



Agenda

Annual General Meeting

Kiwifruit Vine Health Incorporated

Wednesday 24 July 2019 at 9.00am

Suite 1, ASB Arena, Truman Lane, Mt Maunganui

Please join the KVH Board for morning tea after the meeting

1. Welcome, Apologies and Confirmation of Quorum (quorum of 20 members required, inclusive of body corporates) – Chairman, David Tanner
2. Approval of the Minutes of the Annual General Meeting of Kiwifruit Vine Health Incorporated held on 26 July 2018 and Matters Arising from those Minutes – Chairman, David Tanner
3. Chairman & Chief Executive Reports - Chairman, David Tanner
4. Kiwifruit Vine Health Incorporated's Financial Reports and Statements – Chief Executive, Stu Hutchings
5. Approval of the 2020-21 Biosecurity (Readiness and Response – Kiwifruit Levy) Order 2015 and the Biosecurity (Psa-V—Kiwifruit Levy) Order 2013 Levy Rates - Chief Executive, Stu Hutchings
6. Kiwifruit Vine Health Incorporated's budget for 2020-21 - Chief Executive, Stu Hutchings
7. Appointment of the Auditor for Kiwifruit Vine Health Incorporated - Chairman, David Tanner
8. Directors Remuneration – Chairman, David Tanner
9. Confirmation of Director Elections, David Tanner
10. General business
Business to be taken from people in attendance at the meeting provided that no motions are required to be passed. It is a requirement of the Rules that all Members must be given at least three business days' written notice of the business to be conducted of any Society meeting.¹²
11. Close of Business
12. Guest Speaker, Roger Smith – Head of Biosecurity New Zealand and Chief Operations Officer "Protecting our Borders"



¹Rule 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.

Explanation of Voting at AGM and of Grower Directors

The business to be conducted at the AGM is set out in the above agenda. Voting put to the AGM is by online and optional postal ballot and by voting at the AGM on the separate voting form. Unless otherwise specified voting papers submitted to KVH by post or by Members attending the AGM by the end of the AGM will be counted. The Boards will declare the result of the voting on resolutions put to the AGM following the AGM on the website and in the KVH Bulletin on 25 July 2019.

Annual General Meeting



Kiwifruit Vine Health Incorporated

26 July 2018 at 9.00am

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

Members in attendance:

David Tanner (Chair), Graeme Marshall (Director), Adrian Gault (Director), Nathan Flowerday (Director), Dermott Malley, Tony Leicester, Paul Thomas, John Bourke, Julian Raine, Tom Davies, Don Kemp, Sally Gardiner, Barry O'Neil, Bruce Cameron, Paul Edkins, Carol Craig, Mark Hudson, Karen & Andy Roche, Don Heslop, Mike Smith, Ross Bawden, Laurie Barclay, Mark and Robyn Gardiner, Colin Olesen, Paul Jones, Whetu Rolleston, Doug Brown & John Cook.

Attending the meeting:

Stu Hutchings (Chief Executive), Jacqui Craig (Board Secretary), Dave Darcy (Associate Director), Peter Mourits, Lisa Gibbison, Karyn Lowry, Elaine Gould, Monique Finlay, Linda Peacock, Mike Chapman, Katy McGinity, Mike Murphy, Nikki Johnson, Tom MacMorran, Sue Groenewald, Maryanne Morris, Sonia Whiteman, Warwick Lampp (Electionz), Matt Dyck, Richard Dey (William Buck).

Apologies:

Simon Cook, Richard Procter, Andre Hickson, Monty Spencer, Phil Jones, John Cook (lateness) and John Erikson.

Item	Discussion
Meeting Administration	<ul style="list-style-type: none">Those present were welcomed to the meeting. No media were present at the meeting.The meeting accepted the apologies.The Chairman advised of the emergency exit procedures.The Chairman advised that Jacqui Craig was the Returning Officer and Warwick Lampp of Electionz the independent scrutineer and that voting papers would be collected at the end of the meeting.The Chairman requested confirmation of the quorum, which was confirmed by the Board Secretary.The KVH 2018 AGM was declared open by the Chairman.The Chairman asked for items of General Business of which there were none. <p>Minutes of the Annual General Meeting held on 24 August 2017. The meeting considered the minutes of the previous meeting which were distributed with the agenda papers.</p> <p>Resolved that: The minutes of the 2017 Kiwifruit Vine Health Inc Annual General Meeting held on 24 August 2018 be approved as a true and accurate record. <i>Adrian Gault/Mark Gardiner</i></p>

	<p>Matters Arising</p> <p>There were no matters arising from the minutes.</p>
Chairman & Chief Executive Reports	<p>David Tanner and Stu Hutchings introduced the Chairman's and Chief Executive's Report distributed with the meeting papers, which was taken as read.</p> <p>The Chair noted that KVH have played a significant role on influencing those responsible for border biosecurity and have had leadership roles on some major biosecurity projects in Tauranga such as Tauranga Moana Biosecurity Capital and Port of Tauranga Biosecurity Excellence. He noted complacency as a risk following 8 years of living with Psa and that there are lessons kiwifruit industry can learn from the <i>Mycoplasma bovis</i> incursion –particularly, the importance for the kiwifruit industry to introduce a simple and efficient plant and plant material traceability system.</p> <p>The Chairman thanked previous Chief Executive, Barry O'Neil and outgoing director and past Chair, Adrian Gault and thanked the Board and Management for their hard work committed to a biosecurity resilient kiwifruit industry.</p> <p>Stu Hutchings presented the focus of KVH for the next 12 months, which included a review of the Kiwifruit Plant Certification Scheme (KPCS), the introduction of a traceability scheme and to continue to work with MPI to improve KVH readiness and response plans to manage risks of incursion from key pests and pathogens.</p> <p>Resolved that: The Chairman and the Chief Executive's report and the KVH Annual Update be approved. <i>David Tanner/Paul Jones</i></p>
Financial Reports	<p>A full set of the Annual Accounts were distributed with the agenda papers. A summary of the financial reports and statements was presented by Stu Hutchings noting:</p> <ul style="list-style-type: none"> • An unqualified audit report has been signed off for KVHI. • That The KVH Foundation operations have now ceased, with all operational activity now undertaken by KVHI. • The KVH Foundation liquidation process is almost complete. • Major points of difference between this report and the report of the previous financial year attributable to this change. These were; <ul style="list-style-type: none"> ○ A decrease in revenue from \$3.2m to \$1.9m. ○ An expenditure increase. ○ The net surplus decrease as a combination of offset changes in both revenue and expenses. <p>No questions or issues were raised, and no comments made.</p> <p>Resolved that: Kiwifruit Vine Health Incorporated's Financial Report for the twelve months ending 31 March 2018 be approved. <i>Nathan Flowerday/Bruce Cameron</i></p>
Levy Changes	<p>Stu Hutchings presented the levy changes which included two resolutions. The first resolution covered the remainder of the financial year from the AGM to 31 March 2019 and the second resolution from 1 April 2019 to 31 March 2020 (subject to the completion of the Parliamentary approval process).</p> <p>Resolved that:</p>

	<p>i. The levy further to The Biosecurity (Readiness and Response – Kiwifruit Levy) Order 2015 (“Wider Biosecurity levy”) be set at one cent per tray equivalent, and the levy further to the Biosecurity (Psa-V—Kiwifruit Levy) Order 2013 (“Psa-V levy”) be set at a rate of six tenths of a cent ($\frac{6}{10}$ of a cent) per tray equivalent, for the remainder of the 2018/2019 financial year on all varieties of kiwifruit except <i>Actinidia arguta</i>, exported to markets other than Australia.</p> <p>Resolved that:</p> <p>ii. From 1 April 2019 , pending the completion of the approval process to increase the maximum levy cap allowable under the Biosecurity levy, the levy under that Order be increased to a rate of one and four tenths of a cent ($1\frac{4}{10}$th of a cent) per tray equivalent and the Psa-V levy be reduced to a rate of two tenths of a cent ($\frac{2}{10}$th of a cent) per tray equivalent on all varieties of kiwifruit except <i>Actinidia arguta</i>, exported to all markets other than Australia.</p> <p><i>David Tanner/Mike Smith</i></p> <p>A member questioned whether the levy order could be reduced with increased volumes and members were advised that they approve the budget at each AGM.</p>
KVHI Budget	<p>The budget for Kiwifruit Vine Health Incorporated for the 2019 / 2020 year was circulated with the meeting papers and was presented by Stu Hutchings.</p> <p>It was noted as follows:</p> <ul style="list-style-type: none"> • Budget shown in comparison to 2018/19 budget. • Budget shows two separate cost centres, one for Psa and one for Biosecurity. • Increase in total revenue reflection of projected increase in trays from 140m to 148m per annum. • Revenue reflects Psa levy at 0.2 cents per tray and Biosecurity levy at 1.4 cents per tray as per previous resolution. • Overall decrease in expenses from previous year reflects efficiency gains across operational side of KVH. • Net deficit in Psa cost centre results in utilisation of Psa reserves. • Net surplus in Biosecurity cost centre acts to build Biosecurity reserves for use in a potential response and to meet commitments under GIA. • Allowed for \$300,000 of GIA operational expenses. <p>Resolved that:</p> <p>Kiwifruit Vine Health Incorporated Budget for 2019 / 2020 year be approved.</p> <p><i>Graeme Marshall/Barry O’Neil</i></p>
Appointment of Auditor	<p>At the last AGM, Ingham Mora was appointed as the auditor of Kiwifruit Vine Health Incorporated for the 2017-18 year. In March 2018, Ingham Mora announced that as from April 1, 2018, Ingham Mora’s audit practice and current audit team would join mid-tier Chartered Accounting and Advisory firm William Buck, would continue to operate from the same premises in Tauranga, and lease the existing audit office space used by the audit team at Ingham Mora.</p> <p>William Buck is a leading firm of Chartered Accountants and advisors with offices across Australia and New Zealand. Established in 1895, they have over 90 directors and 500 professional staff, and are wholly owned and operated in Australia and New Zealand.</p> <p>No questions or issues were raised, and no comments made.</p>

	<p>Resolved that: William Buck be appointed as the auditor of Kiwifruit Vine Health Incorporated for the 2018- 2019 financial year. <i>Nathan Flowerday/Carol Craig</i></p>						
Appointment of Independent Director	<p>The current Independent Director, Mr Graeme Marshall was elected to the Board at the 2016 AGM, is eligible for re-election, and has been nominated by the Board for election by Members at the 2018 AGM. Information about Mr Marshall was circulated with the agenda papers. Graeme Marshall addressed the meeting and detailed his experience in biosecurity.</p> <p>Resolved that: Mr Graeme Marshall be reappointed as the KVH Independent Director, Biosecurity from August 2018 for a 2 year term. <i>Nathan Flowerday/Adrian Gault</i></p>						
Directors Remuneration	<p>The Board agreed to an external review of Director’s Fees in 2017. The Zespri Directors Remuneration Review Committee agreed to undertake this review on behalf of KVHI, and reported its recommendations to KVHI on 25 June 2018.</p> <p>John Bourke and John Cook undertook the independent review and John Bourke addressed the AGM detailing the remuneration review process undertaken.</p> <p>This would increase the fees as follows:</p> <table><tr><td>Chairman’s fees</td><td>Currently \$29,500.00</td><td>New Fees \$33,600.00</td></tr><tr><td>Directors fees</td><td>Currently \$16,100.00</td><td>New Fees \$16,800.00</td></tr></table> <p>Resolved that: The Directors fees be adjusted to the levels recommended in the external review with effect from 1 August 2018 with a CPI adjustment applied for subsequent years with an independent review in 3 years. <i>John Bourke/Don Heslop</i></p>	Chairman’s fees	Currently \$29,500.00	New Fees \$33,600.00	Directors fees	Currently \$16,100.00	New Fees \$16,800.00
Chairman’s fees	Currently \$29,500.00	New Fees \$33,600.00					
Directors fees	Currently \$16,100.00	New Fees \$16,800.00					
Director Elections	<p>David Tanner passed the chair of the meeting to Stu Hutchings for director elections as he was a candidate. The Chair explained that there were three grower member vacancies for the KVH Board and three candidates standing for election (Simon Cook, Dermott Malley & David Tanner). Providing that they all received votes, the three candidates were noted as duly elected to the KVH Board. However, following the rule changes passed at the 2017 AGM, the number of votes they received would determine the length of term each director is elected for.</p> <ul style="list-style-type: none">• The director with the highest number of votes will be elected for a term of three years;• The director with the second highest number of votes will be elected for a term of two years; and• The director with the third highest number of votes will be elected for a term of one year. <p>As Simon Cook was absent from the AGM the Chair referred the meeting to Simon’s statement of candidacy circulated with the meeting papers. Dermott Malley and David Tanner then each addressed the meeting.</p> <p>Voting papers were collected from the meeting.</p>						

	Stu Hutchings passed the Chair of the meeting back to David Tanner.
General Business	No general business was raised.
Questions from the floor	There were no questions from the floor. Don Heslop thanked KVH for their efforts to protect and prepare the kiwifruit industry from future biosecurity incursions.
Close of AGM	The Chairman thanked the members for attending the AGM and supporting the activities of KVH and closed the meeting at 10.10am.

Minutes approved as a true and correct record.

Signed:

Chairman

Date



Explanation of Resolutions

Kiwifruit Vine Health Incorporated - 2019 Annual General Meeting

2018 Annual General Meeting Minutes – Resolution 1 (Item 2 of Agenda)

Proposed resolution:

That the minutes of the Annual General Meeting of Kiwifruit Vine Health Incorporated held on 26 July 2018 be approved as a true and accurate record.

Explanatory Information

The minutes for the last Annual General Meeting, held on 26 July 2018 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 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.

Board recommendation:

The KVHI Board recommends that Members approve the minutes of the Annual General Meeting held on 26 July 2018.

Chairman's and Chief Executive's Reports – Resolution 2 (Item 3 of Agenda)

Proposed resolution:

That the Chairman and Chief Executive's Reports for Kiwifruit Vine Health 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 the reports 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.

Board recommendation:

The KVHI Board recommends that Members approve the Chairman and Chief Executive's Reports.

Financial Reports – Resolution 3 (Item 4 of Agenda)

Proposed resolution:

That Kiwifruit Vine Health Incorporated's Financial Report for the twelve months ending 31 March 2019 be approved.

Explanatory Information

The full audited financial reports and statements for Kiwifruit Vine Health Incorporated, including an unqualified audit report, have been distributed with the agenda papers. These accounts are presented in accordance with the Special Purpose Financial Reporting Framework for use by For Profit Entities as published by the New Zealand Institute of Chartered Accountants.

KVHI's 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.

Board recommendation:

The KVHI Board recommends the Members approve the Financial Statements of Kiwifruit Vine Health Incorporated.

The Biosecurity (Readiness and Response – Kiwifruit Levy) Order 2015 and The Biosecurity (Psa-V—Kiwifruit Levy) Order 2013 levies for the year ended 31 March 2021 Resolution 4 (Item 5 of Agenda)

Proposed resolution:

That:

1. The Biosecurity (Psa-V – Kiwifruit) Levy remain at the rate of two tenths of a cent ($2/10^{\text{th}}$ of a cent) per tray equivalent on all varieties of kiwifruit except *Actinidia arguta*, exported to all markets other than Australia.
2. The Biosecurity (Readiness & Response – Kiwifruit) levy, remain at the rate of one and four tenths of a cent ($1 \text{ \& } 4/10^{\text{th}}$ of a cent) per tray equivalent on all varieties of kiwifruit except *Actinidia arguta*, exported to all markets other than Australia.

Explanatory Information

There is no change to the current levies payable.

The Biosecurity (Psa-V—Kiwifruit Levy) Order 2013 and the Biosecurity (Readiness and Response – Kiwifruit Levy) Order 2015 each allow for levies on trays of kiwifruit exported other than to Australia. Over time the work of KVHI has re-focussed from its initial Psa-V related activities into wider biosecurity, including readiness and response, and the respective levies have been adjusted accordingly. Currently (for the 2019-20 year) the amounts collected under the orders are one and four tenths of cent per tray equivalent and two tenths of a cent per tray equivalent, for Biosecurity

readiness and response and Psa-V respectively. These levy rates were recommended for adjustment and approved at the 2018 AGM and are being implemented from 1 April 2019. For the year ended 31 March 2020 it is proposed that the levies remain as per the resolution.

The Government Industry Agreement for Biosecurity Readiness and Response (GIA) is a partnership between government and industry for improving New Zealand's biosecurity. Under GIA, industry organisations (such as KVHI on behalf of the kiwifruit industry) and the Ministry for Primary Industries (MPI) sign a Deed that formally establishes the biosecurity partnership. The GIA Deed outlines the principles for the partnership and the commitments that each signatory makes including joint decision making and cost sharing for readiness and response. Under GIA, industries are able to identify the biosecurity risks of greatest concern to them, and jointly by way of operational agreements, agree with government what readiness and response approaches are required.

KVHI signed the GIA Deed in May 2014, and has entered into three Operational Agreements ("OA"):

- (i) the first OA under GIA was the multi-sector agreement for the management of fruit fly in New Zealand,*
- (ii) in March 2017 KVHI signed a second OA, on behalf of the kiwifruit and kiwiberry sectors, to help manage the impacts of four kiwifruit sector specific threats - Ceratocystis fimbriata, Verticillium wilt, Psa-non NZ strains and Invasive Phytophthoras, and*
- (iii) A third multi sector OA for Brown Marmorated Stink Bug (BMSB) was finalised in mid-July 2017.*

The OAs establish the operational details for readiness and response activities, including the roles and responsibilities of all the parties before, during and after a response, as well as cost- sharing detail.

The programme of preparedness (readiness) under each OA is developed and funded on an agreed basis as the work programme is agreed and costs are incurred. These are part of KVHI's annual operating budget. Conversely, response costs are incurred only if an incursion occurs, and costs will vary depending on the scale of the response. KVHI's liability to response costs is capped under the OA's.

During the 2018/19 financial year New Zealand had a number of Queensland Fruit Fly and 3 Facialis Fruit Fly detections in Auckland. These detections resulted in the establishment of three concurrent responses in Otara, (Facialis Fruit Fly) Devonport and Northcote (Queensland Fruit Fly). Under the GIA and OA's cost sharing was originally voluntary, but the GIA partners determined that a specific agreement would be reached to cost share with MPI and other industry partners in these particular responses because of the importance of managing the risks associated with them. KVHI has previously planned to provide for this cost share liability by a combination of reserves held in KVHI, and a right to call on Members by way of an increase to the Biosecurity levy, as provided for in the levy regulations. This was the rationale – allowing for building the Biosecurity reserve - for the recommendation for change in Biosecurity levy passed at the 2018 AGM.

Currently the maximum levy cap that can be set as a biosecurity, readiness and response levy under The Biosecurity (Readiness and Response – Kiwifruit Levy) Order 2015 is five cents per tray. If a response was to be prolonged with significant costs associated to ensure eradication, or a further response to another organism occur, then KVHI could request an increase in the Biosecurity levy up to this cap.

However, KVHI currently has sufficient funds held within reserves (and planned for collection during the 2019/20 financial year) that it believes that under the existing fruit fly response scenario the cost share liabilities can be met within the existing 1 and 4/10ths cents per tray equivalent biosecurity levy rate. It was noted in the 2018/19 financial report that provision has been made for payment of \$529,534 towards this cost share and that a further budget allowance made for payment of \$580,000 in the 2019/20 financial year. After extensive discussion the KVH Board recommended to leave this levy at the current rate.

There has been no change in activity relating to the work that KVHI undertakes to manage Psa on behalf of industry. Currently KVHI holds closing reserves of \$2,236,716 under the NPMP (PSA) cost centre so is proposing to run at a loss in order to reduce this level over the next 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.

Board recommendation:

The KVHI Board recommends that the Biosecurity (Psa-V – Kiwifruit) Levy and the Biosecurity (Readiness & Response – Kiwifruit) Levy both remain at the same respective rates for the rest of the financial year and for the 2020/21 financial year.

2020 – 2021 Budget for Kiwifruit Vine Health Incorporated Resolution 5 (Item 6 of Agenda)

Proposed resolution:

That Kiwifruit Vine Health Incorporated's Budget for the 2020-2021 year be approved.

Explanatory Information

The budget for Kiwifruit Vine Health Incorporated includes revenue and expenses from both managing Psa – V on behalf of the kiwifruit industry and meeting the obligations for readiness and response under the GIA and associated Operational Agreements (OA's). These respective revenue and expense streams are managed separately from each other, with common activities receiving proportional allocations.

For the Kiwifruit Vine Health Incorporated's combined budget for 2020-2021:

- 1. The levies have been included in this budget at:
 - as the Psa-V Levy, based on 155 million trays, a proposed rate of 2/10ths of a cent for all varieties of kiwifruit except *Actinidia arguta* exported other than to Australia
 - For the Biosecurity Levy, also based on 155 million trays, at a proposed rate of one and four tenths (1.40) cents per tray for all varieties of kiwifruit except *Actinidia arguta*, exported other than to Australia.*
- 2. Three Operational Agreements (OAs) have been entered into by KVHI under the GIA. As part of these OAs KVHI has an obligation to fund readiness costs estimated at \$250,000 for both Fruit Fly and Brown Marmorated Stink Bug (BMSB). This also includes contribution towards administration and secretariat costs. It should be noted that no response costs are included in the budget. Response costs will be incurred only when and if an incursion occurs, and costs will vary depending on the scale of the response. It is assumed all obligations under the current fruit fly response will be fulfilled during the 2019/20 year.*

3. *Noting that we have created some efficiencies within the organisation which has resulted in all these costs remaining static over this year, with small changes in people costs for CPI, travel and training.*
4. *An amount of \$150,000 has been included as the kiwifruit industry's contribution to the control of wild kiwifruit. Some costs of this work are recovered from Regional Councils and landowners.*

The commentary and proposed budget for KVHI have been distributed with the agenda papers. KVHI's 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.

Board recommendation:

The KVHI Board recommends the Members approve the KVHI 2020-2021 Budget.

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

Proposed resolution:

That William Buck be appointed as the auditor of Kiwifruit Vine Health Incorporated for the 2019-2020 financial year.

Explanatory Information

William Buck is a leading firm of Chartered Accountants and advisors with offices across Australia and New Zealand. Established in 1895, they have over 90 directors and 500 professional staff, and are wholly owned and operated in Australia and New Zealand.

The Rules provide that included in the role of Members is the appointment or re-appointment of an auditor. The resolution requires 50% or more of the votes cast by Members to be in favour of the resolution for it to pass.

Board recommendation:

The KVHI Board recommends that William Buck be appointed auditor for the 2019-20 financial year.

Directors Remuneration – Resolution 7 (Item 8 of Agenda)

Proposed resolution:

That the Directors fees be adjusted to \$34,440.00 for the Chairman and \$17,220.00 for the Directors with effect from 1 August 2019 through a CPI adjustment of 2.5% applied for this year with an independent review in two years.

Explanatory Information

The Board agreed to an external review of Director's Fees in 2017. The Zespri Directors Remuneration Review Committee agreed to undertake this review on behalf of KVHI, and reported its recommendations to KVHI on 25 June 2018. For the following 3 years the Board agreed to a CPI adjusted increase. The increase for 2019/2020 year is 2.5%.

This would increase the fees as follows:

Chairman's fees	Currently \$33,600.00	New Fees \$34,440.00
Directors fees	Currently \$16,800.00	New Fees \$17,220.00

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

Board recommendation:

The KVHI Board recommends the Members agree to the 2.5% CPI increase of Directors' Fees as recommended from 1 August 2019.

KVH Board Grower Director Elections (item 9 of Agenda)

No resolution required

There was one grower member vacancy for the KVH Board and 1 candidate standing for election. Therefore Dermott Malley has been duly elected to the KVH Board for a three year term.

General Business (item 10 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.

Kiwifruit Vine Health Incorporated

Special Purpose Financial Report
for the year ended 31 March 2019

Report contents

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Kiwifruit Vine Health Incorporated

Independent auditor's report to the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kiwifruit Vine Health Incorporated (the Society), which comprise the statement of financial position as at 31 March 2019, and the statement of financial performance, statement of movements in equity, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society are prepared, in all material respects, in accordance with the Special Purpose Reporting Framework for use by For-Profit Entities as published by Chartered Accountants Australia and New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Emphasis of Matter – Basis of Accounting

We draw attention to the statement of accounting policies on page 11 to 13 of the financial statements, which describes the basis of accounting. The financial statements have been prepared to enable the Society to report to its members.

CHARTERED ACCOUNTANTS & ADVISORS

Level 2, 60 Durham Street
Tauranga 3110, New Zealand
PO Box 222
Tauranga 3144, New Zealand
Telephone: +64 7 927 1234
williambuck.co.nz

William Buck Audit (NZ) Limited

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of financial statements prepared in accordance with the accounting policies disclosed in the statement of accounting policies on page 11 to 13 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for the selection of accounting policies that are appropriate for the entity.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report. The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited


Tauranga

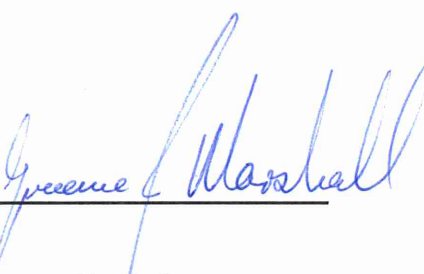
27 June 2019

Approval of Special Purpose Financial Report

The Board has approved the special purpose financial statements of Kiwifruit Vine Health Incorporated for the year ended 31 March 2019.

For and on behalf of the Board



David Tanner
Chairman

Graeme Marshall
Director

Dated: 25 June 2019.

Entity information

as at 31 March 2019

Legal name of entity

Kiwifruit Vine Health Incorporated ("KVHI")

Nature of business

The primary purpose of the Society is as a Management Agency under the Biosecurity Act 1993 and to do all things required of the Society for the management of a National Pest Management Plan for *Pseudomonas syringae* pv. *actinidiae* (Psa) within New Zealand for the NZ kiwifruit industry.

Other purposes of the Society are:

- (a) To monitor and identify biosecurity risks to the kiwifruit industry, to undertake and arrange biosecurity surveillance, to prepare for responses to biosecurity risks to the kiwifruit industry, including ensuring adequate operational arrangements are in place, to lead biosecurity responses as required and to liaise with governments, agencies, industry groups and other agencies as appropriate in relation to any such biosecurity risks;
- (b) To promote and encourage in the national interest research into and the dissemination of information relating to biosecurity risk management and monitoring for kiwifruit vines in New Zealand; and
- (c) To do any act or thing necessary or incidental to the attainment of the above objectives.

Incorporated Society Number

254737

Incorporation date

6th December 2010

Registered Office

25 Miro Street
Mount Maunganui

IRD number

106-272-964

Auditors

William Buck Audit (NZ) Limited
60 Durham Street
Tauranga

Bankers

Westpac Bank
Auckland

Solicitors

Cooney Lees Morgan
Level 3
247 Cameron Road
Tauranga

Chief Executive

Stu Hutchings (appointed 26 March 2018)
Barry O'Neil (retired 13 April 2018)

Entity information (continued)

as at 31 March 2019

Board Members

Adrian Gault (resigned as Director from August 2018 AGM)
David Tanner (Chair) (elected as Director 1 September 2016,
appointed Chair 29 March 2018)
Dermott Malley (elected as Director at AGM August 2018)
Graeme Marshall (Deputy Chair) (elected 31 August 2016)
Nathan Flowerday (reappointed 1 November 2018)
Nicki Paget (Supplier Representative appointed as Director July
2018)
Simon Cook (elected 1 September 2016)

Associate Director

Dave Darcy (appointed as Associate Director June 2018)

Board Secretary

Jacqui Craig (appointed April 2018)
Richard Procter (appointed 1 February 2016, resigned 7 May 2018)

Physical address

25 Miro Street
Mount Maunganui

Postal address

PO Box 4246
Mount Maunganui

Phone

0800 665 825

Email

info@kvh.org.nz

Website

<http://www.kvh.org.nz>

Statement of financial performance

for the year ended 31 March 2019

		2019 \$	2018 \$
Income			
Funding and levy income		2,483,232	1,907,056
Total income	1	2,483,232	1,907,056
Operating expenses			
Education and awareness		35,136	30,352
GIA operational agreement	2	587,219	21,897
Governance	3	141,200	137,889
Office expenses	4	177,863	147,596
Operations		41,697	63,391
People and travel	5	1,006,848	1,052,885
Professional services	6	76,661	109,808
Research & development	7	-	-
Weather monitoring		\$ 85,733.00	83,106
Wild kiwifruit control		111,740	70,449
Reversal of 2017 accruals	8	-	(92,315)
Total operating expenses		2,264,097	1,625,059
Operating surplus/(deficit)		219,135	281,997
Non-operating income			
Interest received		1,603	1,847
Other income		-	-
Total non-operating income		1,603	1,847
Non-operating expenses			
Income tax		449	1,064
Total non-operating expenses		449	1,064
Net surplus/(deficit)		220,289	282,781

Statement of movements in equity

for the year ended 31 March 2019

		2019 \$	2018 \$
Net surplus/(deficit)		220,289	282,780
Prior period adjustment:			
Levy income not recognised in 2017	9	-	49,892
Movements in equity for the period		220,289	332,672
Equity at beginning of period		2,048,807	1,716,135
Equity at end of year	14	2,269,096	2,048,807



Statement of financial position

as at 31 March 2019

		2019 \$	2018 \$
Current assets			
Cash and bank balances	10	2,763,461	2,130,771
Accounts receivable	11	21,032	54,165
Prepayments		13,672	17,259
GST refund due		26,718	26,802
Income tax refund		790	834
Accrued income		144,722	-
Total current assets		2,940,822	2,229,831
Non current assets			
Property, plant and equipment	12	34,070	25,952
Total assets		2,974,892	2,255,782
Current liabilities			
Visa credit card	10	6,270	6,859
Accounts payable		118,293	90,769
Accrued charges		81,272	109,348
Provision for incursion costs	13	529,534	-
Total current liabilities		735,369	206,975
Total liabilities		735,369	206,975
Net assets/(liabilities)		2,239,523	2,048,807
Equity	14	2,269,096	2,048,807



Statement of cash flows

for the year ended 31 March 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
<i>Cash was received from:</i>			
Funding receipts		2,401,217	3,054,621
Interest received		1,603	1,238
Income tax refunded - 2017 Tax Refund		124	-
<i>Cash was applied to:</i>			
Payments to suppliers and employees		(1,748,263)	(1,854,873)
Income tax		-	(547)
Net cash flows from operating activities		652,333	1,200,438
Cash flow from investing activities			
<i>Cash was applied to:</i>			
Purchase of assets		(19,055)	(8,174)
Net cash flows from investing activities		(19,055)	(8,174)
Net increase/(decrease) in cash held		633,278	1,192,264
Opening cash		2,123,913	931,649
Closing cash	10	2,757,191	2,123,913
This is represented by:			
Westpac cheque account		739,238	107,622
Westpac online saver account		1,524,223	2,023,149
Westpac Term Deposit		500,000	-
Westpac credit card		(6,270)	(6,859)
		2,757,191	2,123,913



Statement of accounting policies

for the year ended 31 March 2019

Reporting entity

KVHI was established in 2010 following agreement of the Industry Advisory Council (IAC) to transition management of the Psa response from MPI and ZESPRI to a separate independent pan-industry organisation. Subsequently in 2012, KVHF was established as a separate incorporated charity to manage the wider biosecurity risks to the kiwifruit industry and to promote and encourage research into and the dissemination of information relating to biosecurity risk management and monitoring.

Further to a planned reorganisation of KVHI and KVHF, early in the financial year ended 31 March 2018 the business of KVHF was merged into KVHI such that from that point, KVHI was undertaking both the Psa activities as it had done from its inception and the wider biosecurity activities previously undertaken by KVHF. As a result the 2018 results presented in these accounts, which are for KVHI, are for the combination of the Psa related business of KVHI for the full financial year and the wider biosecurity activities previously the business of KVHF from when those activities were undertaken by KVHI.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Reliance is placed on the fact that the entity is a going concern with funding in place for the next 12 months. Revenue earned is matched with expenses using accrual accounting concepts.

The financial statements have been prepared applying the Special Purpose Financial Reporting Framework for use by For Profit Entities as published by the New Zealand Institute of Chartered Accountants. The directors have agreed that this is an appropriate framework. The financial statements have been prepared for the entity's members, as such the financial statements may not be suitable for any other purpose.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged to the statement of financial performance at the same rate as allowed by the Income Tax Act 2007. The following rates have been used:

Computer equipment 25.0% - 50.0% diminishing value

Office equipment 13.0% - 25.0% diminishing value

Accounts receivable

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.



Statement of accounting policies

for the year ended 31 March 2019

Impairment of non-financial assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that KVHI intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets KVHI intends to use to the end of its useful life, are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indications of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in the statement of financial performance.

Taxation

KVHI derives all of its income from non-taxable member transactions, except for interest income. No income tax arises in relation to the member transactions, however, the interest income is taxable using the taxes payable method.

Goods and services tax

All amounts are shown exclusive of Goods & Services Tax (GST), except for receivables and payables which are shown inclusive of GST.

Provisions

KVHI records provisions when it has a legal or constructive obligation to satisfy a claim as a result of a past event, it is more likely than not that an outflow of resources will be required to satisfy the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the net present value of the best estimate of the outflows required to satisfy the obligation.

Income

Income is recognised to the extent that it is probable that economic benefit will flow to the Society and can be reliably measured.

Funding income:

Funding income is recognised in the period to which it relates, with any amount owing to KVHI at balance date being included as a current asset, and any amount owed by KVHI at balance date being included as a current liability.

Levy income:

Levies are invoiced each financial year based on kiwifruit exported other than to Australia. Any levies collected are not refundable.

Interest income:

Interest is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.

Leases

KVHI has entered into certain leases for office equipment and office space. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus or deficit in equal instalments over the lease term.

Statement of accounting policies

for the year ended 31 March 2019

People costs

People costs include all relevant employee costs, the costs of contractors providing services to KVHI, travel and other costs such as the cost of recruitment.

Employee costs include salaries, wages and annual leave which are recognised when they accrue to employees. Liabilities for employee benefits are carried at the value of the estimated future cash flows required to settle the obligation arising from services rendered by employees up until balance date.

Statement of cash flows

The following definitions are the terms used in the Statement of Cash Flows:

- i. Cash and cash equivalents are cash held in current accounts and short term deposits with original maturity of three months or less.
- ii. Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets.
- iii. Operating activities include all transactions and other events which are not investing activities.

Changes in accounting estimates

On the merger of the activities of KVHF into KVHI, instead of the costs being allocated between entities, the costs are allocated between two cost centres within KVHI, for the Psa and wider biosecurity cost centre activities respectively.

The allocation of costs is reviewed by the Board from time to time.

Changes in accounting policy

There have been no changes in accounting policies. Policies have been applied on a basis consistent with those of the previous period.

Notes to the financial statements

1 Income

	2019	2018
	\$	\$
Biosecurity (Psa-V - Kiwifruit Levy) Order 2013	891,060	1,191,910
Biosecurity (Readiness and Response - Kiwifruit Levy) Order 2015	1,561,626	715,146
Funding - MPI other income (Response costs)	30,546	-
Funding - Zespri	-	-
Total income	2,483,232	1,907,056

Levy rates per tray (on kiwifruit exported other than to Australia)

Current rates levied (per tray)

	2019	2018
	Cents	Cents
Biosecurity (Psa-V - Kiwifruit Levy) Order 2013:		
fruit of any plant of the genus Actinidia other than the species Actinidia arguta	0.60	1.00
Biosecurity (Readiness and Response - Kiwifruit Levy) Order 2015:		
fruit of any plant of the genus Actinidia other than the species Actinidia arguta	1.00	0.60

The above income includes:

(i) the Biosecurity (Psa-V - Kiwifruit Levy) Order 2013 ("Psa levy") came into effect on the 17th of May 2013. This levy is payable to KVHI, as the management agency, on kiwifruit grown in New Zealand and exported to countries other than Australia. In both the 2017-18 and 2018-19 financial years, all levies collected under this order were paid to KVHI.

(ii) the Biosecurity (Readiness and Response - Kiwifruit Levy) Order ("Wider Biosecurity levy") came into effect on 2 February 2015. Up to and including the year ended 31 March 2017, all levies collected under this order were paid to KVHF. From 1 April 2017, the Wider Biosecurity levy was novated to KVHI. As a result, the income of KVHI for the 2017-18 financial year includes a full year of levy collected under both the Psa-V and Wider Biosecurity Orders.

The levies become due and payable on the date on which the kiwifruit is loaded on board a ship or an aircraft for export.

2 GIA Operational Agreement

	2019	2018
Readiness Admin Fruit Fly	5,741	21,897
Readiness and Response Admin BMSB	23,811	-
Incursion response expense	529,534	-
GIA Operational Agreement	28,133	-
Total GIA expenses	587,219	21,897

During the 2019 financial year three separate Fruit Fly responses were run in Auckland that incurred a proportional cost share from KVHI as part of the GIA Fruit Fly operational agreement. Provision of \$529,534 has been made for this response cost share within the 2019 year. Additional GIA operational and administration costs were also incurred during the year.



Notes to the financial statements

3 Governance

	2019	2018
	\$	\$
Directors fees paid	99,933	103,268
Directors meeting, mileage & expenses	7,295	7,907
Annual General Meeting costs	32,973	32,626
Board secretary	1,000	17,934
Governance costs	141,200	161,735
Less charged to KVHF	-	23,846
	141,200	137,889

At the 2015 AGM it was agreed by Members that the KVH Board be increased to six directors: 3 grower directors, an independent director, a Zespri appointed director, and a director appointed by Registered Suppliers. This agreement became effective with the election of three grower directors and confirmation of an independent director at the 2016 AGM, held on 31 August 2016. Directors remuneration is approved by Members at each AGM.

4 Office expenses

	2019	2018
	\$	\$
Office expenses excluding depreciation and rent	110,979	98,413
Rent	55,946	59,443
Depreciation of computer, office equipment & software	10,938	11,926
Office expenses including depreciation	177,863	169,782
Less charged to KVHF	-	22,186
	177,863	147,596

5 People and travel costs

	2019	2018
	\$	\$
Staff salaries	881,474	538,991
Contractors	41,587	502,991
Mileage, travel & accommodation	74,534	72,804
Other	9,253	47,480
	\$ 1,006,848	1,162,267
Less charged to KVHF	-	109,382
	\$ 1,006,848	1,052,885

6 Professional Services

	2019	2018
	\$	\$
Audit fee	9,043	9,039
All other professional Services	67,618	100,769
	\$ 76,661	109,808

7 Research and development

All research and development was funded by Zespri in the year ended 31 March 2019.

8 Reversal of accrual

In the 2017 financial year, KVHI respectively provided for certain costs relating to the 2017 financial year and earlier which were considered valid claims at the time they were brought to account but which for various reasons did not eventuate, and certain reimbursing claims were also not provided for. These recoveries totalling \$92,315.00 have been recorded as a reversal of accruals under operating expenses in KVHI's 2018 Statement of Financial Performance.



Notes to the financial statements

9 Prior period adjustment

A prior period adjustment was identified during the year ended 31 March 2018. Under the Levy Orders, levies become due and payable on the date on which the kiwifruit is loaded on board a ship or an aircraft for export (for other than on exports to Australia) . In the last two weeks of the 2017 financial year (ISO weeks 12 and 13) there were exports, but the related levies were not included in the financial statements to 31 March 2017. These levies have been recognised as a prior year adjustment to equity in the year ended 31 March 2018.

10 Cash and bank balances

	2019	2018
	\$	\$
Westpac Cheque Account	739,238	107,622
Westpac Online Saver	1,524,223	2,023,149
Westpac Term Deposit	500,000	-
Westpac Visa credit cards	(6,270)	(6,859)
	<u>2,757,191</u>	<u>2,123,913</u>
Total cash and bank balances are classified as follows:		
Current assets	2,763,461	2,130,771
Current liabilities	6,270	6,859

11 Accounts receivable

	2019	2018
	\$	\$
KVHF	-	1,398
Other	21,032	52,767
	<u>21,032</u>	<u>54,165</u>



Notes to the financial statements

12 Property, plant and equipment

	Cost	Depreciation	Acc Depn	Carrying value
	\$	\$	\$	\$
Computer equipment	108,972	9,179	97,665	11,307
Office equipment	38,720	1,759	15,957	22,763
Balance as at 31 March 2019	147,692	10,938	113,623	34,070

	Cost	Depreciation	Acc Depn	Carrying value
	\$	\$	\$	\$
Computer equipment	104,131	10,170	88,487	15,645
Office equipment	24,506	1,757	14,199	10,307
Balance as at 31 March 2018	128,637	11,926	102,685	25,952
Depreciation on-charged to KVHF		1,383		
Expensed to Statement of Financial Performance		10,543		

- 13 In response to the Fruit Fly incursion earlier this year, a provision has been made in KVH's accounts based on the estimated MPI cost and KVH costs incurred on behalf of MPI up to 31.3.2019. This provision has been estimated at \$529,534.

14 Equity

	Psa Reserves	Wider Biosecurity	Total Reserves
	2019	2019	2019
	\$	\$	\$
Opening KVHI reserves as at 1 April 2018	2,100,621	(51,814)	2,048,807
Surplus/ (Deficit) from operations	136,095	84,194	220,289
Closing KVHI reserves as at 31 March 2019	2,236,716	32,380	2,269,096

15 Related party disclosures

There are transactions between KVHI and its members in the normal course of business. The following entities were related parties to KVHI by virtue of their membership of the Society:

ZESPRI Group Limited, Aongatete Coolstores Limited, Auckland Growers Supply Limited, Apata Suppliers Limited, DMS Pro growers Supply Entity, G6 Kiwi Supply Limited, Gisborne Kiwifruit Trust, Intergrated Fruit Supply Limited, Mainland Kiwi Grower Entity Limited, Mount Growers Supply Limited, OPAC Growers Supply Limited, Orangewood Growers 2010 Limited, Southlink Supply Limited, Trevelyan Growers Limited.

All transactions with the following entities were in the normal course of business. They are related to the Society by virtue of common directorship or management:

ZESPRI Group Limited, ZESPRI International Limited, New Zealand Kiwifruit Growers Inc, and KVHF (liquidated).

KVHF has been charged NIL costs by KVHI in 2019 (2018:\$201,405). KVHF has oncharged NIL costs to KVHI (2018:\$4,049). At year end KVHI had no outstanding balance owing to KVHF (2018: \$30) and KVHF had no outstanding balance owing to KVHI (2018: \$1,398).

Zespri Group Limited has been charged costs of NIL by KVHI (2018: \$1,226,704). Zespri Group Limited has oncharged costs of NIL to KVHI (2018: NIL).

Zespri International Limited has been charged costs of \$2,452,686. by KVHI (2018: \$703,218). Zespri International Limited has charged costs of \$91,560 to KVHI (2018: \$1,075). KVHI owed NIL to Zespri International Limited as at 31 March 2019 (2018: NIL). Zespri International Limited owed \$115,149 to KVHI as at 31 March 2019 (2018: NIL).

Mainland Kiwi Grower Entity Limited has oncharged costs of \$6,750 to KVHI (2018: \$8,250).



Notes to the financial statements

Related party disclosures (continued)

NZKGI has been charged costs of \$40,133 by KVHI (2018: \$29,726)

New Zealand Kiwifruit Growers Incorporated has charged KVHI costs of \$2,016 (2018: \$1,133). New Zealand Kiwifruit Growers Incorporated owed KVHI \$7,865 as at 31 March 2019 (2018: \$241).

16 Contingent liabilities

The Government Industry Agreement for Biosecurity Readiness and Response (GIA) is a partnership between government and industry for improving New Zealand's biosecurity. Under GIA, industry organisations (such as KVHI on behalf of the kiwifruit industry) and the Ministry for Primary Industries sign a Deed that formally establishes the biosecurity partnership. The GIA Deed outlines the principles for the partnership and the commitments that each signatory makes including joint decision making and cost sharing for readiness and response.

Under GIA, industries are able to identify the biosecurity risks of greatest concern to them, and jointly by way of operational agreements agree with government what readiness and response approaches are required.

KVHI signed the GIA Deed in May 2014.

Under the GIA Deed, KVHI has entered into three Operational Agreements ("OA"):

- (i) the first OA under GIA was the multi-sector agreement for the management of fruit fly in New Zealand,
 - (ii) in March 2017 KVHI signed a second OA, on behalf of the kiwifruit and kiwiberry sectors, to help reduce the damaging impacts of four kiwifruit sector specific threats - *Ceratocystis fimbriata*, *Verticillium* wilt, *Psa*-non NZ strains and *Invasive Phytophthoras*, and
 - (iii) A third OA for the Brown Marmorated Stink Bug (BMSB) was finalised in mid-July 2017.
- The OAs establish the operational details for readiness and response activities, including the roles and responsibilities of all the parties before, during and after a response, as well as cost-sharing detail.

The programme of preparedness (readiness) under each OA is developed and funded on an agreed basis as a work programme is agreed and costs are incurred, and as such these costs are part of KVHI's annual operating budget. Conversely, response costs are incurred only when and if an incursion occurs, and costs will vary depending on the scale of the response. KVHI's liability to response costs is capped within the OA's.

Currently KVHI's financial obligations under the GIA and OA's are voluntary as the legal basis for cost sharing is still being developed by MPI, but it is expected to be formalised and become binding later in 2019. When binding, KVHI's potential liability to response costs is estimated at \$3.4 million. KVHI plans to provide for this liability by a combination of reserves held in KVHI, and a right to call on Members by way of an increase to the Wider Biosecurity levy, as provided for in the levy regulations.

There were no contingent liabilities in 2019.

17 Post balance sheet events

There have been no events occurring after the balance sheet date that have a material effect in the financial statements.

18 Capital expenditure commitments

There were no commitments for capital expenditure as at balance date (2018:\$nil).



Summary for the year ended 31.3.2021			
	Trays: Levy per tray	NPMP 155 million 0.002	Biosecurity 155 million 0.014
	Levy Description	2/10ths cent per tray	1 4/10ths cent per tray
	Combined Budget Total	Allocated to NPMP	Allocated to Wider Biosecurity
Opening reserves 1.4.2020 (est)	\$1,858,289	\$1,705,975	\$152,313
Budget revenue	\$2,480,000	\$310,000	\$2,170,000
Budget costs	-\$2,299,272	-\$834,678	-\$1,464,594
Budget Surplus/(Deficit)	\$180,728	-\$524,678	\$705,406
Closing reserves 31.3.2021 (est)	\$2,039,017	\$1,181,297	\$857,720

Reforecast Summary for the year ended 31.3.2020			
	Trays: Levy per tray	NPMP 146.85 million 0.002	Biosecurity 146.85 million 0.014
	Levy Description	2/10ths cent per tray	1 4/10ths cent per tray
	Combined Budget Total	Allocated to NPMP	Allocated to Wider Biosecurity
Opening reserves 1.4.2019	\$2,269,096	\$2,236,716	\$32,380
Budget revenue	\$2,349,600	\$293,700	\$2,055,900
Budget costs	-\$2,760,408	-\$824,441	-\$1,935,967
Budget Surplus/(Deficit)	-\$410,808	-\$530,741	\$119,933
Closing reserves 31.3.2020 (est)	\$1,858,289	\$1,705,975	\$152,313

2020/21 Budget	2020-21 Total KVHI	% Inc(Dec) on 2019/20 Bgt (\$ Thous)	% Inc(Dec) on 2019/20 Bgt	2020-21 NPMP	2020-21 Biosecurity
Income					
Levy income NPMP	310,000			310,000	
Levy income - Wider Biosecurity	2,170,000				2,170,000
Total income	2,480,000	130k	6%	310,000	2,170,000
Income in cents per tray	1.60 cents			0.20 cents	1.40 cents
Operational expenditure					
Education and awareness	55,200	4k	8%	14,760	40,440
GIA operational agreement	250,000	- 501,000	-67%	0	250,000
Governance	187,000	10k	6%	37,400	149,600
Office expenses	160,470	4k	3%	48,251	112,219
Operations	72,250	k	0%	49,175	23,075
People	1,142,352	24k	2%	394,592	747,760
Professional services	110,000	-2k	2%	33,000	77,000
Research and development	12,000	-	0%	0	12,000
Strategy Projects	75,000	- 5,000	-6%	22,500	52,500
Weather monitoring	85,000	-	0%	85,000	0
Wild Kiwifruit	150,000	-	0%	150,000	0
Cost recovery	0	-			
Total expenses	2,299,272	461,136	-17%	834,678	1,464,594
Total expenses in cents per tray	1.48 cents			0.54 cents	1.12 cents
Operating Surplus (Deficit) before interest income	180,728	592k	-144%	-\$24,678	705,406
Other revenue					
Interest income	19,999	7k	60%	10,000	10,000
Other income	0				
Other revenue	0				
Total other revenue	19,999			10,000	10,000
Total other revenue in cents per tray	200,727			-\$54,679	715,406
Surplus (Deficit) including interest income	1,858,289	599k	-18%	1,705,975	\$152,313
Reserves off from 2019 year (est)	2,059,016	410,808	18%	1,191,297	867,719
Reserves projected for 31 March 2021		188k	10%		
Reserves in cents per tray	1.33 cents			0.77 cents	0.56 cents

2019/20 Budget	2019-20 Total KVHI	% Inc(Dec) on 2018/19 Bgt (\$ Thous)	% Inc(Dec) on 2018/19 Bgt	2019-20 NPMP	2019-20 Biosecurity
Income					
Levy income NPMP	293,700			293,700	
Levy income - Wider Biosecurity	2,055,900				2,055,900
Total income	2,349,600	110k	5%	293,700	2,055,900
Income in cents per tray	1.60 cents			0.20 cents	1.40 cents
Operational expenditure					
Education and awareness	51,000	(8k)	-13%	13,800	37,200
GIA operational agreement	751,000	519k	224%	0	751,000
Governance	176,800	3k	2%	35,360	141,440
Office expenses	156,110	(19k)	-11%	46,943	109,167
Operations	71,900	3k	4%	50,610	21,290
People	1,118,598	(166k)	-13%	386,328	732,270
Professional services	108,000			32,400	75,600
Research and development	12,000	2k	20%	0	12,000
Strategy Projects	80,000	80k	0%	24,000	56,000
Weather monitoring	85,000	-	0%	85,000	0
Wild Kiwifruit	150,000	(50k)	(k)	150,000	0
Cost recovery	0				
Total expenses	2,760,408	401k	17%	824,441	1,935,967
Total expenses in cents per tray	1.88 cents			0.54 cents	1.12 cents
Operating Surplus (Deficit) before interest income	-\$410,808	(292k)	244%	-\$30,741	119,933
Other revenue					
Interest income	12,500	13k	0%	6,250	6,250
Other income	0				
Other revenue	0				
Total other revenue	12,500			6,250	6,250
Total other revenue in cents per tray	-\$398,308			-\$24,491	126,183
Surplus (Deficit) including interest income	2,269,096	(279k)	11%	2,236,716	\$152,313
Reserves off from 2019 year (est)	1,870,789	(59k)	-3%	1,712,275	158,563
Reserves projected for 31 March 2020					
Reserves in cents per tray	1.27 cents			1.17 cents	0.11 cents