

Selwyn Plantation Board Limited

Cost of Service

2002/03 BUDGET \$		2003/04 BUDGET \$
10,424,858	Revenue	11,022,000
7,277,900	Maintenance & Operating Costs	7,828,200
120,000	Depreciation	160,000
7,397,900	Total Expenditure	7,988,200
<u>3,026,958</u>	Net Profit Before Taxation	<u>3,033,800</u>

Net Profit Before Taxation

Projected Net Profit Before Taxation 2003/04	3,033,800
Projected Net Profit Before Taxation 2004/05	3,100,000
Projected Net Profit Before Taxation 2005/06	3,100,000

Capital Expenditure

Capital expenditure of \$395,000 is provided for in the 2003/04 budget.

Nature and Scope

Selwyn Plantation Board Ltd is committed to operating a financially successful forestry and land utilisation business on the plains and foothills of Canterbury, in an environmentally and socially sustainable manner.

Selwyn Plantation Board Ltd manages 13,370 hectares of land, of which approximately 10,500 hectares are stocked in exotic production species. The estimated wood volume is 1.51 million tonnes. Selwyn Plantation Board Ltd has reached its sustainable harvest of around 151,000 tonnes per annum.

Relationship to the Council

Selwyn Plantation Board Ltd is a Council controlled trading organisation jointly owned by Selwyn Council Trading Enterprises Ltd (60.68%) and Christchurch City Holdings Ltd (39.32%). The Council exercises influence on the Board through a Statement of Intent.

For a list of the Company directors see page 221.

The Council's interest in this Company is in accordance with its Strategic Objectives F1 and F4 (see page 13).

Overall Service Objective

The primary objective of the Company shall be to operate a profitable, sustainable and innovative business consistent with shareholders' expectations, including:

- Increasing the net worth of shareholder value while prudently managing assets.
- Protecting and enhancing the Company's long term competitive position and being responsive to our customers' needs.
- Managing the plantation resource, including the ecosystem processes that underpin it (eg soils) to ensure a sustainable supply of wood products.
- Being committed to excellence in health and safety in all aspects of the Company's operations.
- Ensuring that forest management practices do not have adverse environmental effects and that indigenous biodiversity values on SPBL lands are sustained.
- Being a good corporate citizen in the community and promoting and encouraging open communication with stakeholders, including contractors, customers, forest users, neighbours and others, about forest management.
- Providing a good faith culture that recognises the importance of our employees' contribution to the success of the Company. To acknowledge and reward them in a fair and equitable way and provide opportunities for personal development.

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- Ensuring that forest management activities meet or exceed all statutory requirements and the standards associated with Forest Stewardship Council certification.
- Monitoring the state of the Company's forest resources and any effects of operations on the environment and community, and modifying operations in response to the results of this monitoring where appropriate.

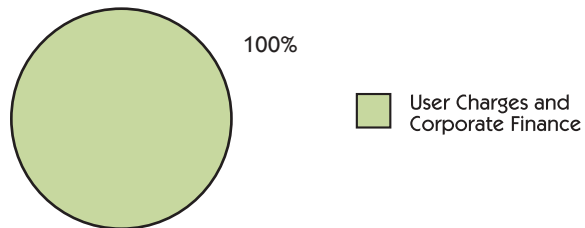
Objectives for 2003/04

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| 1. Harvesting (includes 3rd party volumes) | 176,000 tonnes |
| 2. Replanting | 150 hectares |
| 3. Pruning/thinning | 185 hectares |

Performance Indicators

1. Produce programmed wood volume.
2. Complete programmed new planting/replanting.
3. Complete programmed pruning and thinning.

Sources of Funding



New planting on SPBL hill country.



Douglas fir logs bound for South Korea.