



**Powering
the data
behind the
new normal.**

Annual Report
2020





GS1 New Zealand Incorporated
Annual Report
For the year ended
31 August 2020

Contents

Chair's Report	2
CEO's Report	4
Strategic Focus 2019-2022	7
The year at a glance	8
GS1 in action	10
Independent Auditor's Report	20
Statement of Comprehensive Revenue & Expense	22
Statement of Changes in Equity	23
Statement of Financial Position	24
Statement of Cash Flows	25
Notes to the Summary Financial Statements	26
Directory	28

Chair's Report

“ We have a well-established business strategy to forge ahead on. ”

Sean Goodwin
Chair



This year will be long remembered for COVID-19 and its impact on every aspect of life, here and internationally. Not surprisingly, the pandemic and New Zealand's collective response have put huge demands on GS1 as an organisation. But they have also opened huge opportunities for us to contribute even more to how Kiwis live and work.

At the first lockdown, GS1 New Zealand was quickly recognised as an essential service provider, largely for our support role to the nation's food and grocery supply chains. We had to meet ongoing demand for GS1 identifiers and standardised data – and this demand surged as locked-down consumers, sensibly, flocked online to buy all the basics of life.

Essential also was our contribution to New Zealand's COVID-19 tracing effort: GS1 location identifiers quickly became a critical building block in the government's tracing app and its system for identifying people – the infected and the possibly infected – through locations which they might have shared in past days and weeks.

Since March, there's been a huge shift online in peoples' purchasing of food and groceries. Industry statistics show sales through New Zealand-resident websites leapt 70% during the June quarter compared with the corresponding months of 2019. The growth has slowed since the end of lockdowns – let's hope those become a distant memory – but there's no question that Kiwis will have much greater affinity with online shopping from now!

GS1 people have worked tirelessly to support the needs of New Zealand's responsive, efficient supermarket groups. Growth in online demand has brought forward the need for new digital infrastructure and more standardised product data that can be used for multiple purposes.

Our people have been tireless also in supporting Government needs in relation to COVID-19 and the tracing system. Essentially, we've been accelerating the extension of our New Zealand Business Number (NZBN) scheme. Last December, GS1 and the Government entered a major agreement for building a bigger "NZBN ecosystem" – an extended application of GS1 identifiers and protocols to enable much greater ease and efficiency in inter-organisational data exchanges and financial transactions initially between government agencies and businesses, and ultimately right across the New Zealand economy.

Little did we know last December how valuable this endeavour would become so soon in 2020: GS1 responded to the Government's war cry against COVID-19 by moving quickly to stand up the "organisational parts" component of this NZBN ecosystem: This enabled rapid roll-out of location identifiers to 100s of thousands of businesses and other organisations. As I say, the identifiers – each linked to an existing NZBN – are critical to the tracing system.

I take this opportunity to strongly commend our people for their dedication to the GS1 mission, to GS1 members and to New Zealand as a whole, through this time of stress and heightened need. Their work has been absolutely essential, and the results highly visible in the smooth functioning of food and grocery supply chains, and in the nation's capacity for COVID-19 tracing. To all GS1 managers and staff, a hearty thank-you from the Board!

In addition, we acknowledge the hard work and long hours put in by Peter Stevens and his team to keep New Zealand linked into GS1 internationally. Closed borders pose a big challenge to how we can function as part of a global network. All collaboration and information exchange since March has been online and through scores of late night phone conferences, all testimony to the professionalism and dedication of the team.

We finished the year to 31 August 2020 with GS1 New Zealand in a very sound financial position thanks to some income growth from services to Government agencies and to members, and also to firm control of operating costs. Income increased 5.7% from the previous year, marking our 10th consecutive year of top-line growth. And while our membership progress has understandably stalled during 2020, we start the new financial year with strong capacity to keep investing in the infrastructure and people that GS1 will require to meet demands, and seize opportunities, in these challenging times.

We have a well-established business strategy to forge ahead on – and that strategy certainly positioned us to respond well to the COVID-19 scenario thusfar. In broad terms, our focus is on simplifying GS1 systems for easier use by members, on streamlining our processes for even more efficiency within this organisation, and on enhancing the "customer journey" of members as their businesses grow and can make greater use of GS1 standards and services.

Building the NZBN ecosystem is one major element of the strategy. So also is our work on refreshing the National Product Catalogue (NPC), GS1's platform for synchronised product data which has become a foundation stone for supply chain functioning and retailing across New Zealand's consumer goods sector.

In 2020 and beyond, we must drive our NPC programme hard to ensure that GS1 members secure real value from faster, more accurate and more comprehensive product data storage and sharing in their specific business developments, both online and off-line. Business-to-consumer commerce is changing fast and so are supply chains. GS1 is extremely mindful that data accuracy and availability are crucial in so much of what our members what to achieve.

Other current priorities include expanding our OnPack service for the digital collection and availability of product label information, contributing our expertise to design

of the new DHB National Catalogue, and expanding the utility of GS1 ProductRecall and our other digital tools for business and Government use. The Health sector remains extremely important in our view of the future and after one new development in 2019, we are delighted to be providing OnPack services to the NZ Heart Foundation.

Sadly, GS1 recently lost a dear friend in the Health sector with the passing of Paul Cressey. A pharmacist by profession, Paul made a huge contribution to the whole sector throughout this career, including many years on the Counties Manukau District Health Board and various appointments to official working groups. He was a member of our Board from 2007-15. Paul was a fantastic contributor to GS1, bringing both governance experience and passionate advocacy on our initiatives. He was an exemplar for Board members generally, and we know he is missed across the Health sector.

Looking ahead, my Board and the GS1 team have confidence in this organisation's ability to contribute much more value to New Zealanders in many areas. We have demonstrated some of that during our nation's collective response to COVID-19. The past year has brought confirmation that our strategy is sound – and it has added urgency to all current work streams.



Sean Goodwin
Chair

20 October 2020

CEO's Report

“ We have made significant progress with initiatives under each of our three strategies: Simplification of systems for members, productivity gain within GS1 and enhancement of the journey experienced by our customers. ”

Dr Peter Stevens

Chief Executive



Our 2020 annual report cover features an elderly couple* doing their online shopping – an image that speaks to just one of many changes in how Kiwis live and work in these extraordinary times.



As the Chair points out, our collective response to COVID-19 has brought huge demands and huge opportunities for organisations and individuals. The photographed couple met the demands of lockdown by learning to buy their groceries online: It wasn't easy for them to change decades of habit, but they've come to love the opportunity to save time and money. And they are now asking, "what's next?"

For GS1, the demands and the opportunities of the COVID-19 era are not particularly new. They have just suddenly grown in scale and

* A disclosure – the pictures of the 'elderly couple' are actually of my Mum & Dad - Diane & Graeme Stevens! They really had to, on the eve of Lockdown, be taught how to use their computer for online shopping for the first time ever by their son (the author). Like other folk of a similar age and lack of familiarity with computing, they had to set aside their concerns with online ordering ("I enjoy going to the shop! Will the mushrooms be bruised? How do I pay?"). I'm pleased to report that they loved the experience, loved the quality of the produce, loved the delivery process and are committed online shoppers ever since. Their 'new normal' is shared by so many other consumers.

complexity – and they are accelerating trends in how consumers, businesses and government agencies make use of digital information. Online shopping is one such trend. And there are many more that are full of challenge for GS1 and for our members across New Zealand.

The GS1 team has learnt first-hand just how challenging and how stressful the arrival of COVID-19 and the flow-on challenges have been for members. Lockdowns at home have been accompanied by the equivalent in many trading partner-countries, and by dramatic disruptions in global supply chains. In truth, we have seen some members' businesses go into terminal decline while others have experienced unprecedented growth. Hardly surprising given that GS1 members in this country number over 8,000 and they operate in every sector of the economy.

Wherever possible, GS1 has been responding with empathy and flexibility. During New Zealand's first lockdown period, we had essential service status and the GS1 ProductFlow team, in particular, worked strenuously to help ensure crucial food and grocery products moved along supply chains, and remained available on supermarket shelves and in online stores. To some extent, GS1 people were putting aside personal concerns and risks to help our members – and in their professionalism, our staff recognised the small yet critical part each could play in keeping food and other essential products available to Kiwis.

GS1 New Zealand's 2020 year (to 31 August) has been successful on various dimensions, some highlighted here and some in the following 'GS1 in action' stories.

Strategic priorities

Overall, we have made significant progress with initiatives under each of our three strategies: Simplification of systems for members, productivity gain within GS1 and enhancement of the journey experienced by our customers.

As COVID-19 burst upon us all, the GS1 team hastened work to deliver on some of these initiatives and, indeed, much of the strategic foundation that had previously been laid proved to have 'silver linings' for our ability to quickly meet rising demand. Long before now, we have seen the need for New Zealand to build a more robust, flexible 'infostructure' in part through the systematic application of GS1 standards and services for multipurpose, multi-partner identification and data sharing.

With this approach firmly in place, we have been able to work with the Ministries of Health and of Business, Innovation & Employment to rapidly repurpose and bring into production the GS1 National Location Register. This was being built to support the government's e-invoicing strategy. We generated almost 400,000 Global Location Numbers (GLNs) to enable the unique identification of physical locations of all NZ businesses. These GLNs were embedded in the NZCOVID Tracer application posters to support what has turned out to be world-leading contact tracing processes.

We also helped support the food and grocery sector handle a stampede of consumers – not least the vulnerable elderly, and people with food sensitivities – wanting to purchase everything they need online. These consumers, many of whom had never ordered online, needed to buy with confidence. Our OnPack database (housing nutritional, ingredient and claim data on almost 60,000 food products) immediately supported such consumers in their remote purchasing decisions. We partnered with Countdown at its new Auckland-based 'dark store' for online shopping and we processed thousands of products (photographs, OnPack data) under stringent Level 4 constraints.

We are proud of such GS1 contributions. But we are also very aware of how the pandemic and Government-led response highlighted shortcomings in the functioning of some supply chains that could have been avoided. For example, the Health system was severely challenged in its management of

much-needed personal protective equipment (PPE) because there was no comprehensive, centralised visibility on items and their whereabouts. Huge efforts that were required to source and deliver the right PPE because New Zealand's system lacked the identification standards and systems interoperability that would have – should have – allowed this to happen quickly and at least cost (financial and human). The COVID-19 scenario has brought home to us – and hopefully others – just how crucial GS1 standards, properly implemented, can be to New Zealand.

Financial results

GS1 New Zealand exceeded annual revenues of \$10m for the first time, in the year to 31 August 2020 (2019: \$9.6m). Opt-in services revenues grew significantly and these now represent 58% of the organisation's total income. That is a pleasing indicator of the value that GS1 members are securing from the use of various services over and above our basic offering.

Key service lines showed significant growth, especially revenues related to Government and industry engagement, and to location identifier services. We achieved 2020 earnings before interest and depreciation of \$922,702, and a bottom-line surplus of \$341,618 which supports our ongoing capital investment programme. The past year has seen substantial investment in software and hardware infrastructure and securing fit-for-purpose accommodation in Auckland. Through the year, we maintained a level of working capital that was in line with Board reserves policy. Payment obligations in foreign currency to support global operations (in Euros) and development of the National Product Catalogue (in Euros and Australian dollars) were successfully hedged in an especially volatile foreign exchange market.



GS1 team

Growth in the number of GS1 employees have led us to take on our own human resource management expertise. New recruit Emma Bevin has already delivered substantial benefits as Manager for People and Culture, with responsibility for all GS1 New Zealand's recruitment, training and performance management. Emma has also led a substantial piece of work involving a broad spectrum of team members to refresh the values for the organisation. These values – We Connect, We Care, We Aspire – capture the outward-looking focus of this organisation, along with its “family feel” as a place to work and with our relentless desire to do better for members and New Zealand. Māori translations introduced by the team express our uniqueness as part of Aotearoa-New Zealand and also our place in a global network of organisations.

Operational processes

We press ahead with effects to enhance and unify the customer journey for GS1 members. This strategy has a focus first on how we on-board new members to our platforms and how we support (on a '24x7x365' basis) their development of products from conception to market placement (and product changes and withdrawals). During 2020, we laid the foundations for dramatic changes to our MyGS1 web portal and the underlying software infrastructure to promote customer ease and value of use. The previous infrastructure had essentially been

in place since 2008. Only some of the changes in the new MyGS1 will be visible to members (including a beautiful, mobile-ready user interface); much of the updating has been deeply structural with an emphasis on smarter connection between different GS1 services. We want members to be able to move easily from the identification of products, to elaboration of data attributes, to a capability for them to share good quality master data with trading partners.

Most of this work was done by our internal software development team, ably assisted by a user-experience designer, product ownership team and agile coach. Critical to envisaging how the new GS1 customer journey should work was the contribution of members who volunteered their time to giving advice and feedback to the our team throughout to the prototype testing and 'bug fix' stages. Thank you!

During 2020, we have also invested in process automation. These improvements, developed using lean methodologies, have saved an estimated 5,600 hours of staff time per year (equivalent to 2.5 full time effective employees). They include the purchase of automated 360° photography booths for the Auckland and Wellington verification laboratories. These booths allow the rapid capture of multiple-angle photographs of products under computer-controlled movement and lighting. Now GS1 can process products at a higher quality and faster pace for all-use purposes (rather than having to take multiple shots depending on the member's service

order). Being portable, the booths are often redeployed in member's premises, adding speed and convenience to this GS1 service.

Thank you

Finally I am very proud of the GS1 team – all of them committed, passionate and capable people! We exist to serve our members, and we enjoy immensely all interactions with them, whether in person, through the GS1 Support Centre or online. I also feel privileged to work for, and be supported by, a superb Board. Board members give freely of their time to support the interests of their particular sector but also to progress the economic and social wellbeing of all New Zealand.

Dr Peter Stevens

Chief Executive

20 October 2020

Strategic Focus 2019-2022



Alongside our business-as-usual work programme, we set out to deliver on three key overarching priorities in the past year:

- | | | |
|--|--|---|
| <p>1. Deliver a unified journey for our customers and their products.</p> <ul style="list-style-type: none">• Our focus is to provide 24x7x365 support for new businesses to get their products loaded and checked through our platforms from the point of product conception to market - and eventual withdrawal from shop shelves.• This effort necessitated significant architecture changes to our software systems. | <p>2. 'Simplicity is the ultimate sophistication'.</p> <ul style="list-style-type: none">• Our global standards support businesses of all sizes from sole traders to global multinationals, such as Fonterra, so can be complex.• We aim to manage this complexity through using streamlined user interfaces and providing comprehensive support for our members to 'get things right first time, every time'. | <p>3. Deliver enhanced productivity for our members and our team.</p> <ul style="list-style-type: none">• Most of our members are small & medium-sized businesses. And being Kiwis, our customers are often 'multi-taskers'.• Systems that are simple to use and scalable help our members get tasks done easily and quickly under 'their own steam'. Such systems allow us to keep the cost-to-serve down and allow our team to support our member's more complex or challenging activities. |
|--|--|---|

The year at a glance

FY20

Annual results comparison

▲ 5.73%

\$10.03m

Total Revenue & Other Income
(excluding interest)

\$9.48m - FY19

▲ 5.98%

\$4.22m

Subscription income

\$3.98m - FY19

▼ 4.23%

\$342k

Surplus for the Year

\$357k - FY19

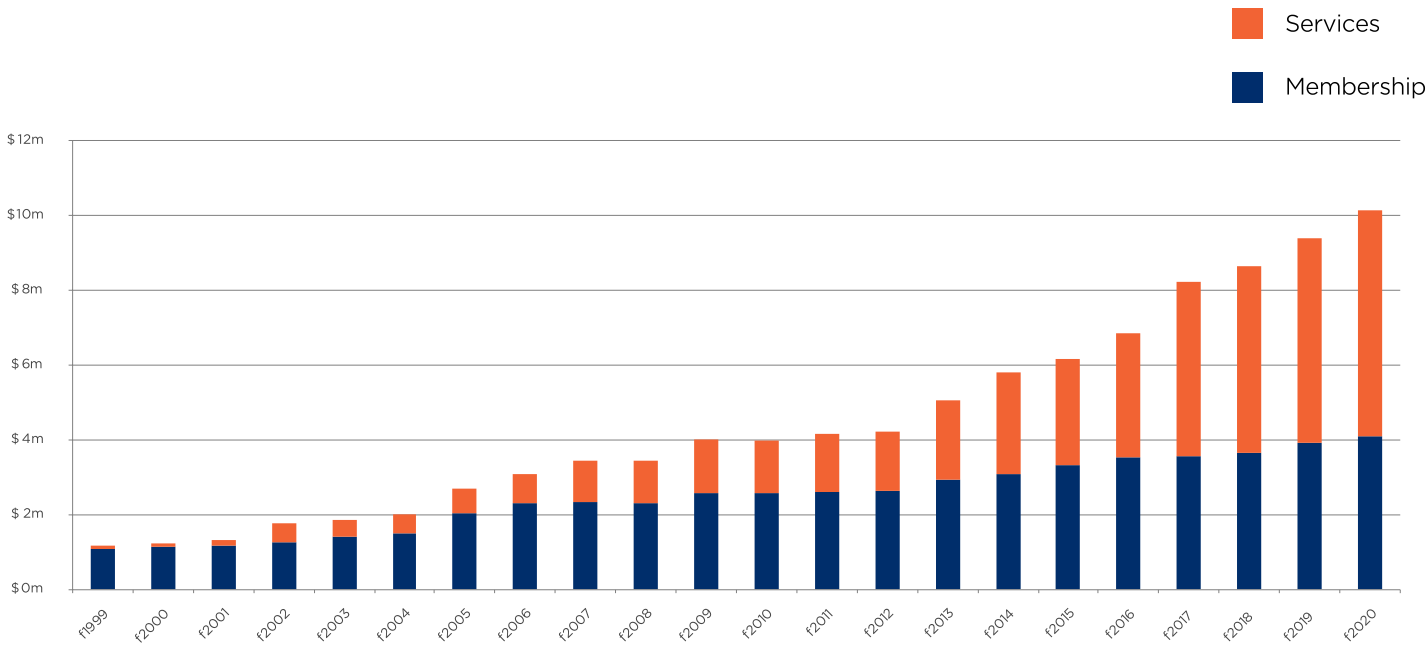
▲ 5.55%

\$5.81m

Other fees & operating income

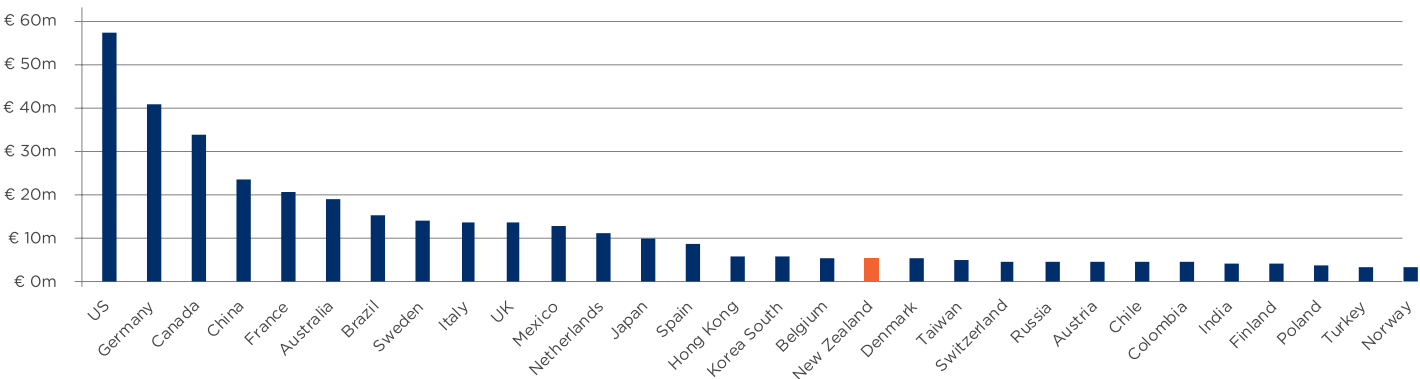
\$5.50m - FY19

Translating Strategic Success into Financial Results



We have now a 42:58% split in our revenues reflecting the value and relevance our member place on our opt-in services.

▲ **18th**
Ranked Globally
(19th in 2019)



GS1 New Zealand is ranked 18th globally in terms of annual turnover amongst all 115 GS1 member organisations.

GS1 in action



It was critical that contact tracing was not seen by Kiwis as 'creepy'. Kiwis 'got' the NZCOVID Tracer app – helped by a familiar technology like barcodes.



Shayne Hunter

Deputy Director General,
Digital & Data Services, Ministry of Health

COVID-19 tracing with GS1 identifiers

On 18 April 2020, GS1 received a request from the Ministry of Health asking for support in developing a COVID-19 contact tracing mobile app.

Whilst international efforts focussed on blue-tooth technologies, Ministry officials realised that the locations visited or occupied by COVID-positive individuals were critically important. At the same time, they reckoned that allowing people to control and see their own tracing data would assist mass adoption of the technology and lessen privacy concerns. And

the officials saw also huge benefit in being able to reliably contact the operator of any business where COVID-19 transmission might have occurred as a key step in stopping virus spread.

The NZCOVID Tracer app quickly became a critical piece of New Zealand's digital infrastructure for containing (and stopping) the pandemic – and GS1

New Zealand made an important contribution. Behind the scenes, globally unique GS1 Global Location Numbers (GLNs) have been allocated to each and every business location from where COVID-19 cases might be traced – more than 400,000 locations – using GS1 systems. The GLNs could be embedded in QR barcodes, these easily printable on NZCOVID Tracer posters.





People scanning at any location are actually recording its unique GLN in their phones (which add the time and create a new digital diary entry). And each GLN is linked to a New Zealand Business Number (NZBN) – this country's form of universal legal entity identifier which is, of course, also sourced from GS1. The whole approach and infrastructure are aligned with Cabinet Directives to agencies, and to the combined New Zealand/Australia agenda for e-commerce.

For all parties, designing and implementing the NZCOVID Tracer app and its support system have been extremely intensive processes. New digital infrastructure had to be stood up months earlier than planned pre-COVID-19 and multi-party negotiations completed post haste (GS1, the Ministries of Health and of Business, Innovation & Employment, and app developers).

Before we could “go live”, Cabinet and the Governor General needed to pass an order-in-council (ie The New Zealand Business Number - Organisation Parts Data Order 2020) that would empower government to use such infrastructure with the New Zealand public. Now the key government agencies, with GS1 input, are developing plans for how the nation might deploy the new digital infrastructure beyond COVID-19 tracing.

A digital passport for every consumer product



Standards matter a lot. They matter because companies need to connect the physical identity of products in stores to the digital identity on their websites.



Bhanu Narasimhan

Director, Product Management, Google Shopping and member of the GS1 Management Board

Consumers and trading partners constantly demand more and better information on products. But at the same time, the marketplace is seeing a proliferation of different approaches to data exchange – and with this comes a general information quality decline (not to mention extra cost for brand owners and retailers).

Ultimately, sales are being lost and consumer trust is being eroded especially in respect to e-commerce. The problems are especially evident in data available to consumers when searching for products online – information is often inconsistent and incomplete.

GS1 New Zealand is part of a global drive led by The Consumer Goods Forum and GS1 Global to address today's weaknesses in data exchange processes, and ensure that products are represented as well in the digital world as they are in the physical world. The benefits to industry everywhere will come in the form of simplified product listings, reduced time-to-market for new and update products, greater transparency and assurance for consumers, and reduced counterfeiting.

GS1 New Zealand's efforts have been focussed on the complete re-design of the number allocation technology in the MyGS1 members' portal to facilitate single-button creation of Product Passports.



Product ID



GTIN: 9504002100016
Brand name
Product description
Product image URL
Global product category
Net content & unit of measure
Country of sale

Our programme has three steps:



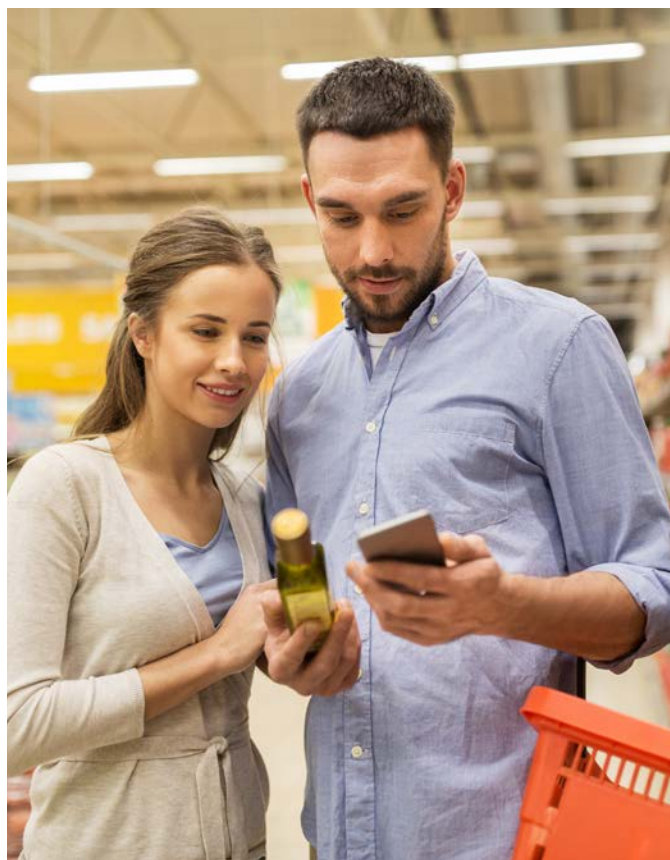
Unique and persistent identification of products using the GS1 GTINs (Global Trade Item Number, often known as 'barcode number')



Creation of 'product passports' which are minimum set of standardised product information (these to be assembled by brand owners and registered in one place, the Global Registry Platform)



The connection of products to accurate information on such things as origin and key ingredients right at the beginning of any supply chain.



Our online customers have loved having nutritional product information available since we first partnered with GS1 in 2016; but such information was critical to the vulnerable and elderly as they bought online, many for the first time, under lockdown.



Sally Copland

General Manager
Brand and CountdownX,
and Acting Managing Director,
Woolworths NZ

Consumer information on products ...it really, really matters

Consumers and businesses alike want to buy and sell products with confidence. In the era of COVID-19, we are seeing just how much that really matters.

As New Zealand locked down in March 2020, it was clear that online shopping activities would boom. In particular people with compromised immune systems and/or food sensitivities, and especially our more elderly citizens, sought this form of protection. And when they shopped for food and groceries, they wanted to stock up more than usual.

We have long known that one aspect of buyer confidence is access to detailed and accurate product master data – that's about having a great catalogue to sell from. And in 2020, the importance of online catalogues has really come to the fore. People need access to clear, accurate and complete product photos, descriptions, and the right information on nutrition, allergens, ingredients and producer claims. Happily, most of this product data can be sourced by consumers on various online shopping sites – and all are enabled by GS1 systems, most notably the National Product Catalogue and GS1 ProductFlow.

As lockdown came, GS1 partnered with Countdown to audit around 40,000 consumer products in that

supermarket group's range. We audited to identify products with incomplete consumer information, putting a huge priority on products classified as "high involvement/high sales". Such was the urgency that we negotiated to have GS1 ProductFlow people embedded within Countdown's Auckland online shopping fulfilment centre during Level 4.

Within days of lockdown starting, our people and our systems were processing products to identify the data gaps and fill them... pronto! Product master data gathered into GS1's OnPack database flowed automatically into Countdown's core systems – and from there, into the Countdown webshop and its supporting apps.

Moreover, the vastly-improved product data in OnPack was made available to others with a stake in New Zealand's well-functioning food and grocery supply chain, these including the Foodstuffs Group (along with the New Zealand Heart Foundation and the Ministry for Primary Industries). It really was a New Zealand Inc effort during a time of special need, with GS1 in the vanguard. We were proud to pioneer a new model of data collection with partners under unprecedented conditions and time pressures.



COVID-19's lesson in resilience and efficiency

International bodies, not least the United Nations and the OCED, have commissioned various reports on how to make supply chains more resilient against external shocks of the type that COVID-19 now represents. Those past reports have highlighted issues like the availability of key supply chain personnel in times of crisis, the impact of restrictions on export/import trade flows and diversions, the value of contactless import procedures, and the levels of visibility and flexibility that have been built into supply chains or not.

For New Zealand, COVID-19 has thrown up our own supply chain weakness issue, and it's been at the heart of our national effort to stop the pandemic. In District Health Board systems (and systems of their suppliers), there has been a lack of standardised item identification and product classification in respect of personal protective equipment (PPE): The DHBs had no efficient stock taking and distribution capability. Questions by the Ministry of Health highlighted the issue: Do we actually have the 25 million gloves (or is it 25 million *pairs* of gloves) understood to be available in current inventories? Where do

items of PPE go once they leave the storeroom for a hospital ward? How much is stockpiled and where? What are acceptable substitutions when approved masks, gloves and gowns are needed but not available?

The world has had plenty of convincing demonstrated that lack of harmonisation and standardisation of regulatory processes among governments become significant impediments to cross-border trade, and such issues become very pressing at times of disaster or pandemic. The availability of essential goods will suddenly be limited precisely when they are needed most. At the same time, international bodies and governments have generally come to understand that open global data standards will not only enhance cross-border trade during recovery from a disaster or pandemic, but they also build efficiency and resilience into border processes and supply chains all the time.



We saw significant disruption to global supply chains with COVID-19. Digital technologies, combined with global data standards, should provide tremendous enhancements to current processes, and enable contactless and paperless trade. The stable distribution of essential goods—especially for medical supplies—at all times is imperative.



Faye Sumner

CNZM, Chief Executive,
Medical Technology Association of NZ Inc

Transport data standardisation supports global trade

Globalisation and e-commerce are flooding the world with consumer goods. This used to mean small amounts of data accompanying large product volumes as they moved between trading partners (think containers loaded with one or just a few products). Today, the significance of data is becoming much greater as more of it is attached to smaller consignments, the range of products on the move becomes broader and the movements are increasingly from business to consumer as well as from trader to trader.

Transport operators everywhere rely on the transport data encoded on a logistics label to support their daily operations. Much of this data is still captured and held in various proprietary formats – and that spells inefficiency and extra cost for shippers and retailers as they deal with multiple transport providers and their diversity of systems and processes.

Following work led by e-Commerce Europe in 2014, the Scan4Transport programme led by GS1 Global is driving a common standard that describes the information in 2D barcodes on transport items, and electronic advanced data frameworks to facilitate much faster handling (especially in the “last mile” of any supply chain), and across borders where customs and phytosanitary assessment is required.

Locally GS1 New Zealand has been working with the largest transport providers in this country, including NZ Post, to adopt GS1 standards for use as widely as possible on transport items.



Improved first and last mile processes through the capture of essential information needed for the transport task is vital.



David Pollard
NZ Post

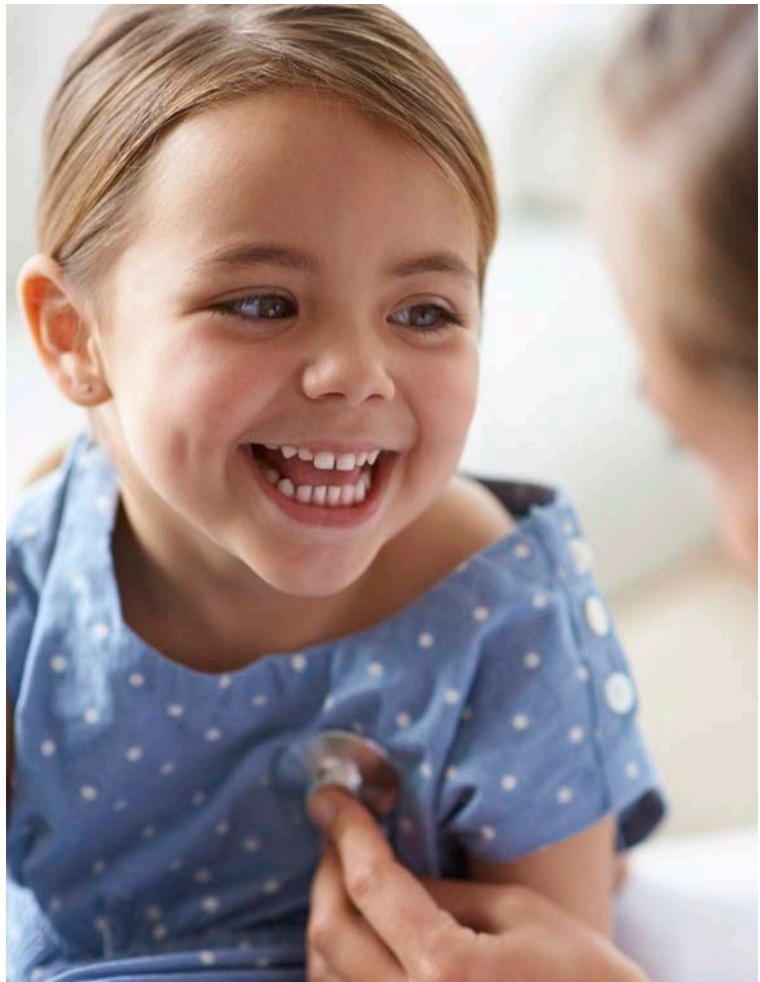




Reducing costs and increasing supply chain efficiency will contribute to keeping soaring Healthcare costs under control. Standardised automatic identification and traceability systems will simplify and improve accuracy in supply chain processes from production to point-of-care or point-of-sale.



Ulrike Kreysa
GS1 Director Healthcare,
GS1 Global Office



Data standards embedded in Healthcare systems

On 23 May 2005, visionary healthcare stakeholders from around the world came together convinced that global standards would contribute improved patient safety and increased supply chain efficiency. They set up the GS1 Healthcare User Group (now known as GS1 Healthcare), which brought together experts from the pharmaceutical and medical devices industries, clinicians and regulators. A chapter was soon established in New Zealand, led by leaders in our Public Healthcare Sector.

Fifteen years later, GS1 Healthcare has transformed the environment with implementation of standards-based identification, automatic data capture and data sharing. A landmark study by McKinsey (2012) highlighted the worldwide opportunity for GS1 standards, including: Inventories reduction of US\$60-94 billion; cost savings of US\$10-14 billion in the managing and storing of lower levels of inventory; and further savings of US\$19-27 billion from

avoiding the obsolescence of products. Using global product identification to match patients with drugs, for example, could help hospitals reduce the number and severity of adverse drug events, which were estimated to occur more than 25 million times a year and lead to over 100,000 deaths.

GS1 New Zealand's efforts during 2020 have been directed at supporting the formation of a new master data strategy for the Public Healthcare Sector, this

initiative being led by the Ministry of Health and NZ Health Partnerships. We have also focused closely on the implementation of GS1 standards in Southern Cross Hospitals, this extending to bedside verification of medicines.

Building productivity hinges on better product data

Many international research reports on building and construction have nailed a lack of digitalised information on products and processes, and gaps in workforce skill, for poor productivity growth in this sector. In New Zealand, the multi-factor productivity performance analysis undertaken by the NZIER (2020) has indicated that a 1% increase in productivity performance within building and construction could mean a \$1.1 billion boost to gross domestic product.

For many years, GS1 New Zealand has been a partner of the sector for the development and implementation of product identification, data capture and master data sharing. The past year has seen us working strategically with the Building Research Association, the Building Industry Federation and key stakeholders. Our collective challenge is to identify how identification, classification and more sophisticated product master data (eg on specifications, product

claims and alignment of practices with the Building Code) could help transform the New Zealand way of designing and constructing buildings.

Responding to The Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill, introduced to Parliament in mid-2020 was also a key focus. Whilst supportive of the general thrust of the bill, many stakeholders including GS1 have urged the Government to go further

with support for a robust digital building products register. We also want statutory requirements for standards-based identification of products and for supply chain participants (suppliers, importers, retailers) to have clear responsibilities for provision of digital product master data (in an appropriate digital format) and for facilitation of electronic data exchange. The year ahead could see major progress in building these platforms for future productivity growth.



“
Creating a robust framework based on global best practice for the provision of improved product information and sharing with all parties in the supply chain is vital, and overdue.



Julien Leys
Chief Executive, Building Industry Federation







The results

A closer look at our financial results



Grant Thornton

Report of the Independent Auditor on the summary financial statements

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To the Board Members of GS1 New Zealand Incorporated

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 August 2020, the summary statement of comprehensive revenue and expense, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of GS1 New Zealand Incorporated for the year ended 31 August 2020. In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by PBE IPSAS. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 14 October 2020.

Other Matter

The financial report of GS1 New Zealand Incorporated for the year ended 31 August 2019 was audited by another auditor who expressed an unmodified opinion on those statements on 17 October 2019.

Other Information than the Summary Financial Statements and Auditor's Report Thereon

The Board Members are responsible for the other information. The other information comprises the annual report (but does not include the summary financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the summary financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and will request that such matters are addressed.



2

Board Members Responsibility for the Summary Financial Statements

The Board Members are responsible for the preparation of a summary of the audited financial statements of GS1 New Zealand Incorporated in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*. Our firm carries out other assurance assignments for GS1 New Zealand Incorporated. The firm has no other interest in GS1 New Zealand Incorporated.

Restricted Use

This report is made solely to the Board Members, as a body. Our audit work has been undertaken so that we might state to the Board Members, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Board Members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

A handwritten signature in blue ink that reads "Grant Thornton".

B Kennerley

Partner

Wellington

14 October 2020

Statement of Comprehensive Revenue And Expense

For the year ended
31 August 2020

	2020 \$	2019 \$
Revenue from exchange transactions		
Subscription income	4,216,072	3,978,037
Other fees & operating income	5,809,280	5,504,050
Revenue from non-exchange transactions		
Interest income	120,822	141,065
Total Revenue	10,146,174	9,623,152
Expenses		
Employee benefits	5,580,911	4,943,082
Other operating costs	2,912,335	3,227,492
Operating lease payments	599,128	347,284
Loss on foreign currency	10,276	4,904
Depreciation and amortisation	701,906	743,667
Total Expenses	9,804,556	9,266,429
Surplus before taxation	341,618	356,723
Taxation	-	-
Surplus for the Year Attributable to Members	341,618	356,723
Other Comprehensive Revenue and Expense		
Other Comprehensive revenue and expense for the year	-	-
Total Comprehensive Revenue and Expense for the Year Attributable to Members	341,618	356,723

These financial statements were approved at a meeting of
Members of the Board held on 14 October 2020



Sean Goodwin

Chairman



Dr Peter Stevens

Chief Executive

Statement of Changes in Equity

For the year ended
31 August 2020

	Members Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 September 2018	-	4,217,696	4,217,696
Comprehensive Revenue and Expense for the Year			
Surplus for the year	-	356,723	356,723
Other comprehensive revenue and expense	-	-	-
Comprehensive Revenue and Expense for the Year	-	356,723	356,723
Transactions with Members	-	-	-
Balance at 31 August 2019	-	4,574,419	4,574,419
Comprehensive Revenue and Expense for the Year			
Surplus for the year	-	341,618	341,618
Other comprehensive revenue and expense	-	-	-
Comprehensive Revenue and Expense for the Year	-	341,618	341,618
Transactions with Members	-	-	-
Balance at 31 August 2020	-	4,916,038	4,916,038

Statement of Financial Position

As at 31 August 2020

	2020 \$	2019 \$
Current Assets		
Cash and cash equivalents	735,049	700,333
Receivables from exchange transactions	2,779,475	2,938,697
Prepayments	425,445	405,872
Investment in bank deposits	5,000,000	3,700,000
Total Current Assets	8,939,969	7,744,902
Current Liabilities		
Trade and other payables	1,032,830	871,199
Income in advance	4,437,930	3,625,252
Employee entitlements	1,075,382	781,760
Total Current Liabilities	6,546,142	5,278,211
Working Capital	2,393,827	2,466,691
Non Current Assets		
Investment in bank deposit	217,657	211,863
Plant and equipment	770,723	744,700
Intangible assets	1,746,912	1,151,165
Total Non Current Assets	2,735,292	2,107,728
Non Current Liabilities		
Other Payables	213,081	-
Total Net Assets	4,916,038	4,574,419
Represented by		
Retained Earnings	4,916,038	4,574,419
Total Equity	4,916,038	4,574,419

Statement of Cash FlowsFor the year ended
31 August 2020

	2020 \$	2019 \$
Cash Flows from Operating Activities		
Receipts from operations	10,997,253	9,423,005
Payments to suppliers and employees	(8,453,886)	(8,384,226)
Interest received	120,822	141,065
Cash Flow from Operating Activities	2,664,189	1,179,844
Cash Flows from Investing Activities		
(Increase) / Reduction in bank deposits	(1,305,795)	(506,702)
Purchase of plant and equipment	(467,684)	(73,683)
Purchase of intangible assets	(855,994)	(680,791)
Cash Flow from Investing Activities	(2,629,473)	(1,261,176)
Net Cash Flows for the Year - (Outflow)/Inflow	34,716	(81,332)
Cash Balance at Start of Year	700,333	781,665
Cash Balance at End of Year	735,049	700,333

Notes to the Financial Statements

For the year ended
31 August 2020

1. Reporting Entity

GS1 New Zealand Incorporated (the “Association”) is a not for profit organisation, based in Wellington, which is incorporated under the Incorporated Societies Act 1908. The Association is primarily established to improve efficiency and visibility in supply and demand chains and is deemed a public benefit entity.

The financial statements for the year ended 31 August 2020 have been approved for issue by the Board Members on 14 October 2020.

2. Summary Financial Statements

The Summary Financial Statements for the year ended 31 August 2020 have been extracted from the Full Financial Statements of GS1 New Zealand Incorporated. The Summary Financial Statements comply with generally accepted accounting practice in New Zealand (NZ GAAP) as it relates to summary financial statements (FRS 43: Summary Financial Statements). The Summary Financial Statements can not be expected to provide as complete an understanding of the financial performance and financial position of GS1 New Zealand Incorporated as the Full Financial statements.

A set of the Full Financial Statements can be obtained by contacting the General Manager Corporate Services on (04) 494 1068, or write to The GM Corporate Services, GS1 New Zealand Incorporated, 158 The Terrace, Wellington, 6011. The Full Financial Statements which were approved by

the Board on 14 October 2020 have been audited by Grant Thornton who issued an unmodified opinion dated 14 October 2020.

The Full Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards issued by the New Zealand Accounting Standards Board for Not-For-Profit-entities. For the purpose of complying NZ GAAP, GS1 New Zealand Incorporated is a public benefit not-for-profit entity and is applying Tier 2 Not-For-Profit PBE IPSAS as it has expenditure of less than \$30 million.

3. Functional & Presentation Currency

The financial statements are presented in New Zealand dollars, which is the functional currency and presentation currency. All numbers presented have been rounded to the nearest dollar, unless otherwise stated.

Notes to the Financial Statements (continued)

For the year ended
31 August 2020

4. Contingent Liabilities & Guarantees

The non-current term deposit with ASB is collateral for the lease premises guarantee obtained (2019: \$211,863).

5. Events Occurring After the Reporting Period Date

There have been no significant events occurring after the reporting date (2019: \$nil)

6. COVID-19

In December 2019, a new virus, COVID-19 was detected in Wuhan, China. The virus was soon common in other countries and on 11 March 2020 the World Health Organisation declared that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of national borders, the closure of nonessential businesses, the cancellation of public events and the imposition of restrictions on individuals) in an attempt to reduce transmission of the virus. In late March 2020, the New Zealand Government ordered a four-week lockdown, during which non-essential businesses and organizations were not allowed to access their premises and individuals (other than essential workers or those undertaking essential business) were required to stay at home. In late April 2020, the lockdown period ended, and the New Zealand Government started gradually easing the restrictions that had been placed on businesses, organizations, and individuals.

In August 2020, cases of COVID-19 re-emerged in New Zealand, causing the lockdown level to be raised for New Zealand and some restrictions to be reinstated, particularly in the Auckland region. During the four-week lockdown period and since the lockdown restrictions were eased, where possible GS1 has been able to continue working remotely or to operate back in their premises, resuming full normal operation subsequent to balance date.

GS1 has assessed the likely impact of COVID-19 on the organisation and have concluded that the impact on the financial position and operating ability of the association is low.

The Board are not able to assess the future impact of COVID-19 on GS1 given the uncertainty of the pandemic.

Directory as at 31 August 2020

Nature of Business:

A not for profit incorporated organisation established to improve efficiency and visibility in supply and demand chains.

Board Members:

Sean Goodwin (Chair, elected December 2018)
Ruth Brash (Deputy Chair, elected December 2015)
Richard Allen (elected December 2018)
Jason Bardell (elected December 2014)
Catherine Beard (elected December 2014)
Michael Broome (elected December 2014)
Sally Copland (elected December 2018)
Shayne Hunter (co-opted August 2019)
Mark Rance (elected December 2008)
Phil Wright (elected December 2018)

Senior Management:

Peter Stevens (Chief Executive)
Richard Manaton (Chief Operating Officer)
Gary Hartley (General Manager, Customer)
Rochelle Leahy (General Manager, Corporate Services)
Nick Allison (General Manager, Government)
Cameron Frith (General Manager, Implementation & Support)

Auditors:

Grant Thornton New Zealand Audit Limited
WELLINGTON

Business Location:

GS1 New Zealand is incorporated and domiciled in New Zealand.
The registered address is:
Level 2
158 The Terrace
WELLINGTON





Contact GS1 New Zealand

 0800 10 23 56

 info@gs1nz.org

 www.gs1nz.org

