

Transwaste Canterbury Limited Group

Statement of Intent

For the three-year period ending 30 June 2026



Issued by the Transwaste Canterbury Board on 22 June 2023

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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 verify and certify its carbon 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.
	<p>Support New Zealand’s “Predator Free by 2050” goal.</p> <p>(a) Regular culling of large mammal pests from Kate Valley & Tiromoana Bush.</p> <p>(b) Regular trapping of small mammal pests from Kate Valley and Tiromoana Bush.</p>	<p>Predator Free by 2050</p> <p>Limit large mammal pests (pigs and deer) to low levels in Tiromoana Bush.</p> <p>Small mammal pests (mustelids, rodents, possums, cats, hedgehogs) reduced to levels that have minimum impact on native biodiversity in Tiromoana Bush.</p>	<p>Impact on restoration plantings and natural regeneration</p> <p>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.</p>	<p>No adverse impacts on restoration plantings from deer and pig rooting (such damage being evident in <5% of vegetation monitoring plots).</p> <p>Increase in abundance of birdlife.</p>

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.
		Maximise capture and destruction of landfill gas from Kate Valley landfill.	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.	Ensure the capture and destruction of in excess of 95% of landfill gas produced by Kate Valley landfill as measured by the methodology applicable for the ETS reporting period.
		Reduce GHG emissions from Controlled Waste haulage	When CWS haulage vehicles replaced in accordance with replacement programme moving from certification Euro 4 and 5 to Euro 6.	Maintain or improve average Euro emission rate of CWS fleet.
	To use the gas captured in a socially and economically sustainable way.	To ensure the beneficial use of landfill gas to obtain the best economic value.	MWh of electricity exported from Kate Valley landfill.	Increase MWh exported by 50% over the three-year Sol period.
	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 scheme if regulations are	Monitor and report the tonnage of carbon sequestered (measured by

Objective in support of Mission Statement		Desired outcomes	Performance measure	Performance target
		Report annually carbon emissions attributable to the waste received from each Territorial Local Authority area, both before and after carbon reduction initiatives.	not in place) by 31 December 2022. Annual Report on carbon emissions to Territorial Local Authorities.	accrual of ETS units). 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 landfill is available to waste transporters.	Zero events. More than 99% of normal annual transport access hours.

Objective in support of Mission Statement	Desired outcomes	Performance measure	Performance target	
Health and Safety				
5.4	<p>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>	<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	<p>Be a Good Employer, through either direct employment or by way of the management contract with CWS.</p>	<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) \$72,025,000 - EBIT \$20,256,000 - Dividends paid (Kate Valley) \$11,650,000

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	72,025	77,049	78,466
Total revenue exclusive of waste levy	54,625	56,325	57,898
EBIT	20,256	21,164	21,383
Dividends payable	11,650	13,800	13,800

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	42.7%	34.0%*	35.0%

* - due to impact of the anticipated final BRRP project dividend of \$5m and significant capital expenditure in the period

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	4,800*	6,800	7,000
- Interim for current year	6,850	7,000	6,800
- BRRP final project dividend	-	5,000	-
Total	11,650	18,800	13,800

* - estimated at \$7.0m 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:

- (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; and
- (d) 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.