



ANNUAL REPORT 2021 – 2022

reNewing
Zealand

Cover Photo: Techlam New Zealand
St Kentigern Preschool: Inspiring children to develop confidence and humility through a sense of community.
Featuring a Techlam glulam roof structure.

Chair's Report 2021 - 2022

It has been a year of transition for the Wood Processors and Manufacturers Association (WPMA). And a year where the effects of the COVID-19 pandemic and government response have continued to impact our members.

I replaced the retiring Chairman, Brian Stanley, in April 2022. I want to take the opportunity to thank Brian for his near decade long contribution to the Association and wood processing sector and to reflect on the major achievements.

Brian became Chairman of the then Wood Processors Association (WPA) in 2012. He had two major objectives. Firstly, he wanted to try and merge some of the Associations engaged in advocacy for the wood processing sector. In this effort he had some success in merging the WPA and Pine Manufacturers Association (PMA) into a single entity today known as the WPMA. Secondly, he wanted to be getting the wood processing sector onto the Government's radar to ensure the Government did know who we were and what we were trying to achieve for the sector. In this effort I believe the WPMA has been very successful in getting on the Government's radar.

As noted earlier this has been a year of transition for the WPMA. In addition to the change in Chairman we successfully appointed a new CEO. Stephen Macaulay joined the WPMA in January 2022 coming from the CEO role with the New Zealand Institute of Primary Industry Management. The Board have asked the incoming CEO to conduct a strategic review to determine the appropriate pathway forward for WPMA over the next few years. In collaboration with the Board this work is well underway, and we look forward to socialising the outputs of this strategic review with our members in the last quarter of this calendar year.

Beyond the strategic review there is plenty of advocacy work the WPMA have been involved in and there are plenty of future initiatives and opportunities the wood processing sector should be excited by. The Government has really ramped up its legislative programme which has resulted in a growing number of discussion documents and proposed regulations the WPMA is engaged on. These have ranged from policies and strategies on Transitioning to a low emissions and climate resilient future through to providing feedback on the Commerce Commission: residential building supplies market study and it seems nearly everything in between.

Our advocacy and influence work across Standards, the New Zealand Building Code and WorkSafe regulations has also ramped up. The work the WPMA and the dedicated technical and operational personnel of our membership do in this complex environment is vitally important. I want to take the opportunity to thank our Technical Manager, Jane Cuming, and all those technical and operational personnel of our membership for their expertise, the passion they have for our sector and their perseverance.

As noted earlier I believe there is plenty the wood processing sector should be excited by. Two of the most important initiatives I believe the WPMA membership and wider forest and wood processing sectors should be in lockstep support of are the Timber Design Centre (TDC) launched in March and the Forestry and Wood Processing Industry Transformation Plan (ITP) that is currently being formulated.

The TDC is an initiative between Te Uru Rakau – New Zealand Forest Service and a consortium comprising of WPMA, Scion, the New Zealand Timber Design Society and BRANZ. The aim of the TDC is to proactively connect and share information across the building industry, provide research and educational resources on timber design and

construction, and to champion and promote the greater use of timber in construction. More broadly, this will further support creating a high-value and resilient wood processing sector to underpin New Zealand's low-emissions future. The long-term success of the TDC is fundamental to the growth of a high-value and resilient wood processing sector. Determining how the wood processing sector along with other key stakeholders co-funds its long-term future is a call to action that will be upon us soon.

The ITP has the ability to be the most important and transformational initiative the forest and wood processing sectors will experience in a generation. The Advisory Group are developing a draft plan to encourage the sector to process more logs and wood residues onshore, with the objective to increase the value-added wood products and residues necessary for the growing bioeconomy. The draft ITP will be out for consultation August-September this calendar year and is scheduled to be launched before the end of the calendar year. The WPMA will be preparing a submission.

As noted earlier it has been a year of transition for the Wood Processors and Manufacturers Association (WPMA). And a year where the effects of the COVID-19 pandemic and government response have continued to impact our members. It has also been an incredibly active year from both a policy and technical advocacy and influence perspective. I want to take this opportunity to thank our team, Stephen, Jeanette and Jane for the tremendous work they do on our behalf.

Finally, I want to thank you as members of the WPMA. Your commitment to the WPMA is truly appreciated and your confidence that the WPMA is advocating and influencing government and government agencies at all levels for industry good is our most important measure of success.

I am aspirational for the future growth of the wood processing sector, our ability to build stronger relationships with similarly aligned industry Associations and our ability to be a peak industry body in the eyes of Government when it comes to growing our bioeconomy.

John Eastwood
Chair of Wood Processors & Manufacturers' Association of New Zealand

CEO's Report 2021 - 2022

The lingering effects of the COVID-19 pandemic and associated policy shifts continued to be felt in the year ending June 2022, with labour shortages a common theme expressed by members during this time, staff away for extended periods and the inability to bring in immigrant workers into the country during the lockdowns.

Changing the Government's COVID-19 policy setting proved very challenging as members were required to continually adapt their business operations in line with ever-evolving mandates targeted at minimising the spread of the virus. We hope that members saw value in WPMA's communications in providing relevant guidance to them over this difficult time.

We do wish to acknowledge the good work of the Ministry for Primary Industries in keeping WPMA and its members informed, and where possible assisting primary processors to continue operating throughout the COVID-19 lockdowns. As part of a wider primary industry initiative, this also included streamlining border class exceptions to bring up to 280 immigrant workers out to New Zealand to work within the wood processing and manufacturing businesses in April. While welcomed, worker shortages continue to represent a major challenge for members, which reflects a tight labour market more broadly.

We also saw increased domestic residential building activity during the year fuelled by artificially low interest rates, as demonstrated by the record number of building consents for new residential homes, with 50,736 being issued in the year ended June 2022 (up 14% from the previous year). Surging demand did create shortages and supply chain disruptions for many building products.

In response to increased concerns over building product shortages, the Government asked the Commerce Commission to carry out a competition study into factors that may be affecting competition for the supply or acquisition of key building supplies used to build major components of residential buildings, including structural timber and plasterboard. As part of the consultation process, WPMA submitted feedback on the scope of a proposed market study in February, followed by a further submission on the market study draft report in August.

A common area of concern expressed by members is the reliable access to locally sourced wood fibre for added-value processing. Currently, domestic wood processors and manufacturers face competition for wood fibre from the raw log export trade, particularly when the Chinese log market is buoyant.

Under the Government's goal of net-zero greenhouse gas emissions by 2050, forestry is regarded as a key enabler in moving to a low-emissions economy. This will drive increased demand from multiple and diverse users of wood fibre in future, ranging from the higher use of wood products in the building industry to reduce embodied carbon emissions, through to a new and growing demand for woody biomass as a fuel source for industrial-scale process heat to assist large carbon emitters in reducing their emissions obligations under the Emissions Trading Scheme (ETS).

Within WPMA's submissions and direct representation to MPI and Te Uru Rākau we continue to stress the importance of: understanding the direct and indirect competing future demands for New Zealand's wood fibre in meeting broader industry and government aspirations of capturing the greatest overall value from the total forest estate; and better informing members of investment decisions that further support economic growth in the regions and contribute toward the country's wider bio-circular and net-zero emissions goals.

Advocacy & influence

A core objective of WPMA is to become a highly regarded peak industry body in representing the interests of members within the wood processing and manufacturing sector.

Increasingly, WPMA is being asked to provide feedback on a range of government discussion documents and proposed regulations. This has occupied more of our time as the Government ramps up its legislative programme. For the year ending June 2022, WPMA completed seven written submissions on a broad range of topics, which are covered in some detail below.

Reforming industrial allocation in the New Zealand ETS

The Government undertook a review of the industrial allocation (also known as free allocation) in the ETS and sought feedback on options to inform proposed regulatory changes to industrial allocation through an amendment to the Climate Change Response Act 2002. WPMA strongly recommended that wider considerations should be evaluated when assessing industrial allocation reforms and to give greater weight to the broader national interests, such as protecting New Zealand's regional economies and employment. We also suggested that the industrial allocation needs to be reviewed in the context of the emissions reduction plan and broader economic policies.

Transitioning to a low emissions and climate resilient future

The proposed plan by the Government sets out the policies and strategies New Zealand will take to meet its first emissions budget and to transition to a low-emissions economy. Within WPMA's submission we identified that the current principles do not acknowledge the role that business plays in the economy or articulate how government will work with the private sector in meeting emissions targets. We noted that an important objective must be to deliver investment certainty to businesses, including access to affordable renewable energy, supportive investment incentives and trade policy settings that enable the transition to a bio-circular, low-emissions manufacturing sector.

Forests (Regulation of Log Traders and Forestry Advisors) Amendment Act 2020

WPMA supported the aims and expectations of the proposed regulations for the registration of log traders and forestry advisors in strengthening linkages between New Zealand's forest growers and domestic processors that increase and create long-term supply arrangements of wood fibre. WPMA comments on the proposed regulations were largely focused on ensuring that the future system provided confidence in the provision of accurate and impartial professional advice to forest owners.

Commerce Commission: residential building supplies market study

In scoping out areas of focus for a market study, the Commerce Commission invited feedback on factors that may affect competition for the supply or acquisition of key building supplies, including structural timber. We did express concerns over the narrow scope of the terms of reference without accounting for the inflationary impact and supply chain disruptions caused by COVID-19. We also recommended that the study consider regulatory and standards-setting systems that may be impeding the development and uptake of new and innovative building materials.

Research, Science and Innovation – Te Ara Paerangi Future Pathways Green Paper 2021

WPMA supported the review of the research, science and innovation system in ensuring it is best placed in providing a modern, future-focused research system that is adaptable and innovative. We did strongly question the exclusion of industry in determining impactful research areas that offer the potential to increase and sustain New Zealand's economic performance. We recommended that research priorities should be set in conjunction with industry and/or end users who are expected to take up new technologies and innovations arising from research activities through to development and/or commercialisation.

He Waka Eke Noa's agricultural emissions pricing options

WPMA provided feedback on He Waka Eke Noa's agricultural emissions pricing options. We noted the potential distortions of other productive land use options within New Zealand (including production forestry) of differential greenhouse gas emissions pricing schemes. In considering a carbon tax on anthropogenic greenhouse gas emissions, we noted these needed to be transparent, equitable and consistently applied across the economy to minimise adverse or unintended effects of favouring one emission pricing regime over another.

Managing exotic afforestation incentives proposals to change the forestry settings in the ETS

The discussion document was seeking feedback on the introduction of the permanent forest category in the ETS. Within WPMA's submission we expressed concerns that the rising prices for New Zealand Units (NZUs) will likely result in large areas of land being planted in exotic species for permanent forests with no intention to harvest. This would diminish the supply of wood fibre, with land being locked up for 'carbon farming' and potentially impacting the production capacity of the wood processing and manufacturing sector at a time when the Government is seeking greater use of sustainable carbon neutral building materials under its Building for Climate Change programme. We were also concerned with the economic and social impact on rural communities, and the negative flow-on effect this will have through fewer employment opportunities and deteriorating economic conditions within the regions.

Building for Climate Change

Under the Climate Change Response (Zero Carbon) Amendment Act 2019 the Government has set a target to reduce net emissions of all greenhouse gases to zero by 2050 (except for biogenic methane). The Ministry of Business, Innovation and Employment (MBIE) has established the Building for Climate Change programme to lower emissions from the building and construction sector, including the requirement to reduce buildings' whole-of-life embodied carbon, forming an important part of the programme.

In February 2022, MBIE published the 'Whole-of-life Embodied Carbon Assessment: Technical methodology' guidance document, with the objective of establishing a consistent method of assessing the embodied carbon emissions of buildings in New Zealand. This methodology sets out an approach in five areas:

1. Scope of building elements to include in assessments.
2. Scope of life-cycle stages to include in assessments.
3. How to report carbon emissions and carbon benefits in assessments.
4. How to use data sources in assessments.
5. The format of results of assessments.

It is early days as to the shape and form of regulation, but the sector is already experiencing a marked increase in awareness of the need to reduce emissions and move away from high-emissions materials such as steel and concrete. Environmental Product Declarations (EPDs) are increasingly being used to establish the carbon credentials of specific building products. Where companies do not have EPDs, it is likely that default conservative values will be used by specifiers for building products.

The 2021 Building Code update

In late 2021, MBIE announced changes to Building Code H1 Energy Efficiency compliance documents. The changes will increase the minimum requirements for insulation in new homes and other buildings. The thermal performance of window glazing in new homes will increase from November 2022 and roof insulation from May 2023.

MBIE has not increased wall insulation for houses in this round of changes beyond what can be accommodated in 90 mm deep framing. Changes to wall framing are expected in the

near future as the work to reduce operational carbon gathers pace. In the meantime, frame and truss plants are likely to see some designers going beyond current minimum by specifying deeper wall framing and/or the use of horizontal battens on standard framing to build out the depth of the wall to take extra insulation.

Building product information

The Building Amendment Act passed in mid-2021 included the requirement to prescribe building product information, bringing in a new certification scheme for Modern Methods of Construction now renamed Modular Component Manufacturers (prefab buildings or components) and tightening up the CodeMark scheme.

Regulations for each of these has now passed, but do appear to be unnecessarily onerous for suppliers who are manufacturing component products to specifications referenced by higher order building design standards, as well as merchants who are required to facilitate the supply of information with each product. WPMA is continuing to work with MBIE on how suppliers of timber products can effectively meet product information requirements which come into effect at the end of 2023.

Standards

NZS 3602:2003 or NZS 3640:2003 In November, Standards NZ advised that the two committees and nominating bodies could not resolve issues and were unable to reach consensus on the final drafts and therefore were not in a position to put forward the proposed revision of NZS 3602:2003 or NZS 3640:2003 to the Standards Approval Board for approval.

A negative vote of a 'major sector' in both committees meant Standards NZ could not proceed with the revisions. WPMA is working with Standards NZ to ensure the standards-setting process works effectively for the wood processing and manufacturing sector. MBIE is expected to consult on incorporating much of the work of the committees directly into B2/AS1 in early/mid/late 2023.

NZS/AS 1720.1 This standard is expected to be published toward the end of 2022. This will be a New Zealand appendix to the Australian timber design standard AS 1720.1, which will eventually replace NZS 3603.

NZS 3604 This standard will be expanded to include three-storey buildings and steel portals for large openings. Work on the draft is underway and it is expected to go out for public comment in early/mid/late 2023.

AS/NZS 1328.1 The revision of this standard is intended to resolve identified issues related to testing for delamination when commissioning and will strengthen verification testing. Changes will also refine the use of (difficult to glue) hardwoods used in Australian glulam. WPMA coordinated funding for New Zealand's interests to be represented on the revision of this standard. We wish to thank members who contributed half the funding for this revision and MPI who contributed the remaining funding.

AS/NZS 4063.2 This revision involves adding LVL and plywood to the scope of AS/NZS 4063.2, then withdrawing AS/NZS 2269.2 and AS/NZS 4357.3. This is intended to simplify processes for the determination of structural design values for LVL and plywood. The bulk of the work will be on reviewing statistical methods for all products. This standard revision was funded 50% by MBIE and the remainder by WPMA, NZTIF and the Timber Design Centre. Work on the draft will commence in early/mid/late 2023.

WorkSafe WES update on softwood dust In 2019, WorkSafe NZ published interim and final levels for softwood dust. These levels were due to drop in November 2022 or early next year, with this requirement affecting WPMA members. WorkSafe recently agreed to formally

consult on final levels and expect this consultation process to begin in April/May 2023, with their decision to be published in November 2023 (15th Edition).

Chairman Retires

In March, Brian Stanley stepped down and retired from his position as Chair of WPMA after nine years in the role. Having spent his working life within the wood processing and manufacturing industries, Brian was able to bring considerable knowledge and insights on the industry to the role as Chair.

We would like to acknowledge Brian's contribution to the organisation as Chair during a time that has experienced significant change within the industry. We wish to acknowledge Brian's service and effort in leading and guiding the organisation over the years, and we wish him well for the future.



Timber Design Centre

The Timber Design Centre was launched in March 2022, with the goal to increase the use of timber more widely in mid-to-high rise buildings that also contribute towards New Zealand's carbon neutral targets by 2050, while realising the broader economic and wellbeing benefits of wood products in multi-storeyed buildings.

The aim of the Centre is to proactively connect and share information across the building industry, provide research and educational resources on timber design and construction, and to champion and promote the greater use of timber in construction. More broadly, this will further support creating a high-value and resilient wood processing sector to underpin New Zealand's low-emissions future.

The Centre is an initiative between Te Uru Rākau – New Zealand Forest Service and a consortium comprising of WPMA, Scion, the New Zealand Timber Design Society and BRANZ. More information on the Centre is available from the timberdesigncentre.co.nz website.

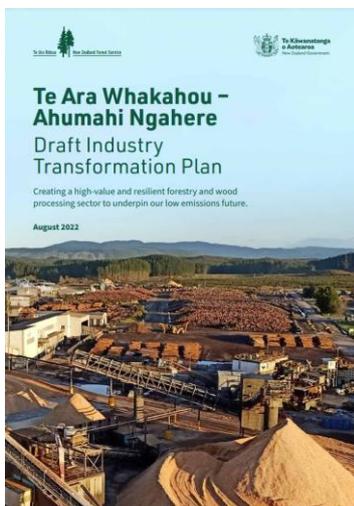


Forestry and Wood Processing Industry Transformation Plan (ITP)

During the year, the Forestry and Wood Processing Industry Transformation Plan Advisory Group developed a draft plan to encourage the sector to process more logs and wood residues onshore, with the objective to increase the value-added wood products and residues necessary for the growing bioeconomy.

Within WPMA's submissions (that closed on 30 September 2022) we were highly supportive of actions that are enabling of domestic investment by businesses within the wood processing and manufacturing sectors that provide the necessary confidence to invest capital into their existing, as well as new, business operations. We note that some of the proposed actions will require political fortitude to want to change existing regulatory and policy settings. This includes potential changes to tax and financial settings, such as accelerated depreciation and recognising the carbon value of harvested wood products.

We believe the ITP fairly identifies the lost opportunity to 'add value' to New Zealand's annual harvest and the impediments that generates domestically in the form of insecure log supply. WPMA has offered its assistance in the ongoing refinement and implementation of future ITP actions as it relates to adding greater value to the wood processing and manufacturing sectors.



Stephen Macaulay
CEO of the Wood Processors and Manufacturers' Association of New Zealand

Independent auditor's report

To the Members of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated

Opinion

We have audited the special purpose financial statements of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated, which comprise the balance sheet as at 30 June 2022 and the statement of profit or loss, and statement of changes in equity for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated for the year ended 30 June 2022 are prepared, in all material respects, in accordance with the accounting policies set out in the statement of accounting policies of the special purpose financial statements.

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 special purpose financial statements* section of our report.

We are independent of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 opinion.

Other than our capacity as auditor we have no relationship with, or interests in, Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated.

Emphasis of Matter: Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared in accordance with the accounting policies set out in the statement of accounting policies of the special purpose financial statements. They have been prepared in order to meet the requirements of the Incorporated Societies Act 1908, and for the benefit of the members and for tax purposes. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Executive Committee are responsible for the other information. The other information comprises the directory (but does not include the special purpose financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the remaining information in the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Committee for the financial statements

The Executive Committee are responsible on behalf of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated for the preparation of these special purpose financial statements in accordance with the accounting policies set out in the statement of accounting policies of the special purpose financial statements and for such internal control the Executive Committee determine as necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee are responsible on behalf of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated for assessing Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intend to liquidate Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements 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 special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose financial statements is located at the XRB's website at <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This report is made solely to the members of Wood Processors and Manufacturers Association (WPMA) of New Zealand Incorporated. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' 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.



Kendon's Chartered Accountants Limited

Michael Markham • Director

Qualified Auditors • Lower Hutt • New Zealand

14 November 2022

Directory

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
As at 30th June 2022

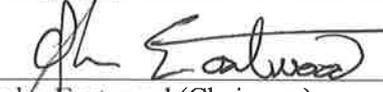
Nature of Business	Industry representation for support of Wood Processing & Manufacturing in New Zealand
Registered Office	32 Salamanca Road Kelburn Wellington
Auditors	Kendons Chartered Accountants Limited Lower Hutt
Accountants	Harrington Mason Chartered Accountants Level 3, 21 -29 Broderick Road Johnsonville Wellington
Bankers	ANZ Bank
Executives	Brian Stanley (Retired) John Eastwood (Independent Chair) Garth Mortensen Darren Stead Tony Clifford Craig Dawson Jon Ryder Mark Taylor Mark Hansen Alan Hartley Brendan Smith

Approval of Financial Statements

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30 June 2022

The Board is pleased to present the financial statements of the Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated for the year ended 30 June 2022.

For and on behalf of the Executive Committee



John Eastwood (Chairman)



Executive Member (Jon Ryder)

Dated: 27 September 2022

Statement of Profit or Loss

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

	<i>Note</i>	2022 \$	2021 \$
Revenue			
Revenue from Members	3	559,109	563,685
Interest Received		2,504	2,863
Sundry Income		6	8,679
Total Revenue		<u>561,619</u>	<u>575,227</u>
Expenses			
Staff Costs	4	334,676	505,158
General Office Costs	5	98,189	154,108
Meetings & Conferences	6	-	-
Non-Cash Expenses	7	5,052	2,142
Projects	8	3,258	-
Total Expenses		<u>441,175</u>	<u>661,408</u>
PROFIT/(LOSS) BEFORE INCOME TAX		120,444	(86,181)
Tax Expense	13	421	522
Total Tax Expense		<u>421</u>	<u>522</u>
NET PROFIT/(LOSS) AFTER INCOME TAX		<u>\$120,023</u>	<u>(\$86,703)</u>

Statement of Changes in Equity

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

	<i>Note</i>	2022	2021
		\$	\$
EQUITY AT START OF YEAR		479,351	566,054
PROFIT			
Net Profit/Loss after income tax		<u>120,023</u>	<u>(86,703)</u>
Total Recognised Incomes & Expenses		<u>120,023</u>	<u>(86,703)</u>
EQUITY AT END OF YEAR		<u>\$599,374</u>	<u>\$479,351</u>

Balance Sheet

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
As at 30th June 2022

	<i>Note</i>	2022	2021
		\$	\$
CURRENT ASSETS			
Cash and Bank Balances	9	622,303	565,473
GST refund due		1,724	7,321
Trade and other receivables	10	26,694	13,790
Total Current Assets		650,721	586,584
NON-CURRENT ASSETS			
Property, plant & equipment	12	8,971	4,490
Total Non-Current Assets		8,971	4,490
TOTAL ASSETS		659,692	591,074
CURRENT LIABILITIES			
GST due for payment		-	-
Income tax payable	13	421	522
Trade and other payables	11	59,897	111,202
Total Current Liabilities		60,318	111,724
TOTAL LIABILITIES		60,318	111,724
NET ASSETS		\$599,374	\$479,351
Represented by:			
EQUITY			
Retained Earnings		599,374	479,351
TOTAL EQUITY		\$599,374	\$479,351

Notes to the Financial Statements

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

1. STATEMENT OF ACCOUNTING POLICIES

WOOD PROCESSORS AND MANUFACTURERS ASSOCIATION (WPMA) OF NEW ZEALAND INCORPORATED (“WPMA”) is an association incorporated under the Incorporated Societies Act of 1908.

The financial statements comprise of a statement of profit or loss, changes in equity, balance sheet and notes to the financial statements. All figures are rounded to the nearest dollar.

Basis of Preparation

These financial statements are special purpose financial statements and have been prepared accordance with the specific accounting policies set out below. In order to meet the requirements of the Incorporated Societies Act 1908 and for the benefit of the WPMA members and for tax purposes. Accordingly, the financial statements should only be relied on for the expressly stated purpose. The accrual accounting basis has been used unless otherwise stated.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment;

Furniture & Fittings	12 - 19%	diminishing value
Computer Equipment	25 - 67%	diminishing value

All property, plant & equipment are stated at cost less depreciation.

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

(b) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(c) Taxation

As an incorporated society, WPMA is only required to return income arising from transactions with non-members. All income other than interest income and income received for specific projects has been derived from members. Only interest income is assessable for tax purposes.

(d) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

2. AUDIT

These financial statements have been subject to audit, please refer to the Independent Auditor's Report.

Notes to the Financial Statements

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

	<i>2022</i>	<i>2021</i>
	\$	\$
3. REVENUE		
Membership Fees	558,009	561,654
China Timber Design Handbook	-	2,031
Project Income	1,100	-
Total Revenue	<u>559,109</u>	<u>563,685</u>
4. STAFF COSTS		
Staff Remuneration	228,997	345,358
Staff Recruitment	283	43,110
Entertainment	3,843	-
Accident Compensation Levy	499	1,072
Contractors	101,054	115,618
Total Staff Costs	<u>334,676</u>	<u>505,158</u>
5. GENERAL OFFICE COSTS		
Accountancy Fees	4,719	4,509
Administration Fees	898	969
Audit Fees	4,900	4,184
Bank Charges	395	342
Car Park	3,910	4,080
Catering	3,412	3,274
Chairman's Fees	17,054	22,500
General Expenses	3,514	4,921
Insurance	5,314	5,804
IT Expenses	8,967	11,675
Legal Expenses	970	50,568
Office Expenses	689	-
Postage & Courier	178	55
Printing, Stamps & Stationery	620	317
Rents & Rates	15,299	14,060
Subscriptions	9,491	8,429
Telecommunications	5,695	6,546
Travel & Accommodation	12,164	10,560
Website	-	1,315
Total General Office Costs	<u>98,189</u>	<u>154,108</u>
6. MEETINGS & CONFERENCES		
Promotional Activities/Conferences	-	-
Total Meetings & Conferences	<u>-</u>	<u>-</u>
7. NON-CASH EXPENSES		
Depreciation	3,874	2,142
Loss on disposal of assets	1,178	-
Total Non-Cash Expenses	<u>5,052</u>	<u>2,142</u>
8. PROJECTS		
Standards	3,258	-
Total Project Costs	<u>3,258</u>	<u>-</u>

Notes to the Financial Statements

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

	2022	2021
	\$	\$
9. CASH AND BANK BALANCES		
Current Account	394,849	339,983
Call Account	31,313	31,265
Term Deposit	196,141	194,225
Total Cash and Bank Balances	<u>622,303</u>	<u>565,473</u>
10. TRADE AND OTHER RECEIVABLES		
Accounts Receivable	21,032	9,376
Payments in Advance	5,001	3,996
Interest Receivable	661	418
	<u>26,694</u>	<u>13,790</u>
11. TRADE AND OTHER PAYABLES		
Accounts Payable	4,168	30,576
Accrued Expenses	28,702	60,597
Provision for Holiday Pay	16,084	16,009
Income in advance - MPI	10,943	-
Environmental Product Declaration	-	4,020
	<u>59,897</u>	<u>111,202</u>
12. PROPERTY, PLANT & EQUIPMENT		
Furniture & Fittings		
At cost	7,188	6,117
Less accumulated depreciation	(3,600)	(4,080)
	<u>3,588</u>	<u>2,037</u>
Computer Equipment		
At cost	11,435	25,033
Less accumulated depreciation	(6,052)	(22,580)
	<u>5,383</u>	<u>2,453</u>
Total Property, Plant & Equipment	<u>\$8,971</u>	<u>\$4,490</u>
13. INCOME TAX		
Interest Received	2,504	2,863
Less up to \$1000 exemption	(1,000)	(1,000)
Total Taxable Income	<u>1,504</u>	<u>1,863</u>
Income Tax Payable	421	522
Income Tax Expense on Net Surplus	<u>421</u>	<u>522</u>
The Taxation Charge is Represented by		
Current year tax	421	522
	<u>421</u>	<u>522</u>
Tax Payable		
Less		
Provisional tax paid	-	-
Total Tax to Pay	<u>421</u>	<u>522</u>

Notes to the Financial Statements

Wood Processors' and Manufacturers' Association (WPMA) of New Zealand Incorporated
For the year ended 30th June 2022

14. OPERATING LEASE COMMITMENTS

On 1 February 2018 WPMA entered into a lease agreement for the offices at 32 Salamanca Road, Kelburn, Wellington. The rental term is for a period of 3 years and 2 years with a right of renewals. The lease agreement was renewed during last financial year.

	2022	2021
	\$	\$
Operating lease commitments		
Current		
32 Salamanca Road, Kelburn	11,347	15,129
	<u>11,347</u>	<u>15,129</u>
Non-Current		
32 Salamanca Road, Kelburn	-	11,347
	<u>-</u>	<u>11,347</u>
Total Operating lease commitments	<u><u>\$11,347</u></u>	<u><u>\$26,476</u></u>

15. RELATED PARTIES

Members of the Executive are associated with entities that are members of WPMA. Their associated entities pay subscriptions and make specific contributions to WPMA. These transactions are all completed on an arm's length basis.

The members of the Executive and their entities are as follows:

Brian Stanley	(Retired - 4 April 2022)
John Eastwood	Independent Chair
Garth Mortensen	North Sawn Lumber Limited
Darren Stead	TimberLab Solutions Limited
Tony Clifford	Pan Pac Forest Products Limited
Craig Dawson	Westco Lumber Limited
Jon Ryder	Oji Fibre Solutions
Mark Taylor	Tenon Clearwood Limited Partnership
Mark Hansen	Rosvall Sawmill Limited
Alan Hartley	Niagara Sawmilling Company Limited
Brendan Smith	Juken NZ

16. VISA FACILITY

WPMA has a Visa facility with ANZ Bank. The Visa has a total limit of \$14,000. As at 30 June 2022 WPMA had an outstanding balance on this Visa of \$890. (2021: \$1,380)

17. IMPACT OF COVID-19

The spread of COVID-19 continues to disrupt the business and economic activity throughout New Zealand and the world. The Committee will continue to monitor the impact of COVID-19 on the WPMA. Should this public health emergency continue for a prolong period of time, there is a potential adverse impact on the WPMA operations and financial performance. Regardless, the Committee maintain the view that WPMA will continue to operate as a going concern.

18. CONTINGENT LIABILITIES

There were no contingent liabilities to note as at year end 30 June 2022. (2021: Nil)

19. GOING CONCERN

These financial statements have been prepared on the basis that the WPMA is operating as a going concern.



Photo: Oji Fibre Solutions



Photo: Timberlab Solutions Limited



www.wpma.org.nz

Photo: Teclam New Zealand

Photo: Timberlab Solutions Limited

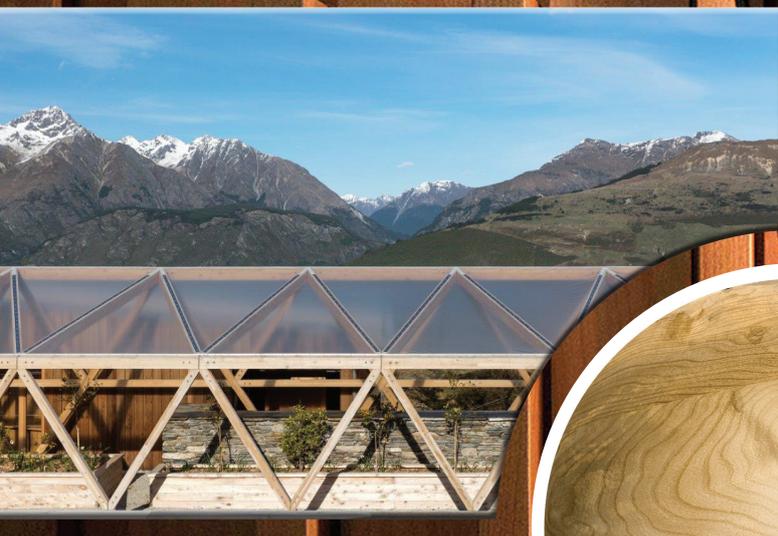


Photo: Abodo Wood Limited (Simon Larkin)

Photo: Pan Pac Forest Products Limited