

Annual General Meetings

Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated

31 August 2016

Held at: Suite 1, ASB Arena, Truman Lane, Mount Maunganui

A quorum of at least 20 members being present, the meeting was declared open by the Chairman.

Members In attendance:

Ross Bawden, Austin & Ann Benn, Doug Brown, Bruce Cameron, Sandy Clink, John Cook, Simon Cook, Carol Craig, Tom Davies, Ian Douglas, Paul Edkins, John Ericksen, Andrew Fenton, Nathan Flowerday, Mark & Robyn Gardiner, Sally Gardiner, Craig Greenlees, Adrian Gault, Jim Gray, Alister Hawkey, Andre Hickson, Paul Jones, Phil Jones, Pauline & Les Kell, Don Kemp, Tony Leicester, Dave Mackie, Dermott Malley, Mark Mayston, Graham Milne, Debbie Oakley, Seth Pardoe, Hendrik Pieters, Terry Richards, Dennis Robinson, Ian Schultz, Mike Smith, Dave Tanner and Paul Thomas.

Attending the Meeting:

Chris Anstis, Roger Bagshaw, Kirsty Bent, Mike Chapman, Dave Courtney, Ian Coventry, Jacqui Craig, Merv Dallas, Matt Dyck, Renee Fritchley, Sue Groenewald, Ratahi Gross, Lara Harrison, Keiran Harvey, Nikki Johnson, Nick Lawrence, Robert Lee, Lorry Leydon, Kate Longman, Karyn Lowry, Derek Masters, John Mather, Alison McCulloch, Tom McMorran, Michael Baillie, Peter Mourits, Barry O'Neil, Peter Ombler, Elyse Patchett, Linda Peacock, Toby Potter, Richard Procter, Julian Raine, Tyler Rickard, Andy Roche, Ruth Underwood, Sonia Whiteman and Rereamanu Witiapi.

Apologies:

John Bourke, Rob Craig, Ian Greaves, Wade Hunkin, Lesley McKenzie, Graeme Marshall & Lois Pearson.

Item	Discussion
Meeting Administration	<p>The Meeting accepted the apologies.</p> <p>The Chairman advised the meeting that voting papers would be collected at the end of the meeting.</p> <p>The Meeting considered the minutes of the previous meetings, which were distributed with the agenda papers.</p> <p>Resolved that: The minutes of the Annual General Meeting of Kiwifruit Vine Health Incorporated held on 23 July 2015 be approved as a true and accurate record. <i>Moved: Nathan Flowerday/Tony Leicester</i> <i>Carried</i></p> <p>Resolved that: The minutes of the Annual General Meeting of The KVH Foundation Incorporated held on 23 July 2015 be approved as a true and accurate record. <i>Moved: Nathan Flowerday/ Tony Leicester</i> <i>Carried</i></p> <p>Matters Arising There were no matters arising from the minutes.</p>
Chairman's Report	<p>Peter Ombler presented his Chairman's Report distributed with the meeting papers, which was taken as read.</p> <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: The Chairman's Report and the KVH Annual Report for Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated be approved. <i>Moved: Peter Ombler / Carol Craig</i></p>

Item	Discussion
	<p>Carried</p> <p><u>Fruit fly scenario</u></p> <p>Peter Ombler presented a series of slides to the meeting that demonstrated the effects on the industry of a fruit fly incursion in Mount Maunganui and Te Puke, respectively like the Level one, two fruit fly incursion that occurred in Whangarei and the Level 2 breeding population incursion that occurred in Grey Lynn.</p> <p>Discovery of a fruit fly in a trap in Mount Maunganui would result in movement restrictions for two weeks, and:</p> <ul style="list-style-type: none"> • an immediate controlled area of 1.5 km and imposed under MPI's statutory powers, • a 3.5km market imposed export restriction zone (EZR) as a result of which the Port of Tauranga would not be able to load charter ships, and • a probable best case scenario of a China imposed ERZ of 27.2 km, with anything passing through the sector not being able to be exported to China. <p>Discovery of a fruit fly breeding population at the bottom of No 3 Road in Te Puke would result in movement restrictions for at least one season, and:</p> <ul style="list-style-type: none"> • an immediate statutory imposed controlled area of 1.5 km, affecting 3 packhouse facilities, 38 orchards, and about one million trays of kiwifruit, • a 3.5km market imposed EZR, affecting 6 packhouse facilities, 144 orchards, and 4.1 million trays of kiwifruit, and • a probable best case scenario of a China imposed 27.2 km ERZ affecting 37 facilities, 1582 orchards, and 50 million trays of kiwifruit. <p>A fruit fly discovery in Hawkes Bay raises the question of where the fruit would be packed.</p> <p>These scenarios demonstrate the potential risks to the industry of a fruit fly incursion in more sensitive areas, and underline that the industry needs to apply itself as to how it would respond if one of these scenarios occurred.</p> <p><u>Answers to questions</u></p> <ul style="list-style-type: none"> • In response as to why KVH was involved in Government Industry Partnerships, Barry O'Neill replied that Psa had demonstrated over-reliance on MPI, who were not just focussed on kiwifruit. The GIA's allowed KVH more influence through a direct KVH participation in the addressing of biosecurity risks, focussed on the interests of the industry. A recent example was the successful raising of awareness in respect of biosecurity risks associated with tourist ships through consultation with MPI. • In response as to how to protect against the inevitability of a biosecurity incursion and establishment, Barry O'Neil responded that mitigation of the effect of a biosecurity incursion was best achieved by preparation on multiple fronts, from pre-negotiated market

Item	Discussion
	<p>access arrangements to response preparedness. For example, \$400,000 was being spent on research on diagnostic tests. The risks of a biosecurity incursion were increasing. As the risks increase, so use of new technologies will be required to counter them.</p>
<p>Appointment of Independent Director</p>	<p>The Chairman advised that Graeme Marshall was not able to attend the meeting. Peter Silcock was the independent director on the Board, but he had resigned following a change in employment. To seek the best candidate, KVH had advertised through the Institute of Directors and elsewhere, identified nine candidates, and through an interview process by a subcommittee of the Boards had identified Graeme as the preferred candidate.</p> <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: The appointment of Mr Graeme Marshall as the Independent Director of Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated be approved. <i>Moved: Peter Ombler /Alister Hawkey</i> <i>Carried</i></p>
<p>Financial Reports</p>	<p>The financial report and statements circulated with the meeting papers were presented by Barry O’Neil, noting that:</p> <ul style="list-style-type: none"> • The accounts were 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. • Actual expenditure for the 2016 year was below that budgeted for by \$5,400. • Operations expenditure is up but offset by the Education and awareness underspend. • Research and Development exceeded budget by \$94,000. • Management, Office expenses and Overheads were under budget by \$103,000. <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: Kiwifruit Vine Health Incorporated’s Financial Reports for the 12 months ending 31 March 2016 be approved.</p>

Item	Discussion
	<p><i>Moved: Nathan Flowerday /Mark Mayston</i> <i>Carried</i></p> <p>Resolved that: The KVH Foundation Incorporated's Financial Report for the 12 months ending 31 March 2016 be approved. <i>Moved: Nathan Flowerday /Mark Mayston</i> <i>Carried</i></p>
Appointment of Auditor	<p>Barry O'Neil advised the meeting that Bennetts Proactive had been engaged as KVH's independent and external auditors since 2011. Bennetts Proactive has done a good job, performing its audit duties proficiently. However the Board feel that good governance requires that a new auditor be appointed as the auditor of Kiwifruit Vine Health Incorporated and of KVH Foundation Incorporated.</p> <p>Expressions of interest for audit services were requested from five separate organisations, and 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.</p> <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: Ingham Mora be appointed as the auditor of Kiwifruit Vine Health Incorporated and of The KVH Foundation Incorporated for the 2016 / 2017 financial year. <i>Moved: Nathan Flowerday /Phil Jones</i> <i>Carried</i></p>
2017/18 Budget	<p>The budgets for Kiwifruit Vine Health Incorporated and Kiwifruit Vine Health Foundation were circulated with the meeting papers. Barry O'Neil noted as follows:</p> <ul style="list-style-type: none"> • The operations cost in KVHF include the fruit fly operational agreement, of \$235,000 for the year. • Psa R&D costs will in future be funded by Zespri and are not reflected within the KVH budget/forecast. • Bad debts have been set based on last year's budget, as KVHI has been successful in the recovery of costs associated with unmanaged and abandoned orchards to date. • The NPMP levy income is based on 1c per tray on all class 1 fruit exported to all markets excluding Australia. The biosecurity levy is 6/10ths of a cent per tray based on the same criteria. • KVHF intend to build up reserves of \$500,000 to be prepared for any future incursion that may occur. At the start of the year the reserves stood at \$310,000, and are expected to build to \$500,000 over the next two years.

Item	Discussion
	<ul style="list-style-type: none"> The tray forecast is based on the latest 5 year forecast provided by Zespri. <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: Kiwifruit Vine Health Incorporated's Budget for the 2017 / 2018 year be approved. <i>Moved: Nathan Flowerday /Adrian Gault</i> <i>Carried</i></p> <p>Resolved that: The KVH Foundation Incorporated's Budget for the 2017 / 2018 year be approved. <i>Moved: Nathan Flowerday /Adrian Gault</i> <i>Carried</i></p>
2017 National Pest Management Plan Levy Rate	<p>The proposal for the 2017 NPMP levy rate was presented by Peter Ombler, noting that:</p> <ul style="list-style-type: none"> The budgets as approved are based on the proposed 2017 NPMP rate. A change is proposed to the current levy rate which 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. 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 this resolution being approved. Based on the 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 Board has 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. <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: 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 <i>Actinidia arguta</i> exported to markets other than Australia. <i>Moved: Alister Hawkey/Mark Mayston</i></p>

Item	Discussion
	<i>Carried</i>
2017 Wider Biosecurity Levy Rate	<p>The proposal for the 2017 wider levy rate was presented by Peter Ombler, noting that:</p> <ul style="list-style-type: none"> • The budgets as approved are based on the proposed 2017 levy rate • 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. • The levy rate of 6/10th 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. <p>No questions or issues were raised and no comments made.</p> <p>Resolved that: 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 6/10th of a cent per tray equivalent for all varieties of kiwifruit, except <i>Actinidia arguta</i>, exported to markets other than Australia. <i>Moved: Alister Hawkey/Simon Cook</i> <i>Carried</i></p>
Directors Remuneration	<p>The proposal for Directors' fees as circulated with the meeting papers was presented by Peter Ombler, noting that:</p> <ul style="list-style-type: none"> • No Director Fees have been paid to the MPI representative on the Board. • From this AGM there will be six Directors, with the current MPI representative on the Board being replaced by a Grower Director. • 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. The current CPI rate is 0.4% for the year ending 31 March 2016. • This would increase Directors fees for the Chairman to \$28,800.00 and for all other Directors to \$15,700.00 from 1 April 2016. <p>No questions or issues were raised and no comments made.</p>

Item	Discussion
	<p>Resolved that: That the Directors fees be adjusted by the CPI rate of 0.4% from 1 April 2016. <i>Moved: Alister Hawkey/Mike Smith</i> <i>Carried</i></p>
General Business	<p><i>Grower Director election</i> 11 Nominations have been received for the three grower representative Directors positions on the KVH Boards. Wade Hunkin was not able to attend the AGM, and the Chairman referred the meeting to Wade's statement of candidacy that had been circulated with voting papers. Ross Bawden, Simon Cook, Tom Davies, Adrian Gault, Phil Jones, Graham Milne, Seth Pardoe, Terry Richards, Ian Schultz, and David Tanner then each addressed the meeting,</p> <p><i>Voting Papers</i> Voting papers were then collected from the meeting.</p> <p><i>Retirement of Chairman from the Board</i> Paul Jones thanked Peter Ombler for his steady and calm leadership over his three years as Chairman, and noted that Peter had been firm when required and was well respected in the industry and in Wellington, and that he was leaving KVH in good shape.</p> <p>There was no further business, and the Chairman closed the meeting at 10.35 am.</p>

Minutes Approved as a True and Accurate Record:

Chairman:

Date: