

5. CHAIRMAN'S REPORT TO CANTERBURY WASTE SUBCOMMITTEE CONCERNING MEETING OF TRANSWASTE CANTERBURY LTD HELD ON FRIDAY 19 APRIL 2002

As part of the Board's ongoing strategic property considerations the Board received and discussed a report from the Manager of Canterbury Waste Services relating particularly to recently obtained property valuations. These will assist the Board in its further deliberations of the company's real estate plan for Tiromoana Station. The Board also discussed a number of legal matters concerning the titles for the property. Another matters concerning property issues was an application by Waipara Promotions Association for the establishment of a walkway on the property to Mt Cass. The Board considered all aspects of the matter and will advise the Association that the matter cannot be decided until all resource consent issues have been dealt with and a final resource consent obtained. Thereafter the Board intends to be co-operative with the request from the Association.

The Board then admitted to the meeting Mr Peter Mitchell, the City Council's Legal Services Manager. Mr Mitchell presented a paper to the Board on the Local Government Official Information and Meetings Act 1987 and the amendments recently made to it. The Board discussed the implications of this amended legislation with Mr Mitchell and as a result is now fully aware of its implications for the company. The Board is concerned that if the amended legislation is passed as it is, then Transwaste Canterbury Ltd will be defined as a Council-controlled organisation.

The General Manager of Canterbury Waste Services then presented his monthly progress report. This covered a number of roading issues and property management issues. Mr James also presented a briefing paper to the Board concerning progress with the lodging of resource consent applications for the landfill. These applications are expected to be lodged with Environment Canterbury and the Hurunui District Council some time during the early part of May. He reported that discussions have commenced between these two authorities regarding the process and associated issues such as the appointment of independent commissioners. Mr James' paper covered communication tools to be used at the same time the applications are lodged. These tools will include a newsletter to go to all interested parties including Environment Canterbury and the Hurunui District Council and the news media. The newsletter will also be rewritten into a media release. The media will also be given an information pack to ensure that they are fully informed. Verbal interviews will be avoided as far as possible. Shareholder councils will also receive the information pack. The Board amended and approved this material. Mr James also presented the Board with a monthly financial report to 31 March 2002. This covers phase 2(a) (consent application). The report showed that expenditure continues to track well below the approved budget. The Board has also adopted targets below the approved budget and results to date show that although these targets will be exceeded the items in excess of the targets have been well justified. The Board also received the monthly health and safety report which showed no incidents or accidents over the last month by staff employed by Canterbury Waste Services and it also showed that there have been no lost time personnel incidents or accidents amongst staff employed by Tiromoana Station Ltd.

The monthly report on the operations of Tiromoana Station to 28 February 2002 was received and discussed. The report showed that the operation of the farm was progressing well with the final result for the year likely to exceed the budget by approximately \$160,000. The report was presented by one of the directors, Mr Gerry Clements, who will also present a report to the Canterbury Waste Subcommittee at its May meeting.

The company secretary's report was delivered by Mr John Orr. This dealt with the investment of available funds and confidentiality agreements and deeds of indemnity for alternate directors. Mr Orr also drew the attention of the Board to a requirement in the shareholders' agreement which states:

"The Board shall prepare at least 30 days before the beginning of each financial year of the company a financial and business plan for each of the next five financial years. The financial and business plan shall contain details of anticipated income and expenditure (including capital expenditure), draft budget proposals and cashflow forecasts for each of the succeeding five financial years."

The Board considered that it is impracticable for a five year financial and business plan to be prepared at this stage for the following reasons:

1. The conditions which may attach to consents could impact on construction and operational costs.
2. Construction costs while estimated for budgeting purposes have not yet been contracted and finally costed.
3. Detailed operational plans can only be prepared in the context of actual consenting conditions which are unknown at this time.

The Board will therefore prepare a financial and business plan for the next year and advise shareholders of this together with the reasons why a five year financial and business plan cannot be prepared at this stage. The Board **received** the monthly receipts and payments account, statement of financial position and Board workplan. The Board also **received** a copy of the minutes of the meeting of the Canterbury Waste Subcommittee held on 11 March 2002 for its information, and also received routine correspondence.