



Beef + Lamb New Zealand Company Resolutions

RESOLUTION ONE [FARMERS' ORDINARY RESOLUTION]:

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

(i) that the increase proposed to the total aggregate amount payable by way of directors' fees from \$336,400 per annum to \$342,000 per annum (being an increase of \$5,600 per annum), to give effect to the recommendations of the Directors Independent Remuneration Committee, be approved.

This increase represents an annual increase of \$1,000 for the Chairman and \$650 for each director.

Explanatory Note

Background

The Board has established the Directors Independent Remuneration Committee (DIRC) with membership of David Nelson (Chair), Derrick Millton and Bruce Wills.

The Committee's role is to provide an annual review, adhering to the Terms of Reference established by the B+LNZ Board and where appropriate recommend changes to Directors' remuneration, to ensure that it is at an appropriate level, and objectively and independently assessed.

Directors Independent Remuneration Committee report

At its meeting on 6 November 2018 the DIRC discussed Director workload with the following discussions with B+LNZ Chairman and Directors and Management and reviewed independent advice in director fee increases across other organisations.

The DIRC noted the increasing workloads which would be ongoing for directors with climate change, water policy and *M. Bovis* requiring significant additional time and expertise to be applied.

DIRC made the following recommendations on its review of director remuneration for Beef + Lamb New Zealand Ltd for the financial year ending 30 September 2019:

- that the Chairman's' fees be increased by \$1,000 from \$69,000 to \$70,000, and
- that Directors' fees be increased by \$650 per director from \$33,350 to \$34,000.

DIRC noted that the recommendation remains consistent with Director fee increases being on a regular basis, rather than large one-off increases, ensuring the increases are within benchmarks of other rural organisations being used.

Beef + Lamb New Zealand comment

The Board has supported the DIRC recommendations however is increasingly concerned about the time commitment required for each B+LNZ director to fully represent their region, farmers nationally on key policy issues and keeping up to date with a faster moving regulatory pace of change. This has implications for each director's own farming business and is an area that the Board will carefully consider in 2019.

NZ Meat Board

It is noted for farmer's information that DIRC has recommended that there is no increase for New Zealand Meat Board directors which remain at \$29,050 for the Chairman and \$16,300 for each director. The NZMB Board has supported this recommendation.

RESOLUTION TWO [FARMERS' ORDINARY RESOLUTION]:

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

(i) that KPMG be appointed as Beef + Lamb New Zealand Ltd's auditor for the year ending 30 September 2019.

Explanatory Note

The Board recommends that KPMG continue in the role of auditor for Beef + Lamb New Zealand Ltd.

The Board benchmarks audit fees against similar organisations and consider the fees charged continue to provide value. The audit fee reduced by \$2,500 in the 2018 financial year.

The continuity of auditor allows KPMG to build a deeper understanding of Beef + Lamb New Zealand Ltd and its operations.

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