

MINUTES OF THE ANNUAL MEETING BEEF + LAMB NEW ZEALAND LTD

Held by Zoom due to Coronavirus
on Wednesday, 8 April 2020
Commencing at 3.30 pm

IN ATTENDANCE

Andrew Morrison (*Chairman*)
Nicky Hyslop
Mark Clarkson

Scott Gower
Martin Coup
Tony Egan

George Tatham
Phil Smith

IN ATTENDANCE

S McIvor (*Chief Executive Officer*)
C Spooner (*Chief Operating Officer*)
B+LNZ Leadership Team
Livestock farmers, invited guests and staff
S Paterson (New Zealand Meat Board Director)
K Wyeth (B+LNZ Associate Director)

OPENING COMMENTS FROM THE CHAIRMAN

The Chairman welcomed guests to the 17th annual meeting of Beef + Lamb New Zealand from his home office in Gore noting it had been postponed due to the Covid-19 lockdown and was instead being held by livestreaming and would be recorded.

The Chairman confirmed that the official part of the annual meeting would be limited to the official business of two resolutions and there would be an opportunity after the meeting for guests to have the Chairman and CEO to answer questions that could be sent or phoned in.

The Chairman noted that the reports from the CEO, COO and Chairman had been previously recorded and could be watched separately. Any issues emerging since recording will be updated in the meeting.

The Chairman advised that the annual meeting was being held remotely due to COVID 19 lockdown and that Beef + Lamb New Zealand fully support the government's overriding focus of protecting New Zealanders and the stance they have taken. It was noted that we are an essential service and we are working closely with MPI and Meat Industry Association to ensure farmers are able to continue to farm and get stock processed.

Different methods of communicating with farmers will be used over the coming months. The Chairman noted that despite the short term uncertainty around COVID-19 the fundamentals to support a positive future for our sector remain.

He gave examples of this:

- The launch of Taste Pure Nature in March 2019 and activated in China in January. The Chairman did a shout out to the processing companies on the agile way they responded.
 - NZFAP – 4,000 farmers have been audited with 16 meat companies involved. We are now reviewing to ensure it fits with legislation changes and market requirements.
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- Futures report released in December identified seven trends which offer opportunities to our farmers
- Government regulation has been significant in the last year and will continue this year – Beef + Lamb New Zealand meet constantly with ministers and officials and work with industry to shape sensible legislation around climate change, water and biodiversity.

The Chairman advised that all Beef + Lamb New Zealand staff were working from home, and as a result of Covid-19 there will be no events scheduled until 30 September but we are looking at podcasts, live streaming and other ways to communicate with farmers. We will be stepping up environment and industry economics research that can be undertaken in the lockdown. He reiterated the resilience of our sector has been highlighted and promotion of our sector in COVID 19 and our economic recovery. This will be highlighted in our messaging humbly and respectfully in the coming weeks and we are very mindful of this and stick to the rules.

He highlighted the biggest issue is the processing capacity with the essential services lockdown, social distancing etc in the processing plans - currently bovine is processing at 70%, ovine 50% - overlaying this is the fact that over over 80% of farmers are in drought. The Chairman advised that we are working hard with processors on the impact of this and also MIA is working on science based safe approaches that will increase the through plant processing rates.

The meeting was advised that as a collective B+LNZ, MIA and MPI are working through what current processing rate situation looks like and the implications on farm. He encouraged farmers do their feed planning and make use of the feed budgeting support available.

We are working with MIA in the policy area and other primary sector organisations to ensure we are best placed to lead the recovery of the economy, giving government clear advice on how they can support that.

The Chairman voiced concern on the speed with which government is trying to move their environmental issues forward and we are actively encouraging them to take the time to work out better more crafted policy to deliver best result, such as has been put forward through the Waikato's PC1 process.

In the trade space, critical markets remain open. Minister Parker's latest initiative which sought to get agreement from countries around minimising trade restrictive strategies.

He noted that our sector being an essential service is a privilege and responsibility and as food producers to adhere to the rules and economic value and provide food to New Zealand.

The Chairman confirmed we have the quorum of 50 farmers, represented by the 1,581 farmers who have voted online or by post and 66 who have registered for today's call and are online call as required by the B+LNZ Constitution.

The Chairman acknowledged all board members and also acknowledged the CEO along with the hard work of the Leadership Team members.

APOLOGIES

Apologies were received from:

Melissa Clark-Reynolds, Paul Olsen, FC, WNI, David Nelson

The Chairman went through the official meeting procedures.

MINUTES FROM THE ANNUAL MEETING HELD ON 21 MARCH 2019 IN TIMARU

The Chairman reported that the minutes of the 2019 Annual Meeting, held on 21 March 2019 at Timaru were accepted as being a true and accurate record of that meeting by the Beef + Lamb New Zealand Board at a subsequent Board meeting.

The Chairman, CEO and Financial reports have been pre-recorded and have been made available with the meeting invite for this meeting to reduce the length of time online.

The Chairman then opened the floor for questions on these three reports:

1. How is Beef + Lamb New Zealand responding to significant droughts around the country

The Chairman responded that this was an ongoing issue around a large part of our country – we have been prioritising our resourcing in the feed budgeting and resource centre support. We have partnered with DairyNZ, Federated Farmers, AgFirst, MPI, Meat Industry Association – as this emerges with slow processing and drought. We will have extended period of stock on farm which is not usual and he encouraged feed budgeting.

2. How are we delivering value for dairy levy payers

The CEO responded that Dairy Farmers provide a significant amount of our beef levy income. And briefly outlined four initiatives:

- i) Early this year we released a booklet on “use of levies for dairy farmers” outlining all activities that we have been involved in that benefit dairy farmers and partnerships we have with others which avoids duplication.
- ii) We have an initiative in train at moment to have a specific Dairy Advisory Group of farmers that we can test some of the issues we are dealing with, particularly policy issues
- iii) The Farmer Council – a group of 120 farmers who help us with extension needs, offer advice to Beef + Lamb New Zealand and have now have dairy farmer representation on each regional farmer council.
- iv) Lastly the integration reoccurring between the two industries. Bobby calves good example where we have a joint project between meat processors, DairyNZ and Beef + Lamb New Zealand and other groups to ensure we proactively deal with better utilising bobby calves.

3. Looking ahead to financial year we are in are you seeing any impacts around drought and COVID on the revenue for B+LNZ or our expenditure

The COO responded that funding from NZMB of \$70 million is held in balanced fund, the value has dropped 6%, just under \$4 million and this is having an effect on funding available to Beef + Lamb New Zealand off the top line of around \$1.2 million.

He stated that the impact of COVID 19 on the income side is more a timing issue with less capacity and processing in April and May with stock flowing through to June/July. On that expenditure side they are not significant except for on-farm activities. With no face to face events and reduced travel there are immediate savings but we are looking at different ways to deliver. He noted that the drought was a bigger issue for us as this will impact production in the 2020-2021 year - we are looking at this and making estimates on the income side.

RESOLUTIONS

The Chairman introduced the company resolutions:

1. Resolution 1 Farmers' Ordinary resolution

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

That the increase proposed to the total aggregate amount payable by way of directors' fees from \$342,000 per annum to \$370,240 per annum (being an increase of \$28,240 per annum), to give effect to the recommendations of the Directors Independent Remuneration Committee, be approved.

This increase represents an annual increase of:

- **\$2,800 (4%) for the Chairman;**
- **\$680 (2%) for each director, and**
- **A pool of \$20,000 (to be reviewed annually by DIRC) to be allocated amongst directors based on additional workloads by the Chairman and Honorarium, Remuneration and Expenses Committee.**

It was moved by Bevan Proffit and seconded by Christine Christensen

Opened to floor for discussion – no questions received

The Chairman advised the Chairman of the Directors Independent Remuneration Committee usually presents here and reports back on the committee's findings. The committee considered the significant workload for directors over the year which included climate change consultation, legislation, freshwater policy, biodiversity and continuing M. bovis and biosecurity. A thorough process was undertaken.

The Chairman advised that irrespective of the vote that at the Beef + Lamb New Zealand board meeting today the Board are well aware this was recommended prior to COVID 19 and a motion at the meeting today unanimously agreed that this recommendation if supported will not be activated and will sit in the pool and be reviewed in six months period.

Question – Garry McCorkindale – do you think its good optics to take a pay hike at this stage

The Chairman responded – he agreed and said this was recommended pre Covid-19. He noted the complexity of some of the issues directors have been facing with policy work in the last year - environment, He Waka Eke Noa, NPS, biodiversity and stated the workload was quite significant and the technical knowledge was escalating. He reminded Mr McCorkindale that even if the resolution is passed they will not activate the pay increase. He noted that we are going through operational plan and budget cognisant of all the issues the COO spoke to and this will inform decision around taking up the increase.

2. Resolution 2 - Farmers' Ordinary Resolution

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

“that KPMG be appointed as Beef + Lamb New Zealand Ltd’s auditor for the year ending 30 September 2020”

Moved by Andrew Morrison seconded by Martin Coup

The COO noted Partner rotation and auditor benchmarking and advised every three years we do a thorough benchmarking of the auditing firm. We have unique issues - not the least is separation out by levy stream so we are acutely aware of audit costs and do focus on getting value for money hence the benchmarking.

The floor was opened for discussion on the resolution. There was none and attendees were asked to mark their voting papers.

The Chairman thanked for consideration of the two resolutions – taking into account the vote we should be able to get a response back and it will be posted within 24 hours.

GENERAL BUSINESS

There was no general business.

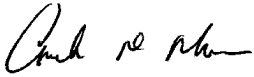
ACKNOWLEDGEMENTS

The Chairman acknowledged contribution to our business for the last year - Anna Nelson as associate director for the past 12 months and noted she had done a sterling job in that position. He informed the meeting we created this role to aid in development of directors across the sector and Anna was a great example of that, fully participating at board meetings. Anna was our third associate director and we have now appointed our fourth associate director Kate Wyeth from the Wairarapa and he formally welcomed Kate Wyeth.

2021 ANNUAL MEETING

As has been our practice, the rotation of annual meetings through the regions the 2020 Annual Meeting being held in the Southern South Island in March 2021.

The Chairman thanked attendees for their participation and declared the Annual Meeting closed at 3.58 pm.

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

Chairman's Signature