

P F Olsen Contract at Selwyn Plantation Board Ltd

Background

After a competitive tender process PF Olsen took over the management of all aspects of the management of the forests of Selwyn Plantation Board Ltd (SPB) in May this year. This included all forest tending processes and log extraction and sales. The objectives of SPB were to improve margin on its remaining forests once the plains forests had been removed. With the smaller area for management than previously, it appeared to the directors, that there may be an opportunity to contract out these responsibilities rather than have all facilities "in house". Whilst I have recently finished my term as a director of SPB in September 08, I watched with interest the first few months of the transition and make the following observations.

Observations

1. **Transition:** Whilst I was not in direct communications with the customers during the transition, the result, with no loss of customers or value, it appeared to be an excellent and seamless transition.
2. **Budgeting Process:** With our financial year commencing on 1 July, Olsen's input was critical to the timely preparation of our annual budget. In terms of both financial data and supporting narratives, the quality of this input was excellent.
3. **Monthly Reporting:** A timely monthly report was produced by Olsen's and circulated to directors. This report was timely, informative and always covered off all key aspects of SPB's forestry business
4. **Extracting Sales Value:** Some of the work in attempting to find new log grades to improve forest gate returns was innovative. Work in this area in both domestic and export markets have been very sound with resulting improved revenues.
5. **Forest Management:** Olsen's did not let "history" dictate what forest management plans were put in place. They input their own ideas and opening consulted with SPB to promote ideas for improvement.

In summary, I and I believe the other directors of SPB were very satisfied with the transition to Olsen's and the first 6 months of their operation.

Peter Coakley
3 November 2008