
Erratum — Financial Performance of Government Trading Enterprises 2004-05 to 2006-07

The following amendment has been made to the 2008 Report since its release.

Forestry Products Queensland Summary

The individual summary for Forestry Products Queensland (FPQ) has been updated to take into account that FPQ's 'gain on revaluation of biological assets' also includes a revenue component.

- The revised summary pages for FPQ are provided below (changes highlighted).

These changes also have implications for sector aggregates and commentary contained in chapter 10.

- A revised version of the whole of sector performance indicator table (table 10.1), is also provided below.
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FORESTRY PLANTATIONS QUEENSLAND

Queensland

Forestry Plantations Queensland (FPQ) was established on 1 May 2006 under the *Forestry Plantations Queensland Act 2006*.¹ FPQ manages 199 000 hectares of state-controlled softwood and hardwood plantations. A large proportion of assets owned by forestry GTEs are self-generating and regenerating assets (SGARAs). Their value can fluctuate significantly each year because of revaluations, affecting measures of profitability and financial management. Although fire burnt 460 hectares of plantation in 2006-07, only 50 hectares were lost.

Total income was \$38.6 million in 2006-07, **of which \$82 million was gains on disposal of biological assets which offset a -\$55 million downward SGARA revaluation.** Revenue from timber sales was \$1.1 million. Financial data on FPQ's 2005-06 performance are for the period 1 May 2006 to 30 June 2006, and therefore 2005-06 revenue and expenses data are not directly comparable with 2006-07 data.

A **profit** before tax (before SGARAs) of **\$13.5 million** was recorded in 2006-07. Total expenses were \$79.7 million. After SGARA revaluations are included, FPQ recorded a loss of \$41.1 million.

Around \$1.1 billion (86.7 per cent) of FPQ's assets are SGARAs. Total assets decreased by \$51.3 million (3.9 per cent) to \$1.2 billion, largely because of a \$54.9 million reduction in SGARAs. Total liabilities decreased by \$19.2 million (9.2 per cent) to \$190 million, mainly because of reduced deferred tax liabilities. The decline in the value of assets combined with the loss before tax resulted in a return on assets of -38.4 per cent.

A dividend of \$5.4 million was declared for 2006-07.² As a result of its **loss after SGARAs**, FPQ recorded an income tax-equivalent benefit of \$12.8 million in 2006-07.

Forestry Plantations Queensland did not receive community service obligation payments in 2006-07.

¹ The Queensland Government reformed the commercial forest management activities previously undertaken by DPI Forestry in 2006. DPI Forestry was replaced by two new entities, FPQ and Forestry Plantations Queensland Office (FPQO). FPQO was established on 1 May 2006 to support and complement FPQ's operations by providing administrative services and by having the custodial responsibility for the new State Plantation Forest lands. Native forest harvesting, formerly managed by DPI Forestry, is now managed by the Department of Natural Resources and Water.

² Forestry Plantations Queensland paid dividends of \$11.3 million in 2006-07 relating to 2005-06. This comprises the net effect of a -\$3.7 million dividend declared by FPQ for operations after 1 May 2006 and \$15.0 million of unpaid dividends assumed from DPI Forestry.

Performance indicators 2004-05 to 2006-07

Indicators	Units	Published in 2008 Report		Revised numbers	
		2005-06 ^a	2006-07	2005-06 ^a	2006-07
<i>Size</i>					
Total assets	\$m	1 300	1 249	1 300	1 249
Total income	\$m	17	39	17	39
<i>Profitability</i>					
Profit before tax	\$'000	-23 376	-68 832	-7 289	13 543
Operating profit margin	%	-4 739.3	-1 630.2	-42.5	14.6
Cost recovery	%	2.1	5.8	70.2	117.1
Return on assets	%	-13.8	-38.4	-3.9	11.7
Return on total equity	%	-1.9	-5.3	-0.5	2.4
Return on operating equity ^b	%	-30.4	-76.1	-7.2	34.1
<i>Financial management</i>					
Debt to equity	%	110.2	95.4	110.2	95.4
Debt to assets	%	47.0	46.5	47.0	46.5
Total liabilities to equity	%	19.2	18.0	19.2	18.0
Operating liabilities to equity ^c	%	134.3	107.5	134.3	107.5
Interest cover	times	-6.6	3.4
Current ratio	%	440.7	702.7	440.7	702.7
Leverage ratio	%	234.3	207.5	234.3	207.5
<i>Payments to and from government</i>					
Dividends ^d	\$'000	-3 741	5 435	-3 741	5 435
Dividend to equity ratio	%	-5.4	7.3	-5.4	7.3
Dividend payout ratio	%	74.6	21.3
Income tax expense	\$'000	-2 028	-12 824	-2 028	-12 824
Grants revenue ratio	%	15.1	29.2	1.0	3.4
CSO funding	\$'000	-	-	-	-
<i>Performance indicators after SGARAs</i>					
Profit before tax	\$'000	-7 353	-41 065	-7 353	-41 065
Return on assets	%	-	-	-	-
Return on operating equity	%	-	-	-	-

^a Forestry Plantations Queensland (FPQ) was created when DPI Forestry was split into FPQ and Forestry Plantations Queensland Office (FPQO) on 1 May 2006. FPQ data for 2005-06 relate to the period 1 May 2006 to 30 June 2006. Although earlier data are not available for FPQ, data for FPQ's predecessor (DPI Forestry) are available in previous *Financial Performance of Government Trading Enterprises* reports. These data are not directly comparable for a number of reasons. First, DPI Forestry had additional responsibilities to the FPQ which were transferred to FPQO and the Department of Natural Resources and Water. Second, DPI Forestry did not report under AIFRS prior to 2005-06. Third, DPI Forestry data were based on the Government Financial Statistics framework, whereas the data in this table are based on the FPQ's annual report. ^b Refers to 'return on equity based on operating assets and liabilities'. ^c Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^d A negative dividend was declared for 2005-06, as this formed 50 per cent of the operating loss for the two months included for 2005-06. .. Not applicable. - Zero or rounded to zero.

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.