



PAC.NZ

Packaging Council of New Zealand Inc.

**PACKAGING COUNCIL
OF NEW ZEALAND (INC)**

ANNUAL REPORT 2016



CONTENTS

Contents	Page
Values	2
Executive Committee	3
President's Report	4
Executive Director's Report	5
Activity Report	6 - 7
2014/2015 Annual General Meeting	8 - 9
Annual Finance Report	10 - 13
2015/2016 Members	14 - 15



PAC.NZ
Packaging Council of New Zealand Inc.

VALUES

INTEGRITY

The Packaging Council will always act with integrity and is acutely conscious of its role as a significant contributor to the New Zealand economy.

TRANSPARENCY

We are transparent in the presentation of impartial, factual information to members, the public and other stakeholders.

ENGAGEMENT

We are committed to actively engaging with a broad membership base to reduce resource usage and product waste through efficient processing and innovative packaging design.

COOPERATION

We take a supportive and collaborative approach with government and other organisations to demonstrate that packaging enhances authenticity and traceability of New Zealand's products.

PURPOSE Advocate for the role of packaging across the whole-of-life.

OUR MESSAGE Packaging grows product and customer value through a whole-of-life approach.

EXECUTIVE DIRECTOR



Sharon Humphreys
(Executive Director)

EXECUTIVE COMMITTEE 2015/2016

President



MADE IN NZ FROM
100% RECYCLED PLASTIC

Harry Burkhardt
Replas

Immediate Past President



Richard Manaton
Countdown
(resigned during the year)

Vice President



Murray Parrish
OJI Fibre Solutions



Andrew Gleason
Visy



Cheryl Speechly
Environment Manager



Keith Smith
Flight Plastics



Bruce Campbell
OfficeMax



Dairy for life
Nic Bishop
FBNZ & Tip Top



Darren McClenaghan
Sealed Air



Elsbeth MacRae
Scion



Euan McLeish
Orora Packaging



Andreas Haussrer
Amcor Flexibles



Kate Eglinton
Waste Management



Alistair Egan
PSBG, Fuji Xerox



Angela Johnson
O-I New Zealand



Windsor Yang
NCI Packaging

PRESIDENT'S REPORT



"CELEBRATING THE NEW ZEALAND PACKAGING SUCCESS STORY"

I want to thank all our members for their support of the Packaging Council during the past year.

I also want to acknowledge Richard Manaton's contribution as immediate Past President. He has handed over an organisation with good bones.

We are all familiar with the reality of operating our businesses today. This volatile, uncertain, complex and ambiguous environment requires us to have 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. One commentator has termed this as a "permanent nose bleed".

So how has the Packaging Council executive responded to this reality on your behalf?

Firstly, we want to celebrate the New Zealand Packaging success story. We are proud of our member's contribution in being the value multiplier in our global supply chains. We are proud of our sector's annual industry sales of \$3.9 Billion, that contributes some 1.8% of New Zealand's GDP. We are proud that the sector underpins a \$60 Billion export sector and a similar quantum for domestic trade. Our sector employs some 48,000 people. For many this is new news.

For a number of years, we have been down the rabbit hole of waste reduction and its poor cousins, product stewardship schemes and public place recycling. We have, in my opinion been apologists for who we are and what we do well.

There is no dignity in this space.

So what is the Packaging Council doing today to refresh this journey?

We need to be sharing our successes and celebrating those successes amongst ourselves. We need to be continually affirming our contribution to New Zealand Inc. The success of New Zealand is predicated on the innovation, value-add and sustainability of packaging.

Sharing this story with our critical friends is an imperative. Critical friends are those we touch either philosophically or share a common agenda. We need to be compelling and influential so those we hold hands with see us as an integral component of a dynamic ecosystem.

Though we have a course, we need to be alert to the changing weather patterns.

Peter Garrett recently said that ".....The modern zeitgeist deplores mainstream politics and belittles its small victories."

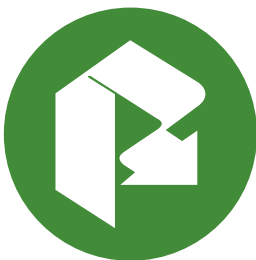
John Thwaites, Chair of Climateworks and the Monash Sustainability Institute has stated that though economic growth has lifted people out of poverty, it has been a contributor to climate change, social inequities and injustice.

These invectives reflect a growing social consciousness that has high expectations around integrity and authenticity. As businesses we need to be vigilant in this space. In my opinion it will create our biggest challenges and offer up our best opportunities.

On that note, I want to thank the Executive Committee for their contribution and commitment to the course we have set. I also want to thank Sharon for her dedication in her role as Executive Director. She does a wonderful job of being the glue for us.

Thank you.

Harry Burkhardt
President



PAC.NZ

Packaging Council of New Zealand Inc.

EXECUTIVE DIRECTOR'S REPORT



In my report last year I related the outcomes of the strategy work and the clear indication from members that our areas of focus should be advocacy and packaging promotion.

I am pleased to report that this has guided our 2015/16 work programme and you will see from

the Activities Report, and the venn diagram which accompanied the annual subscription invoice, that we have made significant progress in these areas.

However, the complex role of packaging as both a waste preventer and waste creator remains challenging to communicate. Entrenched negative views on increasing volumes of packaging – and packaging waste – contradict a world which is both fiscally predicated on consumers buying 'stuff', and demanding of packaging functionality, which goes beyond the simple yet fundamental purpose of packaging, which is to contain and protect the product.

Against this backdrop PAC.NZ has continued to ask the questions: Where are the facts? What does the evidence tell us? What are the alternatives? How will this effect change? Is this the right thing to do –or are we just being seen to be doing the right thing? We have continued to advocate for sensible, considered, debate on packaging and packaging waste issues which are appropriate to the New Zealand context, and to articulate that 'doing something' rather than addressing what should actually be done is not an enduring solution, no matter how worthwhile 'doing something' appears to be.

Our fact-driven, evidence-based approach led us to commissioning KPMG this year to undertake independent analysis on the value of the packaging industry to New Zealand. This builds on the Infometrics packaging sector profile which we commissioned last year. Combined, these independent analyses demonstrate the underpinning value to New Zealand of packaging both in terms of domestic and export sales, and adds perspective to the size of the New Zealand industry; packaging content of exports being worth over \$1Bn+, 5617 businesses, 48,000+ employees and 1.8% of New Zealand's GDP.

We have been steadily building a series of collaborative partnerships with organisations which have alignment with packaging issues. We have always seen this as an important step in both providing direct membership benefits such as access to training and engagement opportunities as well as strengthening the industry voice on packaging issues.

This year, this key strategy of collaborating not competing, creating a combined strength which is bigger than any of us could achieve alone, has seen the establishment of a tripartite alliance between the Australian Institute of Packaging (AIP), the Australian Packaging

and Processing Machinery Association (APPMA) and PAC.NZ to establish a single platform for packaging awards in Australasia. The aim is for the new awards program to be the exclusive access point to the prestigious World Star Awards each year creating global recognition for ANZ innovations. This will take the Packaging Awards onto a new level, not seen before in New Zealand which can only be good for the New Zealand industry as they will have an opportunity to showcase on a world stage.

We have also spent the year building up relationships amongst the science community. We have always regarded it as a strength of PAC.NZ that Scion sit on our Executive Team. This year we have extended the science community engagement to various departments and programmes which are being managed by Auckland University. This has culminated in a collaborative application to the Waste Minimisation Fund to assess the feasibility of a bio-technological solution to mixed plastic waste. This is an example of our approach to finding enduring solutions for packaging materials.

In summary our focussed work programme this year has established new opportunities for engagement whilst keeping regular open dialogue with policy makers, partners, stakeholders and members. We have represented industry issues in a manner which has been considered and thoughtful, realistic, not idealistic. We haven't been creating conversational noise, but we have been creating conversational change!

Lastly, I must acknowledge the time, energy and support provided by Harry Burkhardt in his role as President assisted by Murray Parrish, as Vice President. They have provided the Executive Team with strong leadership through a year which has seen a change to the very core of our being, our constitution, the loss of two long-standing executives, Richard Manaton and Darren McClenaghan who both left the industry to pursue new opportunities, and a challenging environment which has eroded our membership base. Together they have not faltered in their belief that we are an organisation poised for the future, not paralysed by our past and they have energised me personally to seek out new opportunities for "relevance" which is key to our survival.

Of course without you, our members, there is no organisation. I thank each and every one of you for your support and look forward to working with you in the coming year.



Sharon Humphreys
Executive Director

PACKAGING COUNCIL ACTIVITY – 2014/2015

ADVOCACY



In keeping with our evidence-based focus we have used the independent analyses carried out by KPMG and Infometrics to successfully demonstrate that packaging represents 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. Using this information has enabled Harry Burkhardt in his role as President, together with Murray Parrish as our Vice President, and the wider Executive Board, to build on their existing relationships and networks across Government departments, increasing our engagement opportunities in the past year.

We have continued our representation on the FSANZ Packaging Advisory Group and together with the NZ Food and Grocery Council we have maintained a strong New Zealand industry presence.

We entered into an MOU with Green Chip during the year

GreenChip

to investigate how the PREP (packaging recyclability evaluation portal) tool could be translated into the New Zealand context. The PREP is the world's first online self assessment tool for all forms of consumer packaging. The PREP is currently used by packaging designers and brand owners to determine whether consumer packaging in Australia can be classified as recyclable. GreenChip and PAC.NZ will be working together to determine the feasibility of adapting the PREP so that the assessment findings are also applicable to products sold in New Zealand. This adaptation will

allow businesses to label products sold in both Australia and New Zealand to advise consumers how to recycle each component.



Our partnership with Auckland University's Biocide Toolbox programme has led to a collaborative waste minimisation fund application between Auckland University and the Packaging Council to investigate the feasibility of using biological processes to degrade mixed plastic. Focussing on plastics which are currently destined for landfill this project has the ability to offer an alternative route which will not just be a first for New Zealand but also offers the potential for interest from off shore where challenges exist with this intractable waste stream.

We have also established a platform for member focus groups. The idea behind these groups is to widen the scope of communicating packaging and packaging waste issues. There will be more emphasis on these groups in 2016/17 as we seek broader engagement for solutions to current packaging issues. This is an area where our growing involvement with the science community will play a more central role in the work of PAC.NZ.

PROMOTIONAL

During the year we launched our new website. With a complete new look we are proud to have this as our “shop window”. With the website we have been able to highlight news from our members, share blogs such as the travel blog series currently being written by Debbie Teale as she takes a year out to travel around the globe and launch a new initiative “Our Partners”. This is particularly exciting area as it gives us the opportunity to demonstrate the scope of areas that PAC.NZ gets involved in. Strengthening existing partnerships and seeking new, relevant partners will be a strong focus for the coming year.

The website also enables members to update their own content in the Membership Directory. This offers members another platform to advertise their latest product and services so people browsing the site looking for specific information can be directed straight to them.

The weekly newsletter remains the most efficient means of communicating with members to disseminate global information about the worlds of sustainability, packaging, waste and recycling. The readership of the newsletter continues to grow and we have been informed that it is used as a go-to resource for Ministry for the Environment and other interested stakeholders.

A great deal of background work was undertaken in 2015/16 to develop a brand new awards programme for the packaging industry. The aim of the new programme is to develop a platform to showcase innovative packaging and processing designs from materials to packaging to machinery:



**Introducing PIDA™ –
Packaging and Processing
Innovation and Design
Awards.**

The PIDAs will be a collaborative association between the Australian Institute of Packaging (AIP), the Australian Packaging & Processing Machinery Association (APPMA), the Packaging Council of New Zealand and the World Packaging Organisation (WPO) and will merge a number of existing awards programmes from across Australia and New Zealand to create one cohesive industry-based programme. The new awards programme will also be the exclusive access point to the prestigious World Star Awards each year creating global recognition for ANZ innovations.

Building the awards programme will be a key area of focus for the 2016/17 year.

ORGANISATIONAL

From an organisational perspective we made two fundamental changes during the year:

(1) Adopting a new constitution.

This is the governing framework for the organisation and changes made now will ensure that we meet new requirements under the

proposed changes to the Incorporated Societies Act. The new constitution also allows for a different Executive Board structure which will be enacted at the 2016 AGM. We no longer have the prescriptive requirement of representation from particular sectors which will open the Board up to new opportunities for providing representation based on industry issues and specific skill sets. This new structure is a significant change and will provide the strong leadership the organisation needs as we face a very different business landscape from that envisaged when the original constitution was adopted in 1997.

(2) Moving Office.

After eight years above the AA Service Centre on Greenmount Drive we have now moved into shared premises with Flight



Plastics. Still on Greenmount Drive. The move provided an opportunity to complete the transition between an organisation with a relatively large fixed overhead structure to a scaled down, more flexible office. In keeping with the flexible, nimble structure, we have also changed how the organisation is supported through a combination of contractors performing professional services such as accounts and communications, project staff performing specific research such as the background work for the PREP tool and a part-time staff member carrying out administration tasks related to membership services. This will enable us to focus in the coming year on utilising various social media platforms and give us the ability to engage and follow up with members to ensure that when we are putting on events every member clearly understands what is in it for them and why they should be involved. We will also be using the support to provide more research into packaging issues as these arise.

No activities report would be complete without mention of the Annual Ambrose Golf Tournament! This remains our cornerstone social event of the year and once again the generous sponsorship and loyal support ensured a fantastic day – only slightly marred late afternoon rain.



PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED

2014/2015 ANNUAL GENERAL MEETING

MINUTES OF THE MEETING HELD ON THURSDAY 25TH JUNE 2015, AT BNZ HIGHBROOK PARTNER CENTRE, LEVEL 1, 86 HIGHBROOK DRIVE, EAST TAMAKI

1. OPENING

The meeting commenced at 7.45am.

Sharon Humphreys, Executive Director opened the AGM and welcomed the members to the meeting. Sharon then invited the President to make a brief presentation.

Richard Manaton, President welcomed members to the meeting. He talked about the general business operating environment, commenting that little had changed over the previous twelve months. There was slightly more focus creeping back in on environmental concerns but nothing compared to the pre-GFC era. He used the example of the issues surrounding plastic bags as an illustration of the tensions between central government, preferring voluntary industry-led initiatives, and local government looking to central government to impose regulations.

He expressed his disappointment that the Packaging Council had been unable to get an accredited product stewardship scheme in place. However the need for the strong representation for packaging issues was still very relevant and the focus for the Council moving forward would be in the areas related to the value-add of packaging in our export sector particularly with relation food safety and traceability.

Richard talked about changes which had been made to the Council. He congratulated Sharon on her appointment as Executive Director and expressed his confidence at her leadership of the organisation. He also talked about the upcoming constitutional changes and how a Special General Meeting would be called later in the year to adopt a new constitution.

Lastly Richard thanked the Executive Board and the Executive Director for all of their support over his term as President.

Sharon Humphreys, Executive Director thanked Richard for his kind words. Sharon's presentation focussed on the operational plans for the year ahead. The strategy work had provided a clear focus in the areas of advocacy and packaging promotion. Sharon explained how external contractors would be assisting with communications and the brand-new awards programme. She made the point that engagement with members remains a challenge across all membership organisations, citing the "Your Role" in the members benefits section of the Consumer Goods Forum website as an example. But with tools such as the new website, the weekly newsletter, and opportunities with partners, old and new, the Packaging Council had the energy and drive to build a collaborative platform to deliver on the conversational change about the role of packaging.

Sharon ended her short presentation reminding members that ultimately they would judge the relevance of the Council's work

programmes and how she was looking forward to taking the Packaging Council through its next stage of evolution.

8.20AM - COMMENCEMENT OF THE ANNUAL GENERAL MEETING - FORMAL BUSINESS

2. PRESENT

Richard Manaton	Progressive Enterprises
Harry Burkhardt	Replas
John Webber	Packaging Forum
Andreas Haussrer	Amcor
John Matthews	Cospak
Penny Garland	O – I NZ
Nick Rowe	Silver Fern Farms
Louise Evans-McDonald	Imperial Tobacco
Keith Parker	NCI Packaging
Winsor Yang	NCI Packaging
Kate Eglinton	Waste Management
Murray Parrish	Carter Holt Harvey
Jonathan Marshall	O - I NZ
Janice Thein	British American Tobacco
Euan McLeish	Orora Kiwi Packaging
Nic Bishop	Fonterra
Bruce Campbell	OfficeMax
Robert Lei	Scion
Alistair Egan	Fuji Xerox
Ken Sowman	Plastics New Zealand
Brent Devlin	Stratex
Spring Humphreys	Lowe Corporation
Richard Hosking	Orora NZ

Also in attendance were:

Sharon Humphreys	Packaging Council of NZ
Brett Harris	Guest Speaker
Krystal Spicer	Supermarket News
Felicity Flack	Supermarket News
Lou Gommans	Biocide Toolbox Programme
Adeline Le Cocq	Biocide Toolbox Programme
Sue Archibald	Promote Ltd
Debbie Teale	Debbie Teale
Heather Saunderson	Keep New Zealand Beautiful

3. APOLOGIES

Were received from:

Brett Keen	B J Ball
Chris Thorley	Kyocera

Keith Smith	Flight Plastics
Michael Shatford	NCI Packaging
Greg Chapman	Gravure Packaging
Craig Wilson	Waste Management
Cheryl Speechley	Tetrapak
Darren McClenaghan	Sealed Air
Andrew Gleason	Visy Board NZ
Derek Lander	Flight Plastics
Tim Bateman	Sanitarium
Tony Sayle	Jenkins Labels
Dave Morkel	3M
Cathy Lundie	Elldex Packaging
Angela Johnson	O – I NZ

It was moved: that the 15 apologies for the meeting be accepted.

Penny Garland / Andreas Haussrer:	Carried
Craig Wallis	Jenkins Labels (Late Apology)
Stuart Shepherd	NCI Packaging (Late Apology)

PROXIES

3 proxies were received and given to the Chairman.

4. CONFIRMATION OF MINUTES

Minutes of the Annual General Meeting held on Thursday 26th June 2014 were included in the 2015 Annual Report which had been circulated.

It was moved: Minutes of the Annual General Meeting held on 26th June 2014 be accepted.

Nic Bishop / Bruce Campbell:	Carried
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5. ANNUAL REPORT

The 2015 Annual Report of the Packaging Council had been circulated.

It was moved: that the 2015 Annual Report be received and adopted.

Penny Garland / Murray Parrish:	Carried
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6. AUDITED ACCOUNTS

The 2014/15 Audited Accounts of the Council for the year ended 31st March 2015 were included in the 2015 Annual Report and had been circulated.

It was moved: that the 2014/15 Audited Accounts be received and adopted.

Andreas Haussrer /Bruce Campbell:	Carried
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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.

Penny Garland /Murray Parrish:	Carried
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8. 2015 / 2016 ELECTION OF OFFICERS

The Executive Director advised that the nominees for the positions on the Executive Committee were as follows:

President

Harry Burkhardt, Replas

Immediate Past President

Richard Manaton, Countdown

Vice President

Murray Parrish, Carter Holt Harvey

PACKAGING MANUFACTURERS (Max of 4)

Andrew Gleason, Visy
Keith Smith, Flight Plastics
Andreas Haussrer, Amcor Flexibles
Windsor Yang, NCI Packaging

PACKAGING USERS AND FILLERS (Max of 4)

Nic Bishop, Fonterra
Bruce Campbell, OfficeMax
Alistair Egan, Fuji Xerox

RAW MATERIAL SUPPLIERS, SERVICES & WASTE (Max of 3)

Kate Eglinton, Waste Management
Elspeth MacRae, Scion
Angela Johnson, O – I NZ

DISTRIBUTION & SALES FOR WHOLESALE / RETAIL PRODUCTS (Max of 3)

Darren McClenaghan, Sealed Air
Euan McLeish, Orora Packaging
Cheryl Speechley, Tetra Pak

I confirm that no ballot is necessary as places are available for all the nominations. It was moved: that the above Nominees be confirmed as the 2015/2016 Executive Committee.

Penny Garland/ Murray Parrish:	Carried
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9. GENERAL BUSINESS

Sharon Humphreys congratulated Harry Burkhardt on his appointment as the new President of the Packaging Council and also his recognition in the Queens Birthday honours list for services to Maori. Sharon then presented Richard Manaton with a gift to thank him for his years of service as President of the Packaging Council.

10. CLOSURE

There being no further business the meeting closed at 8.30am
Sharon introduces the guest speaker Brett Harris, Barrister.

Brett gave a presentation about the upcoming changes with the new Health & Safety regulations and what these would mean for business.

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED INDEPENDENT AUDITOR'S REPORT

To the members of the Packaging Council of New Zealand Incorporated

We have audited the accompanying financial statement of the Packaging Council of New Zealand Incorporated, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance and the statement of movements in members' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive Committee's responsibility for the financial statements

The Executive Committee is responsible for the preparation and fair presentation 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that

HUDSON • KASPER

give a true and fair view of the matters to which they relate 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we assist in the drafting of the statutory financial statements and in the preparation of the annual tax return. Other than this we have no relationship with or interests in the Packaging Council of New Zealand Incorporated.

Opinion

In our opinion, the financial statements for the year ended 31 March 2016 are prepared, in all material respects, in accordance with the Special Purpose Framework for use by For Profit Entities.

Basis of Accounting and Restrictions on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the entity's 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.

Hudson Kasper

Chartered Accountants

Auckland

Date: 8 June 2016

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 \$	2015 \$
Operating revenue	2	269 101	207 468
Operating expenses	3	290 552	(325 546)
Operating surplus (deficit) before other income		(21 451)	(118 078)
Interest income		7 817	11 657
Net surplus (deficit) before taxation		(13 634)	(106 403)
Taxation expense	4	1 300	1 202
NET SURPLUS (DEFICIT) AFTER TAXATION		(14 934)	107 605

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED STATEMENT OF MOVEMENTS IN MEMBER'S FUNDS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 \$	2015 \$
Accumulated funds at start of year		366 117	473 722
Net surplus (deficit) after taxation		(14 934)	(107 605)
Accumulated funds at end of year		351 183	366 117

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 \$	2015 \$
Current assets			
Cash at bank		335 042	377 685
Accounts receivable		1 173	-
Other current assets		1 956	1 956
Prepayments		6 958	8 458
GST refund due		927	851
Tax refund due	4	68	841
Total current assets		346 124	389 791
Non-current assets			
Fixed assets	5	35 805	9 635
Total non-current assets		35 805	9 635
Total assets		<u>381 929</u>	<u>399 426</u>
Current liabilities			
Accounts payable and accruals		26 958	29 334
Income received in advance		3 788	3 975
Total current liabilities		30 746	33 309
Equity			
Members' accumulated funds		351 183	366 117
Total liabilities and equity		<u>381 929</u>	<u>399 426</u>

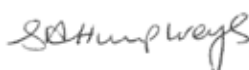
For and behalf of the Executive Committee:



Harry Burkhardt

President

Dated: 8 June 2016



Sharon Humphreys

Executive Director

Dated: 8 June 2016

PACKAGING COUNCIL OF NEW ZEALAND INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 environmental 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 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) rates allowable by the Inland Revenue Department. The principal rates are as follows.

Furniture and fittings	9.6% - 31.2%	DV
Office equipment	18% - 60%	DV
Leasehold improvements	10% - 12%	DV
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 2015 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

	2016 \$	2015 \$
Membership fees - current year	247 434	144 438
Membership fees - prior years	4 029	39 241
Miscellaneous income	12 468	11 557
Rent & OPEX Received	4 983	12 055
CANZBAC	187	177
	<u>269 101</u>	<u>207 468</u>

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.

As part of the transitional arrangements members were only billed for the period from 1 October 2014 to 31 March 2015 in the last financial year.

Consequently, membership income was significantly lower in the prior year as compared to the current year ending 31 March 2016.

3. OPERATING EXPENSES

	2016 \$	2015 \$
Audit fees	7 500	7 150
Fees paid to the auditor for other services	350	350
Depreciation	11 251	6 152
Loss on disposal of fixed assets	4 546	-
Rent - premises	12 737	28 138
Wages and salaries	134 524	138 992
Motor vehicle expenses and leases	2 099	1 429
	<u>173 007</u>	<u>182 211</u>

4. TAXATION

	2016 \$	2015 \$
Income from non-exempt operations	507	227
Interest received	7 817	11 675
Rent received	4 983	12 055
Expenses claimed	(7 664)	(18 663)
	<u>5 643</u>	<u>5 294</u>
Exemption allowed	(1 000)	(1 000)
Taxable income	<u>4 643</u>	<u>4 294</u>
Income tax at 28%	1 300	1 202
Resident withholding tax paid	(1 368)	(2 043)
Taxation payable (refund due)	<u>(68)</u>	<u>(841)</u>

5. FIXED ASSETS

		Accumulated	Book
As at 31 March 2016	Cost	Depreciation	Value
Furniture and fittings	20 700	(18 404)	2 296
Office equipment	19 009	(18 057)	952
Leasehold improvements	-	-	-
Website development	42 466	(9 909)	32 557
	<u>82 175</u>	<u>(46 370)</u>	<u>35 805</u>
As at 31 March 2015			
Furniture and fittings	24 202	(20 913)	3 289
Office equipment	43 495	(41 127)	2 368
Leasehold improvements	11 031	(7 053)	3 978
Website development	10 330	(10 330)	-
	<u>89 058</u>	<u>(79 423)</u>	<u>9 635</u>

6. RELATED PARTY TRANSACTIONS

Other than membership fees and related revenues derived from members there were no related party transactions during the year (2015 : nil)

No related party balances have been written off in the period under review (2015: nil).

7. OPERATING LEASE COMMITMENTS

	2016	2015
	\$	\$
Current		
Premises	8 500	13 417
Photocopier	-	1 552
	<u>8 500</u>	<u>14 969</u>
Non-current		
Premises	-	-
Photocopier	-	-
	<u>-</u>	<u>-</u>
Total	<u>8 500</u>	<u>14 969</u>

Premises

A lease for the premises situated at 17E Greenmount Drive, East Tamaki was entered into for a term of one year nine months, commencing 1 July 2015 with two rights of renewal for a further two years each. The monthly rental excluding is \$708.33 plus GST (2015: \$1,917 plus GST).

Photocopier

The lease for the Kyocera photocopier expired in September 2015.

8. CAPITAL COMMITMENTS

The Council has approved expenditure of \$30,000 plus GST for the design, marketing and sponsorship strategy for the Packaging Design and Innovation Awards. (2015 : The Council has approved expenditure of approximately \$42,000 plus GST in relation to the development of a new website).

9. CONTINGENT LIABILITIES

As at balance date the Council had no contingent liabilities or assets (2015: nil).

10. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which require disclosure in or adjustment to the financial statements (2015: nil).

MEMBER COMPANIES







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