



MINUTES OF THE ANNUAL MEETING

of the

NEW ZEALAND MEAT BOARD

held at New Zealand Meat Board Offices
Level 4, 154 Featherston Street, Wellington
on Tuesday, 11 February 2020
commencing at 4.35 pm

BOARD MEMBERS IN ATTENDANCE

A Morrison (Chairman)	M Coup
T Egan	S Paterson
G Rutherford	G Tatham
M Clarkson	S Gower
N Hyslop	P Smith

IN ATTENDANCE

S McIvor (*Chief Executive Officer*), C Spooner (*Board Secretary*), D Harrison (*General Manager Quota*, A Nelson (*B+LNZ Associate Director*))

Vangelis Vitalis, Michelle Slade, Andera Gilbride, Catherine Graham (MFAT); Bill Jolly, Emma Taylor, Helen Churchman, Holly Foran, Rose Carson, Stephen Cunningham (MPI); T Ritchie, S Karapeeva (MIA), Ed Loudon, Daniel Diggins (KPMG); Johnny Cochrane, Matthew Rose (Jarden), Julie Geange (Federated Farmers); Scott Rainey, Jacob Wolt (Cambridge Partners) and Invited Guests and Staff

The Chairman opened the 2020 Annual Meeting and gave a health and safety briefing.

APOLOGIES

Apologies were received from Brian Wilson, Sophie Chrisp, Michael O'Shaughnessy, Anna Cameron (MFAT), Gavin Forrest, Miles Anderson (Fed Farmers), Jocelyn Woodley (MFAT), Phil Houlding, Ray Smith, Ruth Fairhall, John Young (MPI), Scott Rainey (Cambridge Partners), Stuart Thomas (Jarden), Jordan Small (US NZ Council), John Laughlin (MIA) and M Clark-Reynolds (B+LNZ Board).

It was moved by M Coup and seconded by G Tatham that these apologies be accepted.

CARRIED

MINUTES FROM THE ANNUAL MEETING HELD ON THE 12th FEBRUARY 2019 IN WELLINGTON

The Chairman reported that the minutes of the 2019 Annual Meeting, held on the 11 February 2019 in Wellington (copy included in the Annual Meeting packs) had been approved by the Board in line with convention at the subsequent meeting of the Board after the Annual Meeting held in April 2019.

Meeting procedures

The Chairman outlined the procedures for the meeting. It was noted that any voting was on the basis of one livestock farmer, one vote.

The Chairman noted that the meeting would receive an address from himself and the Chief Executive.

Chairman's address

The Chairman outlined that under the Meat Board Act 2004 the Board has the power to determine the procedure for annual meetings (including voting procedure), subject to the Act and any relevant regulations. The procedures that will apply are that only motions on procedural matters will be accepted from the floor. Voting on procedural matters will be conducted by show of hands.

The Vision Statement "New Zealand farmer and industry prosperity through safeguarding and realising the value of quota markets and reserves" was noted.

Key points outlined were as follows:

- The two functions of the Board relate to quota management and managing farmer reserves.
- Quota Utilisation:
 - EU sheepmeat and goatmeat utilisation was **62.9%** (quota year ending 31 December 2018). This was similar to 2017 at 62.7% but lower than the 2016 year at 76.4% (2016).
 - EU high quality beef quota was **75.4%** utilised (quota year ending 30 June 2019) – down from 86.3% in previous year.
 - US beef and veal **86.4%** utilised (quota year ending 31 Dec 2018) – compares to 86.7% utilised in 2017 and 94.2% utilised 2016.
- Financial position: The NZMNB is in a strong financial position with equity of \$75.9 million. Contingency funds total \$57.8million. Investment income generated from reserves was \$2.4million (the same as 2018).
- Quota Allocation Mechanism Review: The terms of reference for the review had been circulated. The initial Consultation round was open (until 21 February 2020) and the review would be concluded by mid-2020, for implementation by the new quota year.
- Brexit, quota splits, NZ quota administration: Work was progressing with B+LNZ and MIA to protect terms of access. Preparedness planning for the no deal Brexit had been concluded. Quota splits affect the quality of access and we need to retain the ability to administer in New Zealand. The Chair acknowledged the excellent work of MFAT and Foreign Affairs and Trade in this area.
- Investment Policy Changes: Transition to a new investment policy commenced in December 2018 and would be completed by April 2020. At the balance date of 30 September 2019, \$57.7million had been transitioned to the investment fund managed by Jarden. The rationale for this change was to facilitate to the prospect of increased returns over the medium to longer term. Thanks were recorded to Jarden and Cambridge Partners for their advice.

Chief Executive Officer's address

The Chief Executive Officer presented the financial results for the year ended 30 September 2019, noting a surplus of \$225k after capital funding for the Red Meat Profit Partnership (RMPP) of \$3.2million and a share of the Red Meat Ambassador based in London of \$149k. AGMARDT and MIA support for the Red Meat Ambassador programme was acknowledged.

There was a surplus of \$129k from quota management activities which has an objective of being break even in the medium term.

Net assets comprised \$75.9million made up of cash/equivalents of \$19.6million (part of which was yet to be invested) and \$57.7million Jarden Managed Investment Portfolio. Quota management reserves total \$116k.

Reserves funding criteria were outlined, which offered the potential for a significant shift in positioning and profitability for industry. The scale is outside the scope of funding only by levies and benefits must be accrued inside the farmgate. In the last year \$1.8 million had been paid from NZMB Reserves Interest to fund B+LNZ Genetics and \$3.2million had been paid for capital funding for Red Meat Profit Partnership (RMPP). 2019 was the last year of the NZMB funding for the RMPP. Less available cash to invest in B+LNZ activities was forecast in future years based on the change to the managed investment portfolio and a continuing low interest environment.

Statement of Intent. Non BAU strategic initiatives comprised Brexit preparedness/contingency planning and testing (including support to B+LNZ and MIA). Other areas were the Quota Allocation Mechanism Review (including cost recovery review) and investment into information technology infrastructure systems and business continuity/security in the case of earthquake. An Investment Committee had been formed to provide governance of the investment decisions.

The CEO recognised the work of the NZMB team for their excellent performance during the year.

The Chairman called for questions.

Q: Are the Annual Report, KPIs and Statement of Intent Audited? They are not currently audited but would be from 2021 when new service reporting financial standard will apply.

The Chairman introduced the resolution to receive the Chairman and CEO Reports.

It was moved by M Coup and seconded by P Smith.

That the Chairman and CEO's Reports be received.

CARRIED

The Chairman reiterated the CEO's congratulatory comments with regard to the staff's hard work.

Appointment of auditor for the 2020 financial year

The Chairman introduced the resolution to reappoint KPMG as auditor. There was no discussion.

It was moved by N Hyslop and seconded by G Tatham.

That KPMG be reappointed as auditor for the 2020 financial year.

CARRIED

Directors fees

The current director's fees had been reviewed and it was considered at \$16,300 per director and \$29,200 for the Chairman, that no change should be recommended. The Chairman noted the Board's intention was to review the farmer voting process with regard to Directors fees in future.

Questions

Is there an intent to increase the reserves held? The Chairman noted that the Board had debated whether it was appropriate to rely on the Meat Board to deliver funding for B+LNZ programmes and the decision had been taken to future proof the future financial position for the NZMB and to grow the reserve fund.

Ministerial appointments

It was noted that to date there had been no Ministerial confirmation with regard to G Rutherford's re-appointment to the Board. The Chairman took the opportunity to recognise and thank G Rutherford for his contribution to the Board.

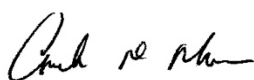
General business

The Chairman opened the floor for general business. There were no matters of general business raised.

2021 Annual Meeting

The Chairman informed the meeting that the Board was proposing that the 2021 annual meeting be held in the first quarter of 2021 in Wellington.

The Annual Meeting closed at 5.02pm.

A handwritten signature in black ink, appearing to read 'Chris Rutherford', written in a cursive style.

Chairman's Signature