

Unfolding the value of packaging.

BRINGING A
BALANCED
DISCUSSION
FOR THE
PACKAGING
INDUSTRY

FOR
EVERY
ISSUE
THERE
ARE MANY
SIDES



Conversation around packaging is categorically unbalanced, with a persistent focus on negative issues arising at the end-of-life, leaving us forever in the defensive.

We need to balance this conversation.

What about every other life-changing development; every other economic breakthrough saving millions; every other role that packaging plays along it's life-chain?

We, as an industry, need to be actively involved in providing the balance. And Packaging New Zealand wants to lead this conversation.

This is why we will be looking a bit different from here on in. We needed a brand that would free us to make clear our objective, and open balanced conversation.

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PRESIDENT'S REPORT



Rachael Carson's publication of *Silent Spring* in 1962 is credited for advancing the global environmental movement. The economist, Kenneth Boulding, a disciple of this movement, in his essay of 1966 *The Economics of the Coming Spaceship Earth* talks about open and closed economies. He has been dubbed the father of the "circular economy".

Inherent in the ideology of the circular economy is that these business models are as profitable as linear models while consumers keep enjoying similar products and services.

So how are we doing in terms of embracing this new idea?

Let's do a simple stock take. Globally:

- 70-90% of all iron and steel used is being collected and reused¹.
- 58% of all paper generated is being recycled².
- 74% of all plastic ever manufactured is either in landfills or the environment³.

The steel and paper industry have provided a powerful insight into sustainable recycling. These sectors have demonstrated that the following attributes are critical to success:

- Packaging/product that is designed for recycling.
- Quality collection and sorting systems.
- Recycling that provides feedstock of "virgin-like" quality.
- Substitution of virgin feedstock for recycle++ in packaging/product.

Though this is a proven template for sustainable recycling, the current environment is a complex ecosystem with many players: from virgin feedstock manufacturers to brand owners, from manufacturers to recyclers, from waste companies to local and territorial authorities, from communities to central government. Overlapping jurisdictions with commercial and political juxtapositions creates a vacuum for ideological experimentation while forgetting previous successes and insights.

Success will not be measured by mitigating regulatory and legislative action, nor setting future goals that appeal to hearts and mind, though admirable. It will not be measured by creating offramps that are not transformational. These will in fact delay our journey to sustainable recycling.

Success will be predicated on collaboration. Brand owners understanding the importance of packaging designed for recycling will be as important as those who provide quality through sorting systems. Recyclers need to be investing in state of the art technology to build trust in their products and services. This will allow the brand owners and manufacturers to provide quality packaging. Until all this occurs we will not be able to genuinely provide sustainable recycling.

Let's not be seduced by a new rhetoric, nor the counterfactual and keep reminding ourselves that the unintended consequences of innovation will be our future opportunities.

Again, I would like to acknowledge the work and the support of the executive team over the last 12 months. On behalf of the Board, I also want to acknowledge the work and dedication of Sharon Humphreys in her role as Executive Director. We would be "lost at sea" without her.

A big thank you to our membership. Though we have been watching a new government find its footing our messages at Packaging New Zealand has not changed. We continue to celebrate the "goodness" of packaging without losing sight of the environmental and social imperatives that underpin our commercial realities.

I have never known a time with so many opportunities.

Thank you

Harry Burkhardt
President

^{1,2,3} McArthur Foundation and McKinsey and Company.
The New Plastic Economy-Rethinking the future of plastics (2016) pg 12.

Packaging NZ represents businesses across the whole packaging life cycle.

This comprehensive representation provides a united voice to central and local government, the media, consumers, and the New Zealand community. From there, we're positioned to influence and shape government policy related to packaging issues, by creating a balanced conversation to counter the often negative public perception of packaging.

We seek opportunities to support and promote the initiatives and activities of our members as they transition their operations into the circular economy and sustainable development goals frameworks.



EXECUTIVE DIRECTOR'S REPORT



Dear Members

Compiling the annual report is always an opportunity for reflection as we communicate the changes which have happened during the year and what our response has been to the shifting dynamics.

Last year our theme was 'Stronger Together'. The winds of change were blowing and we could see the impacts of ten years operating under the legislative banner of the Waste Minimisation Act. The picture was clear. Despite ten years of focus on waste minimisation activities, sustainable progress had proven elusive. We saw the need to effectively break away from linear thinking, collaborate with like-minded organisations and reset the dialogue. Quite simply we could see that what we thought in the past will not deliver the new thinking required for the future.

At our AGM we articulated details of our outlook and our challenges. Who could have known that the words spoken would prove so prescient?

Our meeting was just two days after China announced to the WTO their intention to stop imports of recycling material. I made the point that China's decision would be a crackdown of epic proportions – and its effects will be widespread.

For much of the remainder of 2017, despite knowing the crackdown was coming, outwardly it seemed that nothing would change. Just before Christmas we started to hear murmurings that recyclates were starting to stockpile. Once the bans actually came into force in January 2018 things became very real, very quickly and global panic set in! I don't think a day has gone by since without a media story from somewhere in the world sensationalising 'the global recycling crisis'.

51,000

Employees

5,900

Business Units

1.8%

of GDP

Against this backdrop Packaging New Zealand members have responded with pledges, commitments and activities to drive change. There is no question that the social license to operate for these companies depends on how they traverse the pathways of satisfying consumer expectations with commercial realities and the answer appears to be circular.

However, despite bold and ambitious plans for the future of material flows, the packaging industry cannot achieve the goal of transitioning to a circular economic model without consumers taking responsibility for their purchasing decisions and/or understanding the downstream impacts. Nor if we remain far too tolerant on littering behaviour preferring to 'blame' the product not the person who discarded it. And, perhaps most crucially of all, if we don't put pressure on those who determine the conditions for recovery infrastructure to collect material in a way which ensures it is fit for purpose as someone's raw material.



Once the bans actually came into force in January 2018 things became very real, very quickly and global panic set in.

Our challenges remain countering the fixation for utilising blunt instruments and simplistic solutions, and engaging all stakeholders in the 'hard' conversations when it comes to effective and efficient, economically viable end of life options which are appropriate in the context of New Zealand.

My thanks, as always, goes to the Executive Board led by Harry Burkhardt and Murray Parrish for their unwavering support through the trials and tribulations, lowlights and highlights which are all business as usual when leading a dynamic industry association.

Lastly, to you the members, thank you for your stories, your participation in our activities, the insights you have shared with me into your world and your engagement and support to keep Packaging New Zealand relevant for today and tomorrow.

Sharon Humphreys
Executive Director

Activity Report

Advocacy

Our advocacy activities during the year has included submissions into both Wellington and Auckland's WMMP and the Tax Working Group. We have hosted a visit from the new Parliamentary Commissioner for the Environment and engaged with politicians and their officials across all parties.

Our Brand

We have delivered on our new refreshed 'look' and are now well through the process of replacing our old logo and colours. Moving away from the old 'PAC.NZ' was not a difficult decision since evidence suggested there was little association back to the Packaging Council. The new colours are more energising than the old green hues and the new sharp logo clearly depicts 'packaging'.

Our website has also benefited from the fresh new look and we have made changes which reflect our focus on promoting the 'goodness' of packaging and all of the work our members are doing.

Communication

The weekly newsletter continues to surpass expectations in terms of readership. It far outstrips the industry average readership for newsletters so we are very proud to be delivering content which clearly is what you want to read. What perhaps isn't so well known is that the newsletter is also copied into Ministry for the Environment, Auckland and Wellington Councils and a number of other interested parties to ensure that a broad range of stakeholders have an appreciation of the trends which are shaping our commercial realities.

PIDA Awards

We delivered the second PIDA awards this year and were absolutely delighted to see New Zealand well represented in terms of winners and industry recognition. A sold-out dinner of over 500 people demonstrates the scale of opportunity for an Australasian packaging awards programme and supports our decision to merge this programme with Australia despite the obvious loss to the local market.

Membership and Partners

As a membership organisation retention and attracting new members remains our greatest challenge and opportunity. Membership during the year has remained largely static with losses offset by new members. Our main sector group is the packaging manufacturers, but we are greatly supported by companies across all sectors. This value chain representation remains a core strength of the organisation.

We have undertaken to reinforce collaborations with our partners during the year and were delighted to extend this to Arthritis New Zealand this year. We will be including the Arthritis Accessibility Guidelines into the latest iteration of the Code of Practice and will be developing practical sessions to bring these guidelines alive.

Our collaboration with Australian Institute of Packaging (AIP) remains our key partner in delivering quality training opportunities to the New Zealand packaging industry. We are pleased that for the first time we can now offer a scholarship for a New Zealand packaging professional which is managed through the AIP.

Relationships

During the year the Australian Packaging Covenant Organisation (APCO) has set up several working groups to deal with some of the significant challenges facing our industry. In the spirit of our collaboration to harmonise Trans Tasman activities affecting our joint membership, Packaging New Zealand is involved in these working groups and will continue to look at opportunities for the New Zealand industry to benefit from the learnings. We are also closely watching the rollout of the Australasian Recycling Label and membership uptake of the PREP design tool which underpins the label. We anticipate that there will be more activity in this space during the next year, particularly as consumer engagement will be critical to delivering on the recycling systems of the future.

We have continued to support Rata, in particular at their Connect@Rata events which is an opportunity to inform and engage with professionals across many industries. It is increasingly clear that progress towards the circular economy in particular, will be dependant on collaboration which not only extends to organisations working in the same sector, but also establishing cross-sector relationships which are symbiotic and complementary. The Rata community is our opportunity to develop this space.



Businesses are leading by example, but they will not achieve any of these goals unless we see society valuing packaging, to the same degree that society benefits from the value of packaging.



PIDA Awards 2018

The winners of the 2018 Packaging & Processing Innovation and Design Awards (PIDA) for Australia and New Zealand were announced in front of 500 people during a gala dinner at the Marriott Hotel Surfers Paradise, Queensland.

The PIDAs have been designed to recognise companies and individuals who are making a significant difference in their field across Australia and New Zealand. The PIDA Awards are the exclusive feeder programme for the prestigious WorldStar Packaging Awards.



Design Innovation of the Year Award

FOOD

Cas-Pak Products Ltd

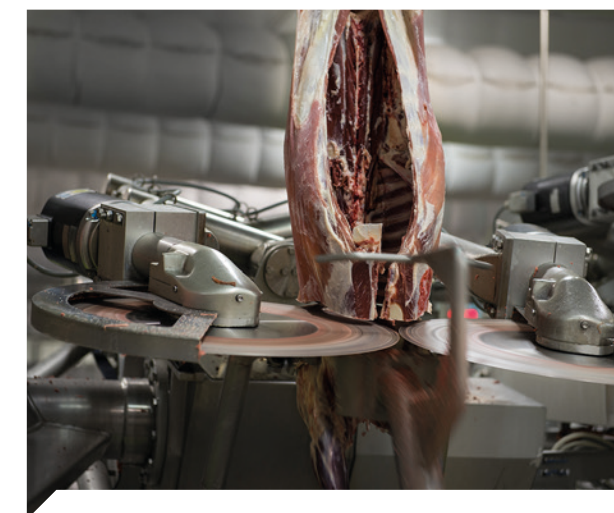
Radix Nutrition foil packaging breakfast pouch

The Radix Nutrition foil breakfast packaging is simple to use, accessible in any situation, preserves nutrients and there is no food waste. The packaging needed to be durable, yet lightweight – they didn't want to create problems for their users as a lot of their consumers are marathon runners, athletes, rugby players, endurance long distance runners, cyclists, campers and many other outdoor loving people. These people want to enjoy their athletic and outdoor endeavours and want to avoid increases in the weight of their kit so our pouch had to be highly functional, yet add no additional weight.

With 28 years of experience Cas-Pak has a team of 14 staff passionate about packaging and beyond. Continuously striving to develop new ideas, new technologies and new channels where clients can engage with their audience both offline and online. Cas-Pak's success is intrinsically rooted in old fashioned hard work and values where the customer comes first.

Cas-Pak's vision is to become the benchmark company in flexible packaging and beyond, to inspire healthier communities by connecting people to quality products using environmentally friendly flexible packaging.

Committed to quality throughout the supply chain, longstanding relationships with trusted suppliers and freight forwarders mean they can rely on our international partnerships to uphold customer commitments.



Design Innovation of the Year Award

FOOD – MACHINERY & EQUIPMENT

Scott LEAP Suite

Scott in partnership with Silver Fern Farms and in collaboration with Meat and Livestock Australia and key processing partners in Australia and New Zealand, have developed a fully integrated lamb processing system for disassembling lamb carcasses into the standard bone-in retail cuts. The system (known as LEAP) incorporates a series of integrated and fully automated modules including the a Primal (LEAP III) module, Middle (LEAP IV) module, Forequarter (LEAP V) module and Leg module (LEAP II) all able to be integrated together and guided with the use of Scott Dual energy x-ray Technology.

The Scott LEAP system is the only fully automated lamb automation system available worldwide pioneering large scale, high throughput and very sophisticated automation solutions required to maximise cutting accuracy and yield, as well as serving as a platform for object carcass measurement and traceability. Modules installed in Australia and New Zealand have shown up to 8% increase in processing productivity and significant increases in efficiency through yield recovery, accuracy, labour reduction and reduced health and safety related claims leading to measured benefits upward of \$4.50 per lamb carcass which equates to substantial increases in business profitability and return on investment for typical Australian and New Zealand processing facilities.

Without question there has been a quantum leap in innovation achieved in developing the Scott LEAP system which has managed to bring automation to an industry that has traditionally proven both difficult to mechanise as well as resistant to change.



Innovation of the Year Award

DOMESTIC & HOUSEHOLD

Oji Fibre Solutions

Animal Instinct's Feed My Furbaby

An easy-to-open, resealable corrugated solution with scoop was awarded a High Commendation in the 2018 Design Innovation of the Year Award. Feed My Furbaby is a creative, functional and sustainable design that moves away from traditional bags widely used in the Pet food market segment. The inclusion of a corrugated scoop also eliminates the need for a plastic scoop. The second scoop (spare) hidden in the box design is a good back up and a clever use of otherwise unused board. The simple flexographic one colour print does a great job in providing 'point of difference' for the product also keeps it clean and easy to read. The unique box is one that stands out from the competition, a sustainable package that is a talking point among the pet lovers.



Collaborative partnerships aren't easy when we all speak different languages and have different ideas of what success looks like but without collaboration no one sector, or community can achieve the results we are all ultimately seeking.



Inaugural Packaging Council of New Zealand Scholarship, 2018

Jaco Scheepers, Packaging Technologist, Synlait Milk

Jaco has always had an interest in polymer materials, additives and plastic conversion processes, especially in flexible packaging materials. During grocery shopping and where possible elsewhere, he regularly looks at different packaging types to satisfy his natural curiosity of materials and packaging. He has learned that the integrity, quality or shelf life of a product is directly linked to correct material choice and design of the packaging configuration. Jaco would like to broaden his knowledge across a range of different packaging materials, which will help allow him in years to come to develop with the Packaging Team at Synlait Milk great new and hopefully award-winning consumer packaging products that are both environmentally friendly and made from sustainable resources.



The PIDA Awards were held this year in conjunction with the international WorldStar Packaging Awards which saw over 22 countries in attendance to also collect their awards for 2018.

Sealed Air New Zealand and Woolcool Australia, following up on their successes at the inaugural 2017 PIDAs, were both finalists for the Save Food Packaging Award which is a special award category for the 2018 WorldStar Packaging Awards.

As there are only four finalists globally for this special award category, this is a significant achievement for Australia's and New Zealand's packaging industry including the Australian Institute of Packaging (AIP) who have led the Save Food Packaging award programme for the industry.

The result? Sealed Air New Zealand was awarded Gold for its Cryovac® Freshness Plus® packaging solution which enabled New Zealand avocado processor Fresh Technologies to extend shelf life to 90 days. This has enabled a reduction in product spoilage by 7.2 tonne annually and supports the 3% growth in global consumption.

Sealed Air's CogniPRO® Link was also a 2018 PIDA winner of the Sustainable Packaging and Processing Award for the Machinery/Equipment category.

Woolcool secured a 'hat trick' award scoop at the 2018 WorldStar Packaging Awards in the categories for Food, Transit and Packaging Materials and Components. Woolcool has now been recognised as one of the most innovative, sustainable, high performing and cost-effective insulated packaging products in the world. This should provide plenty of incentive for cold chain supply companies and home grocery delivery services to switch from synthetic insulated packaging which is clogging up our landfill and polluting our environment to an eco-responsible packaging product.



2017/2018 Annual General Meeting

Minutes of the meeting held on Thursday 20th July 2017, at Bucklands Beach Yacht Club, Ara Tai, Half Moon Bay, Auckland

1. Opening

The meeting commenced at 5.30pm

Harry Burkhardt, President

Harry welcomed members to the meeting.

Harry spoke about the differences in thinking between generations and how we need to understand their "language" and communicate the diversity in business. He reiterated that the Packaging Council sits in a unique space but we don't exploit this for maximum impact. We need to be bolder in how we express the "goodness" of packaging, particularly in the face of negative connotations around end-of-life issues. We also need to acknowledge the role of packaging in the context of the New Zealand economy.

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

Sharon Humphreys, Executive Director.

Sharon began by thanking Alistair Egan and Fuji Xerox for kindly printing out this year's Annual Reports.

Sharon then spoke about the challenges facing the Packaging Council retaining and growing the membership. In particular, the impact of the trend towards establishment of limited product stewardship schemes vs membership of a trade association with a broad mandate. She commented about the announcement which had just been made that China would be stopping imports of mixed plastics and paper and how this announcement represented "a crackdown of epic proportions – and its affects will be widespread". However she cautioned that "emotional resonance over facts and evidence" would remain a hurdle to sensible dialogue. She ended by reiterating that the theme of the Annual report "Stronger Together" would continue to drive the organisation towards collaborative partnerships and strategic alignments to ensure we are adapting to our future reality.

5.45pm | Commencement of the Annual General Meeting – Formal Business

2. Present

Harry Burkhardt	Replas
Murray Parrish	Oji Fibre Solutions
Winsor Yang	NCI Packaging
Mike Kunzli	Waste Management
Richard Hosking	Orora Packaging
Bruce Campbell	OfficeMax
Alistair Egan	Fuji Xerox
Spring Humphreys	Mil-Tek (Proxy)
Andrew Fox	Sealed Air
Patrick O'Donoghue	Flight Plastic
Larisa Thathiah	Fonterra
Phil Schunk	SGS
Andrew Gleason	Visy
Martin Duffy	Visy
Jon Coup	Countdown
Tim Bateman	Sanitarium
Sandra Murphy	Multivac
Tony Sayle	Jenkins Group
John Matthews	Cospak
Dene Wilson	Custom-Pak
Murray Davis	Hally Labels

Also in attendance were:

Sharon Humphreys	Packaging Council of NZ
Simon Hunter	KPMG, Guest Speaker

3. Apologies

Were received from:

Janice Thein	British American Tobacco
Matthew McGowan	Orora
Paul Kelly	Fonterra
Rebecca Sharma	Detmold Packaging
Hamish McCrostie	Enviropallets NZ
Anu Deva	Countdown

It was moved: that the 6 apologies for the meeting be accepted.

Mike Kunzli /: Andrew Gleason: Carried

PROXIES

Two proxies were received and given to the Chairman.

4. Confirmation of minutes

Minutes of the Annual General Meeting held on Thursday 21st July 2016 were included in the 2017 Annual Report which had been circulated.

It was moved: Minutes of the Annual General Meeting held on 21st July 2016 be accepted.

Windsor Yang / Bruce Campbell: Carried

5. Annual report

The 2017 Annual Report of the Packaging Council had been circulated.

It was moved: that the 2017 Annual Report be received and adopted.

Murray Parrish / Andrew Fox: Carried

6. Audited accounts

The 2016/17 Audited Accounts of the Council for the year ended 31st March 2017 were included in the 2017 Annual Report and had been circulated.

It was moved: that the 2016/17 Audited Accounts be received and adopted.

Andrew Gleason/Bruce Campbell: 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.

Murray Parrish / Patrick O'Donoghue: Carried

8. 2017 / 2018 Election of officers

The Executive Director advised that under the new Constitution the Board is made up of 14 fourteen persons, with 13 Executive places available for nomination - the fourteenth 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 2017/18 term, at the discretion of the Board.

The Executive Director confirmed that:

PRESIDENT – Harry Burkhardt has been nominated as President.

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

VICE PRESIDENT – Murray Parrish

- Andrew Gleason, Visy
- Patrick O'Donoghue Flight Plastics
- Windsor Yang - NCI
- Bruce Campbell, OfficeMax
- Alistair Egan, Fuji Xerox
- Mike Kunzli, Waste Management Ltd
- Elspeth MacRae, Scion
- Andrew Fox, Sealed Air
- Matthew McGowan, Orora Packaging
- Paul Kelly, Fonterra

With only 12 nominees the Executive Director confirmed that no ballot is necessary as places are available for all the nominations and called for any further nominations from the floor to fill the available position. None was received.

It was moved: that the above Nominees be confirmed as the 2017/2018 Executive Committee.

Murray Parrish/ Patrick O'Donoghue: Carried

9. General business

A question was asked if there was a specific work programme to attract new membership. The President made the comment that in the absence of a 'burning platform' membership is not a priority amongst the industry.

10. Closure

There being no further business the meeting closed at 6pm

The President introduced the guest speaker Simon Hunter, Partner KPMG NZ.

Simon's presentation showed how packaging is already a success story and how the industry needs to accelerate their story through economic upcycling, resource upcycling and future thinking. His take-out message was that "disruption is permanent and growth will happen if we focus on mindset, trust and adaptability". We will be doing more work with Simon and team this year to develop these themes so we can clearly and compellingly articulate the value of our industry to New Zealand Inc.

Independent Auditor's Report

To the members of the Packaging Council of New Zealand Incorporated

HUDSON • KASPER

Opinion

We have audited the financial statements of the Packaging Council of New Zealand Incorporated which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the statement of movement in members' funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Packaging Council of New Zealand Incorporated are prepared, in all material respects, in accordance with the accounting policies stated in note 1.

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 formatting of the financial statements and 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

We draw attention to Note 1 in the financial statements, which describes the basis of accounting. The financial statements have been prepared for the members and for the Inland Revenue Department. As a result, the financial statements may not be suitable for another purpose.

Restriction on Responsibility

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 audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members, for our audit work, for this report, or for the opinions we have formed.

Executive Committee's Responsibilities for the Financial Statements

The Executive Committee is responsible on behalf of the Packaging Council of New Zealand for determining that the reporting framework adopted is acceptable in the Packaging Council of New Zealand's circumstances, the preparation of financial statements, and for such internal control as the Executive Committee determines 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 Packaging Council of New Zealand for assessing the Packaging Council of New Zealand'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 intends to liquidate the Packaging Council of New Zealand or to cease operations, or have no realistic alternative other than 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 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.
- 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 Packaging Council of New Zealand to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Executive Committee 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: 11 June 2018

Statement of Profit and Loss

For the year ended 31 March 2018

\$NZ	Notes	2018	2017
Operating revenue	2	194,513	235,691
Operating expenses	3	(236,882)	(285,708)
Operating surplus (deficit) before other income		(42,369)	(50,017)
Interest income		5,580	4,447
Net surplus (deficit) before taxation		(36,789)	(45,570)
Taxation expense	4	(41)	(77)
Net surplus (deficit) after taxation		(36,830)	(45,647)

The accompanying notes form part of these financial statements.

Statement of Movements in Member's Funds

For the year ended 31 March 2018

\$NZ	2018	2017
Accumulated funds at start of year	305,536	351,183
Net surplus (deficit) after taxation	(36,830)	(45,647)
Accumulated funds at end of year	268,706	305,536

The accompanying notes form part of these financial statements.

Balance Sheet

As at 31 March 2018


\$NZ	Notes	2018	2017
Current assets			
Cash at bank		120,577	149,396
Accounts receivable		-	-
Other current assets		988	824
Trademark		12,500	1,956
Prepayments		5,000	5,000
GST refund due		3,345	1,023
Tax refund due	4	1,453	863
Term deposit		155,382	151,634
Total current assets		299,245	310,696
Non-current assets			
Fixed assets	5	3,770	20,768
Total non-current assets		3,770	20,768
Total assets		303,015	331,464
Current liabilities			
Accounts payable and accruals		30,993	22,376
Income received in advance		3,316	3,552
Total current liabilities		34,309	25,928
Equity			
Members' accumulated funds		268,706	305,536
Total liabilities and equity		303,015	331,464

The accompanying notes form part of these financial statements.

For and behalf of the Executive Committee:



Harry Burkhardt
President
11 June 2018



Sharon Humphreys
Executive Director
11 June 2018

Notes to and forming part of the financial statements

For the year ended 31 March 2018

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. Members are billed each year from 1 April to 31 March. No adjustment is made for subscriptions received in advance.

Interest received is credited to the profit and loss 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

There have been no specific changes in accounting policies and they have been applied on a consistent basis with those of the previous period.

2. Operating revenue

\$NZ	2018	2017
Membership fees – current year	194,249	233,321
Membership fees – prior years	–	–
Miscellaneous income	28	134
Rent & OPEX Received	–	–
CANZBAC	236	236
Awards evenings and sponsorships	–	2,000
	194,513	235,691

3. Operating expenses

\$NZ	2018	2017
Audit fees	7,500	7,500
Fees paid to the auditor for other services	500	500
Depreciation	18,173	18,856
Loss on disposal of fixed assets	1,977	–
Rent and outgoing – premises	11,999	8,825
Wages and salaries and KiwiSaver	129,029	135,166
Motor vehicle expenses	1,039	1,108
Other operating expenses	66,665	113,753
	236,882	285,708

Notes to and forming part of the financial statements

For the year ended 31 March 2018

4. Taxation

\$NZ	2018	2017
Income from non-exempt operations	236	236
Interest received	5,580	4,447
Rent received	-	-
Expenses claimed	(4,669)	(3,409)
	1,147	1,274
Exemption allowed	(1,000)	(1,000)
Taxable income	147	274
Income tax at 28%	41	77
Resident withholding tax paid	(1,494)	(872)
Prior year refund due	-	(68)
Taxation payable (refund due)	(1,453)	(863)

5. Fixed assets

\$NZ	Cost	Accumulated depreciation	Book value
As at 31 March 2018			
Furniture and fittings	20,379	(18,747)	1,632
Office equipment	19,643	(17,776)	1,867
Website development	43,626	(43,355)	271
	83,648	(79,878)	3,770

\$NZ	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

6. Related party transactions

Other than membership fees and related revenues derived from members there were no related party transactions during the year (2017: nil).

No related party balances have been written off in the period under review (2017: nil).

7. Operating lease commitments

\$NZ	2018	2017
Current		
Premises	8,500	8,500
	8,500	8,500
Non-current		
Premises	-	8,500
	-	8,500
Total	8,500	17,000

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 (2017: \$708.33 plus GST).

8. Capital commitments

There are no capital commitments at year end (2017: nil).

9. Contingent liabilities

As at balance date the Council had no contingent liabilities or assets (2017: nil).

10. Subsequent events

There have been no events subsequent to balance date which require disclosure in or adjustment to the financial statements (2017: nil).

Executive team

Executive Director



Sharon Humphreys
Packaging NZ

President



Harry Burkhardt
Replas

Vice President



Murray Parish
Oji Fibre Solutions

Nominated Executives



Andrew Gleason
Visy



Andrew Fox
Sealed Air



Alistair Egan
Fuji Xerox



Windsor Yang
NCI Packaging



Bruce Campbell
OfficeMax



Patrick O'Donoghue
Flight Plastics



Paul Kelly
Fonterra



Elsbeth MacRae
Scion



Mike Kunzli
Waste Management



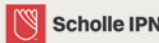
Matthew McGowan
(Replaced by Richard Hosking)
Orora Packaging

Seconded during the 2017/18 Term: Tetrapak, Manju Murugesan

Member companies



WHEN YOU NEED TO BE SURE



Bottles Ltd*
General Recycle*

*Logos unavailable at time of print

