

# Explanation of Resolutions

## Previous Minutes – Resolutions 1 to 4

The minutes of the Annual General Meetings of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated held on 26 November 2013 and the Special General Meetings of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated held on 19 May 2014 be approved as a true and accurate record.

### **Explanatory Information**

*The previous minutes have been distributed with the agenda papers. The Chairman will invite members to discuss the content of the previous minutes and invite members to ask any questions. The Chairman will then put the above resolution to the meeting. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members approve the minutes of the Annual General Meetings held on 28 November 2013 and the minutes of the Special General Meetings held on 19 May 2014.

## Chairman's Report and Activity Report – Resolution 5

The Chairman's Report and the Activity Report for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated be approved.

### **Explanatory Information**

*These reports have been distributed with the agenda papers. The Chairman will speak to the written report, invite members to discuss the content of this report and invite members to ask any questions. The Chairman will then put the above resolution to the meeting. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members approve the Chairman's Report and the Activity Report.

## Financial Reports – Resolutions 6 and 7

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Financial Reports and Statements for 12 months ending 30 June 2014 be approved.

### **Explanatory Information**

*The commentary and fully audited financial reports and statements for both organisations have been distributed with the agenda papers. An unqualified audit opinion has been signed off for both Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.*

*Note the financial and auditors comments on the taxation situation which KVH is proactively working through with IRD. See also the explanation from KVH's Tax Accountant Robert Hill from KPMG.*

*KVH's Accountant will present the financial statements and invite members to question any aspect of the statements. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members approve the Financial Statements of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.

## 2015 / 2016 Budgets – Resolutions 8 and 9

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Budgets for the 2015 / 2016 year be approved.

### **Explanatory Information**

*The commentary and proposed budgets have been distributed with the agenda papers.*

National Pest Management Plan budget:

- *Reduction KVH Psa core budget excluding R&D by \$658,000.*
- *Zespri asked to suspend R&D funding of \$2 million in order to access government funds so R&D budget increased by \$1 million*

Wider Biosecurity budget

- *KVH costs as agreed by the Board of \$25,000 per month*
- *R&D focus with *Ceratoystis fimbriata**
- *Operations related to the Fruit fly Operational Agreement costs.*
- *Repayment of an advance of \$100,000 used to fund wider biosecurity activities in the 2014 / 2015 year due to their being a funding shortfall for wider biosecurity in that financial year as the wider biosecurity levy is not to commence until later in 2015*

*Barry O'Neil and KVH's Accountant will present the budgets and invite members to question any aspect of the budgets. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members approve the 2015 / 2016 Budgets.

## Reappointment of Auditor – Resolution 10

Bennetts Proactive be reappointed as the auditor of Kiwifruit Vine Health Incorporated and of The KVH Foundation Incorporated for the 2015 / 2016 financial year.

### **Explanatory Information**

*KVH have engaged Bennetts Proactive as their independent and external auditors since 2011. There is no reason to change auditors at this meeting and Bennetts Proactive has performed its audit duties proficiently. In 2015 the Boards will review the auditor appointment and report the results of that review to the 2015 AGM. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members approve the reappointment of Bennett Proactive as the external auditor for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated for 2015 / 2016.

## 2015 National Pest Management Plan Levy Rate – Resolution 11

The National Pest Management Plan Levy Rate be approved to remain at the current rate agreed at last year's Annual General Meeting for the 2015 / 2016 financial year at 0.28 cents per kilogram (1 cent per tray equivalent) for Green Kiwifruit and at 0.56 cents per kilogram (2 cents per tray equivalent) for Gold and Red Kiwifruit exported to markets other than Australia.

### **Explanatory Information**

*The National Pest Management Plan allows for a grower levy to be set. The current levy rate was set in 2013 for the first time at 1 cent per tray of Green Kiwifruit and 2 cents per tray of Gold Kiwifruit and has remained the same since then. For the 2015 / 2016 year the levy rate has been kept at the current rate as KVH is still meeting additional costs arising from the implementation of the National Pest Management Plan especially related to work being done in the regions outside of the Bay of Plenty. In addition the Ministry for Primary Industries has instructed that in order for KVH to access the unspent government*

*funds from the \$50 million Psa response fund (the funds to be drawn down total \$2.361 million as at November 2014), KVH is required to strike the levy at this rate. Therefore due to the changing environment and roles of KVH, the KVH Board has concluded that it is prudent fiscal management to maintain the current levy rate in order to ensure KVH has sufficient resources to continue to provide the required on-going support and response to the Psa incursion. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Board **recommends** the members agree that the National Pest Management Plan levy rate for 2015 / 2016 remain at the rate of 1 cent per tray of Green kiwifruit and 2 cents per tray of Gold kiwifruit.

## **2015 WIDER BIOSECURITY LEVY RATE – Resolution 12**

The Wider Biosecurity Levy Rate be approved to commence in the 2015 / 2016 financial year (once the Levy Order is made by the Government) at the initial levy rate of 0.16 cents per kilogram (6/10ths of a cent per tray equivalent) for all varieties of kiwifruit of the genus Actinidia, except Actinidia arguta, exported to markets other than Australia.

### ***Explanatory Information***

*On May 2014 the Government approved the KVH Foundation Incorporated be the legal entity to enter into the Biosecurity Government Industry Agreement Deed and Operational Agreements made under the Biosecurity Government Industry Deed. In early 2015 the Government is to approve the Kiwifruit Industry Biosecurity Readiness and Response levy under section 100ZB of the Biosecurity Act 1993. This will enable the kiwifruit industry through The KVH Foundation Incorporated to meet its commitments under the Biosecurity Government Industry Agreement.*

*The levy will be spent by KVH Foundation Incorporated on biosecurity readiness and response activities and all related biosecurity activities including assessing at risk pests and diseases and engaging with the Ministry for Primary Industries and other responsible agencies on all aspects of the biosecurity system.*

*The levy rate of 0.6 cents is the rate that is required to fund wider biosecurity preparedness and readiness activities. The Members are asked to agree to that being the rate for the 2015 / 2016 year.*

*To meet in quick order the costs of incursions the Levy Order will enable new or varied levy rates to be set by the Board of The KVH Foundation Incorporated to provide funding for biosecurity responses, but the new levy rate may not exceed 1 cent per tray. Any increase will be notified by the Gazette, newsletter and post or email to all levy payers and exporters immediately after the Board decision.*

*The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the members agree that the wider biosecurity initial levy rate for 2015 / 2016 be set at 0.6 cents per tray for all varieties of kiwifruit.

## **Directors Fees – Resolution 13**

Based on the Institute of Directors in New Zealand Incorporated Report dated May 2014, the following Directors fees be approved:

- The annual fee for the Chairman to be \$27,500 and the daily rate for additional duties to be \$1,280 or for less than 4 hours (half a day) an hourly rate of \$160 per hour.
- The annual fee for Directors to be \$15,000 and the daily rate for additional duties to be \$640 or for less than 4 hours (half a day) an hourly rate of \$80 per hour.

### **Explanatory Information**

*At the Annual General Meeting on 28 November 2012 the Members agreed to a reduction in Directors fees as follows:*

Chairman	\$27,500 per annum
Directors	\$15,000 per annum

*These rates were reviewed by an Institute of Directors Report in May 2014 and compared favourably with other and similar organisations. The report is available on request from KVH's Office and copies will be available for members at the AGM. Therefore these rates are put forward for the Members' endorsement. In addition daily rates are proposed for activities outside of the normal Board duties of the Chairman and Directors and for when overseas travel is undertaken on behalf of the organisations.*

*The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the members agree to the Chairman's and Directors' fees.

### **Directors' Fees to be CPI Adjusted – Resolution 14**

It be agreed that the Chairman's and the Directors' fees are to be adjusted annually by the Consumer Price Index published by Statistics New Zealand for year immediately passed at the end of each financial year commencing at the end of Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's KVH's financial year in 2015

### **Explanatory Information**

*To provide for the Directors' fees to be maintained at a reasonable rate until the next external review, members are asked to support a CPI adjustment on an annual basis. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the Members agree to the Directors' Fees being adjusted annually by the CPI.

### **Appointment of Directors (no resolution required)**

At the Special General Meeting on 19 May 2014 the number of Directors on the Boards was reduced by three reducing by one the Directors appointed by NZKGI, Zespri and Registered Suppliers. This change was agreed by Members to take place at this AGM.

The Directors who are part way through their two year term are to continue with their appointments until the 2015 AGM. These Directors are Peter Ombler appointed by NZKGI, Nathan Flowerday appointed by Zespri and Craig Thompson appointed by Registered Suppliers.

The Directors whose two year terms ends at this AGM are to retire. This will reduce the Boards by the required three Directors. The three retiring directors are Paul Jones appointed by Registered Suppliers (who stepped down when he was elected to the Zespri Board), Simon Limmer appointed by Zespri and Mike Chapman appointed by NZKGI.

Jarred Mair from MPI will join the KVH Board on 26 November 2014 as the MPI appointed Director in the place of Tony Murray who stepped down in September when he left MPI's employ.

The appointment of the fifth and independent Director is dealt with in the next resolution.

The Boards of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated will therefore have five directors: one appointed by NZKGI, one appointed by Zespri, one appointed by Registered Suppliers, one appointed by MPI and an independent Director elected by the members at the AGM. All Directors have two year terms.

## Appointment of Independent Director – Resolution 15

Accepting the Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Board recommendation, Peter Silcock be appointed as an independent director to the Boards of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated for a two year term.

### **Explanatory Information**

*At the Special General Meeting on 19 May 2014 it was agreed that the Boards should identify a suitable independent director and propose the nominee to the members for appointment at the AGM as an independent director of both the Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.*

*At the Special General Meeting on 19 May 2014 the Members agreed that the Policy for the Technical Skillset of the Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Boards be ideally a mix of: kiwifruit grower knowledge and experience, kiwifruit marketing knowledge and experience, kiwifruit postharvest knowledge and experience, accounting and/or legal knowledge and experience and biosecurity knowledge and experience.*

*This policy has been applied in selecting and nominating Peter Silcock as Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Boards believe he will make a significant contribution to the strategic approach being pursued by the KVH in the area of wider biosecurity risk management for the kiwifruit industry.*

*Peter Silcock is the chief executive of Horticulture New Zealand, the industry representative body for New Zealand's 5000 commercial fruit and vegetable growers.*

*Mr Silcock's knowledge and understanding of the commercial horticulture sector in New Zealand is considerable and highly respected by growers, colleagues and government agencies. He began working in the industry in the mid-1980s and has represented the horticulture industry on a wide range of issues including biosecurity, market access and trade for more than 25 years.*

*Mr Silcock is a past member of the New Zealand Biosecurity Ministerial Advisory Committee, a member of the Plants Market Access Council (past Chair for four years). He has represented and advised industry during numerous biosecurity incursions including serving as an industry observer on the past three fruit fly Response Strategy Leadership Teams. He is a current member of the GIA Transitional Governance Group and has also had extensive involvement in the development and now implementation of GIA.*

*Mr Silcock is currently serving on the Plant Biosecurity Co-operative Research Centre (based in Australia) Horticulture Industry Advisory Panel and has close contacts with Biosecurity researchers through B3 (Better Border Biosecurity Research Project) and his former role with BMAC.*

*The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Boards **recommend** the members agree to appoint Peter Silcock as an Independent Director

## **Amendment to KVHI's Rules: Suppliers Voting – Resolution 16**

Approve an amendment to Kiwifruit Vine Health Incorporated Rule 8.5(c) replacing the current provision which reads:

*70% of the members who are registered suppliers pursuant to the ZESPRI Group Limited Annual Supply Agreement ("Registered Suppliers") (calculated by volume of production);*

With the following new provision as follows:

*70% of the members who are registered suppliers pursuant to the ZESPRI Group Limited Annual Supply Agreement ("Registered Suppliers") (calculated by volume of production) with no one supplier being able to exercise the power of veto;*

### **Explanatory Information**

*When KVH was established the voting provisions for Registered Suppliers were taken from the Supply Agreement. This requirement is that for a resolution to pass it needs 70% of Registered Suppliers by volume (plus the support of NZKGI and Zespri). The aggregation of suppliers will eventually result in one supplier having more than 30% of the volume and be able to single headedly vote down resolutions and proposals. To meet this eventuality the Industry Supply Group has adapted its voting rules to provide that no one supplier may veto a resolution or proposal even if they are greater in volume than 30%. This is a pragmatic position designed to ensure the continued efficient and effective operation of the industry. It is therefore proposed that this mechanism be incorporated into KVHI's Rules. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Board **recommends** the members agree to this amendment.

## **Amendment to KVHF's Rules: Suppliers Voting – Resolution 17**

Approve an amendment to Kiwifruit Vine Health Incorporated Rule 8.5(c) replacing the current provision which reads:

*70% of the members who are registered suppliers pursuant to the ZESPRI Group Limited Annual Supply Agreement ("Registered Suppliers") (calculated by volume of production);*

With the following new provision as follows:

*70% of the members who are registered suppliers pursuant to the ZESPRI Group Limited Annual Supply Agreement ("Registered Suppliers") (calculated by volume of production) with no one supplier being able to exercise the power of veto;*

### **Explanatory Information**

*When KVH was established the voting provisions for Registered Suppliers were taken from the Supply Agreement. This requirement is that for a resolution to pass it needs 70% of Registered Suppliers by volume (plus the support of NZKGI and Zespri). The aggregation of suppliers will eventually result in one supplier having more than 30% of the volume and be able to single headedly vote down resolutions and proposals. To meet this eventuality the Industry Supply Group has adapted its voting rules to provide that no one supplier may veto a resolution or proposal even if they are greater in volume than 30%. This is a pragmatic position designed to ensure the continued efficient and effective operation of the industry. It is therefore proposed that this mechanism be incorporated into KVHF's Rules. The resolution requires Zespri, NZKGI and 70% of the Registered Suppliers to vote in favour of the resolutions for it to pass.*

The KVH Board **recommends** the members agree to this amendment.

## **General Business**

Items to be taken from those attending the meeting, but as a postal vote system is used by KVH, no additional resolutions are able to be taken at the Annual General Meetings.