



# New Zealand Meat Board 2022 Resolutions and Consultation

## Basis of voting

The Board has determined under section 58(3) of the Meat Board Act 2004 that the voting entitlement will be on the same basis as the Beef + Lamb New Zealand (B+LNZ) constitution which is one farmer one vote for ordinary resolutions.

The definition of a farmer in the B+LNZ constitution is the owner of livestock above the minimum thresholds of 250 sheep, 50 beef or 100 dairy cows at 30 June 2021.

## RESOLUTION ONE [ORDINARY RESOLUTION]

That farmers consider and, if thought fit, pass the following ordinary resolution:

- That the director fees pool for Farmer and industry (Processor-Exporter) directors be increased to \$147,500 per annum from \$144,200, a total increase of \$3,300.

This increase represents a fee increase for the Chairman to \$29,900 (currently \$29,050) and for farmer and industry directors to \$16,800 (currently \$16,300).

## Explanatory note

The last NZMB directors' fee increase was in 2018 for the Chairman and 2016 for each director.

During the 2020 year the Board commissioned an independent party (Mitchell Notley and Associates Limited) for an analysis and benchmarking of governance fees for similar organisations. It considered director workload and responsibilities for the NZMB. This review had considered the NZMB role separate from any B+LNZ responsibilities.

As a result of this review, for the 2021 year your Board proposed an increase based on the view that director roles must be fairly compensated against benchmarks and to ensure high calibre directors continue to be attracted to the role. **This recommendation was voted down by farmers.**

The Board has taken the time to reflect on this result and believes that increased communication with farmers in 2022 and ongoing is required to fully explain the NZMB role and responsibility in the red meat sector. It will be looking to undertake this.

The NZMB Board numbers six Farmer directors, two Processor-Exporter directors (both by virtue of their B+LNZ appointments) and two Government appointed directors.

Taking into account the feedback received and the benchmarking information your Board is recommending a **CPI increase only (3 percent)** for the 2022 financial year for Farmer and Processor-Exporter directors which matched the inflation movement for the year ended 30 June 2021. Director fees are funded from reserves management income and quota management fee income.

Government directors have their fee set by the Minister of Agriculture which have historically been set at the same rate as Farmer and Processor-Exporter directors and are paid from the same revenue sources.

## RESOLUTION TWO [ORDINARY RESOLUTION]

That farmers consider and, if thought fit, pass the following ordinary resolution:

- That KPMG be appointed as the NZMB's auditor for the year ending 30 September 2022.

## Explanatory note

The Board recommends that KPMG continue in the role of auditor for the NZMB for the 2022 financial year.

The Audit & Risk Committee undertook a thorough tender process with potential audit service providers in 2021. After evaluating the proposals, the Committee agreed that KPMG offered a robust audit process, offered development opportunities to NZMB with respect to future reporting trends (Service Reporting and Sustainability Reporting) and remained competitive with their fee proposal.

The KPMG partner responsible for the annual audit is six years into his rotation. The External Reporting Board (XRB) is an independent Crown Entity responsible for accounting and auditing and assurance standards in New Zealand and their maximum prescribed rotation period for audit partners is seven years for Public Benefit Entities.

## **ANNUAL MEETING 2022 CONSULTATION: INDUSTRY GOOD FUNDING**

The NZMB is presenting the annual industry good funding proposal for consultation in conjunction with the 2022 annual meeting.

The NZMB, as part of its purpose under the Meat Board Act 2004, provides funding from investment income less reserves management expenditure to B+LNZ for an industry good activity. The NZMB's **Reserves Policy** (<https://www.nzmeatboard.org/assets/Documents/NZMB-Reserves-Policy-Approved-April-2021.pdf>) sets out the purpose and process for the management of the Board's reserves.

NZMB has been a funding partner for B+LNZ Genetics. The NZMB is proposing that it will continue to be a funding partner and would provide up to \$1.0 million from investment income in the 2022 financial year to help fund B+LNZ Genetics activities and in particular the Informing New Zealand Beef Project which is a seven-year research project designed to generate more income for beef producers and the economy while protecting the environment. This project is co-funded by the Sustainable Food & Fibre Futures programme managed by the Ministry for Primary Industries.

NZMB grant funding from interest income for 2020-21 was capped at \$1.0 million and is proposed to be \$1.0 million in 2021-22 subject to investment returns.

An update of B+LNZ Genetics activities can be found in the annual report on pages 8 and 9.

We welcome your feedback. Once the consultation closes, we will analyse the submissions and the Board will consider all the points raised by submitters before determining whether to proceed with the funding for B+LNZ Genetics.

Submissions close 15 March 2022.

