



# Explanation of Resolutions

## 2016 Annual General Meeting

### Previous Minutes – Resolutions 1 to 2 (Item 2 of Agenda)

The minutes of the Annual General Meetings of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated held on 23 July 2015 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 (separately for KVHI & KVHF) to the meeting. The resolution requires 50% or more of the votes cast by Members<sup>1</sup> to and will be in favour of the resolution for it to pass.*

The KVH Boards **recommend** that Members approve the minutes of the Annual General Meetings held on 23 July 2015.

### Chairman's Report and KVH Annual Report – Resolution 3 (Item 3 of Agenda)

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

#### **Explanatory Information**

*This report has 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 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

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

### Independent Director – Resolution 4 (Item 4 of Agenda)

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Rules specify a requirement for six Directors, one of whom is an independent Director nominated by the Boards and elected by the Society in General Meeting.

#### **Explanatory Information**

*The Boards have nominated Mr Graeme Marshall as the Independent Director, and recommend his election to the Boards. Information about Mr Marshall has been circulated with the agenda papers.*

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<sup>1</sup> For the purpose of calculating votes:

1. A body corporate and each individual member, in both cases that is other than a Grower Member shall have a single vote, and
2. A Grower Member shall have one vote for every tray equivalent (rounded to the nearest tray) of kiwifruit owned by the Member when it was accepted for export by an exporter to markets other than Australia. A Member's voting entitlement shall (subject to certain events notifiable to the Board) be determined as the average of the highest number of tray equivalents in two of the last five financial years immediately preceding the financial year in which the vote occurs.

*The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the Members approve the appointment of Mr Graeme Marshall as the Independent Director of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.

## **Financial Reports – Resolutions 5 and 6 (Item 5 of Agenda)**

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Financial Reports and Statements for the twelve months ending 31 March 2016 be approved.

### ***Explanatory Information***

*The commentary and fully audited financial reports and statements for both organisations have been distributed with the agenda papers. These accounts are presented in accordance with the financial reporting act, as a special purpose financial report, and in accordance with the Public Benefit Entity Simple Reporting – Accrual (Not for Profit) basis respectively. The KVH Foundation Incorporated is registered as a charity. An unqualified audit opinion has been signed off for both Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated.*

*Currently the work of KVH is undertaken by two separate entities, Kiwifruit Vine Health Incorporated (Psa and National Pest Management Plan focussed) and The KVH Foundation Incorporated (wider biosecurity focus). This results in increased administration costs. A review is being undertaken as to whether it is appropriate to continue this dual structure and the conclusion of this review will be reported to the next AGM.*

*KVH's Accountant / Chief Executive will present the financial statements and invite members to question any aspect of the statements. The Chairman will then put the above resolution (separately for KVHI & KVHF) to the meeting. The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

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

## **Appointment of Auditor – Resolution 7 (Item 6 of Agenda)**

Following a tender for audit services to five separate organisations, Ingham Mora was identified as the preferred 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. Bennetts Proactive has performed its audit duties proficiently however the Boards feel that good governance requires that a new auditor (Ingham Mora) be appointed as the auditor of Kiwifruit Vine Health Incorporated and of KVH Foundation Incorporated. The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the Members approve the appointment of Ingham Mora as the external auditor for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated for the 2016-2017 financial year.

## 2017-2018 Budgets – Resolutions 8 and 9 (item 7 of Agenda)

Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Budgets for the 2017-2018 year be approved.

### **Explanatory Information**

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

For Kiwifruit Vine Health Incorporated's (National Pest Management Plan) budget:

- *Levy income is based on 140 million trays, at the rate of 1 cent for both green trays and gold trays. This is a change from the levy that currently applies of 1 cent for green trays and 2 cents for gold trays, and is subject to Resolution 10 being approved.*
- *There are no Psa R&D costs (the \$50 million contributions from industry and Government are now fully spent, and future Psa related R&D will be funded by Zespri).*

For The KVH Foundation Incorporated's (wider biosecurity) budget:

- *Levy income is based on 140 million trays, at the rate of 6/10ths of a cent per tray equivalent, subject to Resolution 11 being approved.*
- *\$235,000 is included for costs relating to the fruit fly operational agreement, now signed.*

*KVH's Accountant and Chief Executive will present the budgets and invite members to question any aspect of the budgets. The resolution for KVHI and KVHF requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the Members approve the 2017-2018 Budgets.

## 2017 National Pest Management Plan Levy Rate – Resolution 10 (Item 8 of Agenda)

The National Pest Management Plan Levy Rate be altered to apply at a rate for the 2017-2018 financial year at 0.28 cents per kilogram (1 cent per tray equivalent) for all varieties of kiwifruit, except Actinidia Arguta, 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.*

*A change is proposed to the current levy rate. 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. In addition the Ministry for Primary Industries had instructed that in order for KVH to access the unspent government funds from the \$50 million Psa response fund, KVH was required to strike the levy at these rates. These funds have now been expended and the levy rates reviewed.*

*Based on funding of future Psa R&D by Zespri, and the more or less equivalent susceptibility of the current Green and Gold varieties of kiwifruit to Psa, the KVH Boards have concluded that the funding of the National Pest Management Plan be reduced by decreasing the Gold levy to that of the Green levy, but that it otherwise be maintained at the current Green levy rate to ensure KVH has sufficient resources to continue to provide the required on-going support and response to Psa. The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the members agree that the National Pest Management Plan levy rate for 2017-2018 be set at the rate of 1 cent per tray for all varieties of kiwifruit, except Actinidia Arguta, exported to markets other than Australia.

## **2017 Wider Biosecurity Levy Rate – Resolution 11 (Item 9 of Agenda)**

The Wider Biosecurity Levy Rate be approved to remain at the current rate agreed at last year's Annual General Meeting for the 2017-2018 financial year at 6/10<sup>th</sup> of a cent per tray equivalent for all varieties of kiwifruit, except Actinidia Arguta, exported to markets other than Australia.

### ***Explanatory Information***

*This levy is 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 6/10<sup>th</sup> of a cent per tray equivalent 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 2017-2018 year.*

*To meet in quick order the costs of incursions the Levy Order enables new or varied levy rates can be set by the Board of The KVH Foundation Incorporated to provide funding for biosecurity responses, but the levy rate set 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 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the members agree that the wider biosecurity levy rate for 2017-2018 remain at the rate of 6/10ths of a cent per tray for all varieties of kiwifruit, except Actinidia Arguta, exported to markets other than Australia.

## **Directors Remuneration – Resolution 12 (Item 10 of Agenda)**

That the Directors fees be adjusted by the CPI rate of 0.4% from 1 April 2016.

### ***Explanatory Information***

*No Director Fees have been paid to the MPI representative on the Boards. From this AGM there will be six Directors, with the current MPI representative on the Boards being replaced by a Grower Director.*

*For the Directors' fees to be maintained at a reasonable rate until the next external review, at the 2014 AGM agreed to a CPI adjustment on an annual basis. The current CPI rate is 0.4% for the year ending 31 March 2016. It is recommended that the current directors fees be adjusted by 0.4% annually from 1 April 2016.*

*This would increase the fees as follows:*

<b>Chairman's fees</b>	Currently \$28,600.00	New Fees \$28,800.00
<b>Directors fees</b>	Currently \$15,600.00	New Fees \$15,700.00

*(The new fees for the Chairman and Directors have been rounded to the next highest \$100.00)*

*The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.*

The KVH Boards **recommend** the Members agree to the Directors' Fees being adjusted for the CPI by 0.4%.

## **General Business (item 11 of Agenda)**

Items to be taken from those attending the meeting, but as it is a requirement of the Rules that voting can be undertaken by post, no additional resolutions are able to be taken at the Annual General Meetings.<sup>2</sup>

Proposed Grower directors will be given the opportunity to speak.

*In addition to the election of an Independent Director, the Rules provide for the appointment by Zespri of one Director, by Registered Suppliers who are Registered Suppliers under the Zespri Group Limited Annual Supply Agreement of one Director, and three Directors by Grower Members. The election of Directors representing Grower Members is required to be conducted by postal ballot. The nominations for these three positions have been separately advised to Grower Members with voting papers. The three nominations with the most votes will be elected to the Board.*

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<sup>2</sup>Rule 10.4 requires that all Members must be given at least three business days written notice of the business to be conducted of any Society meeting. Two additional business days should be allowed to be able to deliver that written notice to all Members.