each data point represents return on assets for a government trading enterprise in that financial year. Return on assets is the ratio of earnings before interest and tax to average operating assets (chapter 1). Average operating assets is the average of the value of operating assets at the beginning and end of each financial year. Where an average could not be calculated, the value of operating assets at the end of the financial year was used. ^b VicForests' return on assets (45.5 per cent) in 2004-05 is not shown in the figure. The high value results from VicForests operating for less than 12 months in 2004-05. It received almost 12 months of revenue but incurred only 11 months of expenses, contributing to a strong operating profit. ^c Forestry Plantations Queensland's return on assets is only reported for 2006-07.

Source: Productivity Commission estimates.

10.4 Financial management

Financial management indicators provide information about the capital structure of GTEs and their ability to meet the cost of servicing debt and other liabilities as they fall due.

All forestry GTEs operated with debt for the past three years (excluding FPQ which has operated with debt since commencing operations in 2005-06). The total level of debt for the forestry sector was \$398 million in 2006-07, up 4.3 per cent in real terms from 2005-06. The increase in debt was mostly attributable to FNSW and Forestry SA.

Debt to equity and debt to operating assets both decreased for the sector as a whole in 2006-07, despite the rise in debt levels. Operating assets increased by more than operating liabilities for the sector in real terms, outweighing the higher debt. However, both measures increased for ForestrySA and Forestry Tasmania. Debt to total assets is shown for each forestry GTE over the past three years (only the past two years are included for FPQ) in figure 10.5.

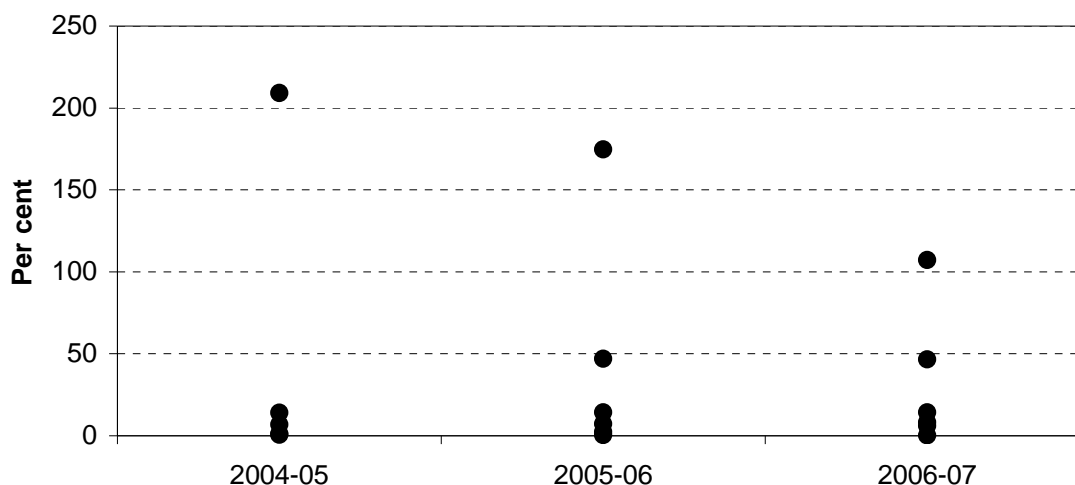
Overall, debt to operating assets for forestry GTEs was 16.6 per cent in 2006-07. GTEs in the other monitored sectors had significantly higher ratios — electricity (42.2 per cent), ports (23.1 per cent), urban transport (22.4 per cent), water (21.9 per cent) and rail (17.5 per cent).

Under sound financial management, profits are sufficient to ensure that interest payments can be met. A high interest cover ratio indicates that the entity can sustain a fall in profit or an increase in interest expense, and still meet the cost of servicing debt.

Excluding FPQ and FNSW, interest cover for the forestry sector was 9.6 times in 2006-07, down from 11.2 times in 2005-06.⁵ This was due to an increase in total debt combined with steady earnings before interest and tax. However, interest cover increased slightly for FPCWA in 2006-07. FPQ recorded interest cover of -11.1 times due to negative earnings before interest and tax.

A current ratio of less than 100 per cent indicates that the short-term operating obligations of a GTE might need to be met using sources of funds other than current

Figure 10.5 Debt to operating assets — forestry GTEs^{a,b}



^a Each data point represents debt to assets for a government trading enterprise in that financial year. Debt is defined to include all interest bearing liabilities (chapter 1). ^b Forestry Plantations Queensland's debt to assets is only reported for 2005-06 and 2006-07.

Source: Productivity Commission estimates.

⁵ Forests NSW was excluded from the calculation of interest cover for the sector because its reported interest expenses were capitalised.

operating assets. All but two forestry GTEs recorded a current ratio of more than 100 per cent in 2006-07 — the exceptions being Forests NSW (67.1 per cent) and Forestry Tasmania (72.6 per cent). The current ratio for the sector overall was 134 per cent in 2006-07, up from 127 per cent in 2005-06.

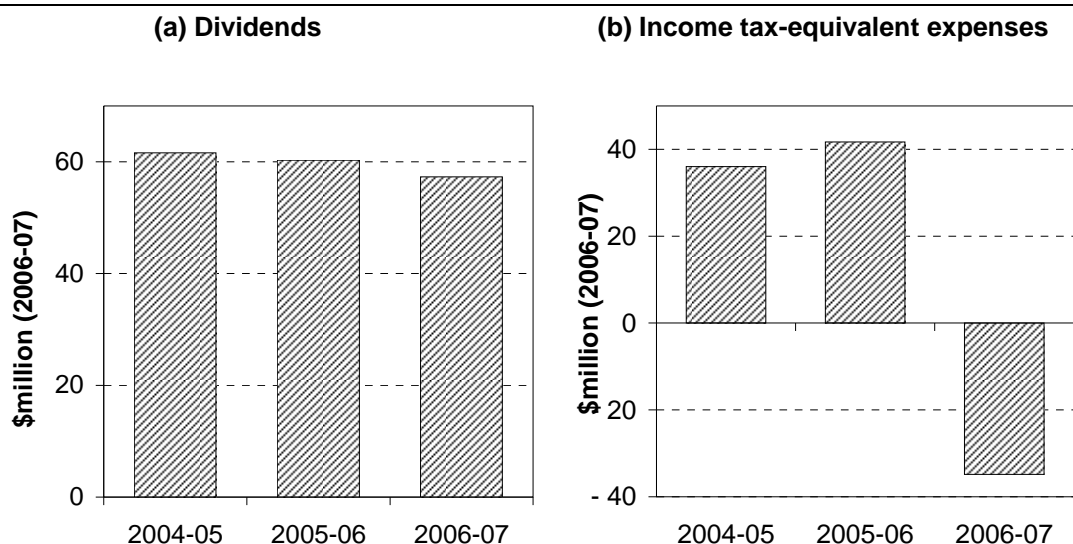
10.5 Transactions with government

As a part of the reform process, governments have sought to give GTEs a greater commercial focus and facilitate competitive neutrality by exposing them to financial disciplines and regulations similar to those faced by privately-owned businesses.

Dividend payments from GTEs are a return on shareholder funds that impose capital disciplines and are consistent with competitive neutrality. All six of the forestry GTEs distributed dividends in 2006-07.

Forestry GTEs distributed dividends totalling \$57.3 million in 2006-07 (figure 10.6a). Excluding FPQ, dividends decreased by 19.4 per cent in real terms to \$51.9 million in 2006-07. This was because FNSW, VicForests, ForestrySA and

Figure 10.6 **Dividends and income tax-equivalent expenses — forestry GTEs^a**



^a The values of dividends and income tax-equivalent expenses are reported in 2006-07 dollars using the ABS implicit price deflator — gross fixed capital formation of public corporations (chapter 1).

Source: Productivity Commission estimates.

Forestry Tasmania all decreased their dividend payments.⁶ FPCWA distributed dividends of \$2.7 million in 2006-07, but it did not distribute any dividends in relation to the 2005-06 financial year because of its poor operating performance.

Forestry Plantations Queensland recorded a negative dividend for 2005-06 (due to the loss recorded for its two months of operation), but provided for a \$5.4 million dividend in 2006-07.

The dividend to equity ratio (excluding FPQ) decreased from 4.3 per cent in 2005-06 to 3.3 per cent in 2006-07. The dividend payout ratio (excluding FPQ) also decreased, from 66.8 per cent in 2005-06 to 63.6 per cent in 2006-07, because the decrease in dividends outweighed the fall in profits.

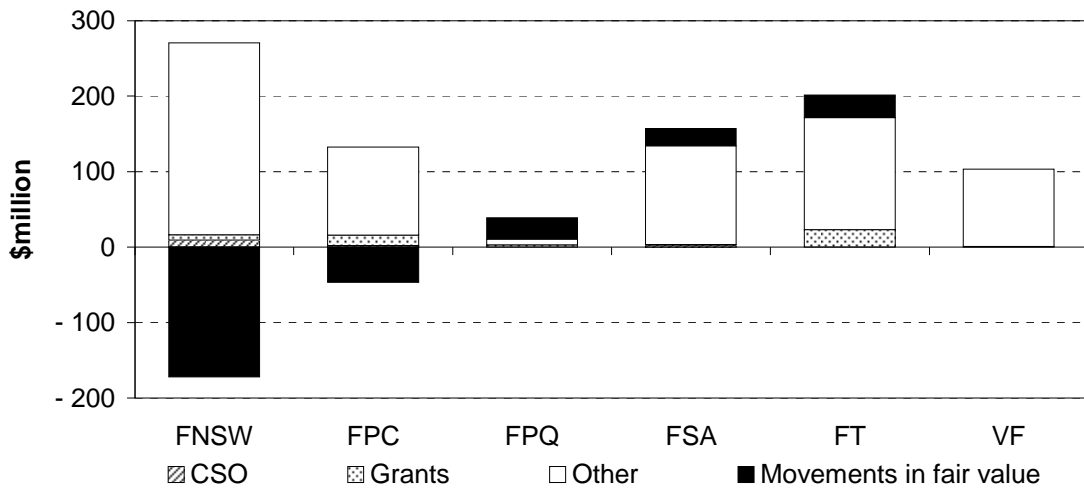
All forestry GTEs are subject to the National Tax Equivalent Regime and record income tax-equivalent expenses. The sector received an income tax-equivalent benefit of \$34.8 million in 2006-07. Excluding FPQ, there was an income tax-equivalent benefit of \$22.0 million in 2006-07 compared with a real income tax-equivalent expense of \$43.9 million in 2005-06 (figure 10.6b). This reflected an increase in changes to deferred tax liabilities as well as the decrease in profits. For example, Forests NSW received an income tax-equivalent benefit of \$40.0 million despite recording a profit. ForestrySA and Forestry Tasmania were the only two forestry GTEs to record income tax-equivalent expenses in 2006-07.

Three of the monitored forestry GTEs — FNSW, FPCWA and ForestrySA — received CSO funding in 2006-07. CSO payments to the forestry sector totalled \$14.6 million in 2006-07, a 13.1 per cent decrease in real terms from 2005-06. CSO payments accounted for 2.1 per cent of total income in 2006-07 (figure 10.7). In addition, Forestry Tasmania undertakes non-commercial community service activities that are not separately funded.

All forestry GTEs received government grants in 2006-07. For three, grants constituted at least ten per cent of revenue — FPQ (29.2 per cent), Forestry Tasmania (13.3 per cent) and FPCWA (10.0 per cent).

⁶ VicForests distributed dividends for the first time in 2005-06.

Figure 10.7 **Income sources — forestry GTEs, 2006-07^a**



^a Movements in fair value include self-generating and regenerating asset revaluations.

Source: Productivity Commission estimates.

FORESTRY

Table 10.1 Whole of sector performance indicators 2004-05 to 2006-07^a

Indicators	Units	Published in 2008 Report		Revised numbers	
		2005-06 ^a	2006-07	2005-06 ^a	2006-07
<i>Size</i>					
Total assets	\$m	6 229	6 479	6 229	6 479
Total income	\$m	666	685	666	685
<i>Profitability</i>					
Profit before tax	\$'000	135 519	42 067	151 606	124 442
Operating profit margin	%	19.4	-1.3	19.4	8.6
Cost recovery	%	124.1	98.7	124.1	109.4
Return on assets	%	8.5	2.4	8.5	5.8
Return on total equity	%	2.4	0.5	2.4	2.2
Return on operating equity ^b	%	6.5	1.5	6.5	6.5
<i>Financial management</i>					
Debt to equity	%	24.0	22.0	24.0	22.0
Debt to assets	%	17.1	16.6	17.1	16.6
Total liabilities to equity	%	30.0	32.1	30.0	32.1
Operating liabilities to equity ^c	%	48.4	44.4	48.4	44.4
Interest cover	times	11.2	9.6	17.2	9.4
Current ratio	%	126.5	133.7	126.5	133.7
Leverage ratio	%	148.4	144.4	148.4	144.4
<i>Payments to and from government</i>					
Dividends ^d	\$'000	55 380	57 311	55 380	57 311
Dividend to equity ratio	%	4.3	3.5	4.0	3.5
Dividend payout ratio	%	66.8	232.2	66.4	53.5
Income tax expense	\$'000	38 301	-34 823	38 301	-34 823
Grants revenue ratio	%	4.0	5.8	4.0	5.3
CSO funding	\$'000	15 425	14 592	15 425	14 592
<i>Performance indicators after SGARAs</i>					
Profit before tax	\$'000	87 987	-87 937	87 987	-87 937
Return on assets	%	–	–	–	–
Return on operating equity	%	–	–	–	–

^a Figures are nominal values. ^b Forestry GTEs commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for forestry GTEs. ^c Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^d Data for Forestry Plantations Queensland (FPQ) in 2005-06 are available only for the period 1 May 2006 to 30 June 2006. FPQ was excluded from the calculation of dividend and grants ratios, interest cover and all profitability indicators except profit before tax for 2005-06. ^e Refers to 'return on equity based on operating assets and liabilities'. ^f Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^g Forests NSW was excluded because its finance costs were capitalised. – Zero or rounded to zero.