

Canterbury Regional Landfill Joint Committee

AGENDA

Notice of Meeting:

A meeting of the Canterbury Regional Landfill Joint Committee will be held on:

Date: Monday 3 April 2023
Time: 10 am
Venue: Council Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Councillor Mark Peters - Christchurch City Council
Deputy	Councillor Robbie Brine - Waimakariri District Council
	Councillor Kelly Barber - Christchurch City Council
	Councillor James Gough - Christchurch City Council
	Councillor David Hislop - Hurunui District Council
	Councillor Liz McMillan - Ashburton District Council
	Councillor Grant Miller - Selwyn District Council

29 March 2023

Principal Advisor

Mary Richardson
Acting General Manager
Infrastructure, Planning &
Regulatory Services
Tel: 941 6236

Andrew Campbell
Committee & Hearings Advisor
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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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Karakia Whakamutunga

Karakia Tīmatanga

1. Apologies Ngā Whakapāha

At the close of the agenda no apologies had been received.

2. Declarations of Interest Ngā Whakapuaki Aronga

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

3. Confirmation of Previous Minutes Te Whakaāe o te hui o mua

That the minutes of the Canterbury Regional Landfill Joint Committee meeting held on [Friday, 17 February 2023](#) be confirmed (refer page 5).

Canterbury Regional Landfill Joint Committee OPEN MINUTES

Date: Friday 17 February 2023
Time: 11.34 am
Venue: Council Chambers, Level 2, Civic Offices,
53 Hereford Street, Christchurch

**Present
Members**

Councillor Kelly Barber - Christchurch City Council
Councillor Robbie Brine - Waimakariri District Council
Councillor James Gough - Christchurch City Council (via audiovisual link)
Councillor David Hislop - Hurunui District Council
Deputy Mayor Liz McMillan - Ashburton District Council
Councillor Grant Miller - Selwyn District Council
Councillor Mark Peters - Christchurch City Council

Principal Advisor

Jane Davis
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Karakia Tīmatanga: Given by Lynette Ellis.

The agenda was dealt with in the following order.

1. Apologies Ngā Whakapāha

Committee Decision

There were no apologies.

2. Declarations of Interest Ngā Whakapuaki Aronga

There were no declarations of interest recorded.

3. Appointment of Chairperson and Deputy Chairperson

Committee Comment

1. Lynette Ellis, Head of Transport & Waste Management, Christchurch City Council, opened the meeting and called for any candidates for the Chair's position.

Joint Committee Resolved CRLC/2023/00001

The Committee accepted the Officer Recommendations with the inclusion of the names of the Elected Members appointed to the roles of Chairperson and Deputy Chairperson.

Part C

That the Canterbury Regional Landfill Joint Committee:

1. Appoint Councillor Peters as Chairperson of the Canterbury Regional Landfill Joint Committee; and,

Councillor Barber/Councillor Gough

Carried

Joint Committee Resolved CRLC/2023/00002

2. Appoint Councillor Brine as Deputy Chairperson of the Canterbury Regional Landfill Joint Committee.

Councillor Miller/Councillor McMillan

Carried

4. Canterbury Regional Landfill Joint Committee Background Report 2023

Joint Committee Resolved CRLC/2023/00003

Officer recommendations accepted without change

Part C

That the Canterbury Regional Landfill Joint Committee:

1. Receive the information in this report.

Councillor Gough/Councillor Miller

Carried

5. Transwaste Canterbury Limited Directorships

Joint Committee Resolved CRLC/2023/00004

The Committee accepted the Officer Recommendations with the substitution of the names of the Elected Members appointed as Directors of Transwaste Canterbury Limited for the words 'a member of the Committee'.

Part C

That the Canterbury Regional Landfill Joint Committee:

1. Appoint Councillor Gough as a director to represent Christchurch City Council on the board of Transwaste Canterbury Ltd for the period from 17 February 2023 up to the first Committee meeting after the 2025 local government elections, and that Transwaste Canterbury Limited be advised forthwith.

Councillor Barber/Councillor Peters

Carried

Joint Committee Resolved CRLC/2023/00005

2. Appoint Councillor Miller as a director to represent Ashburton District Council, Hurunui District Council, Selwyn District Council and Waimakariri District Council on the board of Transwaste Canterbury Ltd for the period of 17 February 2023 up to the first Committee meeting after the 2025 local government elections, and that Transwaste Canterbury Limited be advised forthwith.

Councillor Brine/Councillor McMillan

Carried

Karakia Whakamutunga: Given by Lynette Ellis.

Meeting concluded at 11.45am.

CONFIRMED THIS 3rd DAY OF APRIL 2023

**COUNCILLOR MARK PETERS
CHAIRPERSON**

4. Transwaste Canterbury Ltd - Draft Statement of Intent 2023/24

Reference / Te Tohutoro: 23/194655

Report of / Te Pou	Linda Gibb, Performance Advisor, Resources Group
Matua:	(linda.gibb@ccc.govt.nz)
General Manager /	Leah Scales, General Manager Resources/Chief Financial Officer
Pouwhakarae:	(Leah.Scales@ccc.govt.nz)

1. Nature of Decision or Issue and Report Origin

- 1.1 This report advises the Canterbury Regional Landfill Joint Committee ('the Committee') of the draft Statement of Intent ('SOI') for Transwaste Canterbury Ltd for 2023/24 and the following two years.
- 1.2 It has been written following receipt of Transwaste's draft SOI on 28 February, before the statutory date of 1 March as required by clause 1(2) of part 1, schedule 8 of the Local Government Act 2002 ('LGA').
- 1.3 Transwaste's draft SOI for 2023/24 and the following two years is at **Attachment A**.
- 1.4 Section 64 of the LGA provides that the purpose of a SOI is to:
 - a) state publicly the activities and intentions of the Council-controlled organisation ('CCO') for the year and the objectives to which those activities will contribute,
 - b) provide an opportunity for shareholders to influence the direction of the organisation, and
 - c) provide a basis for accountability of the directors to their shareholders for the performance of the organisation.
- 1.5 The draft SOI meets the content requirements provided for in parts 2 and 3 of schedule 8 of the LGA which include, among other things stating the objectives of the group, nature and scope of activities to be undertaken, non-financial performance targets and other measures by which performance is judged in relation to the objectives and forecast dividend distributions to shareholders.

2. Officer Recommendations Ngā Tūtohu

That the Canterbury Regional Landfill Joint Committee:

1. Notes the draft Statement of Intent for Transwaste Canterbury Limited for 2023/24 and two following years;
2. Notes that the financial forecasts will be updated in Transwaste Canterbury Ltd's final Statement of Intent for 2023/24 and the two following years after completion of its business planning process; and,
3. Advises any comments it wishes to make to the Transwaste Canterbury Ltd board on the content of the draft Statement of Intent for 2023/24 and the two following years.

3. Reason for Report Recommendations Ngā Take mō te Whakatau

- 3.1 The draft SOI is legally compliant with the LGA.

4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 The only other option is for the Committee to decline to review and/or comment on Transwaste's draft SOI for 2023/24. Shareholders are not legally required to review and comment on the draft SOI. However, it should be noted that this is the key lever shareholders have to influence the strategic direction of the company.

5. Detail Te Whakamahuki

Financial

- 5.1 The table below compares Transwaste's provisional financial targets with the prior year's SOI forecasts. In its cover letter to the Committee, Transwaste notes that it is yet to complete its business planning which will be done in time to include any updates to financial forecasts in the final SOI for 2023/24 and the two following years.

Transwaste Canterbury	2023/24 \$m	2024/25 \$m	2025/26 \$m
EBIT current draft SOI	21.9	23.1	22.9
EBIT last year's final SOI	21.9	23.1	-
Dividends current draft SOI	13.3	20.4	15.7
Dividends last year's SOI	15.5	15.4	-

- 5.2 The \$5 million increase in the 2024/25 dividend reflects the projected payout of the retained earnings to deal with any unforeseen matters relating to the Burwood Resource Recovery Park which was completed and the land handed back to the Christchurch City Council in 2021.

Non-financial performance targets

- 5.3 A new sustainability objective and associated outcomes, performance measures and targets have been included in the draft SOI. Transwaste has always had outcomes relating to exotic forestry and the Tiromoana Bush. It has linked these into a new objective to "generate carbon offsets via commercial and indigenous forestry (secondary to reducing GHG [Greenhouse gases] emission intensity objective)". It has included new performance targets of monitoring and reporting on tonnage of carbon sequestered from exotic forestry and Tiromoana Bush activities.
- 5.4 The Christchurch City Council's climate resilience team has reviewed the sustainability objective and in particular GHG emissions provisions that are in the draft SOI. They have advised they are broadly comfortable with the content, particularly noting the benefits of the capture and destruction of landfill gas and its conversion for use as an energy source. The reporting of both gross and net emissions for waste disposal and handling is also endorsed.
- 5.5 The one matter raised was whether Transwaste could be explicit that the offsets it generates from the investment in growing trees are to offset, as first priority, the company's operational emissions.
- 5.6 The Audit Office recently requested that Transwaste considers reporting GHG emissions that accrue from each territorial authority's area, both before and after carbon reduction initiatives. Transwaste has undertaken to do so with a performance target included in the draft SOI.

6. Policy Framework Implications Ngā Hiraunga ā- Kaupapa here

Strategic Alignment Te Rautaki Tīaroaro

- 6.1 SOIs are aligned to the local authority shareholders' strategic directions.

Policy Consistency Te Whai Kaupapa here

6.2 The decisions in this report are consistent with promoting good governance.

Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.
- 6.4 The decision does not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.
- 6.5 Good governance (in the local government context) benefits the wider communities of Transwaste's shareholding councils.

Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

6.6 The draft SOI includes climate change undertakings as discussed earlier in this report.

7. Resource Implications Ngā Hīraunga Rauemi

Capex/Opex Ngā Utu Whakahaere

- 7.1 Cost to Implement – there are no incremental costs associated with reviewing the draft SOI. No comments are proposed from shareholders to Transwaste that could give rise to additional costs for the company.

8. Legal Implications Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report Te Manatū Whakahaere Kaupapa

8.1 The draft SOI is a requirement under the Local Government Act 2002.


Other Legal Implications Ētahi atu Hīraunga-ā-Ture

8.2 There is no legal context, issue or implication relevant to this decision.

9. Risk Management Implications Ngā Hīraunga Tūraru

- 9.1 SOIs that meet the requirements of the LGA and are reflective of good governance principles ensure a robust basis for accountability of the board for the company's financial outcomes and contribution to social outcomes.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Transwaste Canterbury Ltd - Draft Statement of Intent 2023/24	23/333188	13

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer



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Canterbury Regional Landfill Joint Committee
Christchurch City Council
PO Box 73015
CHRISTCHURCH 8154

Attention: Councillor Mark Peters

28 February 2023

Dear Councillor Peters

**Transwaste Canterbury Limited
Draft Statement of Intent ("Sol") 2023/2024 to 2025/2026**

The draft Sol for the three years commencing 1 July 2023 is enclosed for the Committee's comment pursuant to Section 64 of the Local Government Act 2002.

We have forwarded the draft Sol to the Landfill Joint Committee as the representative of the TLA shareholders. We advise that we have also forwarded the draft Sol to Waste Management NZ Limited.

We note the following for the Committee's information:

- a) The general structure of the Sol is in line with last year, having had regard to the requirements in the Local Government Act.
- b) The Objectives and Performance targets for the 2023/24 year - Objectives. Section 5.1 – Environment – records the Board's objectives in relation to Environment and Sustainability, and in particular the measurement and certification of GHG emissions. Transwaste Canterbury has engaged and is working with Toitu Envirocare in this regard.
- c) The "Kate Valley" financial information in Sections 5.8, 5.9, 6.1 and 8.4 of the draft Sol is provisional, determined on the same base as the 2023/2024 indicative charges advised to shareholders in November 2022.
- d) Previous Sol's, had been prepared on a Group basis, encompassing Transwaste and BRRP. Following the amalgamation of BRRP into Transwaste in May 2022, the 2023/2024 draft Sol relates solely to Transwaste Canterbury Limited as an entity. References to the completed BRRP project are limited to Sections 4.4 and 8.3, relating to the potential distribution of the reserves still held.

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- e) The 2023/2024 detailed budgets for the company will be completed prior to, and the results included in, the finalised Sol, which is due to be delivered to shareholders by 30 June 2023.
- f) We will outline any significant changes when the finalised Sol is distributed.

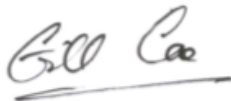
Pursuant to section 64(4) of the Local Government Act, your comments or confirmation of your agreement with the draft Sol should be received by Transwaste Canterbury by 1 May 2023. The finalised Sol will then be delivered to shareholders on or before 30 June 2023.

I would be pleased to attend the next CRLJC meeting to update Committee members as required.

If, in the meantime, you have any queries on the above, please do not hesitate to contact the writer.

Yours faithfully

Transwaste Canterbury Limited



Gill Cox
Chairman

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Transwaste Canterbury Limited Group
Draft Statement of Intent

For the three-year period ending 30 June 2026



Issued by the Transwaste Canterbury Board on 23 June 2023

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Item 4

Attachment A

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1. Introduction

- 1.1. The Statement of Intent process provides a key opportunity for the shareholders and Directors of Transwaste Canterbury Limited (the Company or Transwaste) to define the Company's path for the next three years. It is prepared in accordance with Section 64 of the Local Government Act 2002. A draft statement is required by Section 64 to be submitted no later than 1 March each year to the Company's shareholders.
- 1.2. The Statement of Intent further defines for the Company the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Company may be judged in relation to its objectives amongst other requirements. The process of negotiation and determination of an acceptable Statement of Intent is a public and legislative expression of the accountability relationship between the Company and its shareholders.
- 1.3. The Statement of Intent encompasses all the significant activities of Transwaste Canterbury Limited and covers a three-year future period. It is prepared annually by the Transwaste Board and negotiated between the shareholders.

2. Objectives

The Company is focused strongly on its commitment to sustainability/sustainable development.

Transwaste's sustainability goals relate to its own activities and actions rather than the consequences of absolute tonnes received in its landfilling business. Transwaste does not, and cannot, control tonnages received as it has a contractual requirement to accept waste from the community. Transwaste endeavours to minimize the environmental impact of the tonnes it receives and so help reduce the emissions generated by the community.

While Transwaste has no control over the quantities of waste it receives, it continues to actively support waste minimisation within the Canterbury region, including with its customers, which includes Shareholder Councils

In respect of sustainability/sustainable development the Board is guided by the definition in the World Commission on Environment and Development 1987 Brundtland report "Our Common Future". While this Report is now some 36 years old, in the opinion of the Board it best captures the spirit of sustainability in commercial organisations. The Report defines sustainable development as "*development that meet the needs of the present without compromising the ability of future generations to meet its own needs.*"

Adopting this definition requires a broad, holistic approach to sustainability/sustainable development, balancing the focus of managing the business across all areas of operation of Transwaste's business. We have developed these goals taking into account the operational and management role of our principal contractor, Waste Management NZ Limited, and the relevant global Sustainable Goals published by United Nations.

This has resulted in the business goals (outcomes) and related performance measures for Transwaste being grouped under the following headings:

- Environment
- Corporate Citizenship/ Community Relations
- Service Quality
- Health and Safety

- Good Employer
- Consultation/Communication
- Legislation/Regulatory Compliance
- Shareholder Interests

The detailed outcomes, performance measures and performance targets for each of these headings are included in section 5 of this Sol. It is by understanding the various goals/outcomes and performance measures incorporated under the above eight headings, and viewing these as an integrated whole, that Transwaste's approach to, and management of, "sustainability" can be evaluated.

Inevitably, in considering sustainability in relation to principally a landfilling business operation, those evaluating Transwaste will want to focus in two broad areas -

1. Greenhouse Gas emissions created by Transwaste and/or its principal contractor through managing and disposing of waste generated by others in the community.
2. Greenhouse Gas emissions (primarily methane) generated by the waste delivered to landfill by Shareholders and external parties.

Transwaste maintains that technically the responsibility for and obligation to minimise the emission generating inputs generated by the waste itself should remain with the persons or organisations that created the waste (or arguably even further "back" in the waste stream). Transwaste's obligations and objectives are to minimise the net emission per unit of waste received in order to minimise total emissions of Transwaste and its shareholders.

With this in mind, Transwaste has developed/is continuing to develop and refine desired outcomes and performance measures for the emissions from this waste. This will include reporting both:

- gross and net Greenhouse Gas emissions from the waste delivered to landfill; and
- the Greenhouse Gas emissions created by Transwaste handling the waste

for each of the five territorial local authorities' areas served by the Kate Valley regional landfill.

In addition to this "sustainability lens" on the activities of Transwaste, a more traditional view of Transwaste's objectives is provided by the Memorandum of Understanding between the Shareholders that is a guiding document as to the way the Company performs its activities.

Currently (although subject to further consideration of its strategic direction) the purpose of the Company is "to operate as a successful, competitive, commercial landfill, adopting a focus on sustainable development in all that it does."

To do this the Company intends:

- 2.1 To operate as a successful, competitive, commercial landfill.
- 2.2 That, in working to its objectives, the Company will adopt a focus on sustainable development in all its activities.
- 2.3 To achieve this, the Company intends to:
 - (a) achieve sufficient earnings to support the Company's continued operations and to return an appropriate risk adjusted return on investment;

- (b) be market responsive as regarding the demand for its services in terms of the criteria of quantity, quality, and price;
- (c) behave in an environmentally aware manner promoting and maintaining the standards of environmental protection applied by the Resource Management Act 1991 and to minimise the impact of its activities on the environment;
- (d) act as a good employer;
- (e) aim to provide customers with a high level of service, a reliable transport system and competitive prices;
- (f) commit to consult with and be sensitive to the concerns of landfill host communities and Tangata Whenua;
- (g) promote and maintain standards of health and safety in accordance with all applicable regulations, legislation and including best practice;
- (h) act as a good corporate citizen with regard to its business dealings and relations.
- (i) be able, in due course, to offer waste management facilities and solutions at all levels in the Canterbury Region that are adjacent/allied to Transwaste's core business and are relevant.

Transwaste has engaged Toitū Envirocare to establish processes to measure, and certify its carbon footprint, to set appropriate KPI's, and to provide independent advice on managing its footprint.

3. The Board's approach to governance of the Company

- 3.1 The Directors are responsible to the shareholders for the achievement of the objectives of the Company in both the short and the longer term. Their focus is to enhance the commercial interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of the Company. The functions of the Board include:
- (a) Review and approval of corporate strategies, the annual budget, and financial plans.
 - (b) Overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives, in particular as outlined in the Statement of Intent.
 - (c) Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors.
 - (d) Ensuring there are effective management processes in place and approving major corporate initiatives.
 - (e) Enhancing and protecting the reputation of the Company.
 - (f) Ensuring the significant risks facing Transwaste and any controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place.

- (g) Reporting to shareholders.
- (h) Developing appropriate policies for the operation of the Company including safety, environmental and quality matters.

A description of Transwaste's main corporate governance practices is set out below.

3.2 The Board of Directors

The composition of the Transwaste Board of Directors, including the appointment of a Chairman, is governed by the Memorandum of Understanding between the shareholders. There are no executive directors.

3.3 Operations

The Board has a statutory responsibility for the affairs and activities of the Company.

All matters relating to the operation of the Kate Valley landfill and the operation of the transport system have been contracted to Waste Management NZ Limited ("WMNZ") through its Canterbury Waste Services ("CWS") division in accordance with the Memorandum of Understanding and Shareholder Agreement. The Board receives monthly reports on matters including:

- a) Operations management and health and safety.
- b) Financial results and budgets.
- c) Compliance with legislation including health and safety regulations and resource consent conditions.

3.4 Committees

The Board establishes committees as appropriate to assist in the execution of its duties and to allow detailed consideration of complex issues. There is currently one committee, being an Audit Committee comprised of three Transwaste Directors and an independent Chair.

The Board has identified key business risks and developed policies and action plans to manage the risk.

The Audit Committee will monitor progress against an established timetable. In addition, the committee will set the scope and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of the external and internal audit. The committee meets as and when required.

All matters determined by committee are either dealt with under its delegated authority or submitted to the full Board as recommendations for Board decision.

3.5 Subsidiaries

The Company has 6 fully owned non-trading subsidiaries, all of which remain inactive and have no assets and liabilities.

3.6 Commitment

The Transwaste Board is scheduled to meet eleven times a year. Other special meetings are convened, as required.

3.7 Independent Professional Advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at Transwaste's expense, subject to Board approval.

4. Nature & Scope of Activities

The Company will undertake the following activities:

4.1 Landfill and Transport Activities

- (a) The primary activity of the Company is to own and operate a non-hazardous municipal waste regional landfill at Kate Valley in Canterbury, including the haulage of solid wastes from transfer stations throughout the Canterbury region, to meet or exceed world best practice standards and the standards determined by the regulatory authorities;
- (b) Contract with Waste Management NZ Limited through its Canterbury Waste Services (CWS) division for the provision of services for the operation of the Kate Valley landfill and the haulage of waste from the transfer stations to the landfill, to ensure provision of high quality landfill operations and solid waste haulage operations economically and efficiently and in compliance with relevant consents;
- (c) Offer residual waste management facilities and solutions at all levels in the Canterbury Region, and beyond, including investment in alternatives to landfilling should those alternatives be more environmentally sustainable and cost effective methods of disposal of residual waste (in due course); and
- (d) Utilise the landfill gas produced over time from the landfill in an economically and environmentally sustainable manner.

4.2 Land Management Activities

(a) Land Resources

The Company, through its Tiromoana Station division, holds land in addition to that required under the current resource consent conditions for the Kate Valley landfill. The management of the land will continue to be conducted in accordance with the Company's land strategy and management plan, which seeks to optimise both the utilisation of the land resources for the benefit of landfill operations and the value of the property over time.

(b) Forestry

The Company will conduct forestry operations in terms of its long term forestry plan, which is an integral part of the Kate Valley landfill activities.

4.3 Conservation and Education Activities

(a) Conservation Activities

The Company will continue to develop the Tiromoana Bush native forest re-establishment and public recreation concept, including ongoing development and maintenance of both the Tiromoana Bush walkway and the Mt Cass walkway.

(b) Education Activities

The Company will develop appropriate strategies to provide learning resources and contextual learning activities from primary through to tertiary level and to the community.

4.4 Earthquake Waste Management

The Burwood project was completed, and the site handed back to Christchurch City Council during the 2021/2022 Sol period.

Approximately \$5,000,000 Retained Earnings is held in reserve as a contingency for any unforeseen matters over the next few years. Subject to there being no unforeseen matters or additional capital requirements, the Board will consider distributing the \$5,000,000 to Shareholders during the 2024/2025 financial year.

5 Objectives and performance targets for the 2023/2024 year

These detailed targets are to be read in the context of the explanation about sustainability/sustainable development included in section 2 – Objectives of this Sol.

Objective in support of Mission Statement	Desired outcomes	Performance measure	Performance target
Environment			
5.1 To ensure that Transwaste, as a minimum, meets present and future environmental standards in a manner which is consistent with the preservation of the natural environment and the careful and sustainable management of its natural resources.	No proven breaches of Resource Management Act consents.	Number of established consent breaches notified by ECan.	Nil.
Support New Zealand's "Predator Free by 2050" goal.	Predator Free by 2050		
(a) Regular culling of large mammal pests from Kate Valley & Tiromoana Bush.	Limit large mammal pests (pigs and deer) to low levels in Tiromoana Bush.	Impact on restoration plantings and natural regeneration	No adverse impacts on restoration plantings from deer and pig rooting (such damage being evident in <5% of vegetation monitoring plots).
(b) Regular trapping of small mammal pests from Kate Valley and Tiromoana Bush.	Small mammal pests (mustelids, rodents, possums, cats, hedgehogs) reduced to levels that have minimum impact on native biodiversity in Tiromoana Bush.	The abundance of bird life (as indicated by remeasuring of the bird monitoring transects) is greater than the 2005-2009 baseline for bellbird and grey warbler.	Increase in abundance of birdlife.

Objective in support of Mission Statement		Desired outcomes	Performance measure	Performance target
	Maintain and/or reduce Green House Emission intensity.	Measure Transwaste's carbon footprint.	Toitū Envirocare has been engaged to provide carbon measurement and management certification services.	Carbon footprint measured and independently certified.
	To use the gas captured in a socially and economically sustainable way.	<p>Maximise capture and destruction of landfill gas from Kate Valley landfill.</p> <p>Reduce GHG emissions from Controlled Waste haulage</p> <p>To ensure the beneficial use of landfill gas to obtain the best economic value.</p>	<p>Transwaste manages the waste produced by others in an environmentally sustainable manner that includes maximizing the capture and destruction of methane resulting from the decomposition of that waste, through generation of renewable energy and flaring, as measured in accordance with the regulations to the Climate Change Response Act 2002.</p> <p>When CWS haulage vehicles replaced in accordance with replacement programme moving from certification Euro 4 and 5 to Euro 6.</p> <p>MWh of electricity exported from Kate Valley landfill.</p>	<p>Ensure the capture and destruction of in excess of 95% of landfill gas produced by Kate Valley landfill as measured by the methodology used for the 2021 ETS reporting period with an amended DEF = 0.091 from 2022 onwards.</p> <p>Maintain or improve average Euro emission rate of CWS fleet.</p> <p>Increase MWh exported by 50% over the three-year Sol period.</p>
	Generate carbon offsets via commercial and indigenous forestry (secondary to reducing Green House Gas Emission intensity noted above).	Exotic Forestry.	Measure NZU's credits (currently measured every 5 years, last measurement prepared at 31 December 2022)	Monitor and report the tonnage of carbon sequestered (measured by accrual of ETS units).
		Tiromoana Bush (ongoing planting, growth of native trees, bush).	Register and measure for Permanent Post 1989 (PP89) scheme for permanence (or alternatively for the P89	Monitor and report the tonnage of carbon

Objective in support of Mission Statement		Desired outcomes	Performance measure	Performance target
			scheme if regulations are not in place) by 31 December 2022.	sequestered (measured by accrual of ETS units).
		Report annually carbon emissions attributable to the waste received from each Territorial Local Authority area, both before and after carbon reduction initiatives.	Annual Report on carbon emissions to Territorial Local Authorities.	Development and distribution of carbon emissions reporting to Territorial Local Authorities.
Corporate Citizenship/Community Relations				
5.2	To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues.	Finance the Kate Valley Landfill Community Trust (from the Disposal Charge) for the purpose of benefiting the local community. Develop, maintain, and promote the use of education material with regard to waste management and the environment. Plan for sites aftercare and closure – financially and revenue streams.	Annual payments to Kate Valley Landfill Community Trust. Evidence the education material is being used in schools. Adequate provisioning in financial statements for aftercare and closure costs.	Annual payments made. Material is being used by schools. Financial provisioning stands up to audit scrutiny.
Service Quality				
5.3	Meet the present and future needs of the people of Canterbury with high standards of value, quality and service and establish effective relations with customers.	Timely, high quality and reliable waste transport services. Reliability of access to the Kate Valley landfill.	No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers. Proportion of normal transport access hours that	Zero events. More than 99% of normal annual

Objective in support of Mission Statement		Desired outcomes	Performance measure	Performance target
			landfill is available to waste transporters.	transport access hours.
Health and Safety				
5.4	Strive for zero injury accidents in all operations the Company and its main contractors, CWS and CMRF, will be responsible for, whilst maintaining a high level of service and production.	<p>Ensuring that in all activities the Company and its contractors have Health and Safety Management Plans in place.</p> <p>Maintain Kate Valley public walkways to an acceptable standard, (track maintenance, signage).</p> <p>No traffic incidents where CWS drivers at fault.</p>	<p>TRIFR - Total recordable injury frequency rate for last 12 months.</p> <p>Annual operational plans objectives met.</p> <p>Number of at-fault incidents.</p>	<p>Maintain or improve current TRIFR.</p> <p>No serious avoidable injuries.</p> <p>Zero events.</p>
Good Employer				
5.5	Be a Good Employer, through either direct employment or by way of the management contract with CWS.	<p>Ensure CWS has objectives and policies that detail the relationship with employees, their remuneration, safety, and other issues such as equal opportunity in employment.</p> <p>Ensuring that its employees have secure and rewarding employment which provides the means for personal development.</p>	<p>CWS landfill and transport staff annual FTE turnover.</p> <p>CWS staff annual hours of training.</p>	<p>No more than 15% annual turnover.</p> <p>10 hours per FTE annually.</p>

Objective in support of Mission Statement		Desired outcomes	Performance measure	Performance target
Consultation/Communication				
5.6	Establish and maintain good relations with the local host community of the Kate Valley landfill and consult with those groups and other interest groups (including Tangata Whenua) on issues that are likely to affect them.	Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group. Engage with other interest groups, including Tangata Whenua, and discuss all issues likely to affect them.	Number of Kate Valley Community Liaison Group meetings held. Three interactions with interest groups per year.	At least 2 per year. Meet measure.
Legislative/Regulatory Compliance				
5.7	To be a good Corporate Citizen by acting lawfully	To ensure compliance with all relevant legislation and statutory requirements	Annual reporting to Board on areas of compliance and non-compliance. Number of known legislative and regulatory non-compliance	100% compliance in all key areas
Shareholder Interests				
5.8	To operate a successful business, providing a fair rate of return to its shareholders	To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets.	As outlined in section 5.9 (For the 2023/24 year) - Total Revenue (inclusive of waste levy) - EBIT - Dividends paid (Kate Valley)	\$72,131,000 \$21,930,000 \$13,300,000

5.9 Financial performance targets

The financial performance targets for the Kate Valley landfill operations of the Company are set out below.

	2023/2024	2024/2025	2025/2026
	\$'000	\$'000	\$'000
Total revenue inclusive of waste levy ¹	72,131	77,937	78,364
Total revenue exclusive of waste levy	54,481	57,057	57,484
EBIT	21,930	23,108	22,819
Dividends payable	13,300	15,400	15,700

¹ – inclusive of waste levy increases

The forecasted figures for the 2024/2025 and 2025/2026 years are based on existing information. The actual figures will result from future factors largely outside the control or current knowledge of the Company and as such, may vary significantly from those forecast.

6 Capital structure

6.1 Ratio

The Company will endeavour to operate with a ratio of consolidated Shareholders' Funds to Total Assets as set out below.

	2023/2024	2024/2025	2025/2026
Shareholders' Funds to Total Assets	45.4%	42.3%*	45.3%

* - due to impact of the anticipated final BRRP project dividend of \$5m.

6.2 Definition

Consolidated Shareholders' Funds are defined as the sum of the amount of paid-up share capital, retained earnings, accumulated losses, revenue, and capital reserves. The Total Assets are defined as the sum of the net book values of current assets, investments, property, plant and equipment and intangible assets. The items making up the definitions are as disclosed in the Company's statement of financial position prepared on a consolidated basis and in accordance with generally accepted accounting practice.

6.3 No calls on capital from Shareholders are anticipated during the next three-year period.

7 Accounting policies

7.1 Transwaste Canterbury Limited has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards and generally accepted accounting practice. The policies are set out in the 2022 Transwaste Canterbury Limited Annual Report.

8 Dividend policy

8.1 Profit retention and the level of dividend to be paid will be decided from year to year by the Directors in accordance with the results, circumstances prevailing and the requirement to meet the solvency test under the provisions of the Companies Act 1993. The dividend policy objective is to ensure that the amount of the dividend does not limit the Company's ability to fund future expenditure requirements by itself or with its associates for maintaining and expanding operations in the environmental services business and servicing the Company's resultant debt structure.

8.2 Subject to clause 8.1, it is expected that 100% of the Company's Profit for the year, after retention of working capital and/or retention of funds for any other operational needs of the landfill and after tax, in each year will be distributed out of retained earnings unless the Board considers that an investment opportunity in relation to the landfill and transport operations and alternatives to landfilling will provide an appropriate risk adjusted return on investment. An interim dividend may be paid after the half yearly accounts have been considered by the Directors.

8.3 In respect of the now completed BRRP project, retained earnings of approximately \$5,000,000 are held in reserve as a contingency for any unforeseen matters over the next few years. Subject to there being no unforeseen matters or additional capital requirements, the Board will consider distributing the \$5,000,000 to Shareholders during the 2024/2025 financial year.

8.4 Indicative dividends to shareholders are set out below.

	2023/2024	2024/2025	2025/2026
	\$'000	\$'000	\$'000
Indicative dividends			
- Final from prior year	5,800*	7,500	7,900
- Interim for current year	7,500	7,900	7,800
- BRRP final project dividend	-	5,000	-
Total	13,300	20,400	15,700

* - estimated at \$8.0m based on FY23 forecast, reduced by \$2.2m already paid in advance during FY23.

9 Information to be provided to the shareholders

9.1 Statutory information requirements

Annual Statement of Intent

No later than 1 March of each year the Board will provide a draft Statement of Intent in accordance with Section 64 of the Local Government Act. The Directors will consider comments from the Shareholders on the draft Sol made within two months and not later than 30 June of each year shall deliver the final Sol to the shareholders.

Half Yearly Reports

Within two months after the end of the first half of each financial year the Board will deliver an unaudited half-yearly report to the shareholders. The consolidated financial statements will be the same as required under Section 69 for annual financial statements. This will consist of:

- report on the operations of the Company during the financial period;
- financial statements prepared in accordance with generally accepted accounting practice;
- comparison of the performance of the organisation and its subsidiaries (if any) with the statement of intent, together with an explanation of any material variations; and
- a dividend recommendation for the period to which the report relates.

Annual Reports

Within three months after the end of each financial year, the Board will deliver an annual report to the shareholders. The content of the report will be pursuant to Sections 67 to 69 and will consist of:

- (a) report on the operations of the Company during the financial period;
- (b) financial statements prepared in accordance with generally accepted accounting practice;
- (c) comparison of the performance of the organisation and its subsidiaries (if any) with the statement of intent together with an explanation of any material variations;
- (d) a dividend recommendation for the period to which the report relates;
- (e) Auditors' Report on the above financial statements and the performance targets and other measures by which the performance of the Company has been judged in relation to objectives; and
- (f) an Annual Review. The Annual Review will be in a format suitable for easy reading and consist of:
 - i. A Chairman's Review and information on governance and management.
 - ii. A section on economic performance for the preceding financial year.
 - iii. A section on social performance for the preceding financial year.
 - iv. A section on environmental performance for the preceding financial year.

9.2 Other information

The Company will disclose as much information on its operations as is practical and consistent with commercial and confidentiality considerations. The Company will endeavour to operate on a "no surprises" basis regarding all issues of relevance to shareholders.

10 Estimate of the commercial value of the Company

- 10.1 The directors estimate that the commercial value of the shareholders' investment in the Company is at least that which is stated as "Shareholder Equity" in the latest available audited financial statements. This value is reassessed annually as part of the preparation of the audited financial statements.

5. Transwaste Canterbury Ltd - Interim report for the six months 1 July-31 December 2022

Reference / Te Tohutoro: 23/196482

Report of / Te Pou Linda Gibb, Performance Advisor, Resources Group
Matua: (linda.gibb@ccc.govt.nz)

General Manager / Leah Scales, General Manager Resources/Chief Financial Officer
Pouwhakarae: (Leah.Scales@ccc.govt.nz)

1. Nature of Information Update and Report Origin

- 1.1 This report advises Transwaste Canterbury Ltd's Interim Report for the six months 1 July - 31 December 2022.
- 1.2 The report has been written following receipt of Transwaste's Interim Report on 28 February 2023, as required by the Local Government Act 2002 (LGA).

2. Officer Recommendations Ngā Tūtohu

That the Canterbury Regional Landfill Joint Committee:

1. [Receives Transwaste Canterbury Ltd's Interim Report for the six months ended 31 December 2022.](#)

3. Brief Summary


- 3.1 Transwaste Canterbury Ltd's Interim Report for the six months 1 July – 31 December 2022 is at **Attachment A** to this report.
- 3.2 The content of the Interim Report complies with section 66(4) of the LGA - to include information required to be included by the Council-controlled organisation's Statement of Intent (SOI).
- 3.3 The Interim Report advises the following financial outcomes (note that Transwaste does not provide half year forecasts but acknowledges the reasonableness of assuming an even phasing over 12 months):

	Actual to 31 December 2022 \$m	Estimated target to 30 December 2022 \$m	Prior half year to 31 December 2021 \$m
Total Revenue	32.0	34.0	28.7
EBIT	11.5	11.5	9.9
Total assets	68.1	Not forecast	75.7
Dividends	18,300	16,100	8,400

- 3.4 **Against target**, EBIT is as forecast, however, revenue is lower than forecast due to a 3% reduction in waste to the landfill and lower generation prices. The reduction in waste is a result of a number of one-off waste items that were expected but did not arrive at the landfill, including tonnage that belonged to an operator that is no longer in business. That waste is being diverted to a landfill in Greymouth instead.
- 3.5 Transwaste advises that as a consequence, full year EBIT may be around \$0.5 million lower than the SOI forecast (\$22.6 million; SOI target \$23.1 million).

- 3.6 **Against last year**, EBIT is higher by \$1.5 million mostly due to higher volumes of waste which increased revenue by \$1.3 million. Costs have been reduced in part relative to volume and in part due to a write down of a provision no longer required and later timing of indirect expenses such as renewal of tarmac on the bin park.
- 3.7 The Government's waste levy increased markedly in the 2022/23 financial year, from \$20 per tonne to \$30 per tonne. This charge is passed on to consumers, amounting to \$5.5 million for the half year to December 2022 (compared to \$3.6 million in the prior half year). While this is net neutral to Transwaste in financial terms, it is designed to change waste behaviour. Moving away from landfill waste to ways of avoiding landfill waste. At this stage it is unlikely to be having much, if any impact but is likely to increase markedly again next year.
- 3.8 Total assets have not changed materially since the 30 June 2022 year end.
- 3.9 Transwaste has paid a dividend of \$18.3 million for the 2022/23 year, which was \$2.2 million ahead of its full year SOI forecast of \$16.1 million.
- 3.10 All non-financial performance targets are on track to be met by year end.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Transwaste Canterbury Ltd - Interim Report for period 1 July-31 December 2022	23/328612	35

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Confirmation of Statutory Compliance Te Whakatūtutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer



Canterbury Regional Landfill Joint Committee
Christchurch City Council
PO Box 73015
CHRISTCHURCH 8154

Attention: Councillor Mark Peters

28 February 2023

Dear Councillor Peters

Transwaste Canterbury Limited - Interim Report to 31 December 2022

At the Board meeting for Transwaste Canterbury Limited held on Friday 24 February 2023 the Interim Report for the six months ended 31 December 2022 was adopted.

A copy of the report is enclosed for your reference as shareholders of Transwaste Canterbury Limited, pursuant to clause 18.3 of the Shareholders Agreement.

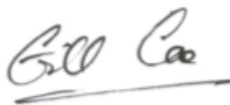
The progress toward achievement of the financial and other objectives is outlined on pages 8 to 12 of the Interim Report.

We would be pleased to present to the Committee on the results and related matters at its next meeting, which we understand is scheduled for 3 April 2023.

If you have any queries regarding the above, please do not hesitate to contact the writer on 021 873 611.

Yours faithfully

Transwaste Canterbury Limited



Gill Cox
Chairman

Transwaste Canterbury Limited

Interim Report

For the six months ended 31 December 2022



The Board of Directors is pleased to present the Interim Report of Transwaste Canterbury Limited for the six months ended 31 December 2022.

*Transwaste Canterbury Limited
Interim Report*

Contents

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Directors' Report to the Shareholders	4 - 7
Statement of Objectives and Performance	8 - 12
Interim Statement of Comprehensive Income	13
Interim Statement of Changes in Shareholders' Equity	14
Interim Balance Sheet	15
Interim Cash Flow Statement	16 - 17
Notes to the Interim Financial Statements	18 - 25

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Transwaste Canterbury Limited
Interim Report

Directory

Company Number	951024																
Registered Office and Address for Service	PricewaterhouseCoopers Level 4, 60 Cashel Street Christchurch 8013																
Directors	Mr W G Cox (Chairperson) Mr P S Mauger (finished 16 January 2023) Mr G S James Mr I G Kennedy Mr T H Nickels Mr R A Pickworth Mr G S Miller Mr H E G Maehl Mr J T Gough (commenced 24 February 2023)																
Shareholders	<table> <tr> <th></th><th>No of Shares (Ordinary)</th></tr> <tr> <td>Waste Management NZ Limited</td><td>10,000,000</td></tr> <tr> <td>Christchurch City Council</td><td>7,780,000</td></tr> <tr> <td>Waimakariri District Council</td><td>780,000</td></tr> <tr> <td>Selwyn District Council</td><td>600,000</td></tr> <tr> <td>Ashburton District Council</td><td>600,000</td></tr> <tr> <td>Hurunui District Council</td><td>240,000</td></tr> <tr> <td></td><td><hr/>20,000,000</td></tr> </table>		No of Shares (Ordinary)	Waste Management NZ Limited	10,000,000	Christchurch City Council	7,780,000	Waimakariri District Council	780,000	Selwyn District Council	600,000	Ashburton District Council	600,000	Hurunui District Council	240,000		<hr/> 20,000,000
	No of Shares (Ordinary)																
Waste Management NZ Limited	10,000,000																
Christchurch City Council	7,780,000																
Waimakariri District Council	780,000																
Selwyn District Council	600,000																
Ashburton District Council	600,000																
Hurunui District Council	240,000																
	<hr/> 20,000,000																
Company Secretary	PricewaterhouseCoopers Level 4, 60 Cashel Street Christchurch 8013																
Independent Chair of the Audit Committee	Brent McKenzie																
Auditors	Audit New Zealand on behalf of the Auditor-General																
Solicitors	<table> <tr> <td>Buddle Findlay 83 Victoria Street Christchurch</td><td>Chapman Tripp Level 5, 60 Cashel Street Christchurch 8013</td></tr> </table>	Buddle Findlay 83 Victoria Street Christchurch	Chapman Tripp Level 5, 60 Cashel Street Christchurch 8013														
Buddle Findlay 83 Victoria Street Christchurch	Chapman Tripp Level 5, 60 Cashel Street Christchurch 8013																
Bankers	Westpac Banking Corporation 83 Cashel Street Christchurch 8011																
Principal Activity	To own, operate and continue development of a non-hazardous regional landfill in Canterbury.																

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Item 5

Attachment A

Transwaste Canterbury Limited
Interim Report

Directors' Report to the Shareholders

For the six months ended 31 December 2022

Your Directors take pleasure in presenting their Interim Report including the financial statements of the company for the six months ended 31 December 2022.

Principal Activities

The company was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury.

The company had one 100% owned operating subsidiary, Burwood Resource Recovery Park Limited (BRRP) until 31 May 2022, at which point it was amalgamated into the company. BRRP was set up to operate a Christchurch Earthquake demolition waste material management and recovery facility and to operate a landfill for disposal of residual demolition waste.

The company holds a further six wholly owned name protection subsidiaries, all of which are inactive and have no assets and liabilities.

State of Affairs

The nature of the company's business activities remained unchanged during the accounting period.

The results of operations during the period, financial position and state of affairs of the company are as detailed in the accompanying financial statements.

Directors' Remuneration

	6 months	
	Directors' Fees	Other Remuneration
	\$	\$
Mr W G Cox	40,089	-
Mr P S Mauger	20,044	-
Mr T H Nickels	20,044*	-
Mr G S James	23,120*	-
Mr I G Kennedy	20,044*	-
Mr G S Miller	20,044	-
Mr R A Pickworth	23,120	5,500
Mr H E G Maehl	20,044*	-

* The directors fees for these directors are paid to the companies they represent.

No other remuneration or benefits have been paid to directors, with the exception of Mr RA Pickworth who has received \$5,500 in consulting fees. The fees and remuneration have been entered in the interests register.

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Item 5

Attachment A

Transwaste Canterbury Limited
Interim Report

Directors' Report to the Shareholders (Continued)

For the six months ended 31 December 2022

Directors' Interests

The company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for the company is available for inspection by shareholders at the registered office.

The directors have disclosed an interest in the following entities pursuant to section 140 of the Companies Act 1993:

MR W G COX

	<i>Position Held</i>
Elastomer Products Limited	Director
Independent Fisheries Limited	Director
Barlow Brothers NZ Limited	Director
Anderson Lloyd	Board Member
MOTUS Health Limited	Director
Hurunui Biodiversity Trust	Trustee
Waimakariri Irrigation Limited and subsidiary	Director
Venues Otautahi Limited	Director
Te Kaha Project Delivery Limited	Director
Committee for Canterbury	Trustee
Project Crimson	Trustee
Foodco New Zealand Limited (commenced 5 July 2022)	Director

MR I G KENNEDY

	<i>Position Held</i>
Waste Management NZ Limited	Employee

MR T H NICKELS

	<i>Position Held</i>
KT Advisory Limited	Director

MR G S JAMES

	<i>Position Held</i>
Canterbury Material Recovery Facilities Limited (finished 9 September 2022)	Director
Waste Management NZ Limited	Consultant

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Transwaste Canterbury Limited
Interim Report

Directors' Report to the Shareholders (Continued)
For the six months ended 31 December 2022

MR R A PICKWORTH

	<i>Position Held</i>
Westpower Limited, plus various wholly owned subsidiaries	Director
Westroads Limited	Director
Ashburton Contracting Limited	Director
Pipeline Group Limited, plus various wholly owned subsidiaries	Director
McLenaghan Contracting Limited	Director
Industrial Controls South Canterbury Limited	Director
S & L General Partners Limited	Director

MR H E G MAEHL

	<i>Position Held</i>
WMNZ Holdings Limited and NZ parent companies	Director
Waste Management NZ Limited, plus various wholly owned subsidiaries	Director
Waste Management NZ Limited	Employee
Midwest Disposals Limited	Director
Waste Disposal Services	Executive Committee Member

MR P S MAUGER (finished 16 January 2023)

	<i>Position Held</i>
Christchurch City Council	Mayor
Coastal-Burwood Community Ward (finished 25 October 2022)	Board Member
Canterbury Regional Landfill Joint Committee (finished 7 December 2022)	Committee Member
Otautahi Community Housing Trust (finished 7 December 2022)	Trustee
Civic Building Limited	Director
M&M Aggregates Limited	Shareholder and Director
Harewood Holdings Limited	Shareholder and Director
Maugers Garage Limited	Shareholder and Director
Rookwood Holdings Limited	Shareholder and Director
NZ Transport Engineering Limited	Shareholder
Maugers Contracting Limited	Shareholder and Director

MR G S MILLER

	<i>Position Held</i>
Selwyn District Council	Councillor
Canterbury Regional Landfill Joint Committee	Committee Member
Central Plains Water Limited	Director
Porahui Farms Limited	Shareholder

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Transwaste Canterbury Limited
Interim Report

Directors' Report to the Shareholders (Continued)

For the six months ended 31 December 2022

All transactions the company has entered into with parties in which directors hold directorships have been entered into in the ordinary course of business.

Directors' Remuneration and Other Benefits

Details of the directors' remuneration are provided above.

Information used by Directors

No member of the board of Transwaste Canterbury Limited issued a notice requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and Insurance of Officers and Directors

The company indemnifies all directors named in this report against all liabilities (other than to the company) that arise out of the performance of their normal duties as director, unless the liability relates to conduct involving lack of good faith. To manage this risk, the company has indemnity insurance. The annual cost of this insurance is \$33,200 (2021: \$31,610).

Recommended Dividend The general policy for the company is to declare dividends calculated at 100% of the net profit after tax after allowing for working capital requirements, as set out in the company's Statement of Intent. Dividends of \$18,300,000 were paid during the six month period ended 31 December 2022. The dividends include an accelerated payment of \$10,300,000 of the 2023 interim dividend.

No further dividends have been recommended or declared since the reporting date.

Donations The company made donations of \$44,000 to the Kate Valley Landfill Community Trust during the period (2021: \$43,292).

Auditor's Remuneration The auditor of the company is Audit New Zealand, acting on behalf of the Auditor-General.

The annual remuneration for auditing services for the company provided by Audit New Zealand for the 2022 annual audit was \$46,152 (2021: \$45,069). No other services were provided by the auditor. These interim financial statements are not audited.

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Item 5

Attachment A

Statement of Objectives and Performance

For the six months ended 31 December 2022

Targets were set under the Statement of Intent for the three years ending 30 June 2025. A comparison of achievement against those targets is as follows:

Objective

Environment: *To ensure that Transwaste, as a minimum, meets present and future environmental standards in a manner which is consistent with the preservation of the natural environment and the careful and sustainable management of its natural resources.*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) No proven breaches of Resource Management Act consents.	Nil established consent breaches notified during the year or advised by ECan.	On track – nil to date.
(b) Prepare (next) Tiromoana Bush Restoration Management Plan for the five-year period commencing 1 July 2022.	Restoration Management Plan completed, with Board sign-off.	Completed, approved June 2022.
(c) Prepare Tiromoana Bush strategic plan for (say) next 20 years.	Strategic Plan prepared, with Board sign-off.	In progress

Objective

Environment: *Support New Zealand's "Predator Free by 2050" goal, maintain and/or reduce net Green House Emissions and to use the gas captured in a socially and economically sustainable way.*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Maintain large mammal pests (pigs and deer) to low levels in Tiromoana Bush.	No adverse impacts on restoration plantings from deer and pig rooting - evident in <5% of vegetation monitoring plots.	On track to achieve – 5 deer and 20 pigs culled in the six months to 31 December 2022. A more responsive culling process, for pigs particularly, has been implemented.
(b) Small mammal pests (mustelids, rodents, possums, cats, hedgehogs) reduced to levels that have minimal impact on native biodiversity in Tiromoana Bush.	The abundance of bird life (as indicated by remeasuring of the bird monitoring transects) is greater than the 2005-2009 baseline for bellbird and grey warbler.	On track to achieve – ongoing monthly trapping and monitoring being undertaken.

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Transwaste Canterbury Limited
Interim Report

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(c) Maximise capture and destruction of landfill gas from Kate Valley landfill.	Ensure the capture and destruction of in excess of 90% of landfill gas produced by Kate Valley landfill (measured in accordance with the regulations to the Climate Change Response Act 2002).	Achieved for the year ended 31 December 2022.
(d) To ensure the beneficial use of landfill gas to obtain the best economic value.	To increase the MWh of electricity exported from Kate Valley landfill by 50% over the three year Sol period 2023 to 2025.	In progress. Remains dependent on transmission line improvements, which is under discussion with MainPower NZ Limited.
(e) Measure the company's carbon footprint.	Carbon footprint is measured and independently certified. KPIs achieved.	Project with Toitu Envirocare to measure carbon footprint for the year ended 30 June 2022 completed and audited.
(f) Reduce GHG emissions from Controlled Waste haulage	Maintain or improve average Euro emission rate of CWS fleet.	On track, based on reduced emission standard of replacement trucks (one complete and two in build).
(g) Measure NZU credits on exotic forestry	5 yearly measurement of NZU credits completed (due by 31 December 2022) and number of units reported.	Registrations completed, awaiting response.
(h) Provide ongoing planting and growth of native trees and bush in the Tiromoana Bush area.	Register and measure under ETS schemes available - Number of units reported.	Registrations completed, awaiting response.

Objective

Corporate Citizenship/Community Relations: To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues.

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Finance the Kate Valley Landfill Community Trust (from the Disposal Charge) for the purpose of benefiting the local community.	Annual payment to Kate Valley Landfill Community Trust, to be determined on an annual basis.	An interim payment of \$44,000 was made during the period. The final contribution for the year ended 31 December 2022 will be made in February 2023.
(b) Develop, maintain and promote the use of education material with regard to waste management and the environment.	Material used by schools.	On track. Some communication with Woodend School around a visit to landfill in the new year is underway, along with a 'truck safety' visit by CWS to the school.

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Transwaste Canterbury Limited
Interim Report

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(c) Plan for sites aftercare and closure – financially and revenue streams.	Adequate provisioning, which stands up to audit scrutiny, in financial statements for aftercare and closure costs.	On track. Provisions are calculated under the same methodologies as those used in the year end financial statements.

Objective

Service Quality: *Meet the present and future needs of the people of Canterbury with high standards of value, quality and service and establish effective relations with customers.*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Timely, high quality and reliable waste transport services.	No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers.	No impacts – fully achieved to date.
(b) Reliability of access to the Kate Valley landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Fully achieved to date - no disruption to receipt of waste occurred, despite the landfill being closed due to high wind on 2 days for 5 hours in total (to 31 December 2022).

Objective

Health and Safety: *Strive for zero injury accidents in all operations the Company and its main contractor, Waste Management NZ Ltd (through its Canterbury Waste Services division - CWS), will be responsible for, whilst maintaining a high level of service and production.*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Ensuring that in all activities the Company and its contractors have Health and Safety Management Plans in place.	Maintain or improve current total recordable injury frequency rate (TRIFR) for the last 12 months.	On track – nil LTIs in all operations. Actual TRIFR for the period ended December 2022 is zero.
(b) Maintain Kate Valley public walkways to an acceptable standard, (track maintenance, signage).	Annual operational plans objectives met, with no serious avoidable injuries.	On track. Good patronage on both walkways.
(c) No traffic incidents where CWS drivers at fault.	No at-fault incidents.	On track. Nil to December 2022.

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Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2022

Objective

Good Employer: Be a Good Employer, through either direct employment or by way of management contracts with CWS.

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Ensure CWS has objectives and policies that detail the relationship with employees, their remuneration, safety and other issues such as equal opportunity in employment.	No more than 15% annually of CWS landfill and transport staff annual FTE turnover.	On track. Turnover of permanent employees at Kate Valley was 1 at landfill and 0 in transport out of 44 FTEs.
(b) Ensuring that its employees have secure and rewarding employment which provides the means for personal development.	10 hours per FTE annually for CWS staff training.	On track. Kate Valley staff undertaken 6.3 hours per FTE year to date (6 months).

Objective

Consultation/Communication: Establish and maintain good relations with the local host community of the Kate Valley landfill and consult with those groups and other interest groups (including Tangata Whenua) on issues that are likely to affect them.

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group.	At least two Kate Valley Community Liaison group meetings held per year.	On track. 2 Community Liaison Group meetings held in the period to 31 December 2022.
(b) Engage with other interest groups including Tangata Whenua and discuss all issues likely to affect them.	Three interactions with interest groups per year.	On track. Interaction with interest groups has included engagement with Ngai Tahu through Mahaanui Kurataiao.

Transwaste Canterbury Limited
Interim Report

Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2022

Objective

Legislative/Regulatory Compliance: *To be a good Corporate Citizen by acting lawfully*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) To ensure compliance with all relevant legislation and statutory requirements.	Annual reporting to Board on areas of compliance and non-compliance. Nil known legislative and regulatory non-compliance.	On track. Monthly reporting is undertaken. Compliance reporting up to date at Kate Valley. No non-compliances noted. On track. No notices of non-compliance received to date.

Objective

Shareholder Interests: *To operate a successful business, providing a fair rate of return to its shareholders.*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2023)	Progress Toward Achievement
(a) To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets.	Total Revenue (inclusive of waste levy) of \$68,086,000 EBIT of \$23,095,000 Dividends relating to Kate Valley of \$16,100,000	Not on track - full year forecast \$65,300,000, with tonnes of waste to landfill 3% below budget. Not on track - full year forecast is 2% below budget. Dividends totalling \$18,300,000 paid during the year for the Kate Valley operations.

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Transwaste Canterbury Limited
Interim Report

Interim Statement of Comprehensive Income

For the six months ended 31 December 2022

	Note	December 2022 \$'000	December 2021 \$'000	June 2022 \$'000
		Interim (Unaudited)	Interim (Unaudited)	Annual (Audited)
Revenue				
Sales excluding waste levy	2	26,360	25,107	51,139
Waste levy		5,503	3,595	7,289
Sales including waste levy		31,863	28,702	58,428
Rental		28	28	65
Dividends		-	-	1,300
Interest		102	-	-
Changes in fair value of forestry		-	-	(29)
Gain on sale of property, plant and equipment	3	-	-	-
Total Revenue		31,993	28,730	59,764
Expenses				
Audit fees				
- Annual audit		24	28	46
Depreciation and amortisation		2,626	2,905	5,421
Impairment of receivables		-	-	511
Employee benefits costs		187	182	364
Landfill and facilities operating expenses		11,074	10,719	21,851
Waste levy		5,503	3,595	7,289
Other expenses		1,070	1,335	2,350
Total Expenses		20,484	18,764	37,832
Profit before finance costs and tax		11,509	9,966	21,932
Finance costs		451	150	257
Profit before tax		11,058	9,816	21,675
Income tax expense		3,096	2,748	5,601
Profit for the period		7,962	7,068	16,074
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Cash flow hedges, net of tax		71	161	385
Total other comprehensive income for the period		71	161	385
Total comprehensive income for the period		8,033	7,229	16,459

The notes on pages 18-25 form an integral part of this condensed interim financial information.

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Transwaste Canterbury Limited
Interim Report

**Interim Statement of Changes
in Shareholders' Equity**
For the six months ended 31 December 2022

	Note	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance 1 July 2021		16,000	369	15,973	32,342
Profit for the period		-	-	7,068	7,068
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax		-	161	-	161
Total comprehensive income for the period ended 31 December 2021 (unaudited)		-	161	7,068	7,229
Dividend	6	-	-	(8,400)	(8,400)
Balance 31 December 2021		16,000	530	14,641	31,171
Balance 1 July 2022		16,000	754	20,809	37,563
Profit for the period		-	-	7,962	7,962
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax		-	71	-	71
Total comprehensive income for the period ended 31 December 2022 (unaudited)		-	71	7,962	8,033
Dividend	6	-	-	(18,300)	(18,300)
Balance 31 December 2022		16,000	825	10,471	27,296
Balance 1 July 2021		16,000	369	15,973	32,342
Profit for the year		-	-	16,074	16,074
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax		-	385	-	385
Balances on amalgamation		-	-	5,162	5,162
Total comprehensive income for the year ended 30 June 2022 (audited)		-	385	21,236	21,621
Dividends	6	-	-	(16,400)	(16,400)
Balance 30 June 2022		16,000	754	20,809	37,563

The notes on pages 18-25 form an integral part of this condensed interim financial information.

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Transwaste Canterbury Limited
Interim Report

Interim Balance Sheet
As at 31 December 2022

	Note	December 2022 \$'000 Interim (Unaudited)	December 2021 \$'000 Interim (Unaudited)	June 2022 \$'000 Annual (Audited)
Assets				
Non-current assets				
Property, plant and equipment	3	49,527	57,914	51,073
Forestry		2,556	2,585	2,556
Emission units		2,134	3,328	2,134
Environmental Restoration Account		5,370	-	-
Derivative financial instruments		277	-	228
Total non-current assets		59,864	63,827	55,991
Current assets				
Cash and cash equivalents		1,695	5,083	7,072
Trade and other receivables		6,581	6,779	5,924
Total current assets		8,276	11,862	12,996
Total assets		68,140	75,689	68,987
Equity				
Contributed equity		16,000	16,000	16,000
Reserves		825	530	754
Retained earnings		10,471	14,641	20,809
Total equity		27,296	31,171	37,563
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	5	7,500	1,500	1,500
Provisions	4	16,142	24,210	18,414
Deferred income tax liability		8,201	2,877	2,878
Total non-current liabilities		31,843	28,587	22,792
Current liabilities				
Trade and other payables		7,745	7,404	6,546
Interest-bearing borrowings	5	-	6,295	-
Derivative financial instruments		-	133	49
Income tax payable		480	523	1,250
Provisions	4	749	1,527	764
Employee benefits		27	49	23
Total current liabilities		9,001	15,931	8,632
Total liabilities		40,844	44,518	31,424
Total equity and liabilities		68,140	75,689	69,987

The notes on pages 18-25 form an integral part of this condensed interim financial information.

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Transwaste Canterbury Limited
Interim Report

Interim Cash Flow Statement
For the six months ended 31 December 2022

	December 2022 \$'000 Interim (Unaudited)	December 2021 \$'000 Interim (Unaudited)	June 2022 \$'000 Annual (Audited)
Cash flows from operating activities			
Receipts from customers (excluding waste levy)	25,703	24,757	51,787
Waste levy received	5,503	3,595	7,289
Interest received	102	-	-
Dividends received	-	-	1,300
Other revenue	27	27	65
Payments to suppliers and employees	(12,430)	(10,448)	(24,230)
Interest paid	(131)	(106)	(169)
Waste levy paid	(4,550)	(3,595)	(6,403)
Income tax received/(paid)	1,429	(3,796)	(5,900)
Goods and services tax (net)	327	202	(359)
Net cash from operating activities	15,980	10,636	23,380
Cash flows from investing activities			
Sale of property, plant & equipment	-	-	-
Purchase of property, plant & equipment	(3,687)	(2,409)	(3,781)
Environmental Restoration Account	(5,370)	-	-
Cash on amalgamation	-	-	37
Net cash from investing activities	(9,057)	(2,409)	(3,744)
Cash flows from financing activities			
Bank funding	6,000	1,500	1,500
Advances from/(to) subsidiaries	-	3,020	1,600
Dividends paid	(18,300)	(8,400)	(16,400)
Net cash from financing activities	(12,300)	(3,880)	(13,300)
Net increase/(decrease) in cash and cash equivalents	(5,377)	4,347	6,336
Cash and cash equivalents at beginning of the period	7,072	736	736
Cash and cash equivalents at end of the period	1,695	5,083	7,072

The notes on pages 18-25 form an integral part of this condensed interim financial information.

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Transwaste Canterbury Limited
Interim Report

Interim Cash Flow Statement

For the six months ended 31 December 2022

Reconciliation of profit for the period to net cash flow from operating activities

	December 2022 \$'000 Interim (Unaudited)	December 2021 \$'000 Interim (Unaudited)	June 2022 \$'000 Annual (Audited)
Profit for the period	8,033	7,229	16,459
Add/(less) non-cash items:			
Depreciation, amortisation and impairment	2,626	2,905	5,421
Loss/(Gain) on changes in fair value of forestry	-	-	29
Cash flow hedges	(71)	(161)	(385)
Time value adjustment	320	44	88
ETS surrendered	-	-	1,194
Deferred tax	5,295	4	(82)
Income tax balance on amalgamation	-	-	108
	<u>8,170</u>	<u>2,792</u>	<u>6,373</u>
Add/(less) movements in working capital items:			
Receivables	(656)	(351)	647
Income tax	(770)	(1,052)	(325)
Trade payables – working capital	1,203	2,037	1,152
	<u>(223)</u>	<u>634</u>	<u>1,474</u>
Add/(less) items classified as investing activities			
Closure and post-closure provisions utilised	-	(19)	(926)
	<u>-</u>	<u>(19)</u>	<u>(926)</u>
Net cash inflow from operating activities	15,980	10,636	23,380

The notes on pages 18-25 form an integral part of this condensed interim financial information.

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Transwaste Canterbury Limited
Interim Report

Notes to the Interim Financial Statements (unaudited) For the six months ended 31 December 2022

1. General Information

Reporting Entity and Statutory Base

Transwaste Canterbury Limited is a company registered under the Companies Act 1993 and is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The company represents a joint venture between Waste Management NZ Limited and five local authorities in Canterbury.

The primary objective of the company is to own, operate and continue development of a non-hazardous landfill for the Canterbury region. From 2011, a wholly owned subsidiary Burwood Resource Recovery Park Limited (BRRP) operated a Christchurch Earthquake demolition waste material management and recovery facility and a landfill for disposal of residual demolition waste until its closure in 2020. BRRP was amalgamated with the company on 31 May 2022. The company continues to hold six wholly owned non-trading subsidiaries, which are held for name protection purposes and have no assets and liabilities. All companies are incorporated and domiciled in New Zealand.

This condensed interim financial information was approved for issue by the Board on 24 February 2023.

This condensed interim financial information has not been subject to audit.

The reporting currency used in the preparation of these interim financial statements is New Zealand dollars, rounded to the nearest thousand.

Summary of Significant Accounting Policies

This condensed interim financial report for the six months ended 31 December 2022 has been prepared in accordance with NZ IAS 34, 'Interim financial reporting'.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022, which has been prepared in accordance with New Zealand equivalents to International Accounting Standards (NZ IFRS).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended standards adopted by the company

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

2. Revenue

	December 2022 \$'000 Interim	December 2021 \$'000 Interim	June 2022 \$'000 Annual
Waste disposal (excluding waste levy)	21,630	20,571	41,613
Waste levy on-charged to customers	5,503	3,595	7,289
Waste disposal sales including waste levy	27,133	24,166	48,902
Waste transport	4,285	3,571	7,155
Electricity generation	445	965	2,371
Sales	31,863	28,702	58,428

Waste levy cost

The Ministry for the Environment introduced a waste levy in 2009. The waste levy in respect of the period starting 1 July 2022 was \$30 per tonne of waste to landfill (Year to 30 June 2022: \$20 per tonne). The waste levy is on-charged to customers and the on-charge is included in sales revenue. The waste levy cost is included in expenses.

Nature of revenue

The company contracts with its customers to lawfully dispose of waste at the Kate Valley landfill. For shareholders, the Company contracts to deliver empty waste containers to refuse stations, and collect full containers and deliver them to the landfill.

Contractual payment terms are typically within one month after the month the contents are lawfully disposed into landfill.

The company has a contract to sell electricity generated at its Kate Valley landfill into the national grid.

The company, as lessor, has entered into contracts to lease land for farming activities, and has entered into a contract with a third party to harvest and sell forestry assets as required.

Consideration is fixed and there is no significant financing component in the contracts.

Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

3. Property, plant and equipment

During the six months ended 31 December 2022, the company acquired assets with a total cost of \$3,687,000 (31 December 2021: \$2,409,000).

In addition, the estimates for discount and inflation rates applied to the provision for closure and post closure costs were reassessed at 31 December, resulting in a \$2,607,000 decrease (2021: \$2,505,000 increase) to the closure and post closure asset.

There were no asset disposals during the six month period to 31 December 2022 (31 December 2021: \$nil).

4. Provisions

Provisions are represented by:

Closure and post-closure provisions

	December 2022 \$'000	December 2021 \$'000	June 2022 \$'000
	Interim	Interim	Annual
Opening balance	19,178	23,207	23,207
Assessment of current value of landfill costs:			
- Cost assessment	-	-	1,328
- Discount rate update	(2,607)	2,505	(4,519)
Effect of time value adjustment	320	44	88
Amounts used during the period	-	(19)	(926)
Closing balance	16,891	25,737	19,178
Comprising:			
Current	749	1,527	764
Non-current	16,142	24,210	18,414
Total closure and post-closure provisions	16,891	25,737	19,178

Provision is made for the future costs of closing the company's landfill at the end of its economic life and for the associated post-closure costs, being the aftercare of the landfill for the prescribed period. Estimated costs, adjusted for inflation, are built up on an item by item basis. The provision held, at each balance date, represents the net present value of the estimated future costs. A detailed reassessment of these costs and the anticipated remaining life of the landfill is performed on a regular basis.

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Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

The impact of changes to the provision arising from the reassessment of the life of the landfill and estimated future costs are capitalised to deferred closure and post-closure costs within property, plant and equipment in the balance sheet. The annual change in the net present value of the provision due to the passage of time is recorded as the time value adjustment of provisions in the profit or loss. The financial reporting standards require this to be disclosed as an interest cost in the profit or loss.

The provisions have been estimated taking into account existing technology and using discount rates applicable to the timing of estimated cash outflows, which range from 3.34% to 5.12% (31 December 2021: 1.30% to 4.30%; 30 June 2022: 3.34% to 4.47%). Changes in the current assessment of landfill costs relate predominantly to changes in the discount rates and inflation factors applied.

Kate Valley Landfill

The remaining economic life of the Kate Valley landfill is estimated to be 23 years.

The cash outflows for landfill post-closure are expected to occur in twenty three to fifty three years time (or between 2045 and 2075). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

5. Borrowings

	December 2022 \$'000 Interim	December 2021 \$'000 Interim	June 2022 \$'000 Annual
Current borrowings – loans from related parties			
Unsecured loan – Burwood Resource Recovery Park Ltd	-	6,295	-
Non-current borrowings – Bank loans			
Westpac multi-option credit facility	7,500	1,500	1,500

Loans from related parties

The advance from the subsidiary, Burwood Resource Recovery Park Limited, to the company was repayable on demand, with interest payable monthly in arrears at the estimated applicable group floating interest rate with Westpac. The balance was extinguished on amalgamation of the subsidiary with the company on 31 May 2022. During the year to the date of amalgamation \$121,000 interest was charged at a weighted average rate of 2.95%. At balance date there was no outstanding interest.

Bank loans

The company has entered into a multi option credit facility with Westpac totalling \$15,000,000 for ongoing funding of the Kate Valley landfill construction and operations. The facility is secured by way of a registered first general security agreement over all owned

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Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

assets, undertakings and uncalled capital of the company and first ranking mortgage over the property owned by the company.

During the financial year, net drawdowns of \$6,000,000 have occurred on the facility.

Fair value of non-current borrowings

Bank loans, where applicable, have been valued at fair value.

The carrying amounts of other non-current borrowings approximate their fair values.

The carrying amounts of borrowings repayable within one year approximate their fair value.

6. Dividends

	December 2022 \$'000	December 2021 \$'000	June 2022 \$'000
	Interim	Interim	Annual
Dividends paid during the period			
Interim dividends ¹	10,300	-	6,700
Final dividends ²	8,000	8,400	8,400
Project dividends ³	-	-	1,300
	<u>18,300</u>	<u>8,400</u>	<u>16,400</u>

¹ A fully imputed interim dividend of \$10,300,000 in respect of 2023 was declared and paid on 30 September 2022. No interim dividends were paid during the prior 31 December period (\$6,700,000 fully imputed on 25 February 2022).

² Final dividend (fully imputed) for 2022 of \$8,000,000 declared and paid on 26 August 2022 (2021: \$8,400,000 fully imputed on 27 August 2021)

³ No project dividends were paid in the current period. A fully imputed project dividend of \$1,300,000, being dividends arising from the Burwood Resource Recovery Park project, was declared and paid on 25 February 2022.

7. Capital commitments and operating leases

	December 2022 \$'000	December 2021 \$'000	June 2022 \$'000
	Interim	Interim	Annual
Capital commitments contracted for at balance date but not yet incurred for property, plant and equipment	1,470	5,101	327

The company has entered into forward contracts totalling \$4,799,000 (2021: \$1,596,000) for the purchase of emissions units.

There are no capital commitments in relation to forestry.

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Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

Operating leases as lessor

The company leases land not immediately required for its operations under operating leases. The leases are with one external party and have non-cancellable terms of 5 years from June 2018.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	December 2022 \$'000 Interim	December 2021 \$'000 Interim	June 2022 \$'000 Annual
Not later than one year	27	55	55
Later than one year and not later than five years	-	27	-
Later than five years	-	-	-
Total non-cancellable operating leases	27	82	55

No contingent rents have been recognised during the period.

8. Related party transactions

The company's shareholders are considered to be related parties of the company. This includes the five territorial local authorities with shareholdings in the company and Waste Management NZ Limited.

The company has negotiated arms-length waste disposal and transport contracts with the related parties. The company also contracts with Waste Management NZ Limited for costs relating to the ongoing landfill construction, landfill operation and transport services.

The following transactions were carried out with related parties:

	December 2022 \$'000 Interim	December 2021 \$'000 Interim	June 2022 \$'000 Annual
(a) Sales of services			
Entities with joint control or significant influence over the entity (landfilling and transport)	10,615	8,411	17,156
Other related parties (landfilling and transport)	10,334	9,466	18,802
Entities with joint control or significant influence over the entity (rental)	-	3	5
Subsidiaries (reimbursement of costs)	-	-	12
	20,949	17,880	35,975

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Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

(b) Purchases of services

Entities with joint control or significant influence over the entity (waste disposal, transport and construction)	12,317	12,020	25,127
Entities with joint control or significant influence over the entity (rates)	9	10	15
	<u>12,326</u>	<u>12,030</u>	<u>25,142</u>

(c) Year end balances arising from sales/purchases of services

<i>Receivables from related parties</i>			
Entities with joint control or significant influence over the entity	2,250	1,768	1,763
Other related parties	2,143	1,984	1,714
<i>Payables to related parties</i>			
Entities with joint control or significant influence over the entity	2,743	3,210	2,953

Key management personnel

Directors' fees and other short term employee benefits	187	182	364
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(d) Advances from related parties

Advances from subsidiary

Beginning of year	-	3,275	3,275
Advances/(repayments)	-	3,020	1,600
Interest expense	-	73	121
Interest paid/assumed on amalgamation	-	(73)	(121)
Balance extinguished on amalgamation	-	-	(4,875)
End of year	<u>-</u>	<u>6,295</u>	<u>-</u>

Directors' remuneration is detailed in the Directors' Report to Shareholders on page 4.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables from related parties (2021: nil).

9. Contingent assets and liabilities

Contingent assets

Under the New Zealand Emissions Trading Scheme (ETS) the company is eligible for carbon credits on sequestration of carbon in the company's post-1989 forests. Credits have been received for periods up to 31 December 2017.

The company will have an obligation to account for any emission released as a consequence of deforestation of pre-1990 land by surrendering credits equal to the extent of that emission. The company has no liability for deforestation as at 31 December 2022 (2021: nil).

(24)

Transwaste Canterbury Limited
Interim Report

Notes to the Interim Financial Statements (unaudited)
For the six months ended 31 December 2022

Contingent liabilities

	December 2022 \$'000 Interim	December 2021 \$'000 Interim	June 2022 \$'000 Annual
Bonds	15,912	15,912	15,912

Bonds of \$15,912,500 (2021: \$15,912,500) have been arranged with the company's bankers in terms of resource consents granted to the company. It is anticipated no material liabilities will arise.

10. Events occurring after the reporting period

There have been no significant events after the interim reporting date that are not otherwise disclosed in these financial statements.

(25)

6. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
7.	VERBAL UPDATE FROM TRANSWASTE	S7(2)(H)	COMMERCIAL ACTIVITIES	THE VERBAL UPDATE PROVIDES AN OPPORTUNITY FOR DISCUSSION OF ISSUES BY THE TRANSWASTE BOARD CHAIR WHICH, IF MADE OPEN, COULD PREJUDICE THE COMMERCIAL ACTIVITIES OF THE COMPANY.	ANY RELATED INFORMATION WILL BE RELEASED WITH THE RELEVANT STAFF REPORT AS AND WHEN IT IS RELEASED.