



AGRECOVERY
Rural Recycling Programme

Annual Report 2011/2012

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Please consider the environment
before printing

Welcome!

During 2011/2012 the Agrecovery Rural Recycling programme continued to grow at a satisfying rate. This growth demonstrated the positive change in the habits and views of New Zealand farmers and growers regarding the disposal of waste plastics and agrichemicals. Meanwhile the number of brand owners supporting the programme is also steadily increasing.

With five nationwide programmes, including the recycling and recovery of plastic containers, plastic and steel drums, feed plastics and crop protection net, as well as the safe disposal of expired or unwanted agrichemicals, Agrecovery is a model product stewardship programme with wide industry support.

The Agrecovery Foundation continues to ensure the transparent governance of the programme to the benefit of both brand owners and programme users.

To help achieve this and the goals outlined in its new strategic plan the Foundation has increased its administrative resource. At the same time there has been a change of administrator from Horticulture New Zealand to Federated Farmers and, with it, a move to their offices in Featherston St, Wellington.

Agrecovery was accredited in 2010 by the Ministry for the Environment under the Waste Minimisation Act 2008 and achieved a very positive assessment in its first annual review.

We hope you will take the time to read this report which outlines the growth and development of the Agrecovery programmes during the 2011/2012 financial year. Most importantly, we hope you will lend us your support to help grow the programme into the future.

Thank you.

Chairman's Report



Agrecovery Foundation trustees are accountable for the strategic direction of Agrecovery, and it's an obligation taken seriously. Strategic leadership is the essential ingredient of success in any organisation. It provides vision and direction for the future.

At a governance level, the key achievement of Agrecovery Foundation in

the year under review was therefore the development and acceptance of a new strategic plan. And it's a good one.

Any board's role is visionary and so the plan looks forward five years and sets clear goals. Now the Foundation needs to roll up its sleeves and achieve them.

Like any good strategic plan, most goals are plain common sense, and will continue the Foundation's current direction. Others will be more of a stretch.

One of the most important is to further increase the amount of plastic recovered from farms. After five years of operation, Agrecovery recycled about 30 percent of the plastic containers which its brand owners sold into the market in the year ending June 2012. This is good progress, but trustees, programme managers, and levy-paying brand owners all agree that we want to further increase this recovery rate. Fifty percent is the next target.

Transparency and accountability are two further areas that take on greater emphasis under the new strategic plan. To this end the Foundation will build stronger direct linkages with brand owners and other stakeholders.

Another success in the year was a solid financial surplus which, when added to the previous period's surplus, puts

the Foundation on a firm financial footing. This is very important in an organization with income that ebbs and flows seasonally but with expenses that do not.

Finally, I'd like to thank Phil York, who stepped down as the Federated Farmers' representative, replaced by Anders Crofoot. The Foundation is also grateful for the hard work by staff of its programme manager, 3R Group, and the secretariat at Horticulture New Zealand.

A copy of the strategy document is available from the Foundation.

A handwritten signature in black ink, appearing to read 'Graeme Peters', with a long, sweeping horizontal stroke extending to the right.

Graeme Peters
Chairman, Agrecovery Foundation
gpeters@agcarm.co.nz

Trustee Profile GRAEME PETERS

representing Agcarm (Agricultural Chemical and Animal Remedies Manufacturers' Association)

Graeme Peters was appointed a trustee in 2008 and elected chair in 2010.

He is also chief executive of Agcarm, the industry association for companies which make and sell agrichemicals and veterinary medicines. Agcarm members include some of the world's leading agribusinesses which support overseas recycling and recovery programmes similar to Agrecovery. Graeme brings a background in science, media and communications, stakeholder management, and advocacy to the Foundation. On the weekends he blows the whistle at football games, enjoys scrabble, and competes with his three sons to grow the biggest giant pumpkin.

Trustee Profiles



ANDERS CROFOOT *representing Federated Farmers*

Anders lives and farms with his family at Castlepoint Station, a large sheep and beef property in the Wairarapa. He holds a number of positions including on the National Board of Federated Farmers (he was also Wairarapa Provincial President for four years), on the executive of the NZ Grassland Association (two years as President), and director of Grow Wellington, the economic development agency for Greater Wellington.

Prior to emigrating from the US in 1998, he earned a double degree in Computer Science and Psychology from Dartmouth, worked in hospitality and construction, set up a computer consulting practice and worked as a quantitative analyst.



ANDY GOODWIN *representing Fonterra Cooperative Group Ltd*

Andy has been with Fonterra for 17 years in a variety of roles and is now the Manager, Food Safety. Andy can call on a wealth of dairy knowledge in his role at Fonterra and as a trustee on the Agrecovery Foundation. He grew up on a dairy farm in Okoroire, Waikato and before joining Fonterra worked in both the laboratory and manufacturing sides of the milk business.

He is a keen water-skier and wakeboarder and when he is not out on the water, he can be found enjoying quality time with his wife and two girls (13 and 3 years old).



JOHN ALLEN *representing Horticulture New Zealand*

After an extensive corporate career working for some of New Zealand's leading agrichemical manufacturers and distributors John and his wife Nanette purchased a kiwifruit orchard in Te Puke fifteen years ago. The aim was to have their own place in the sun and to work towards retirement.

In 2002 John entered kiwifruit politics and has since held a number of key industry representative roles including President of New Zealand Kiwifruit Growers Inc, Director of Horticulture New Zealand, and Director of Kiwifruit New Zealand. He was appointed by Horticulture New Zealand as a Trustee of Agrecovery on its establishment.



MARY-ANNE BAKER *representing Waikato Regional Council on behalf of local government*

Mary-Anne is a policy planner with the Tasman District Council and works in the field of land and water management, particularly around water and air quality and contaminant discharges. She has also been involved with the development of the NZ Standard for Agrichemical Management and other national standards around air quality and contaminated land regulations.

Mary-Anne comes from a farming background and for many years has been engaged with issues that affect farmers and horticulturists. She has a good understanding of production systems and the challenges facing landowners and is interested in working with them to build and support environmentally sound and sustainable farming systems.

Programme Manager's Report

3R Group's role as Programme Manager is to deliver the operational aspects of the Agrecovery programmes and conduct activities which complement the Foundation's strategic plan. The success of this is measured against Key Performance Indicators (KPIs) negotiated annually. KPIs for this year have been met or exceeded:

- Increased container recovery volume;
- Targets for efficiency of programme operation met;
- Significantly increased programme activity while maintaining operating budget at the same level as previous three years;
- Stakeholder programme satisfaction consistently above 80%;
- Plastic delivered for re-processing met quality acceptance standards;
- Programmes remain compliant with health & safety standards; ISO 14001 certification, Product Stewardship Accreditation and ACC Secondary Accreditation maintained.

As programme managers, robust and sustainable recycling solutions for farmers and growers are a priority. We continue to deliver on our work plan with a keen focus on ease of access to recycling solutions – ensuring engagement is straightforward and services are accessible nationwide. Key drivers for this are, firstly, understanding what leads farmers/growers to recycle, and secondly, presenting the programme information in a simple, easily understood way which leads to action.

Along with the new simple message marketing campaign “*Rinse, Return, Recycle*” and “*Clean, Green, Need proof?*”, 3R continues to leverage supply chain relationships resulting

in extending the programme reach beyond the income from the levy alone and enabling direct farmer/grower contact to reinforce the recycling message.

In 2012/13 we will continue to focus on the dairy, beef and lamb sectors so look out for increased collaboration with Rural Contractors NZ, Beef + Lamb New Zealand, Maori organisations and DairyNZ to name a few.

Our KPIs for 2012/13 have been negotiated and we look forward to reporting achievement against these in our regular updates:

- Continued growth in volume;
- More brand owners joining Agrecovery and expansion of the drum programme;
- Maximising programme performance and minimising cost including accounting for commitment to programme by stakeholders;
- Measuring “ease of programme use” with satisfaction targets of 80% or more;
- Accessible collection network with fixed collection sites well supported and appropriate on-property collections and collection events;
- Continue to operate to best practice guidelines and provide evidence that MfE Product Stewardship Accreditation and ISO 14001 Certification is maintained; H&S Tertiary Level (or similar qualification) maintained;

Congratulations to those who continue to choose to responsibly recycle, and those organisations that encourage and reinforce environmental best practice for their suppliers. Thank you too, to the operators of the collection site network who provide a valuable service for their rural communities.

These organisations proudly support Agrecovery:



Thanks to those brand owners who support



the Container and Chemicals programmes...



As at 1st October 2012

Programme Summaries YEAR ENDED 30 JUNE 2012

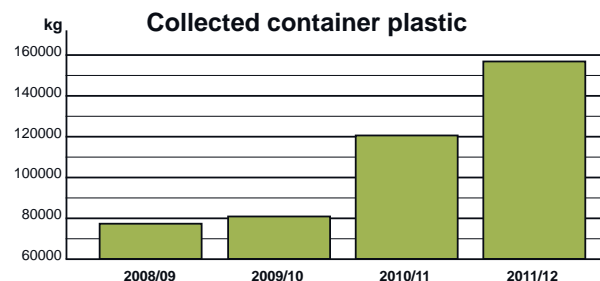
Containers

The container programme continues to show excellent growth, exceeding both the yearly target of 150,000kg and, for the first time, exceeding 20,000kg collected in one month (May 2012).

This bumper month followed an extremely successful promotion in March and April 2012 which encouraged use of the container programme with a prize draw for anyone recycling containers during this period. This was the first time such a promotion had been run and its success was reflected in high collection volumes, new member numbers and a large jump in visitors to the Agrecovery website.

While the total number of collection sites remained fairly static, work on improving access to the network continued as a high priority, with several retailers hosting new collection sites. Agrecovery has also provided a number of on-property collections for large users and is planning a series of collection events in areas without a fixed Agrecovery site. This will help meet the needs of large customers and dairy, sheep and beef farmers in low volume areas.

Brand owners:	56
Collected plastic:	157,390kg
Growth over previous 12 months:	30%
Collection sites:	39 North Island 29 South Island <i>+ individual collection events on West Coast</i>
Sites opened or moved:	8



Periods shown are 1 July to 30 June.

Chemicals

The parallel Agrecovery programme for the collection of unwanted or expired agrichemicals also made steady progress during the financial year, experiencing an unprecedented increase in bookings.

Three years in, this programme growth is pleasing as it represents further acceptance of a sustainable, nationwide industry-supported model for agrichemical recovery in comparison to the localised, variable recovery programmes that preceded Agrecovery – both for those people involved at

a local government level, and also for farmers and growers.

Funding for the collection and disposal of legacy agrichemicals remains a challenge for the programme, as does collecting user pays charges. Going forward the programme managers will continue to work closely with local and central government as well as key stakeholders to address these funding gaps and develop enduring relationships to broaden the engagement with farmers and growers.

Programme Summaries YEAR ENDED 30 JUNE 2012

Chemicals Continued

Brand owners:	56
Collected chemicals:	11,623kg
Growth over previous 12 months:	23%
Number of regional collections held:	9

Drums

The drum programme completed 10 months of an initial 1 year trial during 2011/2012 for on-property collection of 61-1000 litre steel or plastic drums. The trial was launched in September 2011 with seven brand owners, growing to 14 brand owners by the end of June.

On-property collection was free for participating brands, while all other drums were subject to a \$10 per drum user-pays collection fee. Demand from farmers and growers accelerated after a slow start, which was to be expected with commencement of a new programme involving behaviour change.

Brand owners:	14
Registered for collection:	590 drums
Collected:	310 drums
Participating brand owner drums:	53%
Uncollected:	280 drums*

** Uncollected due to cancellation, rejection of drums, payment pending or collection occurring outside 2011/2012 financial year.*

The following brands can be collected on-property for free:



Programme Summaries YEAR ENDED 30 JUNE 2012

Wrap and Net

This financial year saw a significant uplift in farmers recycling their silage plastics rather than the traditional, and potentially hazardous, burning or burying. This was supported by both anecdotal evidence and record growth in the amount of plastic collected during the period; the volume of plastic collected more than doubling when compared to the previous 12 months.

Agrecovery also moved to on-farm collections for small bags, so that all recycling bags are now collected on-farm. This was implemented for both farmer convenience and to relieve pressure on the container collection site network where recycling bags were taking up much needed container space.

Brand owners:	3 Wrap 1 Net
Plastic collected:	241,000kg*
Growth:	105%

** Estimated dry weight of the plastic excluding moisture and contamination. Total weight of bags collected is approximately 36% higher at just over 325,000kg.*

The Agrecovery Wrap and Agrecovery Net programmes are funded independently of the container and chemical levy paid to the Agrecovery Foundation by brand owners.

Agrecovery Wrap and Agrecovery Net are proudly supported by:





photo courtesy of Marlborough Express



photo courtesy of Southland Times



AGRECOVERY FOUNDATION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2012

INCOME	2012 (12 months)	2011 (15 months)
Grants	4,348	-
Levies	1,321,254	1,514,547
Sale of Recovered Container Plastic	61,770	48,176
Sale of Labels	1,060	1,000
Interest	4,143	1,510
Large bag income	1,149	-
Total Income	\$1,393,724	\$1,565,233
EXPENDITURE		
CONTAINERS		
Administration	164,000	204,000
Operations	611,758	784,284
Compliance	70,000	68,743
Training	27,942	34,999
Marketing & Communications	62,537	127,001
Global Container Management	-	6,350
Commission	-	8,291
User Education and Field Support	32,463	-
Total Containers Expenditure	968,700	1,233,668
CHEMICALS		
Administration	70,680	69,725
Operations	89,821	157,786
Marketing & Communications	29,200	65,414
Event Building Activities	8,701	72,562
Total Chemicals Expenditure	198,402	365,487
FOUNDATION ADMINISTRATION		
Audit Fee	3,000	2,600
Accounting Fee	544	500
Annual Report	5,000	8,115
Secretarial	28,340	20,228
Legal	-	756
Meetings	1,548	-
Intellectual Property	-	-
Strategic Review	3,984	-
Travel	3,499	1,772
Other	770	2,147
Waste Oil Project	4,348	-
Total Foundation Administration	51,033	36,118
Total Expenditure	1,218,135	1,635,273
NET SURPLUS (DEFICIT) FOR THE YEAR	\$175,589	(\$70,040)

These financial statements should be read in conjunction with the notes to the financial statements

AGRECOVERY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

Current Assets	Note	2012 (12 months)	2011 (15 months)
Cash and cash equivalent	4	242,085	121,874
Accounts receivable		286,460	235,282
Loan to Agrecovery Wrap		45,000	45,000
Total Current Assets		573,545	402,156
Less Current Liabilities			
GST Payable		15,895	10,643
Accounts Payable		126,786	136,238
Total Current Liabilities		142,681	146,881
NET ASSETS		\$430,864	\$255,275
REPRESENTED BY:			
Equity as at 1 July 2011		255,275	325,315
Plus (Less) Net Surplus (Deficit) for the Year		175,589	(70,040)
TOTAL EQUITY		\$430,864	\$255,275

AGRECOVERY FOUNDATION STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

Opening Balance at 1 July 2011	255,275	325,315
Plus (Less) Surplus (Deficit) for Year	175,589	(70,040)
BALANCE AT 30 June 2012	\$430,864	\$255,275



Chairman
24 October 2012

AGRECOVERY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Financial Statements

1. Reporting Entity

Agrecovery Foundation is a not for profit entity incorporated on May 2006 under the Charitable Trusts Act 1957 and since re-registered under the Charities Act 2005. The Foundation has been developed by a coalition of major grower groups, industry parties and local and central government to provide a solution to the problem of waste agricultural containers, chemicals and wraps.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The accrual basis of accounting has been used unless otherwise stated and the financial statements are prepared on a going concern basis.

Change in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

Change in Balance Date

The Board changed its balance date from May to June in 2011. Consequently the comparative figures presented are for a 15-month period.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are set out below; they have been applied consistently to all years presented in these financial statements.

a) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

b) Financial Instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents and other financial instruments, trade creditors and other payments, borrowings and other financial liabilities.

Financial assets and liabilities are recognized initially at fair value plus transaction costs, except for those carried at fair value through the profit and loss, which are measured at fair value.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. The Foundation's cash and cash equivalent, trade and other receivables fall into this category of financial instruments.

c) Revenue

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the council and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognized.

Interest Income

Interest income is recognized as it accrues using the effective interest method.

Donations and Grants

Donations and grant income is recognized as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognized until agreed upon services and conditions have been satisfied.

d) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis. Accounts Receivable and Accounts Payable are reported on a GST inclusive basis.

e) Income Tax

Agrecovery Foundation has full charitable status under sections CW 41 and CW 42 of the Income Tax Act 2007 and accordingly is not liable for Income tax.

f) Differential Reporting

Agrecovery Foundation qualifies for differential reporting on the basis of size and public accountability. Agrecovery Foundation has applied all differential reporting exemptions.

4. Cash and Cash Equivalents

	2012	2011
BNZ- Cheque Account	23,575	67,446
BNZ - Call Account	218,510	54,428
	<u>242,085</u>	<u>121,874</u>

5. Commitments

At balance date the Foundation had no commitments (2011- nil)

6. Contingent Liabilities

The Foundation has no contingent liabilities as at 30 June 2012.

7. Related Parties

An employee of Horticulture New Zealand manages the Agrecovery Foundation. Administration costs incurred by the Foundation are reimbursed to Horticulture New Zealand. There are no other related party transactions during the period under review.



Grant Thornton

Independent Auditor's Report

TO THE MEMBERS OF AGRECOVERY FOUNDATION

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Audit Partnership
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Report on the Financial Statements

We have audited the financial statements of Agrecovery Foundation (the Foundation) on pages 11 to 13, which comprise the statement of financial position as at 30 June 2012, and the statement of financial performance, statement of changes in equity for the 12 months then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibilities

The Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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 misstatement.

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 the 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 Foundation's preparation of financial statements that present fairly 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 Foundation'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 have no relationship with, or interests in Agrecovery Foundation.

Opinion

In our opinion, the financial statements on pages 11 to 13 present fairly, in all material respects, the financial position of the Agrecovery Foundation as at 30 June 2012, and its financial performance, for the 12 months then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
24 October 2012

