

Explanation of Resolutions

Previous Minutes – Resolutions 1 to 2

The minutes of the Annual General Meetings of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated held on 26 November 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** that Members approve the minutes of the Annual General Meetings held on 26 November 2014.

Chairman’s Report, KVH Activity and Research and Development Reports – Resolution 3

The Chairman’s Report, the KVH Activity and the Research and Development Reports 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** that Members approve the Chairman’s Report and the KVH Activity Report.

Financial Reports – Resolutions 4 and 5

Kiwifruit Vine Health Incorporated’s and The KVH Foundation Incorporated’s Financial Reports and Statements for the 9 months ending 31 March 2015 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.

KVH’s Accountant / Chief Executive will discuss the changes to the financial reporting act, and how this will affect the presentation of the accounts for KVHI and KVHF next year. They will also discuss the current tax situation for KVHI.

KVH’s Accountant / Chief Executive 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 Board **recommends** the Members approve the Financial Statements of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.

Reappointment of Auditor – Resolution 6

Bennetts Proactive be reappointed as the auditor of Kiwifruit Vine Health Incorporated and of The KVH Foundation Incorporated for the 2016 / 2017 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 2016 AGM. This review was proposed to have been undertaken by the time of this AGM, but due to the change in the financial year, time was not available for it to be conducted. 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 approve the reappointment of Bennett Proactive as the external auditor for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated for 2016 / 2017.

2016 / 2017 Budgets – Resolutions 7 and 8

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Budgets for the 2016 / 2017 year be approved.

Explanatory Information

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

National Pest Management Plan budget:

- *Levy income is based on 120 million trays, at the rate of 1 cent for green trays and 2 cents gold trays.*
- *The remaining PSA funding income is budgeted to be utilised this year (\$1,063,552), and is to fund R & D.*

Wider Biosecurity budget

- *Levy income is based on 120 million trays, at the rate of 0.6 cents per tray.*
- *We have allowed \$232,000 for costs relating to the fruit fly operational agreement.*
- *Repayment of the \$100,000 advance used to fund wider biosecurity costs will be repaid during this financial year.*

KVH's Accountant and Chief Executive 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 Board **recommends** the Members approve the 2016 / 2017 Budgets.

2016 National Pest Management Plan Levy Rate – Resolution 9

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 2016 / 2017 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 for the management of Psa. 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 2016 / 2017 year the levy rate has been kept at the current rate as KVH is still meeting additional costs 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 balance of the unspent funds total \$3,042,777.00), KVH is required to strike the levy at this rate. Once these funds are expended, the levy rate will be reviewed. It is anticipated that this will not be before 2017/2018 year. 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 Psa. 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 and Red kiwifruit.

2016 WIDER BIOSECURITY LEVY RATE – Resolution 10

The Wider Biosecurity Levy Rate be approved to remain at the current rate agreed at last year's Annual General Meeting for the 2016 / 2017 financial year at 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

This levy is mostly used by the KVH Foundation Incorporated to fund Government Industry Agreement obligations to manage biosecurity readiness and response activities (for all risks except Psa) 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. (KVH's Psa activities are funded under National Pest Management Plan Levy.)

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 2016 / 2017 year.

To meet in quick order the costs of incursions the Levy Order enables 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 Board **recommends** the members agree that the wider biosecurity levy rate for 2016 / 2017 remain at the rate of 0.6 cents per tray for all varieties of kiwifruit.

Amendment to KVHI's Rules: Resolution 11

That the Rules of Kiwifruit Vine Health Incorporated be amended to:

- (a) Create a new category of members comprising Grower Members, who shall automatically become Members upon payment of a levy under one of the two kiwifruit industry Biosecurity Levies, or may otherwise become members upon application to the Board;
- (b) Introducing a Grower Advisory Forum, comprising the members for the time being of the New Zealand Kiwifruit Growers Forum, who shall be responsible for representing the views of Grower Members, particularly on matters relating to Psa, the National Pest Management Plan and wider biosecurity for the kiwifruit industry, to KVHI;
- (c) Removing the "voting colleges" so that all matters will now be passed by a simple majority of members voting and providing for volume weighted voting by Grower Members;
- (d) Removing the right of Zespri and KGI to call a special meeting or to veto a members' motion;
- (e) Changing the quorum to 20 members present in person;
- (f) Creating the position of Vice Chairman and clarifying that the appointed secretary need not be a Member or Director;
- (g) Expanding the Board to have six directors: two elected grower directors, one elected independent director, one appointed by Zespri, one appointed by registered suppliers; and the MPI director, when the \$50 million fund is exhausted, stepping down with this position becoming a third grower director;
- (h) Allowing email notices;
- (i) Clarifying the matters to be addressed at the AGM;
- (j) Clarifying the financial delegations and clarifying the winding up procedure, taking into account the broadening of membership; and
- (k) Making changes ancillary to those above.

In addition agree that the current directors remain in office until the 2016 AGM.

Explanatory Information

These amendments are being proposed to recognise that growers are both the sole funders and the prime beneficiaries of KVHI's activities. These amendments are intended to also ensure that the levy paid by growers to KVHI will be exempt from taxation under the mutuality principle.

As all levy paying growers will be members of KVHI they are entitled to attend and/or vote at KVHI's AGM and General Meetings. The majority required to pass resolutions at these meetings is to be 50% or more. Voting is to be volume weighted for levy paying growers recognising that the levy paying growers are funding KVHI. For other members there will be one vote per member (i.e. Zespri will have one vote and each Registered Supplier member will have one vote). Most voting is to be conducted by postal ballot.

Consequential changes are also required to the membership of the KVHI Board. The proposal is for the existing NZKGI appointed director to now be elected at the AGM by grower members and for the Board to be increased from five to six directors by adding another grower elected director. The increase to six directors (assuming these changes to the Rules are passed at the 2015 AGM) will take place at the 2016 AGM. The position of Vice Chairperson will also be established. These changes are designed to provide for succession planning for the Chairperson, to increase the skill base of the Board and to ensure that the Board has the ability to select as Chairperson and Vice Chairperson the most appropriate persons. The result will be a six member Board made up of two grower directors elected by growers at the AGM, an independent director elected at the AGM by all members, a

director appointed by Zespri, a director appointed by Registered Suppliers and a director appointed by MPI. When the \$50 million fund is used up, the MPI appointed director position will become a grower director. The make-up of the Board will then be three grower directors elected by growers at the AGM, an independent director elected at the AGM by all members, a director appointed by Zespri and a director appointed by Registered Suppliers.

In addition the NZ Kiwifruit Grower Forum is made an advisory Forum for KVH so that KVH's Board and Management can consult the NZ Kiwifruit Grower Forum on Psa and other biosecurity issues.

To provide for transition to the new structure the resolution also provides for the current directors to continue in office until the 2016 AGM.

A copy of the Rules marked up with the proposed amendments is available on KVH's web site and can also be provided by contacting KVH on 07 574 7588.

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 these amendments.

Amendment to KVHF's Rules: Resolution 12

That the Rules of The KVH Foundation Incorporated be amended to:

- (a) Create a new category of members comprising Grower Members, who shall automatically become Members upon payment of a levy under one of the two kiwifruit industry Biosecurity Levies, or may otherwise become members upon application to the Board;
- (b) Introducing a Grower Advisory Forum, comprising the members for the time being of the New Zealand Kiwifruit Growers Forum, who shall be responsible for representing the views of Grower Members, particularly on matters relating to Psa, the National Pest Management Plan and wider biosecurity for the kiwifruit industry, to KVH;
- (c) Removing the "voting colleges" so that all matters will now be passed by a simple majority of members voting and providing for volume weighted voting by growers;
- (d) Removing the right of Zespri and KGI to call a special meeting or to veto a members' motion;
- (e) Changing the quorum to 20 members present in person;
- (f) Creating the position of Vice Chairman and clarifying that the appointed secretary need not be a Member or Director;
- (g) Expanding the Board to have six directors: two elected grower directors, one elected independent director, one appointed by Zespri, one appointed by registered suppliers; and the MPI director, when the \$50 million fund is exhausted, stepping down with this position becoming a third grower director;
- (h) Allowing email notices;
- (i) Clarifying the Society's Purposes to focus on GIA and wider biosecurity readiness and responses.
- (j) Clarifying the matters to be addressed at the AGM;
- (k) Clarifying the financial delegations and clarifying the winding up procedure, taking into account the broadening of membership; and
- (l) Making changes ancillary to those above.

In addition agree that the current directors remain in office until the 2016 AGM.

Explanatory Information

The Rules for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated have been kept as identical as possible with the other difference being The KVH Foundation Incorporated is registered as a charity. The amendments proposed for Kiwifruit Vine Health Incorporated are therefore duplicated for The KVH Foundation Incorporated and the above explanation for resolution 11 above applies to these amendments for The KVH Foundation Incorporated under Resolution 12.

To provide for transition to the new structure the resolution also provides for the current directors to continue in office until the 2016 AGM.

A copy of the Rules marked up with the proposed amendments is available on KVH's web site and can also be provided by contacting KVH on 07 574 7588.

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 these amendments.

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.