

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE AGENDA

TUESDAY 28 APRIL 2015

AT 9AM

IN COMMITTEE ROOM 1, CIVIC OFFICES, 53 HEREFORD STREET

Committee:

Councillor David East (Christchurch City Council) (Chairperson)
Councillor Robbie Brine (Waimakariri District Council) (Deputy Chairperson)
Councillor Pauline Cotter (Christchurch City Council)
Councillor Dick Davison (Hurunui District Council)
Councillor Glenn Livingstone (Christchurch City Council)
Councillor Grant Miller (Selwyn District Council)
Councillor Darryl Nelson (Ashburton District Council)

Chief Operating Officer

Jane Parfitt
Telephone 941-6798

Principal Adviser

Tim Joyce
Telephone 941-8978

Committee Adviser

Lucy Halsall
Telephone: 941-6227

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CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

1. **APOLOGIES**

2. **OPEN MINUTES OF A MEETING OF THE CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE HELD ON 8 AUGUST 2014**

The open minutes of the Committee meeting held on 8 August 2014 are **attached**.

The Committee is asked to approve these minutes as a true and accurate record of the meeting.

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE
8. 8. 2014

**A meeting of the Canterbury Regional Landfill Joint Committee
was held in the No. 2 Committee Room
on Friday 8 August 2014 at 9.35am.**

PRESENT: Councillor David East (Christchurch City Council) (Chairperson)
Councillor Glenn Livingstone (Christchurch City Council)
Councillor Pauline Cotter (Christchurch City Council)
Councillor Dick Davison (Hurunui District Council)
Councillor Grant Miller (Selwyn District Council)
Councillor Darryl Nelson (Ashburton District Council)

IN ATTENDANCE: Jane Parfitt – (Christchurch City Council)
Mark Christison – (Christchurch City Council)
Zefanja Potgieter (Christchurch City Council)
Kitty Waghorn (Waimakariri District Council)
Gavin Sole (Selwyn District Council)
Sally Cracknell (Hurunui District Council)
Gill Cox (Chairman Transwaste Canterbury Ltd)
Garry Forward (Joint Venture Services Manager, Transwaste Canterbury Ltd)
Tracey Hobson – (Christchurch City Council – Minutes)

1. APOLOGIES

Apologies were received from Councillor Robbie Brine and James Leslie.

It was **resolved** on the motion of Councillor Miller, seconded by Councillor Cotter, that the apologies be accepted.

2. CONFIRMATION OF MINUTES – MEETING OF 11 APRIL 2014

The Committee requested that item 4 of the minutes be amended to state that the footprint of the landfill has a 37 hectare footprint.

It was **resolved** on the motion of Councillor Dick Davison, seconded by Councillor Grant Miller, that the minutes of the Canterbury Regional Landfill Joint Committee meeting held on 11 April 2014 be confirmed

3. APPOINTMENT OF A REPRESENTATIVE TO ATTEND TRANSWASTE CANTERBURY LTD ANNUAL GENERAL MEETING

A staff report was circulated detailing the need to appoint a representative to attend and vote at the Transwaste Canterbury Ltd Annual General Meeting (AGM), which will be held in November 2014 in Christchurch.

It was **resolved** on the motion of Councillor Darryl Nelson, seconded by Councillor Pauline Cotter that Councillor David East be appointed as the representative and Councillor Glenn Livingstone as the alternate to attend and vote at the Transwaste Canterbury Ltd AGM in November 2014.

4. TRANSPORT COSTS FOR WASTE TO KATE VALLEY LANDFILL

It was **resolved** on the motion of Councillor Pauline Cotter, seconded by Councillor Grant Miller that the Committee:

4.1 Approve the 2013/2014 transport cost payments to Ashburton and Selwyn District Councils as set out in the report.

- 4.2 Request Transwaste Canterbury Ltd to implement the payments set out above by adjusting its dividend payments to the participating territorial authority shareholders.

5. RESOLUTION TO EXCLUDE THE PUBLIC

It was **resolved** on the motion of the Chair, seconded by Councillor Darryl Nelson that the resolution to exclude the public as set out on pages 15-17 of the agenda be adopted.

The public were readmitted and the meeting concluded at 10.31am.

CONSIDERED THIS 28TH DAY OF APRIL 2015

COUNCILLOR DAVID EAST (CHAIRPERSON)

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

3. TRANSWASTE CANTERBURY LTD: DIRECTORSHIP OF MR GILL COX

		Contact	Contact Details
Executive Leadership Team Member responsible:	Chief Operating Officer, Operations Group	N	
Officer responsible:	Unit Manager, City Water and Waste	N	
Author:	Zefanja Potgieter, Senior Resource Planner	Y	DDI 941 8271

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 The purpose of this report is to recommend extending the directorship of Mr Gill Cox as director on the Board of Transwaste Canterbury Ltd.

2. BACKGROUND

- 2.1 Kate Valley Landfill is owned by Transwaste Canterbury Ltd which comprises of a District Council shareholder group owning 50 percent for the company shares (being the five district councils which are members of the committee: Ashburton District Council, Christchurch City Council, Hurunui District Council, Selwyn District Council and Waimakariri District Council), with the other 50 percent of the shares being held by a commercial party Waste Management NZ Ltd, previously Transpacific Industries Ltd. The District Council group and Waste Management each have four directorships on the Transwaste Board.

- 2.2 The District Council group directors are as follows:

2.2.1 Councillor David East representing the Christchurch City Council.

2.2.2 Councillor Dick Davison representing the Ashburton District Council, Hurunui District Council, Selwyn District Council and Waimakariri District Council.

2.2.3 Mr Gill Cox and Mr Trevor McIntyre, two commercial directors appointed by the Joint Committee for their commercial expertise.

- 2.3 The table below sets out the details for the Joint Committee's four directorships on the Transwaste Board.

Name	Original Date of Appointment	Expiry	Effective expiry	Date resolved by CRLJC
David East	11 April 2014	31 March 2017	31 March 2017	11 April 2014
Richard Davison	19 November 2011	31 March 2017	31 March 2017	11 April 2014
Gill Cox	31 March 1999	2015 Transwaste AGM	27 November 2015 (assuming 4 th Friday)	11 April 2014
Trevor McIntyre	29 November 2013	2016 Transwaste AGM	25 November 2016 (assuming 4 th Friday)	10 October 2013

- 2.4 On 11 April 2014 the term of Mr Gill Cox, the Chairman of the Board since the start of Transwaste, was extended up to and including the November 2015 Annual General Meeting of Transwaste Canterbury Ltd, and it was confirmed that Mr Cox's tenure as Chairperson of the company will continue to the conclusion of the current appointment cycle, being 8 June 2015.

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

3 Cont'd

- 2.5 A request has been received from Waste Management NZ Ltd (refer **Attachment 1**) recommending to the Joint Committee that Mr Cox's term as director be extended. The request inter alia states: *"Mr Cox has a substantial knowledge bank that we believe adds value to the leadership and governance of Transwaste. His collaborative and inclusive approach has contributed significantly to the ongoing success of the company, in fact his style as Chair creates an environment where open and robust debate is welcomed with the guiding principle being that the best outcomes for Transwaste are always paramount. Under the constitution, the role of Chair rotates between shareholding groups each second year, and it is worth noting that Waste Management has chosen for the past two rotations to have Gill fill this role for its turn as well. We believe this is a clear indication of the esteem in which he is held. In recommending that Gill's term be extended for a further three years, we do encourage the Joint Committee to take a long term view to succession planning such that a suitable candidate be developed well in advance of the time that they will be needed"*.
- 2.6 In light of the challenges and opportunities facing Transwaste, the extension of Mr Cox's term as director up to the 2018 Annual General Meeting is proposed. Planning for the succession of Mr Cox will be addressed to facilitate the ongoing contribution by the Joint Committee's directors towards high quality leadership of Transwaste.

3. **FINANCIAL IMPLICATIONS**

- 3.1 Director's fees are paid by Transwaste Canterbury Ltd, not by member Councils of the Joint Committee.

4. **STAFF RECOMMENDATION**

- 4.1 It is recommended that the Canterbury Landfill Joint Committee extend the Directorship of Mr Gill Cox up to and including the November 2018 Annual General Meeting of Transwaste Canterbury Ltd.



11 December 2014

Dr Karleen Edwards
CEO
Christchurch City Council
PO Box 73016
Christchurch 8013
Email: karleen.edwards@ccc.govt.nz

Dear Karleen

Re: Transwaste Canterbury Limited – Request for renewal of term for Gill Cox

We are aware that the Joint Committee has a director appointment policy that addresses board renewal and refreshment by encouraging sensible director turnover. This is normally done through limiting the term of appointment.

As you will be aware, the Board structure of Transwaste comprises four appointees from each shareholding group, being the Joint Committee and the commercial partner in Waste Management. Within the current council contingent, two directors are Councillors who whilst being very capable and actively contributing to the success of this organisation are elected officials and thereby have no certainty beyond the next round of local body elections, one other is a relatively recent appointment, and Gill Cox who has been involved for a number of years. Transwaste has grown to become a relatively complex and technical business which requires some time for directors to build a deep understanding such that they can be effective in carrying out their governance role.

We appreciate that any decision on renewing the term of Gill Cox is entirely for the Joint Committee. However, Waste Management as the partner in the joint venture, would like to recommend that Gill Cox's term be extended.

Gill has been a director since the creation of Transwaste in 1999 and Chair since 2007. He has a substantial knowledge bank that we believe adds value to the leadership and governance of Transwaste. His collaborative and inclusive approach has contributed significantly to the ongoing success of the company, in fact his style as Chair creates an environment where open and robust debate is welcomed with the guiding principle being that the best outcomes for Transwaste are always paramount. Under the constitution, the role of Chair rotates between shareholding groups each second year, and it is worth noting that Waste Management has chosen for the past two rotations to have Gill fill this role for its turn as well. We believe this is a clear indication of the esteem in which he is held.

In recommending that Gill's term be extended for a further three years, we do encourage the Joint Committee to take a long term view to succession planning such that a suitable candidate be developed well in advance of the time that they will be needed.

I am available to discuss this with the Joint Committee as required or to answer any questions at any time.

Yours sincerely



Tom Nickels
Managing Director
Waste Management NZ Ltd

c.c. Jane Parfitt, COO

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CAPITAL GROUP

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

4. TRANSWASTE CANTERBURY LTD – INTERIM REPORT TO 31 DECEMBER 2014

		Contact	Contact Details
General Manager responsible:	Jane Parfitt, Chief Operating Officer, Operations Group	N	
Officer responsible:	Tim Joyce, Acting Unit Manager, City Water and Waste	N	
Author:	John Morahan, Management Accountant	Y	John Morahan, DDI 941 8850

1. INTRODUCTION

1.1 This report reviews and comments on the half year accounts to 31 December 2014 (**Attachment 1**).

2. OPERATIONS

2.1 The Statement of Objectives and Performance contained in the interim report has 28 performance measures to be achieved within the financial year. Twenty-five of these have been achieved or are in progress; however three targets have not been met as shown in Table 1 below.

Table 1

Outcome Objective Area	Performance Measure and Target	Progress Toward Achievement
Healthy Environment	4,000 plants of native species planted during the year.	While 3,515 plants have been planted as at 31 December 2014, funding has shifted to accelerate deer fencing.
Corporate Citizenship	Annual review published on the Company's website by October 2014 for the 2013/14 year.	Not prepared for 2013/14. The reporting format is to be reviewed for the 2014/15 year.
Consultation and Community Relations	Nil complaints regarding landfill operations	Not achieved. 40 complaints received regarding odour. Consent authority audits have yielded no odour related breaches in the corresponding period.

3. FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

3.1 Table 2 shows the key financial performance indicators and comparisons for the six month period ending 31 December 2014.

Table 2 – Financial Performance

FINANCIAL PERFORMANCE	% Change	6 months 31 Dec 14 (\$m)	6 months 31 Dec 13 (\$m)	12 months 30 Jun 14 (\$m)
Operating Revenue	27%	34.5	27.1	57.1
Total Revenue	27%	34.8	27.4	58.0
Total Expenses	9%	15.7	14.4	28.5
NPAT (<i>net profit after tax</i>)	50%	13.4	8.9	20.3
NPAT/Total Revenue %	22%	39%	32%	35%
EBIT/Total Assets %	19%	19%	16%	34%

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

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- 3.2 Net Profit After Tax (NPAT) is up \$4.5 million over last year and is driven by volume and associated revenue. The increased revenue of \$7.4 million was partly offset by increased expenditure of only \$1.3 million, providing \$6.1 million to operating profit before tax. This has also caused the increase in NPAT / Total Revenue from 32 percent to 39 percent.
- 3.3 Earnings before Interest or Finance Costs and Tax (EBIT) as a percentage of total assets shows a healthy 19 percent return for the six month period. This has increased from 16 percent as a result of the strong revenue growth in the period.
- 3.4 This calculation of EBIT return is different from the performance target and forecast full year return of 12.1 percent, the latter being the return on investment since inception of the business. This is the cumulative NPAT expressed as a return on the cumulative investment. However, calculating EBIT as a percentage of total assets is valid with total assets being a proxy for funds employed. It confirms that the business is making healthy returns.
- 3.5 Table 3 shows the key financial position indicators and comparisons as at 31 December 2014.

Table 3 – Financial Position

FINANCIAL POSITION	% Change	31-Dec-14 (\$m)	31-Dec-13 (\$m)	Last Year 30-Jun-13 (\$m)
Current Assets	29%	34.6	26.9	31.7
Non-current Assets	15%	64.6	56.1	52.9
Current Liabilities	-20%	(10.4)	(13.0)	(14.9)
Non-current Liabilities	-9%	(46.8)	(39.7)	(35.3)
Shareholders' Equity	38%	(41.9)	(30.3)	(36.1)
Working Capital Ratio (CA/CL)	57%	3.3	2.1	2.1
Equity Ratio % (Equity/Total Assets)	30%	42%	37%	42%

- 3.6 Shareholders' Equity has increased since last balance date (30 June 2013) by \$5.8 million because of net profit for the period of \$13.4 million, less dividends paid in August 2014 of \$7.6 million.
- 3.7 The \$64.6 million of non-current assets has increased since last balance date (30 June 2013) by \$11.7 million. This is largely because of a change in the provision that is made for the future costs of closing the landfill (expected to be between 2040 - 2065). The discount rate used was 7.7 percent (the estimated long term company borrowing rate) and has been adjusted to 3.67 percent (the risk free rate at reporting date). The reassessed current value increased by \$11.9 million. This has been capitalised as required by the financial reporting standards.
- 3.8 Non-current liabilities of \$46.8 million have increased since last balance date (30 June 2013) by \$11.5 million. This is also because of the adjusted future costs of closing the landfill explained above. Because the costs haven't been incurred yet, they are recognised as a non-current liability.
- 3.9 Burwood Resource Recovery Park (BRRP) was commissioned on 1 May 2013. It stockpiles, then sorts and disposes of Christchurch's earthquake related waste. The stockpile is treated as deferred income and as BRRP works its way through the stockpile, the income is released into the appropriate financial year.

	Change	2014	2013
Deferred income (represents stockpile)	\$2m	\$26m	\$28m
Income released	\$426k	\$740k	\$314k

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

4 Cont'd

3.10 The Working Capital Ratio is 3.3 meaning for every \$1 of current liability, there is \$3.30 available to cover it. This is a healthy ratio showing that liquidity is not an issue.

3.11 Cash-flow performance is shown in Table 4.

Table 4 – Cash-flow Performance

CASH FLOWS	% Change	6 months 31-Dec-14 (\$m)	6 months 31-Dec-13 (\$m)	12 months 30-Jun-14 (\$m)
Operating	-17%	10.5	12.7	27.6
Investing	81%	(8.9)	(4.9)	(3.8)
Financing	-24%	(7.6)	(10.0)	(20.7)
Net Cash Flows	-161%	(6.0)	(2.3)	3.2

3.12 Operating cash flows reduced by \$2.2 million for the six month period compared with the same timeframe last year because of increased receipts from customers being more than offset by income tax payments for the previous year.

3.13 Investing cash flows in the current period reduced because of \$7.5 million that was put into term deposit.

3.14 Financing cash flows in the current period increased because last year included \$5 million of long term debt that was paid back.

4. STAFF RECOMMENDATION

4.1 It is recommended that the Canterbury Landfill Joint Committee receive the information.



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

27 February 2015

Dear Zefanja

Transwaste Canterbury Limited - Interim Report to 31 December 2014

At the Board meeting for Transwaste Canterbury Limited held today, Friday 27 February 2015 the Interim Report for the six months ended 31 December 2014 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.

Please note that estimates for the provision for closure and post closure costs were reassessed at 1 July 2014, resulting in a further \$11,877,000 being capitalised to the closure and post closure asset and recognised in the provision. This is explained in more detail in Note 4 of the Interim Report.

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

Yours sincerely
Transwaste Canterbury Limited

A handwritten signature in black ink, appearing to read "Gill Cox", is written over a horizontal line.

Gill Cox
Chairman

Enclosure

Transwaste Canterbury Limited

Consolidated Interim Report

For the six months ended 31 December 2014



The Board of Directors is pleased to present the Interim Report of Transwaste Canterbury Limited for the six months ended 31 December 2014

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Directory

Company Number	CH951024	
Registered Office and Address for Service	PricewaterhouseCoopers 5 Sir Gil Simpson Drive, Burnside Christchurch 8053	
Directors	Mr W G Cox (Chairperson) Mr R W Davison Mr D East Mr G S James Mr I G Kennedy Mr T J McIntyre Mr R B McKenzie Mr T H Nickels	
Shareholders		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
		20,000,000
Company Secretary	PricewaterhouseCoopers 5 Sir Gil Simpson Drive, Burnside Christchurch 8053	
Auditors	Audit New Zealand on behalf of the Auditor-General	
Solicitors	Buddle Findlay 83 Victoria Street Christchurch	Chapman Tripp 245 Blenheim Road Christchurch 8140
Bankers	Westpac Banking Corporation L2, 2 Show Place Christchurch	
Principal Activity	To own, operate and continue development of a non-hazardous regional landfill in Canterbury.	

Directors' Report to the Shareholders

For the six months ended 31 December 2014

Your Directors take pleasure in presenting their Interim Report including the financial statements of the group for the six months ended 31 December 2014.

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. All activities to date have been in accordance with those purposes. Landfill operations commenced in June 2005.

On 1 July 2004, the company purchased 100% of the shares in Tiromoana Station Limited from Canterbury Waste Services Limited. Tiromoana owns the property within which the landfill site is located, and farmed it until 18 June 2008 at which point farming operations ceased.

On 29 February 2012, the company purchased 100% of the shares in Burwood Resource Recovery Park Limited (BRRP) from Transpacific Industries Group (NZ) Limited (now renamed Waste Management NZ Limited). BRRP is a company set up to operate a Christchurch Earthquake demolition waste material management and recycling facility and to operate a landfill for disposal of residual demolition waste.

State of Affairs

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

Directors' Remuneration

	6 months 2014		6 months 2013	
	Directors Fees	Other Remuneration	Directors Fees	Other Remuneration
Mr W G Cox	25,427	-	19,500	-
Mr R W Davison	12,713	-	11,000	-
Mr T J McIntyre	12,713	-	1,833	-
Mr D East	12,713	-	-	-
Mr R B McKenzie	15,713*	-	13,000*	-
Mr T H Nickels	12,713*	-	11,000*	-
Mr G S James	14,213*	-	12,500*	-
Mr I G Kennedy	12,713*	-	11,000*	-
Mr G H Clemens (resigned 29/11/2013)	-	-	9,167	5,000
Ms S A Buck (resigned 11/04/2014)	-	-	11,000	-

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

All directors' fees are in respect of the parent company. Board members who are appointed by the parent to represent it on the board of a subsidiary do not receive additional directors' fees. The directors of the subsidiaries, Tiromoana Station Limited and BRRP, comprise the full Transwaste Board.

Directors' Report to the Shareholders (Continued)

For the six months ended 31 December 2014

During the prior period, Mr GH Clemens received remuneration totalling \$5,000 for maintaining a prudential supervisory role with Tiromoana Station Limited, including management of the real estate owned by the group. Payment was made directly by Tiromoana Station Limited.

No other remuneration or benefits have been paid to directors. The fees and remuneration have been entered in the interests register.

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>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Elastomer Products Limited	Director
Mainpower New Zealand Limited	Director
Coolpak Coolstores Limited Group	Director
Independent Fisheries Limited	Director
Talbot Technologies Limited	Director
Barlow Brothers NZ Limited	Director
Connell Contractors South Limited	Director
Tuatara Covers Limited	Director
Ngai Tahu Farming Limited (appointed 1 July 2014)	Director
Shopping Centre Investments Limited (appointed 7 August 2014)	Director
New Zealand Transport Agency	Board Member
Canterbury Earthquake Transition Advisory Board (appointed 30 January 2015)	Board Member

MR R W DAVISON

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Mossman & Davison Limited	Director and shareholder
Hurunui District Council	Councillor
Central Plains Water Trust	Trustee
Amuri Health Care Limited	Director
Toraja Rural Development Charitable Trust	Trustee
Canterbury Regional Landfill Joint Committee	Committee Member

MR R B MCKENZIE

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Midwest Disposals Limited	Director
Waste Management NZ Limited	Consultant

Directors' Report to the Shareholders (Continued)

For the six months ended 31 December 2014

MR G S JAMES

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Canterbury Material Recovery Facilities Limited	Director
Tiromoana Station Limited	Director
Living Earth Limited	Director
National Waste Advisory Board	Board Member
Waste Management NZ Limited	Employee

MR T H NICKELS

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Beijing Capital Waste Management NZ Limited	Director
Waste Management NZ Limited, plus various wholly owned subsidiaries	Director
Waste Management NZ Limited	Employee
Midwest Disposals Limited	Director
Living Earth Limited	Director

MR I G KENNEDY

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Pikes Point Transfer Station Limited	Director
Waste Management NZ Limited	Employee

MR T J MCINTYRE

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Canterbury Rugby Football Union	Director and Deputy Chair
CPIT Trades Innovation Advisory Board	Chair
CERA Community Forum	Government Appointment
Canterbury Youth Futures	Chair
Committee for Canterbury	Trustee
Ministry of Education	Contractor
Ministerial Advisory Group on Boys Learning	Chair

MR D EAST

	<i>Position Held</i>
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Canterbury Development Corporation Limited	Director
Canterbury Museum	Board Member
Cavalier Business Services	Director/Shareholder
Christchurch City Council	Councillor
Canterbury Regional Landfill Joint Committee	Chairman

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

Directors' Report to the Shareholders (Continued)

For the six months ended 31 December 2014

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 group 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 \$20,312 (2014: \$13,875).

Recommended Dividend

The general policy for the company is to declare dividends calculated at 100% of the parent company net profit after tax after allowing for working capital requirements, as set out in the company's Statement of Intent. Dividends of \$7,600,000 were paid during the six month period ended 31 December 2014.

An interim dividend of \$6,000,000, which was declared after the reporting date, is disclosed in Note 5.

Donations

The parent company made a donation of \$37,500 to the Kate Valley Landfill Community Trust (2013: \$35,000) during the period.

Auditor's Remuneration

The auditor of the Group is Audit New Zealand

The annual remuneration for auditing services provided by Audit New Zealand was \$72,491 (2013: \$83,000). No other services were provided by the auditor.

Statement of Objectives and Performance

For the six months ended 31 December 2014

Targets were set under the Statement of Intent for the three years ending 30 June 2017. A comparison of achievement against those targets is as follows:

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 2015)	Progress Toward Achievement
To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets:	Total Landfill Revenue (inclusive of waste levy) of \$39,309,000	Forecast landfill revenue for the full year is \$43,200,000. The annual tonnage of waste to landfill is forecast to be 8% above budget.
	Annual landfill EBIT of \$15,432,000	On track. Estimated full year EBIT of \$17,700,000.
	Average return on invested capital of 11.6%	On track. Estimated full year average return on invested capital of 12.1%.
To effectively operate the Burwood Resource Recovery Park to achieve specific commercial performance targets:	Total annual BRRP revenue of \$12,676,000	Forecast revenue for the full year is \$16,900,000. The year to date tonnage of earthquake waste received is significantly above the budgeted level.
	Annual BRRP EBIT of \$5,720,000	Achieved. Estimated full year EBIT of \$10,700,000.

Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2014

Objective

Healthy Environment: *To ensure that the group, 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 natural resources*

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2015)	Progress Toward Achievement
(a) No proven breaches of Resource Management Act consents.	Nil proven consent breaches.	On track – nil to date.
(b) Maintenance of an appropriate risk funding mechanism to cover environmental risk.	\$12,000,000 of Value of Performance Guarantee posted at required level for landfill stage (year 10).	A financial assurance bond to the consenting authorities is in place to the value required for the landfill stage. An updated bond regime is being considered by the consent authorities.
(c) Implement the Environmental Policy.	Nil enforcement actions by consent authorities.	On track – nil to date.
(d) Continue to implement the native forest restoration project in accordance with the Tiromoana Bush Management Plan.	4,000 plants of native species planted during the year.	While 3,515 plants have been planted as at 31 December 2014, funding has shifted to accelerate deer fencing.

Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2014

Objective***Corporate Citizenship: To be a responsible Corporate Citizen by acting lawfully, fairly and honestly and to be sensitive to local issues.***

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2015)	Progress Toward Achievement
(a) To ensure compliance with any contractual arrangements.	Nil contractual non-compliances.	On track. No contractual non-compliances.
(b) To ensure compliance with all relevant legislative and regulatory requirements.	Nil legislative and regulatory non-compliances.	On track. No proven legislative and regulatory non-compliances.
(c) Kate Valley landfill Annual Review to report to its stakeholders and the community within which it operates, reporting on social, environmental, and financial performance.	Annual review published on the Company's website by October 2014 for the 2013/14 year.	Not prepared for 2013/14. The reporting format is to be reviewed for the 2014/15 year.

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 2015)	Progress Toward Achievement
(a) Timely, high quality and reliable waste transport services.	Empty containers are available for transfer stations for more than 99.5% of waste transport fleet hours worked.	On track. There have been 4 hours where containers were unavailable to transfer stations out of 2,226 hours of operation, representing 99.8% performance.
(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.	On track. No disruption of waste transport services occurred, despite the landfill being closed due to high wind on 11 days for 33.5 hours in total.
(c) Reliability of access to the BRRP facilities.	BRRP is available to demolition contract transporters for more than 99% of normal annual transport access hours.	On track. No disruption of waste transport services occurred.

Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2014

Objective

Good Employer: Be a Good Employer, through either direct employment or by way of management contracts with Canterbury Waste Services (CWS) and Canterbury Material Recovery Facilities (CMRF). To ensure that CWS and CMRF adhere to the performance targets set out under this clause. 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.

Desired Outcomes	Performance Measures and Target (for Year Ending 30 June 2015)	Progress Toward Achievement
(a) Adopting objectives and policies that detail the relationship with employees, their remuneration, safety and other issues such as equal opportunity in employment.	Less than 15% annually of CWS landfill and transport staff annual FTE turnover.	On track. Turnover of permanent employees was 0 at landfill and 0 in transport out of 42 FTEs, resulting in 0% annual turnover.
(b) Ensuring that its employees have secure and rewarding employment which provides the means for personal development.	10 hours per FTE annually for CWS landfill and transport staff annual hours on external training.	On track. Currently, CWS landfill and transport staff have undertaken 218.5 hours of external training in the 6 month period, equivalent to 10.4 hours per FTE annually.
(c) Clearly defining the performance standards expected of all employees and by appropriate action mechanisms ensuring that these standards are met.	10 hours per FTE annually for BRRP staff annual hours on training.	On track.
	For CWS, operational performance, as reported in Landfill Annual Report and Peer Review Panel Annual Report, to the Board's satisfaction.	Operational performance on track. Landfill Annual Report and Peer Review Report for 2013/14 was not yet filed as at 31 December 2014.
	For BRRP, operational performance, as reported in Annual Report, to the Board's satisfaction.	To be measured at year end.
(d) Ensuring that in all activities the company and its contractors have Health and Safety Management Plans in place.	Nil CWS Lost Time Injuries per 1,000,000 hours worked.	On target. CWS LTI frequency rate at 31 December 2014 was 0.0 LTIs per 100,000 hours worked.
	Nil BRRP Lost Time Injuries per 1,000,000 hours worked.	On target. CMRF LTI frequency rate was 0.0 LTIs per 100,000 hours worked.

Statement of Objectives and Performance (Continued)

For the six months ended 31 December 2014

Objective***Consultation and Community Relations: Establish and maintain good relations with the local host community of the Kate Valley landfill and Burwood areas 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 2015)	Progress Toward Achievement
(a) Finance the Kate Valley landfill trust fund (from the Disposal Charge) for the purpose of benefiting the local community immediately affected by the landfill operation.	Annual payment to Kate Valley Landfill Community Trust, to be determined on an annual basis.	An interim payment of \$37,500, based on the prior year, was made during the period. Further contributions are to be discussed during March 2015.
(b) Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group.	<p>Nil complaints regarding landfill operations.</p> <p>No more than one complaint per 2,000 trips at Kate Valley regarding waste transport operations.</p> <p>Any complaints regarding operators transporting earthquake demolition waste to BRRP are followed up within 48 hours of the complaint being received by BRRP.</p>	<p>Not achieved. 40 complaints received regarding odour. Consent authority audits have yielded no odour related breaches in the corresponding period.</p> <p>On track. There were 4 verified complaints and 8,547 trips in the period - a rate of 0.9 complaints per 2,000 trips.</p> <p>On track. No complaints received.</p>
(c) Consult with interest groups including Tangata Whenua on an as-required basis and discuss all issues likely to affect them.	<p>At least two Kate Valley Community Liaison Group meetings held per year.</p> <p>At least two BRRP Community Liaison Group meetings held per year.</p>	<p>Achieved. Two Community Liaison Group meetings held in period.</p> <p>Achieved. Two Community Liaison Group meetings held in period.</p>

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2014

	Note	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Revenue				
Sales	2	34,472	27,120	57,092
Rental & Other		26	32	51
Interest		316	272	706
Changes in fair value of forestry		-	-	108
Total Revenue		34,814	27,424	57,957
Expenses				
Audit fees				
- Annual audit		35	46	72
Depreciation and amortisation		3,306	2,547	4,845
Impairment of receivables		(24)	35	(14)
Impairment of Assets		-	-	527
Employee benefits costs		119	105	205
Landfill and facilities operating expenses		9,730	9,065	17,741
Waste levy	2	1,702	1,519	3,110
Other expenses		874	1,063	1,971
Total Expenses		15,742	14,380	28,457
Profit before finance costs and tax		19,072	13,044	29,500
Finance costs		429	735	1,167
Profit before tax		18,643	12,309	28,333
Income tax expense		5,220	3,457	8,035
Profit for the period		13,423	8,852	20,298
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Cash flow hedges, net of tax		-	490	490
Total other comprehensive income for the period		-	490	490
Total comprehensive income for the period		13,423	9,342	20,788

The notes on pages 18-24 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Statement of Changes in Shareholders' Equity

For the six months ended 31 December 2014

	Note	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance 1 July 2013		16,000	135	9,835	25,970
Profit for the period		-	-	8,852	8,852
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax		-	490	-	490
Total comprehensive income for the period ended 31 December 2013		-	490	8,852	9,342
Dividend	5	-	-	(5,000)	(5,000)
Balance 31 December 2013		16,000	625	13,687	30,312
Balance 1 July 2014		16,000	625	19,460	36,085
Profit for the period		-	-	13,423	13,423
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax		-	-	-	-
Total comprehensive income for the period ended 31 December 2014		-	-	13,423	13,423
Dividend	5	-	-	(7,600)	(7,600)
Balance 31 December 2014		16,000	625	25,283	41,908
Balance 1 July 2013		16,000	135	9,835	25,970
Profit for the year		-	-	20,298	20,298
<i>Other comprehensive income:</i>					
Movement in reserves		-	-	-	-
Cash flow hedges, net of tax		-	490	-	490
Total comprehensive income for the year ended 30 June 2014		-	490	20,298	20,788
Dividend	5	-	-	(10,673)	(10,673)
Balance 30 June 2014		16,000	625	19,460	36,085

The notes on pages 18-24 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Balance Sheet

As at 31 December 2014

	Note	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Assets				
Non-current assets				
Property, plant and equipment	3	62,874	54,885	52,880
Forestry		1,315	1,207	1,315
Emission units		441	12	441
Total non-current assets		64,630	56,104	54,636
Current assets				
Cash and cash equivalents		15,216	15,774	21,220
Trade and other receivables		9,301	6,116	7,972
Term deposits		10,000	5,000	2,500
Assets held for sale		46	-	46
Total current assets		34,563	26,890	31,738
Total assets		99,193	82,994	86,374
Equity				
Contributed equity		16,000	16,000	16,000
Reserves		625	625	625
Retained earnings		25,283	13,687	19,460
Total equity		41,908	30,312	36,085
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings		-	5,000	-
Closure and post-closure provision	4	15,040	2,789	2,892
Derivative financial instruments		221	-	85
Deferred income	8	23,171	23,089	23,818
Deferred income tax liability		8,413	8,848	8,552
Total non-current liabilities		46,845	39,726	35,347
Current liabilities				
Trade and other payables		5,586	5,044	5,391
Deferred income	8	3,320	5,059	3,413
Income tax payable		1,486	2,817	6,112
Employee benefits		48	36	26
Total current liabilities		10,440	12,956	14,942
Total liabilities		57,285	52,682	50,289
Total equity and liabilities		99,193	82,994	86,374

The notes on pages 18-24 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Cash Flow Statement

For the six months ended 31 December 2014

	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Cash flows from operating activities			
Receipts from customers	32,397	25,551	52,982
Interest received	316	272	706
Other revenue	26	32	42
Payments to suppliers and employees	(12,771)	(12,193)	(23,169)
Interest paid	(22)	(632)	(875)
Income tax paid	(9,985)	(881)	(2,461)
Goods and services tax (net)	559	538	394
Net cash from operating activities	<u>10,520</u>	<u>12,687</u>	<u>27,619</u>
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment	-	1,743	1,791
Purchase of property, plant & equipment	(1,424)	(1,687)	(2,620)
Purchase of emission units	-	-	(428)
Term deposit	(7,500)	(5,000)	(2,500)
Net cash from investing activities	<u>(8,924)</u>	<u>(4,944)</u>	<u>(3,757)</u>
Cash flows from financing activities			
Repayments of borrowings	-	(5,000)	(10,000)
Dividends paid	(7,600)	(5,000)	(10,673)
Net cash from financing activities	<u>(7,600)</u>	<u>(10,000)</u>	<u>(20,673)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(6,004)	(2,257)	3,189
Cash, cash equivalents and bank overdrafts at the beginning of the period	<u>21,220</u>	<u>18,031</u>	<u>18,031</u>
Cash, cash equivalents and bank overdrafts at the end of the period	<u>15,216</u>	<u>15,774</u>	<u>21,220</u>

The notes on pages 18-24 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Cash Flow Statement

For the six months ended 31 December 2014

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

	December 2014 \$'000	December 2013 \$'000	June 2014 \$'000
	Interim	Interim	Annual
Profit for the period	13,423	8,852	20,298
Add/(less) non-cash items:			
Depreciation and amortisation	3,306	2,547	5,372
Loss/(Gain) on changes in fair value of forestry	-	-	(108)
Interest rate swap	136	(191)	85
Time value adjustment	271	103	207
Deferred tax	(139)	1,412	(488)
	<u>3,574</u>	<u>3,871</u>	<u>5,068</u>
Add/(less) movements in working capital items:			
Receivables	(1,337)	(1,158)	(2,974)
Income tax payable	(4,626)	(462)	6,062
Deferred income	(740)	(314)	(1,231)
Trade payables	226	1,898	118
	<u>(6,477)</u>	<u>(36)</u>	<u>1,975</u>
Add/(less) items classified as investing activities			
Trade payables - property, plant and equipment	-	-	278
	<u>-</u>	<u>-</u>	<u>278</u>
Net cash inflow/(outflow) from operating activities	10,520	12,687	27,619

The notes on pages 18-24 form an integral part of this condensed consolidated interim financial information.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

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 Group consists of Transwaste Canterbury Limited and its wholly owned subsidiaries, Tiromoana Station Limited and Burwood Resource Recovery Park Limited. All companies are incorporated and domiciled in New Zealand. The primary objective of the parent company is to own, operate and continue development of a non-hazardous landfill for the Canterbury region. The company owns the landfill and surrounding land via its subsidiary, Tiromoana Station Limited. Burwood Resource Recovery Park Limited operates a Christchurch Earthquake demolition waste material management and recycling facility and a landfill for disposal of residual demolition waste.

This condensed consolidated interim financial information was approved for issue by the Board on 27 February 2015.

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

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

Summary of Significant Accounting Policies

This condensed consolidated interim financial information for the six months ended 31 December 2014 has been prepared in accordance with NZ IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2014, which have 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.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective, that have not been early adopted, and which are relevant to the company and group are:

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the profit or loss. The new standard is required to be adopted for the year ended 30 June 2018. Transwaste Canterbury Limited has not yet assessed the effect of the new standard and expects it will not be early adopted.

2. Revenue - Waste levy

Effective from 1 July 2009, a waste levy (currently levied at \$10 per tonne of waste to landfill) is payable by the company to the Ministry for the Environment. The levy, totalling \$1,702,000 for the six month period to 31 December 2014 (2013: \$1,519,000), is on-charged to customers and the on-charge is included in sales revenue.

3. Property, plant and equipment

During the six months ended 31 December 2014, the group acquired assets with a total cost of \$1,424,000 (31 December 2013: \$1,687,000).

In addition, the estimates for the provision for closure and post closure costs were reassessed at 1 July 2014, resulting in a further \$11,877,000 being capitalised to the closure and post closure asset (see Note 4 below).

There have been no disposals during the six month period to 31 December 2014 (31 December 2013: \$nil).

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

4. Closure and post-closure provision

	December 2014 \$'000	December 2013 \$'000	June 2014 \$'000
	Interim	Interim	Annual
Opening balance	2,892	2,685	2,685
Assessment of current value of landfill costs	11,877	-	-
Effect of time value adjustment	271	104	207
Amounts used during the period	-	-	-
Closing balance	15,040	2,789	2,892

Provision is made for the future costs of closing the company's landfill at the end of its economic or consented life and for the associated post-closure costs, being the aftercare of the landfill for the prescribed periods. 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.

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 remaining consented life is 26 years.

The cash outflows for landfill post-closure are expected to occur in twenty six to fifty one years time (or between 2040 and 2065). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 3.67%.

A reassessment of the future costs and the discount rate were calculated effective from 1 July 2014. The discount rate was updated from 7.7% as applied in prior periods to the risk free rate at reporting date, being 3.67%. The resulting reassessment of current value of \$11,877,000 arising from the cost and discount rate reassessments has been capitalised to the closure and post closure asset and recognised in the provision as required by the financial reporting standards.

There are no current provisions.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

5. Dividends

	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Dividends paid or accrued during the year			
Interim dividends ¹	-	-	5,673
Final dividends ²	7,600	5,000	5,000
	<u>7,600</u>	<u>5,000</u>	<u>10,673</u>

¹ No Interim dividends were paid during the 31 December periods (\$4,600,000 on 12 March 2014; \$1,073,000 on 16 June 2014).

² Final dividend (fully imputed) for 2014 of \$7,600,000 declared and paid on 29 August 2014 (2013: \$5,000,000 fully imputed on 26 August 2013).

A fully imputed interim dividend of \$6,000,000 was declared and paid on 27 February 2015.

6. Capital commitments and operating leases

	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Capital commitments contracted for at balance date but not yet incurred for property, plant and equipment	1,627	1,210	403

There are no capital commitments in relation to forestry.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2014

Operating leases as lessor

The group leases land not immediately required for its operations under operating leases. The leases are with one external party and have non-cancellable terms of 10 years.

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

	December 2014 \$'000	December 2013 \$'000	June 2014 \$'000
	Interim	Interim	Annual
Not later than one year	51	49	51
Later than one year and not later than five years	102	171	153
Later than five years	-	-	-
Total non-cancellable operating leases	<u>153</u>	<u>220</u>	<u>204</u>

No contingent rents have been recognised during the period.

7. 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 disposal and transport services.

Notes to the Financial Statements

For the six months ended 31 December 2014

The following transactions were carried out with related parties:

	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
(a) Sales of services			
Associates (landfilling and transport)	18,487	14,823	30,913
Associates (rental)	-	-	-
	<u>18,487</u>	<u>14,823</u>	<u>30,913</u>
(b) Purchases of services			
Associates (waste disposal, transport and construction)	14,939	10,422	21,892
Associates (rates)	14	9	24
Associates (reimbursement of costs)	-	-	77
Associates (management services)	-	-	-
	<u>14,953</u>	<u>10,431</u>	<u>21,993</u>
(c) Year end balances arising from sales/purchases of services			
<i>Receivables from related parties</i>			
Associates	5,123	2,960	4,194
<i>Payables to related parties</i>			
Associates	2,701	1,817	3,189
Key management personnel			
Directors' fees and other short term employee benefits	119	105	205

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 (2013: nil).

Notes to the Financial Statements

For the six months ended 31 December 2014

8. Deferred income

Burwood Resource Recovery Park Limited was granted resource consents for the processing, sorting and disposal activities for Christchurch earthquake related waste on 19 September 2012 and commissioned the processing plant on 1 May 2013. Until the point of commissioning the plant, only the receipt and stockpiling of earthquake waste had occurred. Only a portion of the services BRRP is to perform on waste received and stored in the stockpile have, at balance date, been completed. Consequently, only a portion of the revenue received is treated as earned, with the balance remaining as deferred income.

Further revenue will be treated as earned as the waste held in the stockpile is processed. At balance date deferred income totalled \$26,491,000 (2013: \$28,148,000). \$740,000 (2013: \$314,000) was released to income during the period, as a result of processing waste held in the stockpile.

9. Events occurring after the reporting period

Declaration of dividend

Details of the interim dividend paid are given in Note 5.

10. 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 group's post-1989 forests. The subsidiary, Tiromoana Station Limited has received credits for periods up to 31 December 2012.

The group 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 group has no liability for deforestation as at 31 December 2014 (2013: nil).

Contingent liabilities

	December 2014 \$'000 Interim	December 2013 \$'000 Interim	June 2014 \$'000 Annual
Bonds	12,112	12,112	12,112

Bonds of \$12,112,500 (2013: \$12,112,500) have been arranged with the parent company's bankers in terms of resource consents granted to the company. It is anticipated no material liabilities will arise.

No material losses are anticipated in respect of the contingent liabilities.

5. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.

28. 4. 2015

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE
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 6, 7, 8 and 9.

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)

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:

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SUBCLAUSE & REASON UNDER ACT	SECTION	PLAIN ENGLISH REASON	WHEN REPORT CAN BE RELEASED
6.	PUBLIC EXCLUDED MINUTES OF A MEETING OF THE CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE HELD ON 8 AUGUST 2014	Prejudice Commercial Position	7(2)(b)(ii)	Confidentiality required due to commercial information.	August 2016
7.	TRANSWASTE CANTERBURY LTD - COMMENT ON THE DRAFT STATEMENT OF INTENT FOR THE THREE YEAR PERIOD ENDING 30 JUNE 2018	Prejudice Commercial Position	7(2)(b)(ii)	Confidentiality required due to commercial information.	August 2016
8.	VERBAL UPDATE FROM TRANSWASTE CANTERBURY LTD: 2014/15 FINANCIAL YEAR VERSUS BUDGETS FOR KATE VALLEY AND BURWOOD RESOURCE RECOVERY PARK	Prejudice Commercial Position	7(2)(b)(ii)	Confidentiality required due to commercial information.	August 2016
9.	PRESENTATION BY TRANSWASTE CANTERBURY LTD: THE HISTORY OF KATE VALLEY	Prejudice Commercial Position	7(2)(b)(ii)	Confidentiality required due to commercial information.	August 2016

CANTERBURY REGIONAL LANDFILL JOINT COMMITTEE 28. 4. 2015**Chairperson's**

Recommendation: That the foregoing motion be adopted.

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.”