



Explanation of Resolutions

2017 Annual General Meeting

2016 Annual General Meeting Minutes – Resolution 1 (Item 2 of Agenda)

Proposed resolution:

That the minutes of the Annual General Meetings of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated held on 31 August 2016 be approved as a true and accurate record.

Explanatory Information

The minutes for the last Annual General Meeting, held on 31 August 2016, have been distributed with the agenda papers. The Chairman will invite members to discuss the content of the previous minutes and 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 to 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 31 August 2016.

Chairman's and Chief Executive's and KVH Annual Report – Resolution 2 (Item 3 of Agenda)

Proposed resolution:

That the Chairman and Chief Executive's Report and the KVH Annual 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 and Chief Executive will speak to their reports, and invite members to discuss the content of this report and 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 and Chief Executive's Report and the KVH Annual Report.

Financial Reports – Resolution 3 (Item 4 of Agenda)

Proposed resolution:

That Kiwifruit Vine Health Incorporated's and The KVH Foundation Incorporated's Financial Reports for the twelve months ending 31 March 2017 be approved.

Explanatory Information

The 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.

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

Appointment of Auditor – Resolution 4 (Item 5 of Agenda)

Proposed resolution:

That Ingham Mora be appointed as the auditor of Kiwifruit Vine Health Incorporated and of The KVH Foundation Incorporated for the 2017 / 2018 financial year.

Explanatory Information

The Rules provide that included in the role of Members is the appointment or re-appointment of an auditor.

In early 2016, Ingham Mora was appointed as the auditor of Kiwifruit Vine Health Incorporated and of The KVH Foundation Incorporated at the 2016 AGM for the 2016-2017 financial year. It is recommended that they be reappointed for the 2017-18 financial year.

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 Board **recommends** that Ingham Mora be appointed auditor for the 2017-18 financial year.

2018-2019 Budget for Kiwifruit Vine Health Incorporated – Resolution 5 (item 6 of Agenda)

Proposed resolution:

That Kiwifruit Vine Health Incorporated's Budget for the 2018-2019 year be approved.

Explanatory Information

*KVHI was formed to undertake the work of the National Pest Management Plan related to *Pseudomonas syringae* pv. *actinidiae* (Psa). KVHF was formed to meet the kiwifruit industries obligations under the Government Industry Agreements, to monitor and identify biosecurity risks to the kiwifruit industry, and prepare for responses to those biosecurity risks ("readiness and response"). Last year the AGM was advised that the Directors were considering whether it was advisable to continue this dual structure. A review was undertaken with Directors concluding that the costs of the dual structure outweighed any benefits. As a result, from 1 April 2017 KVHI assumed the delivery of all work previously undertaken separately by KVHI and KVHF.*

Until the net assets of KVHF are reduced to zero:

- 1. KVHF will use its accumulated net assets as at 31 March 2017 to fund and reimburse KVHI for readiness and response biosecurity work,*
- 2. The costs incurred by KVHI in undertaking this work formerly undertaken by KVHF will be offset by payment from KVHF (always so that the amount reimbursed will exactly equal the expenses incurred by KVHI to undertake that work).*

Following the net assets of KVHF reducing to zero, with the approval of Members it will be liquidated.

It is expected that the liquidation of KVHF will be completed before 31 March 2018. In this expectation, as the approval being sought under this Resolution is for the budget year 2018-2019, there is no budget presented for KVHF.

For the Kiwifruit Vine Health Incorporated's combined budget for 2018-2019:

- 1. Compared with the levies agreed by the 2016 AGM for the 2017-18 budget year, the proposed NPMP (Psa) and readiness and response (wider biosecurity) levies have been swapped in amount so that the cost to growers of the total of both levies remains the same:*

- *The Psa Levy is based on 140 million trays, at a proposed rate of 6/10ths of a cent (previously one cent per tray) for all varieties of kiwifruit except Actinidia arguta, subject to Resolution 6 being approved.*
 - *The wider biosecurity Levy is also based on 140 million trays, but at a proposed rate of one cent per tray (previously 6/10ths cent per tray) for all varieties of kiwifruit except Actinidia arguta, subject to Resolution 7 being approved.*
2. *Three Operational Agreements have been entered into under the GIA. As part of these obligations the cost of \$335,000 (\$235,000 under the Fruit Fly OA, and \$100,000 under the BMSB and Kiwifruit Sector OA) for readiness that KVH has agreed to meet are included in KVHI's budget as from 1 April 2018. No response costs are included in the budget.*
 3. *There are no R&D costs (the \$50 million contributions from industry and Government are now fully spent, and future Psa and biosecurity related research will be funded by Zespri).*
 4. *\$200,000 has been included as the kiwifruit industry's contribution to the control of wild kiwifruit. This is an increase from \$100,000 to \$200,000 in the 2017/2018 Budget.*

The commentary and proposed budget for KVHI have been distributed with the agenda papers. KVH's Accountant and Chief Executive will present the KVHI budget and invite members to question any aspect of it.

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

The KVH Board **recommends** the Members approve the KVHI 2018-2019 Budget.

National Pest Management Plan Levy Rate for the year ended 31 March 2019 – Resolution 6 (Item 7 of Agenda)

Proposed resolution:

That the National Pest Management Plan Levy Rate be reduced to apply at a rate of 6/10ths of a cent per tray for the 2018-2019 financial year 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.

As the costs of delivery of the National Pest Management Plan work undertaken by KVH are expected to be lower for the year ended 31 March 2019, so also it is recommended that the level of the levy to fund that work be decreased from its current level of one cent to 6/10ths of a cent per tray.

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 Board recommends the members agree that the National Pest Management Plan levy rate for 2018-2019 be set 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.

Readiness and Response Biosecurity Levy Rate for the year ended 31 March 2019 – Resolution 7 (Item 8 of Agenda)

Proposed resolution:

That the Readiness and Response Wider Biosecurity Levy Rate be increased for the 2018-2019 financial year to one cent per tray equivalent for all varieties of kiwifruit except *Actinidia arguta*, exported to markets other than Australia.

Explanatory Information

This levy is used to fund Government Industry Agreement obligations of the Kiwifruit industry 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 separately funded under National Pest Management Plan Levy.)

A levy rate of one cent per tray is the rate that is required to fund wider biosecurity preparedness and readiness activities for the 2018-2019 year.

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 Board recommends the members agree that the wider biosecurity levy rate for 2018-2019 be one cent per tray for all varieties of kiwifruit except *Actinidia arguta*, exported to markets other than Australia.

Directors Remuneration – Resolution 8 (Item 9 of Agenda)

Proposed resolution:

That the Directors fees be adjusted by the CPI inflation rate of 2.2% from 1 April 2017.

Explanatory Information

For the Directors' fees to be maintained at a reasonable rate until the next external review, the 2014 AGM agreed to a CPI adjustment on an annual basis. For the year ending 31 March 2017 the CPI inflation rate increased by 2.2%.

The Board have agreed an external review of Director's Fees in 2017, the outcome of which will be reported to the 2018 AGM.

It is recommended that the current directors' fees be adjusted by 2.2% annually from 1 April 2017.

This would increase the fees as follows:

| | | |
|------------------------|-----------------------|----------------------|
| Chairman's fees | Currently \$28,800.00 | New Fees \$29,500.00 |
| Directors fees | Currently \$15,700.00 | New Fees \$16,100.00 |

(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 2.2% from 1 April 2017.

Liquidation of KVHF – Resolution 9 (Item 10 of Agenda)

Proposed resolution:

That KVHF be liquidated, subject to confirmation of this resolution and the appointment of a liquidator at a Special General Meeting to be held at a time approved by the Directors of KVHF, but not earlier than 30 days following the 2017 AGM.

Explanatory Information

Last year the AGM was advised that the Directors were considering whether it was advisable to continue the dual KVHI/KVHF structure of KVH. A review was undertaken with Directors concluding that the costs of the dual structure outweighed the benefits. As from 1 April 2017, the necessary approvals having been obtained, KVHI has assumed the operational delivery of all work previously undertaken by KVHI and KVHF. While it has funds to do so, KVHF will continue to meet the cost of wider biosecurity, by reimbursement of KVHI for the costs of that wider biosecurity work, following which it will be liquidated.

It is a requirement of the KVHF Rules and the Incorporated Societies Act that to liquidate KVHF involves a two stage process. The 2017 AGM will be asked to pass a Resolution authorising KVHF's liquidation, with the necessary confirmation being referred back to a Special General Meeting called by Directors, timed to occur not earlier than 30 days after the AGM.

The KVHF Rules also provide that if it is wound up the Society's debts, costs and liabilities shall be paid; and Surplus Money and Other Assets of the Society shall be transferred to such other charitable organisation or organisations as determined by the Board. It is Directors intention that notice of the subsequent Special General Meeting not be given until after the net assets of KVHF are zero, in which case there will be no Surplus Money and Other Assets that will be required to be transferred to other charitable organisation or organisations.

Some special requirements in the Rules apply to voting in respect of liquidation of KVHF:

- 1. Every Member represented at the meeting or voting by postal ballot shall have one vote.*
- 2. For this purpose, a quorum shall consist of at least 20 Members. If within half an hour from the time appointed for such meeting a quorum is not present the Members represented at the meeting may transact the business of that meeting as if they constituted a quorum.*

The Chairman will put the above resolution (for KVHF) to the meeting. The resolution requires a majority of the Members voting by postal ballot or at the AGM to be in favour of the resolution on a show of hands and on a poll for it to pass.

The KVHF Board recommends that the meeting resolve to wind up KVHF, subject to confirmation of this resolution and the appointment of a liquidator at a Special General Meeting to be held at a time approved by the Directors of KVHF, but not earlier than 30 days following the 2017 AGM.

Director's Election Rule Change– Resolution 10 (Item 11 of Agenda)

Proposed resolution:

That the Rules of KVHI be changed so that two of the six Directors be appointed in rotation each year, and the appropriate transition arrangements be included to allow this to be implemented at the 2018 Annual General Meeting.

Explanatory Information

There is no Director election at the 2017 AGM.

The current Rules provide for a Board of Directors made up of 6 Members, as follows:

| Description | How appointed | Term | Number | Current Expiry of Appointment | Casual vacancies |
|---------------------------|---|----------------|---------------|--------------------------------------|---|
| <i>Grower Members</i> | <i>By Election by postal ballot in conjunction with the AGM</i> | <i>2 years</i> | <i>3</i> | <i>2018 AGM</i> | <i>The Board may, in its discretion, call a Special General Meeting to elect a replacement director or continue with a reduced number of directors until the next occurring Annual General Meeting.</i> |
| <i>Zespri Member</i> | <i>Appointment by Zespri</i> | <i>2 years</i> | <i>1</i> | <i>November 2018</i> | <i>Appointment by Zespri as soon as possible</i> |
| <i>Suppliers Member</i> | <i>Appointment by registered suppliers under the Zespri Annual Supply Agreement</i> | <i>2 years</i> | <i>1</i> | <i>October 2017</i> | <i>Appointment by registered suppliers as soon as possible</i> |
| <i>Independent Member</i> | <i>Nomination by Board, and confirmed at AGM</i> | <i>2 years</i> | <i>1</i> | <i>2018 AGM</i> | <i>The Board may, in its discretion, call a Special General Meeting to elect a replacement director or continue with a reduced number of directors until the next occurring Annual General Meeting.</i> |

At the 2016 AGM four Directors, three Grower Members and one Independent Director, were elected for a two year term in accordance with the Rules. All four will be due to retire at the 2018 AGM, and may or may not seek re-election and/or may or may not be re-elected. Directors are concerned at the risk this creates to the continuity and experience of the Board, and are seeking a change to the Rules so that two Directors are elected each year for a three year term. This would apply to all Directors, as it is desirable that the potential retirement of each of the Zespri and Suppliers Director on the Board also be at a date when only one other Director is also retiring.

The Rule changes that are required at the 2017 AGM so that they are effective for the 2018 AGM are:

- 1. A transition rule so that at the 2018 AGM two Directors are appointed for one year, two are appointed for two years, and two are appointed for three years,*
- 2. The ongoing Director election process be changed so that two Directors retire, and two Directors are appointed/reappointed each year.*

The proposed Rules with the changes redlined (Rule 5) are available on KVH's web site at www.kvh.org.nz.

Immediately following the election of Directors at the 2018 AGM, the term and expiry dates of appointment of the Board will be as follows:

| Description | How appointed | Term | Number of Directors | Date of Election | Date of Appointment | Expiry of Appointment |
|--|---|----------------|----------------------------|-------------------------------|---|------------------------------|
| <i>Elected Grower Director with third highest number of votes</i> | <i>By Election by postal ballot in conjunction with the 2018 AGM</i> | <i>1 years</i> | <i>1</i> | <i>By growers at 2018 AGM</i> | | <i>2019 AGM</i> |
| <i>Director appointed by Zespri</i> | <i>Appointment by Zespri</i> | <i>1 years</i> | <i>1</i> | | <i>In conjunction with 2018 AGM</i> | <i>2019 AGM</i> |
| | | | | | | |
| <i>Elected Grower Director with second highest number of votes</i> | <i>By Election by postal ballot in conjunction with the 2018 AGM</i> | <i>2 years</i> | <i>1</i> | <i>By growers at 2018 AGM</i> | | <i>2020 AGM</i> |
| <i>Director appointed by Suppliers</i> | <i>Appointment by registered suppliers under the Zespri Annual Supply Agreement</i> | <i>2 years</i> | <i>1</i> | | <i>In conjunction with 2018 AGM</i> | <i>2020 AGM</i> |
| | | | | | | |
| <i>Highest polling elected Grower Director</i> | <i>By Election by postal ballot in conjunction with the 2018 AGM</i> | <i>3 years</i> | <i>1</i> | <i>By growers at 2018 AGM</i> | | <i>2021 AGM</i> |
| <i>Independent Member</i> | <i>Nomination by Board, and confirmed at AGM</i> | <i>3 years</i> | <i>1</i> | | <i>Confirmed by growers at 2018 AGM</i> | <i>2021 AGM</i> |

Subsequently, on expiry of appointment, the term of each Director then elected to the KVH Board will be three years.

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 Board **recommends** the members agree that the Rules of KVHI be changed so that two of the six KVH Directors are appointed in rotation each year, and the appropriate transition arrangements be included to allow this to be implemented at the 2018 Annual General Meeting.

Rule 11 Change - Signing of Documents, Execution of financial decision documents, and Delegated Authorities. Resolution 11 (Item 12 of Agenda)

Proposed resolution:

That the Rules of KVHI be altered to allow the delegation of the signing of documents, execution of financial decision documents and delegated authorities in line with those in the Companies Act.

Explanatory Information

Currently Rule 11 provides as follows:

- 11.1 *Signing of Documents: Documents may be signed by any party authorised by the Board to sign such documents, provided that any document which if entered into between individuals would be required to be in the form of a deed, must be executed under the common seal.*
- 11.2 *Execution of financial decision documents: Financial decision documents, together with any cheques or other financial instruments with a value exceeding \$50,000 (including without limitation electronic funds transfers, other than between accounts of the Society or payments to The KVH Foundation Inc) must be signed by two Directors, who are appointed by different parties.*
- 11.3 *Seal: The common seal of the Society shall be kept at the Society's registered office and shall be used only by authority of a resolution of the Board of Directors. Financial decision documents, together with any cheques or other financial instruments with a value exceeding \$50,000 (including without limitation electronic funds transfers, other than between accounts of the Society or payments to The KVH Foundation Inc) must be signed by two Directors, who are appointed by different parties.*

This Rule:

- a. restricts the ability of the Board to delegate authority to Management for financial decision documents and payments exceeding \$50,000, and*
- b. prevents payments being made for amounts in excess of \$50,000, unless those payments are signed by two Directors including at least one non-Grower elected director.*

With the expending of the Crown Funding, the Board has both expanded and changed in composition. While KVH remains a Society, the KVH Board operates in a manner very similar to a Company of similar size, and the Board is seeking to change Rule 11 to allow it to put in place Delegated Authorities that are in line with section 180 and section 181 of the Companies Act and also consistent with the Incorporated Societies Bill, which is anticipated to replace the existing Incorporated Societies Act some time in the next couple of years.

The proposed Rules with the changes relined (Rules 11 and 12) are available on KVH's web site at www.kvh.org.nz. 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 Board **recommends** that the Rules of KVHI be altered to allow the Delegation of the signing of documents, execution of financial decision documents and delegated authorities in line with those in the Companies Act.

General Business (item 13 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.