



STRONGER TOGETHER

PACKAGING COUNCIL OF NEW ZEALAND
ANNUAL REPORT 2017



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**WE OPERATE IN A TIME
OF ACCELERATING CHANGE
AND DISRUPTION. THE GLOBAL
CONSUMER IS DEMANDING
MORE ACCOUNTABILITY FROM
INSTITUTIONS SPURRED ON BY
MEDIA OFTEN CHARACTERISED
BY SENSATIONALISM AND
MISINFORMATION. THIS
CONSTANT FLUX CREATES
AMBIGUITY AND VOLATILITY
FOR THE PACKAGING INDUSTRY.
MORE THAN EVER WE MUST
RESET THE DIALOGUE AND
REORIENTATE PEOPLE'S
PERSPECTIVE ON PACKAGING –
ITS VALUE AND CONTRIBUTION
TO A NEW ZEALAND
EXPORT-LED ECONOMY.
BUT TO BE HEARD AS AN
INDUSTRY, WE MUST ENGAGE
AS AN INDUSTRY.
WE ARE STRONGER TOGETHER.**



PRESIDENT'S REPORT

I have reflected on the messages that I shared with our membership at the last AGM. Interestingly, for me they remain our current reality.

"This volatile, uncertain, complex and ambiguous environment requires us to have a clarity, understanding, empathy, and agility. For us to be relevant and successful, we need to communicate clearly, be open to fresh perspectives, work collaboratively, listen well and think divergently."

I, along with many of you, am involved in leading our companies and organisations to embrace accelerating change, disruption and the evolving expectations of globally connected consumers. Though this journey can leave you breathless at times, the ability to interpret this space will be critical to member companies future sustainability – in all the senses of that last word!

The Packaging Council Executive have been clear of its purpose: that is to advocate and promote packaging. Put simply, the role of packaging to deliver intact and hygienic products to customers and consumers, remains as critical as it has ever been. KPMG's infographic has allowed us to be articulate around these attributions. Packaging's contribution to New Zealand's export growth agenda, food security, traceability and marketing will continue to underpin that success. We have shared that perspective with our membership and others that we believe are our critical friends in this journey. We have encouraged everyone to share it further.

However, that message alone will not engage the hearts and minds of our consumers. We are all facing the reality that our consumers require us to retain society's 'licence to operate'.

Worldwide prosperity is being driven by rural countries rapidly growing, societies modernising, increased life expectancy and growing economies. For example polyethylene demand is outpacing GDP growth despite

the consumers desire for reduced packaging. This 'cognitive dissonance' will continue to shape markets, our businesses and customers.

So what does the Packaging Council wish to recalibrate so that we can demonstrate "the goodness" of packaging? How do we ensure and communicate that the packaging and the product it contains embody the best overall aspirations of the communities that produce and consume the products?

It is my view that the Council will need to think about the following:

- Touch the conversations, which are already occurring, that assist in framing those messages¹
- Provide some narrow and deep opportunities to demonstrate these messages²
- Engage politically, with government agencies and our critical friends to reflect these messages
- Provide feedback to our membership so our collective message is better heard and understood by consumers and those who would influence them.

As I think about these opportunities in front of us, I am grateful to those members who continue to support the Packaging Council of New Zealand. I wish to thank the commitment of those on the Executive. I have appreciated your individual contribution to our shared journey. I wish to particularly thank Sharon Humphreys for her singular hard work. Her passion and commitment has been critical to where we are today.

Thank you

Harry Burkhardt
President

1. <http://www.packagingdigest.com/sustainable-packaging/why-the-2030-sustainable-development-goals-matter-to-packaging-professionals1512>
2. <https://www.unglobalcompact.org/library/3111>

“
FOR US TO BE RELEVANT
AND SUCCESSFUL, WE NEED TO
**COMMUNICATE CLEARLY,
BE OPEN TO FRESH
PERSPECTIVES, WORK
COLLABORATIVELY,
LISTEN WELL AND
THINK DIVERGENTLY.**
”



EXECUTIVE DIRECTOR'S REPORT

Dear Members

As PAC.NZ celebrates 25 years of history there is much to reflect on.

The primary purpose of packaging: containment, protection and communication was our world in 1992. Set up originally at the behest of the New Zealand Government to minimise packaging waste, end-of-life recovery solutions for packaging materials were progressively met by established recycling infrastructure and commercially viable operations.

Fast-forward 25 years. The very fabric of society has changed; how we live, how we work, and how we play. This has altered the demand for packaging and the form it takes. Consumerism today demands packaging which goes beyond simple physical containment and into the realms of functional enhancement and sensory delight. Our world has shifted from what packaging 'is' to what packaging 'does'.

There is no reason to think the current patterns of society are static, or that the pace of change will slow, therefore the packaging market and the infrastructure best suited to its recovery and recycling will remain dynamic.

But these changes have come at a cost. It is a cost which is played out in the media, contextualised in sensational headlines and misinformation, eliciting emotional responses without regard for facts or evidence, creating risks for businesses and regulators alike.

5,751
BUSINESS UNITS

49,000
EMPLOYEES

1.8%
OF GDP

THE NEW ZEALAND
PACKAGING INDUSTRY

“
THE INTRODUCTION OF THE
WASTE MINIMISATION ACT IN 2008
**CHANGED THE LANDSCAPE
COMPLETELY.**
”

PAC.NZ has a proud history of supporting its members across the packaging value chain; businesses that employ New Zealanders and represent real GDP; businesses that have stood the test of time weathering regulatory fashion. Through the two Packaging Accords, a shared responsibility for measuring and mitigating the impact of packaging in New Zealand was established. This collaborative effort, involving central government, local government, and the packaging and recovery industries, led the way in defining packaging issues and providing a platform for shared solutions that were commercially and environmentally sustainable.

The introduction of the Waste Minimisation Act in 2008 changed the landscape completely.

Under the new regime commercial recycling operations have been compromised as waste streams have been diced and sliced into 'schemes' introducing artificial economic conditions which operate outside of commercial realities. Programmes have come and gone with questionable success demonstrated by a lack of longevity. And a new industry of 'product stewardship' has emerged. There has been a narrowing of focus by the regulatory community as waste minimisation has come to be seen as a specialist discipline managed in isolation of the integrity of the product being delivered and the expectations of the consumer.

It has also become a crowded space, no longer with a shared purpose, but dominated by entrenched positions, uncompromising dialogue and vested financial interests. Calls for regulatory intervention are louder than ever, ostensibly motivated by a claimed perceived lack of 'progress' with scant regard for defining the problem or understanding the shape of the outcome.

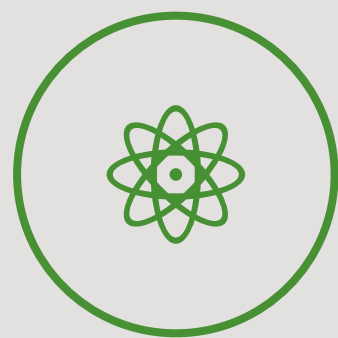
Arguably today, there has never been a more important time for PAC.NZ.

Our focus is firmly set on resetting the dialogue; recognising the value of packaging as a key sector in the New Zealand economy, one that improves the utility and safety of products and underpins producers and manufacturers efforts to 'add value' in an export-dependent economy. One that does not lose sight of the primary purpose of packaging to deliver goods in a form acceptable to the consumer, hygienic, undamaged and at reasonable cost. We are reframing the conversation to celebrate the innovation and success of New Zealand businesses and elevating the messages amongst stakeholders to break through linear, simplistic thinking which is at odds with the complex world we operate in and the growing calls for circular thinking. We want to continue forming partnerships with those organisations who, like us, see the value in jointly and collaboratively navigating the complexities of balancing people, planet and profit.

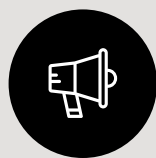
My message to you for the coming year is that PAC.NZ's vision is clear and our commitment is strong.

Finally, my thanks to each and every one of you for your ongoing support of our journey. In particular my thanks go to the Executive Board under the leadership of Harry Burkhardt and Murray Parrish; they continue to provide direction which is clear, pragmatic and reflects the realities they face every day in their own businesses.

Sharon Humphreys
Executive Director



ACTIVITY REPORT



ADVOCACY

Our advocacy during the year has focussed on the broader remit of PAC.NZ to represent packaging issues. We have spent time building relationships across the political spectrum and particular note should be made on the work carried out by our Executives who represent PAC.NZ in the many forums they attend.

We have entered several submissions on behalf of members:

- **Anti-dumping and countervailing Duties Amendment Bill**

PAC.NZ's comments were limited to the effect of dumped products on existing recovery infrastructure and support of Business NZ's concerns regarding the loss of manufacturing in New Zealand.

- **Consultation document: Managing microbeads in personal care products**

PAC.NZ's submission supported the intent and purpose of the proposed ban, being the protection of marine life from exposure to micro-plastic from cosmetic and similar products. But we did suggest that the that a clear definition of the products to which the regulation applies be included in the regulation to avoid scope creep.

- **FSANZ submission "Chemical Migration from Packaging into Food"**

This was the second submission on this subject and focussed on control measures.

- **FSANZ are developing a food Packaging Information Guide**

This will cover information about managing the risk of chemical migration from packaging into food for Australia and New Zealand.

- **Wellington City Council Waste Management & Minimisation Plan (WMMP)**

PAC.NZ expressed concern that any consideration to fragment the waste and recycling systems would potentially compromise optimisation of the recovery fleet. We also expressed our willingness to collaborate on determining cost effective and efficient solutions.

We continue to be involved in dialogue around introducing levies on plastic bags, bringing back container deposits and more broadly the calls for mandatory product stewardship on packaging. We recognise the need to be vigilant to changing sentiments in these areas.

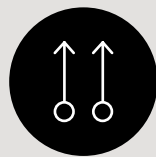


PIDA AWARDS 2017

During the year we saw the PIDAs come to life at a cocktail event held at the stunning new Fonterra Head Office in Auckland. With a strong representation from the partners on the PIDA platform the Australian Institute of Packaging (AIP) and the Australian Packaging and Processing Machinery Association (APPMA), over 100 attendees heard from speakers about the importance of celebrating what we do well and packaging is what we do well.

The cocktail event in Auckland launched the PIDA programme.

The inaugural PIDAs were awarded at a sold out event in Sydney. As the packaging and processing industries came together to recognise and reward design and innovation across their industries the vision of an integrated industry approach to deliver a prestigious awards platform was realised. The 2018 PIDA programme is already shaping up to culminate in a spectacular industry gala event with timing coinciding with the exclusive Worldstar Packaging Awards being held alongside the PIDAs in the Gold Coast.



ALIGNMENT

PAC.NZ has actively sought out alignment opportunities.

In March 2017 an MOU was signed between the Australian Packaging Covenant and PAC.NZ. The primary aim of the agreement is to deliver on initiatives which are Trans-Tasman in reach. This is a significant value-add for businesses operating across Australasia as we engage specialist advice around issues such as labelling to ensure that businesses can be confident that the work they undertake under the auspices of the Covenant do not have negative repercussions for their NZ operations. Similarly as the Covenant develops a new reporting structure, PAC.NZ is in discussions to understand how this might be extended to our members providing a voluntary platform for reporting purposes which can be benchmarked against Australian operations, or used in the New Zealand context to support calls for transparency in metrics related to packaging.

In keeping with the broader remit of representing packaging issues we have developed a new relationship with Arthritis New Zealand. As they build their own awareness campaigns and programmes focussed on dexterity issues there is significant opportunity for PAC.NZ to explore how some of their challenges can be addressed through good packaging design. Given the changing face of society packaging has a huge role to play in this area.

Separate to the PIDAs we continue to build our relationship with the Australian Institute of Packaging (AIP) to deliver quality industry training and opportunities for site visits. During the year PAC.NZ member Fonterra saw two of its personnel achieve a first in New Zealand: becoming Certified Packaging Professionals. The Certified Packaging Professional (CPP) designation is the leading mark of excellence internationally and a must-have recognition of industry proficiency and achievement for packaging professionals.

Our relationship with Plastics New Zealand remains strong with mutual knowledge sharing of industry issues and technical support. Similarly our relationship with the Scrap Metal Recycling Association of New Zealand demonstrates the benefits of understanding how other membership organisations are responding to potential regulatory creep, particularly under local bylaws, so we can present a united voice to counter these threats.



RELATIONSHIPS

In keeping with our position that our advocacy should be fact driven and evidence based we have built on our engagement with the science community.

- **Scion**
PAC.NZ has supported Scion's application to the Waste Minimisation Fund to research the extent of the microplastic/micro fibre issue in New Zealand.
- **Auckland University & BioCellection**
Following an unsuccessful application to the Waste Minimisation Fund to research biological degradation solutions for mixed plastic waste, PAC.NZ introduced Auckland University to BioCellection a small US start-up conducting research in the same area. The potential for research collaboration is being explored between the two parties.



PROMOTION

Promotional work has included presentations and representation at industry conferences and forums where there is a strong packaging alignment.

We have continued to support the Connect@Rata and Australasian Society of Association Executives events. In both cases the format is small groups of diverse professionals, engaging in robust debate, sparked by guest speakers. These events provide an opportunity to engage outside of the packaging industry on a broader range of issues related to people, planet and profit.

Media articles have concentrated on the role of packaging and the contradictions which have arisen as the lines have blurred between what society needs from packaging and what society wants from packaging. This dichotomous position remains our biggest challenge.

“

IT'S NO LONGER GOOD ENOUGH
JUST TO BE IN THE TENT,
**WE HAVE TO MAKE
THE TENT BIGGER.**

”

ANNUAL GENERAL MEETING 2016/2017

MINUTES OF THE MEETING HELD ON THURSDAY 21ST JULY 2016, AT BNZ HIGHBROOK
PARTNER CENTRE, LEVEL 1, 86 HIGHBROOK DRIVE, EAST TAMAKI

1. OPENING

The meeting commenced at 8.00am.

Harry Burkhardt, President

Welcomed members to the meeting. He began his address by acknowledging that Richard Manaton in his role as immediate past president, had handed over an organisation in good shape.

Harry went on to elaborate on the comments he had made in his President's Report in the Annual Report. He talked about the business environment packaging operates in – both at an individual level where sound economic decisions are key to survival, but also the larger picture of economics in an industry which underpins a \$60 billion export sector and similar quantum for domestic trade. Our significant contribution to New Zealand Inc. is new news for some people, he said.

Harry briefly talked about product stewardship and how this space was distracting and limiting in terms of the larger role of packaging and how our opportunities lie in the growing expectations of integrity and authenticity and the social consciousness around these issues.

Lastly Harry thanked the Executive Board and the Executive Director for all of their support over the last year.

Sharon Humphreys, Executive Director

Sharon's presentation drew inspiration from a couple of articles, which she had recently read, that aligned with the strategic direction of the organisation and demonstrated what relevance would look like for the future of PAC.NZ.

Sharon talked about how pushing back on regulatory pressures was not an obvious success for the organisation but had significant value for what it prevented. She reiterated the position of PAC.NZ to provide consistent, realistic feedback on issues affecting the industry in the context of New Zealand and New Zealand Inc.

Sharon went on to draw parallels with an article which cited five essential elements for a "future fit" business; Communication, Innovation, Diversity in the Boardroom, Sense of Purpose and lastly Time and Space. Each of these elements Sharon linked to specific work and/or philosophical positions taken by PAC.NZ. Sharon closed her presentation with a clear message: There is no doubt that PAC.NZ is future fit!

8.20am – Commencement of the Annual General Meeting – Formal Business

2. PRESENT

Harry Burkhardt	Replas
Andreas Haussrer	Amcor
Penny Garland	O-I NZ
Winsor Yang	NCI Packaging
Kate Eglinton	Waste Management
Murray Parrish	Carter Holt Harvey
Richard Hosking	Orora Kiwi Packaging
Bruce Campbell	OfficeMax
Elspeth McRae	Scion
Lou Sherman	Scion
Alistair Egan	Fuji Xerox
Spring Humphreys	Mil-Tek (Proxy)
Andrew Fox	Sealed Air
Patrick O'Donoghue	Flight Plastic
Richard Hislop	BJ Ball
Matthew Francis	BJ Ball
Nick Baker	Visy

Also in attendance were:

Sharon Humphreys	Packaging Council of NZ
Dr Siouxsie Wiles	Guest Speaker
Rossella	Supermarket News

3. APOLOGIES

Were received from:

Janice Thein	British American Tobacco
Cheryl Speechley	Tetrapak
Andrew Gleason	Visy Board NZ
Tim Bateman	Sanitarium
Matthew McGowan	Orora
Nigal Tutty	Hally Labels
Kevin Piccione	Sealed Air
Craig Blackbourn	Signode
Paul Kelly	Fonterra
Nic Bishop	Fonterra
Larisa Thathiah	Fonterra
Colin Benzie	Scholle
Martin Duffy	Visy

It was moved: that the 13 apologies for the meeting be accepted.

Andreas Haussrer / Penny Garland:
Carried

Proxies

Five proxies were received and given to the President.

4. CONFIRMATION OF MINUTES

Minutes of the Annual General Meeting held on Thursday 25th June 2015 were included in the 2016 Annual Report which had been circulated.

It was moved: minutes of the Annual General Meeting held on 25th June 2015 be accepted.

Windsor Yang / Murray Parrish:
Carried

5. ANNUAL REPORT

The 2016 Annual Report of the Packaging Council had been circulated.

It was moved: that the 2016 Annual Report be received and adopted.

Bruce Campbell / Kate Eglinton:
Carried

6. AUDITED ACCOUNTS

The 2015/16 Audited Accounts of the Council for the year ended 31st March 2016 were included in the 2016 Annual Report and had been circulated.

It was moved: that the 2015/16 Audited Accounts be received and adopted.

Elspeth McRae / Windsor Yang:
Carried

7. ELECTION OF AUDITORS

The Packaging Council is satisfied with its current auditor, Hudson Kasper, and wish to remain with them.

It was moved: that Hudson Kasper remain the Council's auditor.

Kate Eglinton / Andreas Haussrer:
Carried

8. 2016/2017 ELECTION OF OFFICERS

The Executive Director advised that under the new Constitution the Board is made up of 14 persons, with 13 Executive places available for nomination – the 14th person is the Executive Director who has speaking, but not voting, rights. The Constitution allows for a further two Executives to be co-opted at any time during the 2016/17 term, at the discretion of the Board.

The Executive Director confirmed that:

PRESIDENT – Harry Burkhardt has been nominated as President.

The role of Immediate Past President will not be filled for the 2016/17 term since Richard Manaton has left the industry and this is an ex-officio position therefore non-transferable.

Nominees for the remaining Board positions have been received as follows:

VICE PRESIDENT – Murray Parrish

Andrew Gleason	Visy
Patrick O'Donoghue	Flight Plastics
Andreas Haussrer	Amcor Flexibles
Windsor Yang	NCI
Bruce Campbell	OfficeMax
Alistair Egan	Fuji Xerox
Kate Eglinton	Waste Management Ltd
Elspeth MacRae	Scion
Cheryl Speechley	Tetra Pak
Andrew Fox	Sealed Air
Matthew McGowan	Orora Packaging

The Executive Director called for any further nominations from the floor. Since there were none it was confirmed that no ballot is necessary as places are available for all the nominations.

It was moved: that the above Nominees be confirmed as the 2016/2017 Executive Committee.

Spring Humphreys/ Andreas Haussrer:
Carried

9. GENERAL BUSINESS

No issues were raised.

10. CLOSURE

There being no further business the meeting closed at 8.35am.

Sharon introduces the guest speaker Dr Siouxsie Wiles from the University of Auckland.

Siouxsie's presentation introduced the members to the world of microbiology and how she is using the luminescent properties found in the natural world to quickly determine the efficacy of various chemicals to kill bacteria which could lead to the development of new antibiotics.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED

Opinion

We have audited the financial statements of the *Packaging Council of New Zealand Incorporated* which comprise the statement of financial position as at 31 March 2017, the statement of financial performance and the statement of movement in members' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements present fairly, in all material respects the financial position of the Packaging Council of New Zealand Incorporated as at 31 March 2017 and its financial performance for the year then ended in accordance with the Special Purpose Framework for use by For-Profit Entities published by the New Zealand Institute of Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has assisted in the preparation of the annual tax return for the *Packaging Council of New Zealand Incorporated*. Other than this we have no relationship with, or interests in, *Packaging Council of New Zealand Incorporated*.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared for the members and the Inland Revenue Department. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the entity and its members and should not be distributed to parties other than the entity or its members. Our opinion is not modified in respect of this matter.

Executive Committee's Responsibilities for the Financial Statements

The Executive Committee is responsible for the preparation of the financial statements in accordance with the Special Purpose Framework for use by For-Profit Entities and for such internal control as the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intend to liquidate the entity or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Executive Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Hudson Kasper
Chartered Accountants
Auckland
Dated: 2 June 2017

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
Operating revenue	2	235,691	269,101
Operating expenses	3	(285,708)	(290,552)
Operating surplus (deficit) before other income		(50,017)	(21,451)
Interest income		4,447	7,817
Net surplus (deficit) before taxation		(45,570)	(13,634)
Taxation expense	4	(77)	(1,300)
Net surplus (deficit) after taxation		(45,647)	(14,934)

STATEMENT OF MOVEMENTS IN MEMBER'S FUNDS

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
Accumulated funds at start of year	351,183	366,117
Net surplus (deficit) after taxation	(45,647)	(14,934)
Accumulated funds at end of year	305,536	351,183

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

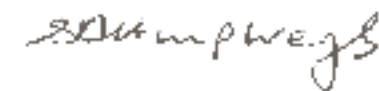
AS AT 31 MARCH 2017

	Notes	2017	2016
Current assets			
Cash at bank		149,396	335,042
Accounts receivable		-	1,173
Other current assets		2,780	1,956
Prepayments		5,000	6,958
GST Refund Due		1,023	927
Tax refund due	4	863	68
Term Deposit		151,634	-
Total current assets		310,696	346,124
Non-current assets			
Fixed assets	5	20,768	35,805
Total non-current assets		20,768	35,805
Total assets		331,464	381,929
Current liabilities			
Accounts payable and accruals		22,376	26,958
Income received in advance		3,552	3,788
Total current liabilities		25,928	30,746
Equity			
Members' accumulated funds		305,536	351,183
Total liabilities and equity		331,464	381,929

For and behalf of the Executive Committee:



Harry Burkhardt
President
2 June 2017



Sharon Humphreys
Executive Director
2 June 2017

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. STATEMENT OF ACCOUNTING POLICIES

a) Reporting entity

The Packaging Council of New Zealand Incorporated (the Council) is an incorporated society. The Council was established to provide New Zealand industry with a unified, balanced and authoritative voice on packaging issues.

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPE's) published by the New Zealand Institute of Chartered Accountants.

The financial statements have been specifically prepared for the members and for the Inland Revenue Department.

All transactions in the financial statements are recorded using the accrual basis of accounting. The financial statements are prepared on the assumption that the entity will continue to operate in the foreseeable future.

b) Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of performance and financial position on a historical cost basis are followed by the Council.

c) Specific accounting policies

The following specific accounting policies which materially effect the measurement of financial performance and position have been applied.

Revenue recognition

Subscriptions are accounted for on a cash basis. No adjustment is made for subscriptions received in advance.

Interest received is credited to the statement of financial performance on an accruals basis.

Accounts receivable

Accounts receivable are carried at estimated realisable value after providing against bad debts where collection is considered doubtful.

Accounts payable and accrued liabilities

Trade and other payables are stated at cost.

Fixed assets

Plant and equipment is recorded at cost less depreciation to date. Depreciation has been provided on all fixed assets at the maximum diminishing value (DV) and straight line (SL) rates allowable by the Inland Revenue Department. The principal rates are as follows:

Furniture and fittings	9.6% - 18%	DV
Office equipment	18% - 67%	DV & SL
Website development	40%	SL

Leases

The Council leases premises.

Leases which have a significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

Goods and services tax

The statement of financial performance has been prepared so that all components are presented exclusive of GST. All items in the statement of financial position are presented net of GST, with the exception of receivables and payables, which include GST invoiced.

Income tax

Income tax is accounted for using the taxes payable method, i.e. the income tax expense charged to the statement of financial performance is based on the return to the Inland Revenue Department.

d) Changes in accounting policies

The entity transitioned on 1 April 2016 from preparation of general-purpose financial reporting in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPE's). The transition has minimal impact on the accounting policies of the entity.

All other accounting policies have been applied consistently during the year.

2. OPERATING REVENUE

	2017	2016
Membership fees – current year	233,321	247,434
Membership fees – prior years	-	4,029
Miscellaneous income	134	12,468
Rent & OPEX Received	-	4,983
CANZBAC	236	187
Awards evenings and sponsorships	2,000	-
	235,691	269,101

In the 2015 year a decision was made by the Executive Committee to align the subscriptions billing period with the Council's financial year which ends on 31 March each year.

Accordingly, effective 1 April 2015 members were billed at the start of each year from 1 April to 31 March. Previously members were billed each year from 1 October to 30 September.

3. OPERATING EXPENSES

	2017	2016
Audit fees	7,500	7,500
Fees paid to the auditor for other services	500	350
Depreciation	18,856	11,251
Loss on disposal of fixed assets	-	4,546
Rent – premises	8,825	12,737
Wages and salaries and KiwiSaver	135,166	134,524
Motor vehicle expenses	1,108	2,099
Other operating expenses	113,753	117,545
	285,708	290,552

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

4. TAXATION

	2017	2016
Income from non-exempt operations	236	507
Interest received	4,447	7,817
Rent received	-	4,983
Expenses claimed	(3,409)	(7,664)
	1,274	5,643
Exemption allowed	(1,000)	(1,000)
Taxable income	274	4,643
Income tax at 28%	77	1,300
Resident withholding tax paid	(872)	(1,368)
Prior year refund due	(68)	-
Taxation payable (refund due)	(863)	(68)

5. FIXED ASSETS

	Cost	Accumulated Depreciation	Book value
As at 31 March 2017			
Furniture and fittings	20,700	(18,755)	1,945
Office equipment	21,666	(19,151)	2,515
Website development	43,628	(27,320)	16,308
	85,994	(65,226)	20,768

	Cost	Accumulated Depreciation	Book value
As at 31 March 2016			
Furniture and fittings	20,700	(18,404)	2,296
Office equipment	19,009	(18,057)	952
Website development	42,466	(9,909)	32,557
	82,175	(46,370)	35,805

6. RELATED PARTY TRANSACTIONS

Other than membership fees and related revenues derived from members there were no related party transactions during the year (2016: nil).

No related party balances have been written off in the period under review (2016: nil).

7. OPERATING LEASE COMMITMENTS

	2017	2016
Current		
Premises	8,500	8,500
	8,500	8,500
Non-current		
Premises	8,500	-
	8,500	-
Total	17,000	8,500

Premises

A lease for the premises situated at 17E Greenmount Drive, East Tamaki was entered into for a term of two years to expire on 31 March 2019 with one right of renewal for two years and a final expiry date of 31 March 2021. The monthly rental is \$708.33 plus GST (2016: \$708.33 plus GST).

8. CAPITAL COMMITMENTS

There are no capital commitments at year end. (2016: The Council approved expenditure of \$30,000 plus GST for the design, marketing and sponsorship strategy for the Packaging Design and Innovation Awards).

9. CONTINGENT LIABILITIES

As at balance date the Council had no contingent liabilities or assets (2016: nil).

10. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which require disclosure in or adjustment to the financial statements (2016: nil).

EXECUTIVE COMMITTEE 2016/2017

Executive Director



President



Vice President



Andrew Gleason
Visy



Andrew Fox
Sealed Air



Alistair Egan
PSBG, Fuji Xerox



Andreas Haussrer
Amcors Flexibles
(Resigned during the year)



Bruce Campbell
OfficeMax



Cheryl Speechly
Environment Manager
(Replaced by Manjula Murugesan)



Patrick O'Donoghue
Flight Plastics



Windsor Yang
NCI Packaging



Elsbeth MacRae
Scion



Kate Eglinton
Waste Management
(Replaced by Mike Kunzli)



Matthew McGowan
Orora Packaging

Penny Garland (O-I NZ) and Paul Kelly (Fonterra) were seconded onto the 2016/17 committee under the Constitution which allows for two additional Executives to be appointed by the sitting Executive.

MEMBER COMPANIES 2017





PACKAGING COUNCIL OF NEW ZEALAND
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