

Meat Board Restructuring Bill

Government Bill

Explanatory note

General policy statement

This Bill provides for the restructuring of the New Zealand Meat Board to retain in legislation the Board's meat export quota management functions, and management of the Board's reserve funds, and to remove the Board's industry-good functions and levying powers prescribed in the Meat Board Act 1997 (the Act).

Access to quota markets is of significant value to the New Zealand meat and livestock industry and to the economy. Quota markets are markets where the relevant governments have granted access to that market at zero or concessional tariff rates for particular quantities of meat product of any kind imported from New Zealand. Quota allocation and management is of a regulatory nature and the Crown owns the rights to secure the economic benefits deriving from quota markets. The Bill provides for management of access to quota markets to be carried out by a statutory body, and for government oversight of the Board's quota management systems through regular compliance audits in relation to these systems. The quota compliance audits will replace the current requirement for 5-yearly performance and efficiency audits of all of the Board's functions.

The Bill provides for the board of directors of the Meat Board to comprise 8 or 9 farmer and meat processing and exporting sector representatives who are directors of the new industry-good organisation, and for the Minister to appoint 2 directors who have expertise in relation to the international meat trade, quota management, and international trade relations. The inclusion of Ministerial appointees reflects the specialised and important nature of the Board's quota management role, and the difference in focus between the Board and the industry-good organisation.

Livestock farmers have voted in support of a proposal to bring together meat and wool industry-good functions through an industry-good organisation funded under the Commodity Levies Act 1990 (the CLA). The Bill removes the Board's industry-good functions and provides for transfers of the Board's industry-good assets and liabilities to the industry-good organisation. The CLA has a higher level of accountability, levy payer mandate, and reporting requirements than the levying powers in the Meat Board Act 1997.

The Meat Board holds substantial funds as industry reserve funds, and livestock farmers have voted in support of the Board retaining these funds. The Bill provides for the Board to allocate funds to industry-good activities and to assist in the meat industry's response to a major industry crisis. The Bill also provides for the Board to maintain a prudent level of these reserve funds to avoid jeopardising quota markets and the integrity of the Board's quota management systems.

The Bill addresses the tax issues that arise from the restructuring, and as far as possible normal tax rules will apply.

Clause by clause analysis

It should be noted that many clauses in the Bill are based largely on sections in the existing Meat Board Act 1997 (the **existing Act**).

Clause 1 is the Title clause.

Part 1

Preliminary provisions

Clause 2 provides that the Bill is to come into force on **1 July 2004**.

Clause 3 sets out the purpose of the Bill.

Clause 4 is the interpretation clause. The main new definitions are those of **quota market**, and other quota-related definitions, and **industry-good organisation**.

Clause 5 provides that the Bill binds the Crown.

Part 2

New Zealand Meat Board

Clause 6 continues in existence, as the same legal entity, the Meat Board established under section 4(1) of the existing Act.

Clauses 7 to 9 set out the objects, functions, and powers of the Board.

Clause 10 authorises the Board to distribute any of its assets to livestock farmers, subject to maintaining a prudent level of reserves.

Clause 11 requires the Board to act consistently with any international obligations notified to it by the Minister responsible for international trade.

Clause 12 requires the Board to maintain a prudent level of reserves, and to at all times have a reserves policy on which livestock farmers have been consulted. It may allocate funds to the industry-good organisation or other persons only after first consulting livestock farmers. The one exception to this requirement is the allocation of funds for the purpose of assisting the meat industry in responding to any major industry crisis.

Clause 13 provides for the appointment of a board of directors. Eight to 9 directors are directors of the industry-good organisation nominated by that organisation, and 2 directors are appointed by the Minister. In the event that the industry-good organisation ceases to exist, is no longer properly representative of livestock farmers, or has failed to collect levies under the Commodity Levies Act 1990 for more than a year, provision is made for the election or appointment of new directors by a procedure set out in regulations.

Clause 14 provides that nothing in Part II of the Commerce Act 1986 will apply in relation to *clauses 23 to 37* of the Bill, which deal with quota allocation matters.

Clauses 15 and 16 provide that the machinery provisions set out in *Schedules 1 and 2* apply to the Board and its directors.

Clauses 17 to 20 deal with the annual report and financial statements of the Board, and the audit of those financial statements.

Part 3

Quota markets and registration of exporters

Clause 21 sets out the purpose of the Part.

Clause 22 states that the Crown owns the rights to secure the economic benefits deriving from quota markets, and assigns those benefits as provided in the Bill.

Clauses 23 to 34 provide for the Board to establish quota allocation mechanisms for particular quota markets, and set out machinery

matters relevant to allocation mechanisms. The provisions are substantially similar to those in the existing Act, except that—

- *clause 28* explicitly prohibits the export of meat and co-products to a quota market, except as authorised under an allocation mechanism and a valid quota certificate; and
- *clause 33* now explicitly provides for the issue of quota certificates (which may only be issued to persons registered as exporters both under this Part of the Bill and under the Animal Products Act 1999).

Clause 35 provides that neither the Crown nor the Board is liable to pay damages to any person in relation to any reduction in access to a quota market.

Clause 36 authorises the Board to charge fees for the purpose of recovering costs incurred in carrying out its quota management functions.

Clause 37 provides for the continuance of allocation mechanisms established under the existing Act.

Quota compliance audits

Clauses 38 to 47 provide for the conduct of quota compliance audits, which are intended to assess the effectiveness of the Board's quota management systems in achieving compliance with the Crown's obligations in relation to quota markets. Audits will generally be carried out at 3-yearly intervals, unless the Minister determines otherwise.

Clause 42 sets out the powers of an auditor, which include the power to enter business premises where meat or co-products, or documents relating to meat or co-products, are held or likely to be held. A warrant must be obtained to enter a place that is not a place of business.

Clauses 44 to 46 deal with the auditor's report, the confidentiality of that report, and obligations to implement recommendations of the report.

Registration of exporters

Clauses 48 to 54 provide for the registration of meat exporters. These provisions are substantially the same as the licensing provisions in the existing Act.

Clause 55 provides for the Board to change fees for recovery of costs in relation to its registration function.

Clause 56 deems holders of export licences issued under the existing Act to be registered exporters until the date on which their export licence would have expired.

Matters not affected

Clause 57 provides that nothing in *Part 3* of the Bill prevents the Crown from engaging in international trade negotiations for the purpose of establishing, amending, or terminating quota markets; nor does *Part 3* derogate from any export-related requirement of the Animal Products Act 1999.

Part 4

Miscellaneous provisions

Clauses 58 and 59 provide for meetings of livestock farmers.

Clauses 60 to 65 provide for various matters relating to enforcement, including the appointment by the Board of authorised persons to carry out inspections in relation to meat products and co-products, the powers of those persons in carrying out inspections, and the requirement for exporters and other persons in the meat industry to provide certain information to the Board.

Clauses 66 to 75 set out offences and penalties, and provide for various matters in relation to proceedings for an offence.

Supply of information

Clause 76 requires the Board, on the Minister's request, to supply the Minister with certain information relating to quota markets.

Clause 77 provides for the sharing of information relating to meat product and co-product exporters between the chief executive of the Ministry and the Comptroller of Customs, for the purposes of the Bill or the Customs and Excise Act 1996.

Clause 78 requires the Board to disclose certain types of information to the industry-good organisation, if the organisation requests it, for the purpose of monitoring the organisations's levy returns or receipts. The information must not be of a type that allows identification of a specific company or other trading entity, unless the company or entity gives its consent.

No Crown liability

Clause 79 provides that the Crown is not liable to any person for debts of the Board.

Regulations and notices

Clauses 80 and 81 provide for the making of regulations and the giving of notices.

Transitional provisions

Clause 82 provides that existing directors of the Board cease to be directors on the coming into force of the Bill. No compensation is payable for termination of appointment as a director.

Clause 83 provides for the transfer by the Board of certain of its assets and liabilities to the industry-good organisation. Any transfer under the section must be made within 3 months of the Bill coming into force.

Tax provisions relating to restructuring

Clauses 84 to 88 deal with the tax implications of the restructuring.

Repeal and revocation

Clause 89 repeals the Meat Board Act 1997 and revokes the Meat Board Regulations 1998.

Regulatory impact and compliance cost statement***Statement of problem and need for government action***

Meat industry-good activities are provided by the New Zealand Meat Board (the Board) and are funded by a compulsory levy on meat imposed by the Meat Board Act 1997. That Act is inflexible, as evidenced by the costly duplication of meat and wool levies, and does not subject the levy to the voting and other accountability provisions of the Commodity Levies Act 1990 (the CLA).

The meat (sheep, beef, and goat) and wool industries are 2 of New Zealand's largest export-based industries. In the year ended March 2003, New Zealand exported around \$6 billion worth of products from the sheep (meat and wool), beef (including meat from the dairy industry), and goat industries. It is estimated that total annual meat levies collected in coming years, for spending on industry-good

activities, would be around \$21 million and another \$12 million from wool levies.

The Board also administers access to those overseas meat markets that are governed by meat export quotas. The meat export quota markets are of significant economic value to the New Zealand meat and livestock industry and the economy, and the need to safeguard that remains a high priority for the Government and the industry.

Statement of public policy objectives

The overarching objective is to ensure that the institutional structures and processes of the New Zealand meat industry are appropriate to sustain and enhance its international competitiveness so that the industry can make the best possible contribution to growth and innovation in New Zealand. To achieve this, the public policy objectives are to ensure that:

- industry-good activities are funded in a targeted and cost-efficient way, with strong accountability to levy payers, including allowing meat and wool industry-good activities to be funded through a single industry-good organisation;
- the export quotas are allocated and managed in a way that captures the best possible returns for the New Zealand meat industry;
- appropriate safeguards are in place to avoid serious risk to the benefits arising from quota markets.

Statement of options for achieving desired objectives

Status quo

Maintain the Meat Board to perform livestock farming and meat related functions to fulfil its statutory obligations under the Meat Board Act 1997. These functions include: collecting compulsorily levies to support a range of industry-good activities, such as conducting or funding industry research and development, improving market access for meat products and co-products, and promoting meat products and co-products. The functions also include quota administration, which is largely funded from fees paid by exporters.

While the Act provides for levying powers and for spending on the above activities, it does not require the Board to seek a mandate from levy payers on whether there is to be levy and how levies should be spent. Thus, a key weakness of the status quo is that

transparency, reporting, and accountability provisions of the Act are much weaker than the provisions in the CLA. The Meat Board Act does not provide for the collecting of levies on wool.

The status quo option would not achieve the public policy objectives.

Incorporating CLA provisions in the Meat Board Act

The key feature of this option would be to retain all of the Meat Board's current functions, but change the levy that funds the Meat Board's provision of industry-good activities to being consistent with the CLA. In particular, 6-yearly farmer referenda for the continuation or cessation of levies and annual consultation on levy rates and spending would be introduced to the Meat Board Act. This would improve transparency, accountability, and the reporting provisions of the Act with respect to spending of levy money.

However, this option would not enable the meat and wool industries to combine their industry-good functions to achieve cost efficiencies and increase flexibility.

Preferred option – amend the Meat Board Act to remove industry-good functions and levying powers and update quota management provisions

Key features of the Meat Board restructuring are:

- quota management powers will be retained as a function of the Meat Board and continue to be funded by fees paid by exporters:
- the meat export quotas will continue to be owned by the Crown and managed by the Meat Board, but with more government oversight of the Board's quota management role through audit of the Board's systems and of their efficacy, set against New Zealand's quota management treaty obligations:
- industry-good functions will be undertaken under the CLA framework jointly with the wool industry by the industry-good organisation. This means a referendum will be held every 6 years on whether a levy should continue, the amount of the levy and the levy use:
- the Board's industry-good assets and liabilities will be transferred to the industry-good organisation upon restructuring:

- the board of directors of the Meat Board will have adequate representation of livestock farmers, the meat processing/exporting sector of the industry, and independent directors appointed by the Minister who have expertise in the international meat trade, quota management, and international trade relations;
- the Meat Board reserves will be held by the Meat Board to spend on industry-good projects, to assist in the meat industry's response to a major industry crisis, and to safeguard the integrity of the Meat Board's quota management systems;
- the Meat Board's redundant powers, such as to establish mandatory carcass description systems under the Meat Board Act 1997, would be discontinued.

Statement of net benefit of this proposal

The Bill is of net benefit, as it:

- retains legislation for meat quota market allocations and retains a statutory body (the Meat Board) to manage quota allocation, which reflects the regulatory nature of quota allocation and administration;
- narrows the Meat Board's functions, which should result in the Board focussing on its core function of quota management;
- provides for the board of directors of the Meat Board to include 2 persons appointed by the Minister with experience in quota management issues, which will give the Meat Board appropriate in-depth knowledge;
- provides for the Meat Board to transfer funds to the industry-good organisation without incurring tax liabilities;
- allows the meat and wool industries to combine their industry-good functions under the CLA to achieve cost efficiencies through having a single industry-good organisation for both the meat and wool industries, which includes reduced overhead costs and consultation costs;
- enables the industry to benefit from the much higher level of transparency, accountability, and reporting requirements, and associated performance incentives, arising from the 6-yearly referendum.

The key cost of the Bill is that of the industry-good organisation having to renew its commodity levy order every 6 years, which includes the holding of referenda and the making of applications to the Minister of Agriculture. The Crown will also incur costs in assessing the ballot papers for the 6-yearly referenda, approving applications and making the commodity levy orders. To an extent these costs were going to be incurred in any event with the industry's decision to have the wool levy under the CLA.

While there will be costs associated with quota compliance audits, this is likely to be lower than the costs of the current 5-yearly performance and efficiency audits of all of the Board's functions.

Consultation

The initial reform proposals were developed and submitted to the Minister of Agriculture by the Meat Board. In late 2002 and early 2003 the Meat Board and SheepCo held 2 rounds of farmer meetings around the country to present their interim proposals and seek feedback from farmers on them. Following that, they refined their proposals and circulated a discussion document in late April 2003 to seek further views on the proposals. In June 2003 the Meat Board and SheepCo circulated further documents to all beef, dairy, sheep, and goat farmers with details on their reform proposals, mainly their industry-good spending proposals. The Meat Board and SheepCo held another round of area meetings in July 2003, prior to the referendum in August 2003. Representatives of Maori farmers were also consulted. The Meat Board has published all its papers and proposals on its website during the consultation phase.

The Meat Board also held a number of meetings with Federated Farmers of New Zealand, the Meat Industry Association, and representatives of Maori farmers, and considered their views in the development of its proposal. Livestock farmers supported proposals (August 2003 referendum) for combining the meat and wool industry-good functions, for levies on meat and wool to be collected under the CLA, and for the reserves to be held as a contingency fund and invested in some industry-good projects.

MAF also consulted the Meat Board, Federated Farmers of New Zealand, the Federation of Maori Authorities, and the Meat Industry Association.

Business compliance cost statement

The key compliance costs associated with this proposal relate to activities such as levy collection and the 6-yearly referendum, which will be considered under the proposed application for levy orders under the CLA.

Retaining the Meat Board for quota management purposes does not introduce any new compliance costs on the industry, but improving the safeguards (such as through quota compliance audits) will impose new costs on the Meat Board and, therefore, on businesses that export meat to quota markets.

Hon Jim Sutton

Meat Board Restructuring Bill

Government Bill

Contents

1	Title	23	Board to consider establishment of quota allocation mechanisms in certain circumstances
	Part 1		
	Preliminary provisions		
2	Commencement	24	Requirements for allocation mechanisms
3	Purpose	25	Limitations on contents of allocation mechanisms
4	Interpretation	26	Consultation
5	Act binds the Crown	27	Amendment of allocation mechanisms
	Part 2		
	New Zealand Meat Board		
6	New Zealand Meat Board	28	Exports must be in accordance with allocation mechanism
7	Objects of Board	29	Review of allocation mechanisms
8	Functions of Board	30	Revocation of allocation mechanisms
9	Powers of Board	31	Notifications
10	Power to distribute assets to live-stock farmers	32	Decisions
11	International obligations	33	Issue of quota certificates by Board
12	Financial obligations and reserves policy	34	Board may take action in certain circumstances
13	Management of Board	35	No liability for changes in access arrangements
14	Application of Part II of Commerce Act 1986	36	Fees in relation to quota management systems
15	Provisions applying to directors	37	Transitional provision for existing allocation mechanisms
16	Provisions applying to Board and board of directors		<i>Quota compliance audits</i>
	<i>Annual report and statements</i>		
17	Board to prepare financial statements	38	Quota compliance audits
18	Audit of financial statements	39	Timing of audits
19	Remuneration of auditor	40	Terms of reference
20	Annual report and statements to be presented to House of Representatives	41	Appointment of person to conduct audit
	Part 3	42	Powers of auditor
	Quota markets and registration of exporters	43	Conduct of audit
21	Purpose of this Part	44	Report of auditor
22	Crown owns right to secure economic benefits from quota markets	45	Confidentiality of report
		46	Obligations to implement recommendations of report

47	Board to pay for quota compliance audits	70	Strict liability
	<i>Registration of exporters</i>	71	Defence available
48	Meat exporters to be registered	72	Liability of companies and persons for actions of agents or employees
49	Exemptions for cooked and processed products	73	Liability of directors and managers
50	Exemptions for limited consignments	74	Presumption as to authority
51	Exemptions for trial and sample shipments	75	Proceedings for offences
52	Applications and registration		<i>Supply of information</i>
53	Registration to be for 3 years	76	Minister may require information
54	Registration may be revoked on request	77	Disclosure of information
55	Fees	78	Board must disclose certain information to industry-good organisation
56	Transitional provision for existing export licences		<i>No Crown liability</i>
	<i>Matters not affected</i>	79	No Crown liability for Board's debts
57	Matters not affected		<i>Regulations and notices</i>
	Part 4	80	Regulations
	Miscellaneous provisions	81	Notices
	<i>Meetings of livestock farmers</i>		<i>Transitional provisions</i>
58	Meetings of farmers	82	Existing directors
59	Matters for consideration at annual general meeting	83	Transfer of assets and liabilities of Board
	<i>Enforcement</i>		<i>Tax provisions relating to restructuring</i>
60	Authorised persons	84	Tax provisions relating to Single Organisation Limited
61	Powers of inspection	85	Available subscribed capital
62	Warrant to inspect place other than place of business	86	Consolidation
63	Duties of persons executing warrants	87	Goods and services tax
64	Other duties of persons carrying out inspections	88	Definitions
65	Requirement for certain persons to provide certain information to Board		<i>Repeal and revocation</i>
	<i>Offences, penalties, and proceedings</i>	89	Meat Board Act 1997 repealed
66	Export-related offences		Schedule 1
67	Information-related offences		Provisions applying to directors
68	Obstruction		Schedule 2
69	Customs and Excise Act 1996 to apply to prohibited exports		Provisions applying to Board and board of directors
			Schedule 3
			Forms of warrant

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Meat Board Restructuring Act **2003**.

Part 1

Preliminary provisions

- 2 Commencement**
This Act comes into force on **1 July 2004**.
- 3 Purpose** 5
The purpose of this Act is—
- (a) to provide for the New Zealand Meat Board to establish and operate meat export quota management systems and to provide for compliance audits in relation to such systems; and 10
 - (b) to make provision for the ownership and use of the Board's assets; and
 - (c) to make provision for certain tax consequences in relation to the transfer of funds and other assets between the Board and an industry-good organisation; and 15
 - (d) to provide for transitional arrangements relating to the transfer of the Board's industry-good functions to the industry-good organisation.
- 4 Interpretation** 20
- (1) In this Act, unless the context otherwise requires,—
- allocation mechanism** means a mechanism established under **section 23**
- annual general meeting** means a meeting held under **section 58(1)**
- authorised person** means a person appointed or authorised by the Board under **section 60** to exercise the powers conferred by **section 61** 25
- Board** means the New Zealand Meat Board established by section 4(1) of the Meat Board Act 1997 and continued in existence by **section 6** of this Act 30
- board of directors** means directors of the Board constituting a quorum under **clause 5(3) of Schedule 2**
- co-product**—
- (a) means any article or substance, not for human consumption, derived wholly or substantially from slaughtered livestock; but 35
 - (b) does not include vells, or the external fibre, hair, or wool, of any livestock

director means a director of the Board

document means a document in any form; and includes—

- (a) any writing on or in any material; and
- (b) information recorded or stored by means of a tape recorder, computer, or other devices and material subsequently derived from information so recorded or stored; and 5
- (c) a record, book, graph, or drawing; and
- (d) a photograph, film, negative, tape, disk, or other device in which 1 or more visual images are embodied or stored so as to be capable (with or without the aid of equipment) of being reproduced 10

financial year means a period of 12 months ending with 30 September

former Board means the New Zealand Meat Board, established by section 4(1) of the Meat Board Act 1997, as it existed before the commencement of this Act 15

industry-good organisation—

- (a) means Single Organisation Limited; and
- (b) includes any organisation certified by the Minister under **subsection (3)** as a successor organisation to that company 20

kind includes description

licensed premises means—

- (a) a licensed abattoir or licensed export slaughterhouse (within the meaning of the Meat Act 1981): 25
- (b) the premises of any animal product business within the meaning of the Animal Products Act 1999 in which livestock are slaughtered under a risk management programme registered under Part 2 of that Act or a regulated control scheme made under Part 3 of that Act: 30

licensee, in relation to premises of a kind referred to in **paragraph (b)** of the definition of **licensed premises**, means the operator of the animal product business concerned

livestock—

- (a) means animals that are cattle, goats, or sheep; and
- (b) includes animals of any other kind that are for the time being declared by the Governor-General by Order in Council to be livestock for the purposes of this Act 35

- livestock farmer** means person engaged in New Zealand in the business of farming livestock for the purpose of producing meat (whether in conjunction with any other business or not)
- market** includes any 2 or more markets, any state, and any group of states 5
- meat** means the whole or any part of the dressed carcass of any slaughtered livestock
- meat industry** includes livestock farmers and persons engaged in the business of meat processing or exporting in New Zealand 10
- meat product** means anything that is—
- (a) meat; or
 - (b) edible offal taken from slaughtered livestock; or
 - (c) an article or substance intended for human consumption (other than a vell or rennet) that is derived wholly or substantially from slaughtered livestock 15
- Minister** means the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of this Act 20
- Ministry** means the department of State that, with the authority of the Prime Minister, is for the time being responsible for the administration of this Act
- occupier**—
- (a) in relation to any place physically occupied by any person, means that person; and 25
 - (b) in relation to any other place, means the owner of the place; and
 - (c) in relation to any place, includes any agent, employee, or other person, acting or apparently acting in the general management or control of the place 30
- quota certificate** means a written document conferring on—
- (a) a particular consignment of meat product or co-product; or
 - (b) a particular quantity of meat product or co-product exported or to be exported by a specified person,— 35
- eligibility for entry into a quota market
- quota compliance audit** means a quota compliance audit carried out, or required to be carried out, under **section 38**

quota management system means a system that is established by the Board for the allocation of access to quota markets for New Zealand exporters and that provides for compliance with New Zealand's international treaty obligations in relation to quota market access

5

quota market has the meaning given in **subsection (2)**

registered exporter means an exporter registered under **Part 3**

Single Organisation Limited means the company that, as at the commencement of this Act, was registered under the Companies Act 1993 as Single Organisation Limited, and includes that company by whatever name it is subsequently known.

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- (2) A **quota market** exists when authorities responsible for that market have granted or undertaken to grant access to that market at zero or concessional tariff rates for a particular quantity of meat products or co-products of any kind imported from New Zealand during any period. The quota market is the market for that quantity of those meat products or co-products, and for no other quantity of meat products or co-products.

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- (3) For the purposes of the definition of **industry-good organisation**, the Minister may certify an organisation to be a successor organisation to the company described in that definition if he or she is satisfied that—

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- (a) that company has ceased to carry out substantially the functions for which it was set up; and
(b) the organisation is carrying out substantially the same functions as those for which the company was set up.

25

Compare: 1997 No 105 s 2

5 Act binds the Crown

This Act binds the Crown.

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Compare: 1997 No 105 s 3

Part 2 New Zealand Meat Board

6 New Zealand Meat Board

- (1) The New Zealand Meat Board established under section 4(1) of the Meat Board Act 1997 is continued in existence.
- (2) The Board is a body corporate with perpetual succession, and is the same legal entity as the former Board.

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- (3) The Board's assets belong ultimately to livestock farmers, but may for the time being be held and administered in accordance with the Board's objects.

Compare: 1997 No 105 s 4

- 7 Objects of Board** 5
- The objects of the Board are—
- (a) to facilitate the capture, for New Zealand and in the interests of the meat industry, of the best possible ongoing returns available from quota markets:
 - (b) to manage the Board's reserves and other assets in the interests of livestock farmers. 10

Compare: 1997 No 105 s 5

8 Functions of Board

- (1) The functions of the Board are:
- (a) to establish and operate quota management systems: 15
 - (b) to collect, process, and maintain information as required to support the Board's function under **paragraph (a)**:
 - (c) to manage, in the interests of livestock farmers, the Board's reserves and other assets, including— 20
 - (i) providing funding to assist in the meat industry's response to any major industry crisis; and
 - (ii) maintaining a prudent level of reserves to avoid jeopardising quota markets and the integrity of quota management systems; and 25
 - (iii) providing funding for industry-good activities:
 - (d) to account to livestock farmers on the Board's activities:
 - (e) to perform such other functions as are conferred on the Board by this Act or any other enactment. 30
- (2) The Board may perform any of the functions set out in **subsection (1)(a) to (c)**, or any element of any of those functions,—
- (a) alone; or
 - (b) in a partnership or joint venture with, or by arranging for its performance by, any other person (including a company in which the Board holds shares). 35
- (3) In deciding whether to act under **subsection (2)(b)**, the Board must take into account the need to avoid or manage any conflict of interest.

- (4) The Board may perform any of the Board's functions, or arrange for its performance, to the extent only that its performance is consistent with the Board's objects.
- (5) It is also a function of the Board to report regularly to the Minister on— 5
- (a) its achievement of its objects; and
 - (b) its performance of its functions; and
 - (c) any other matters the Board thinks fit or the Minister requests.
- Compare: 1997 No 105 s 6 10
- 9 Powers of Board**
- (1) Except as provided in this Act, the Board has—
- (a) the rights, powers, and privileges of a natural person; and
 - (b) the power to issue debentures; and 15
 - (c) the power to grant floating charges on the Board's undertaking or property, or any of it; and
 - (d) the power to do any other thing it is authorised to do by this Act, or by any other enactment or rule of law.
- (2) **Paragraphs (b) to (d) of subsection (1)** do not affect the generality of **paragraph (a)** of that subsection. 20
- (3) The Board must not exercise any of its rights, powers, or privileges, except for the purpose of—
- (a) achieving its objects; or
 - (b) performing its functions; or 25
 - (c) entering into any financial transaction or financial obligation intended to—
 - (i) avoid or lessen any present or possible future risk to the Board's current or future income or assets; or 30
 - (ii) lessen any liability of the Board; or
 - (iii) avoid or lessen any possible future liability of the Board; or
 - (iv) maximise the Board's current or future income, (whether net or gross). 35
- (4) Neither the Board nor any of its subsidiaries may—
- (a) trade in meat products or co-products; or
 - (b) hold any interest in any person that trades in meat products or co-products (other than an interest held in common with other members of the public in a fund or 40

entity whose primary function is fund management over a wide range of investments).

Compare: 1997 No 105 s 11

- 10 Power to distribute assets to livestock farmers**
- The Board may distribute any of its assets to livestock farmers if— 5
- (a) the distribution would not prejudice its obligations under **section 12**; and
 - (b) the Board has previously consulted livestock farmers on the amount, terms, and nature of the distribution. 10
- 11 International obligations**
- (1) The Minister of the Crown who under the authority of any warrant or with the authority of the Prime Minister, is in charge of international trade may give the Board a written notice, specifying— 15
 - (a) a particular international obligation of New Zealand relating to production, processing, or trade in meat products or co-products; and
 - (b) an element of the performance of the Board's functions or the exercise of the Board's powers to which, in the Minister's opinion, the obligation is relevant. 20
 - (2) Until the notice is revoked, the Board must ensure that its performance or exercise of the element is consistent with the obligation. 25
- Compare: 1997 No 105 s 12
- 12 Financial obligations and reserves policy**
- (1) The Board must maintain a prudent level of reserves to avoid jeopardising quota markets and the integrity of quota management systems.
 - (2) The Board must— 30
 - (a) at all times have a policy on the use of its reserves; and
 - (b) consult livestock farmers before setting or changing such a policy; and
 - (c) make the policy available to livestock farmers on request. 35

- (3) The Board may not allocate funds to the industry-good organisation or any other person to undertake specific industry-good projects unless it has first consulted livestock farmers.
- (4) **Subsection (3)** does not prevent the Board from allocating, without prior consultation, funds for the purpose of assisting the meat industry in responding to any major industry crisis. 5
- (5) **Subsection (2)(b)** does not require the Board to consult livestock farmers on its reserves policy at any time before the first annual general meeting of the Board following the commencement of this Act. 10

13 Management of Board

- (1) The affairs of the Board are to be managed by, or under the supervision or direction of, the board of directors.
- (2) Subject to **subsection (5)**, the board of directors comprises—
 - (a) 6 directors nominated by the industry-good organisation who are elected by livestock farmers as directors of the organisation; and 15
 - (b) 2 directors nominated by the industry-good organisation who—
 - (i) are directors of the organisation; and 20
 - (ii) became directors of the organisation on the recommendation of another entity that represents meat processors and exporters; and
 - (c) at the option of the industry-good organisation, 1 other director of the organisation nominated by the organisation; and 25
 - (d) 2 directors appointed by the Minister, after consultation with the Board (or the former Board, in the case of the first appointments after the commencement of this Act) and taking into account the need for the Board to have expertise in relation to the international meat trade, quota management, and international trade relations. 30
- (3) The industry-good organisation must notify the Minister in writing of its nomination of directors under **subsection (2)(a) to (c)**, and those directors are deemed to have been appointed as directors on the date of the notification. 35
- (4) In appointing directors under **subsection (2)(d)**, the Minister must have regard to the desirability of—
 - (a) the representation on the Board of women; and

- (b) the Board having on it persons qualified to represent the views of Maori livestock farming interests.
- (5) If the industry-good organisation ceases to exist, or if the Minister is satisfied, and certifies accordingly, that—
 - (a) the organisation is no longer owned by a trust the beneficiaries of which consist of all livestock farmers; or 5
 - (b) the majority of the organisation's directors are no longer elected by livestock farmers in proportion to their share of the industry; or
 - (c) the industry-good organisation has not been able to collect levies in relation to sheepmeat and beef under the Commodity Levies Act 1990 for more than a year,— 10
 then new directors of the Board must be appointed or elected in accordance with regulations made under this Act. 15
- (6) The regulations may specify—
 - (a) the procedures the Minister must follow before and consequent upon being satisfied of the matters specified in **subsection (5)(a), (b), or (c)**;
 - (b) the number and type of directors to be elected or appointed to the Board: 20
 - (c) the method of their election or appointment;
 - (d) the term for which they hold office;
 - (e) any appropriate transitional or other related matters or timeframes. 25

Compare: 1997 No 105 ss 13, 14

14 Application of Part II of Commerce Act 1986

- (1) Nothing in Part II of the Commerce Act 1986 applies in respect of any act, matter, or thing done—
 - (a) by the Board (or by any agent, director, employee, or officer of the Board) under **sections 23 to 37** of this Act; or 30
 - (b) by any person in compliance with any of those provisions.
- (2) In the determination for the purposes of section 43(1) of the Commerce Act 1986 of whether any act, matter, or thing of a kind not referred to in **subsection (1)** is or was specifically authorised by any enactment or Order in Council made under any Act, no regard may be had to **subsection (1)**. 35

15 Provisions applying to directors

The provisions in **Schedule 1** apply to directors.

16 Provisions applying to Board and board of directors

The provisions in **Schedule 2** apply to the Board and the board of directors.

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*Annual report and statements***17 Board to prepare financial statements**

(1) As soon as practicable after the last day of each financial year but before the following 1 March, the Board must prepare—

- (a) financial statements for the Board for that year; and
- (b) financial statements for the Board and every subsidiary (within the meaning of section 5 of the Companies Act 1993) of the Board for that year.

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(2) The financial statements must include information on expenditure of reserves.

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(3) The Financial Reporting Act 1993 applies to the Board and all the financial statements referred to in **subsection (1)** as if—

- (a) the Board's subsidiaries were companies within the meaning of that Act; and
- (b) the Board and the Board's subsidiaries were a group within the meaning of that Act; and
- (c) the Board were both a company and an issuer within the meaning of that Act (and a company within the meaning of the Companies Act 1993).

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Compare: 1997 No 105 s 50

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18 Audit of financial statements

(1) Subject to **subsection (2)**,—

- (a) the statements referred to in **section 17** must be audited by an auditor appointed or reappointed by the Board within 12 months before the end of the period to which the statements relate; but
- (b) the Board must not appoint or reappoint an auditor without the approval of livestock farmers obtained, within 12 months before the end of the period to which the statements relate, at an annual general meeting.

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(2) Where, at the end of the period to which any statements referred to in **section 17** relate, there is no person appointed

auditor under **subsection (1)**, the statements must be audited by an auditor appointed by the Minister.

- (3) For the purposes of the audit of any statement referred to in **section 17**, an auditor appointed under this section has, and may exercise and perform, all the functions, duties, and powers of an auditor under the Companies Act 1993. 5

- (4) Where the Board or the Minister appoints the Auditor-General to audit any statements, the Auditor-General may audit them.

Compare: 1997 No 105 s 51

19 Remuneration of auditor 10

The Board must pay the person who audits its financial statements—

- (a) the remuneration agreed between the Board and the person, if the Board appointed the person:
- (b) the remuneration agreed between the Minister and the person (after the Minister has consulted the Board), if the Minister appointed the person. 15

Compare: 1997 No 105 s 52

20 Annual report and statements to be presented to House of Representatives 20

- (1) As soon as is practicable after the statements referred to in **section 17** have been prepared in respect of any financial year and audited, the Board must prepare and give to the Minister—
- (a) a report of its operations and proceedings for the year, including— 25
 - (i) a report on the exercise of its statutory powers during the year; and
 - (ii) details of all particulars of indemnity and insurance recorded during the year under **clause 11(4) of Schedule 2**; and 30
 - (b) a copy of the statements and the report of its auditor on them; and
 - (c) a report of the matters required to be included in the annual report of a company by paragraphs (e), (f), and (g) of section 211(1) of the Companies Act 1993; and those paragraphs apply as if references to— 35
 - (i) an accounting period were references to that year; and

- (ii) a company were references to the Board; and
 - (iii) a director or former director were references to a director or former director of the Board; and
 - (d) the maximum annual aggregate remuneration and benefits approved for that year; and 5
 - (e) where a resolution under **section 59** applicable to the next financial year was approved at an annual general meeting in that year, the maximum annual aggregate remuneration and benefits approved by that resolution.
 - (2) As soon as is practicable after receiving copies of any such report or copy, the Minister must present a copy of it to the House of Representatives. 10
 - (3) The Board must, without charge, make copies of the reports and statements most recently given to the Minister under **subsection (1)** available to all livestock farmers who ask for them, and for that purpose must ensure that there are available at every annual general meeting copies for livestock farmers attending. 15
 - (4) The Board must also make those reports and statements available on its website or by other electronic means. 20
- Compare: 1997 No 105 s 53

Part 3

Quota markets and registration of exporters

- 21 Purpose of this Part**
- The purpose of this Part is— 25
- (a) to provide for compliance with New Zealand's international treaty obligations relating to quota markets by or through the Board on behalf of the Crown; and
 - (b) to provide for the administration of the allocation of access to such quota markets; and 30
 - (c) to ensure that the meat industry is the recipient of the economic benefits deriving from quota markets.
- 22 Crown owns right to secure economic benefits from quota markets**
- The Crown owns the rights to secure the economic benefits deriving from quota markets, and those benefits are assigned as provided in this Act. 35

23 Board to consider establishment of quota allocation mechanisms in certain circumstances

Where a quota market exists, the Board must establish and operate a mechanism for the allocation of access to that quota market if satisfied that the operation of an allocation mechanism would be consistent with the Board's objects.

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Compare: 1997 No 105 s 26

24 Requirements for allocation mechanisms

(1) The Board must not establish any particular allocation mechanism for any quota market unless it is consistent with the Board's objects.

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(2) An allocation mechanism—

(a) must provide for or allow trading in allocated access; and

(b) must provide for the allocation of access to persons who are existing participants in the meat export industry, but prospective participants in the market concerned; and

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(c) must provide for the proportionate adjustment of amounts of access already allocated or set aside under it where there has been an alteration of the total access at zero or concessional tariff rates to the market concerned.

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(3) An allocation mechanism must also specify—

(a) the products to which it applies:

(b) the quantity of products to which it applies:

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(c) the state or group of states where the relevant quota market exists:

(d) the tariff rate applying to the products concerned.

Compare: 1997 No 105 s 27

25 Limitations on contents of allocation mechanisms

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(1) An allocation mechanism must not contain any element that—

(a) excludes (or provides for the exclusion of) any person from the allocation of access to the market concerned on the ground that the person has not given a liability undertaking; or

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(b) imposes (or provides for the imposition of) any condition or limitation on the allocation of access to the market concerned to any person on the ground that the person has not given a liability undertaking; or

- (c) discriminates (or provides for discrimination) between persons who have given a liability undertaking and persons who have not.
- (2) An allocation mechanism must not contain any element having any of the effects specified in **subsection (3)**, or contain any power to make the allocation of access to the market concerned subject to the imposition of any condition or requirement, except to the extent (if any) that is necessary—
 - (a) to ensure that the mechanism is consistent with the Board's objects; or
 - (b) to avoid jeopardising the continuing acceptance by authorities responsible for a quota market of the allocation by authorities in New Zealand of access to that market on current terms.
- (3) The effects referred to in **subsection (2)** are—
 - (a) excluding persons from the allocation of access to the market concerned;
 - (b) imposing any condition or limitation on the allocation to any person of access to the market concerned;
 - (c) discriminating between persons.
- (4) An allocation mechanism must not require persons to give (or provide for persons to be required to give) information to the Board, except to the extent (if any) that is necessary to enable the mechanism to operate effectively.
- (5) In this section and **section 32**,—
 - allocation** includes consideration for allocation and eligibility for allocation
 - give**, in relation to a liability undertaking, includes—
 - (a) accept, agree to, concede, enter into, execute, grant, procure, promise, sign, surrender, and undertake; and
 - (b) undertake to give
 - liability undertaking** means an agreement not to claim, agreement not to sue, exclusion of liability, forbearance, guarantee, indemnity, limitation of liability, limitation on the right to claim, limitation on the right to sue, waiver, warranty, or other similar condition, covenant, restriction, or undertaking (whether given or to be given to or in respect of the Board or to or in respect of any other person or persons).

Compare: 1997 No 105 s 28

26 Consultation

The Board must not establish any particular allocation mechanism without consulting those meat industry organisations the Board thinks appropriate about its proposed establishment.

Compare: 1997 No 105 s 29

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27 Amendment of allocation mechanisms

(1) The Board may at any time amend an allocation mechanism.

- (2) **Sections 24 to 26** apply to the amendment of an allocation mechanism as if it were the establishment of a new allocation mechanism having the effect of the existing mechanism as proposed to be amended, unless the amendment clearly has—
- (a) no impact on the shares of quota allocated to any person; and
 - (b) no impact on whether or not a person receives any allocation in any subsequent year; and
 - (c) no significant financial impact on any person to whom quota has been allocated.

Compare: 1997 No 105 s 30

28 Exports must be in accordance with allocation mechanism

Where the Board has an allocation mechanism in operation in relation to a quota market, no person may export any meat product or co-product (as appropriate) to that quota market, directly or indirectly, unless—

- (a) the person is authorised to do so under the allocation mechanism and has a valid quota certificate for the relevant meat product or co-product issued by the Board under **section 33**; and
- (b) the export is in accordance with that allocation mechanism and that certificate.

29 Review of allocation mechanisms

- (1) The Board may at any time review any allocation mechanism.
- (2) The Board must review each unrevoked allocation mechanism at intervals not greater than 5 years. The first review of each allocation mechanism after the commencement of this Act must occur within 5 years of that commencement.

- (3) At the Minister's request, the Board must provide to the Minister a report on a review of any allocation mechanism.
- (4) **Sections 23 to 26** apply to the review of an allocation mechanism as if it were the establishment of a new allocation mechanism that is identical; but,—
 - (a) if (by virtue of **section 23**) the Board would not be able to establish any new mechanism, it must as soon as practicable revoke the mechanism reviewed; and
 - (b) if (by virtue of **section 24 or section 25**) the Board would be required to establish an allocation mechanism different from the mechanism reviewed, it must, as soon as practicable, replace the mechanism reviewed with a different mechanism.

Compare: 1997 No 105 s 31

30 Revocation of allocation mechanisms 15

- (1) If satisfied that a quota market has ceased to exist, the Board must, as soon as practicable, revoke every allocation mechanism relating to that market.
- (2) The revocation of an allocation mechanism (whether under **section 29(4)** or under **subsection (1)**)—
 - (a) does not limit or affect—
 - (i) the ability of the Board to put into effect any element of it providing for the adjustment of amounts of access already allocated or set aside under it; or
 - (ii) the ability of the Board to take action under **section 34** in respect of it; and
 - (b) subject to **paragraph (a)(i)**, does not revoke or otherwise affect any allocation already made or set aside under it; and
 - (c) does not affect the enforcement of any breach of the allocation mechanism occurring before its revocation.

Compare: 1997 No 105 s 32

31 Notifications

- (1) As soon as may be after establishing or amending an allocation mechanism, the Board must—
 - (a) publish in the *Gazette* a notice that it has done so; and

- (b) give a written description of the mechanism (in the case of an amendment to a mechanism, indicating the amendment) to—
 - (i) all meat industry organisations the Board thinks appropriate; and 5
 - (ii) every other person the Board thinks likely to be directly affected by the mechanism or amendment.
- (2) Every notice must specify the market and meat products or co-products to which the mechanism concerned relates, and indicate that copies of a description of the mechanism are available from the Board. 10
- (3) As soon as may be after revoking an allocation mechanism, the Board must—
 - (a) publish in the *Gazette* a notice that it has done so; and 15
 - (b) give written notice that it has done so to—
 - (i) all meat industry organisations the Board thinks appropriate; and
 - (ii) every other person the Board thinks likely to be directly affected by the revocation. 20
- (4) As soon as may be after any access is allocated under an allocation mechanism, the Board must publish in the *Gazette* and give to every person the Board thinks likely to be directly affected by the allocation, in writing, notice that it has done so, specifying the mechanism and, in respect of each allocation, its amount and the name of the person to whom it was made. 25

Compare: 1997 No 105 s 33

32 Decisions

- (1) Subject to **subsection (2)**, a decision maker exercising a power of decision relating to which of several persons should be allocated access, how much access (if any) each of several persons should be allocated, or both, must take into account their existing investment (if any) and committed future investment (if any) in the distribution, marketing, packaging, or processing of meat products or co-products for export. 30 35
- (2) Subject to **subsection (3)**, a decision maker must exercise a power of decision consistently with the Board's objects.

- (3) In exercising a power of decision, a decision maker must not—
- (a) exclude any person from the allocation of access to the market concerned on the ground that the person has not given a liability undertaking; or 5
 - (b) impose any condition or limitation on the allocation of access to the market concerned to any person on the ground that the person has not given a liability undertaking; or
 - (c) discriminate between persons who have given a liability undertaking and persons who have not. 10
- (4) If—
- (a) to have regard to any matter in exercising a power of decision; or
 - (b) to allocate access subject to the imposition of any condition or requirement; or 15
 - (c) to recommend that access should be allocated subject to the imposition of any condition or requirement,—
- would have any of the effects specified in **subsection (5)**, the decision maker concerned must not do so, except to the extent (if any) that is necessary to do any of the things specified in **subsection (6)**. 20
- (5) The effects referred to in **subsection (4)** are—
- (a) excluding persons from the allocation of access to the market concerned: 25
 - (b) imposing any condition or limitation on the allocation to any person of access to the market concerned:
 - (c) discriminating between persons.
- (6) The things referred to in **subsection (4)** are to—
- (a) ensure that the allocation mechanism concerned is consistent with the Board's objects; or 30
 - (b) avoid jeopardising the continuing acceptance by authorities responsible for the quota market concerned of the allocation by authorities in New Zealand of access to that market on the current terms. 35
- (7) In exercising a power of decision, a decision maker must not require persons to give information to the Board (or to any other person), except to the extent (if any) that is necessary to enable the allocation mechanism concerned to operate effectively. 40

Compare: 1997 No 105 s 34

33 Issue of quota certificates by Board

- (1) The Board may issue quota certificates to persons who have been allocated quota under an allocation mechanism.
- (2) The Board may issue quota certificates only to persons who are registered as exporters under both—
 - (a) this Part of this Act; and
 - (b) Part 5 of the Animal Products Act 1999 (unless the person is specifically exempted from the requirement to register under that Part 5).

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34 Board may take action in certain circumstances

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- (1) The Board may take all or any of the actions specified in **subsection (2)**, if—

- (a) it is satisfied that any person has taken an action that has had, is likely to have had, or is likely to have, the effect of jeopardising the continuing acceptance by authorities responsible for a quota market of the allocation by authorities in New Zealand of access to that market on the current terms; or
- (b) it is satisfied that any person has taken action intended to enable the person or any other person to obtain in any period access to any quota market—
 - (i) for which no allocation has been made to the person under the mechanism; or
 - (ii) in excess of an allocation made to the person under the mechanism; or
- (c) it has strong grounds to believe that a person is intending to take action that would have any of the effects described in **paragraph (a) or paragraph (b)**.

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- (2) The actions are,—

- (a) by written notice to the person concerned, to suspend, until a day (not later than 1 year after the date of the notice) specified in the notice, the person's ability to export meat products or co-products, or meat products or co-products of a specified kind, to the market to which the allocation mechanism concerned relates;
- (b) notwithstanding the elements of that allocation mechanism,—
 - (i) by written notice to the person, to refuse, for a period (of no more than 12 months) from the date of the notice specified in the notice, to issue quota

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- certificates to that person under that mechanism;
or
- (ii) to cancel any quota certificates issued to that person under that mechanism; or
 - (iii) both. 5
- (3) The Board must not act under **subsection (2)** unless—
- (a) it has first consulted the person concerned, and told the person the reasons for its—
 - (i) being satisfied that the person has taken or is intending to take, an action of a kind specified in **subsection (1)**; and 10
 - (ii) intending to act; or
 - (b) it is satisfied that there are good reasons for acting without consultation.
- (4) If the Board has taken action under **subsection (2)** without first consulting the person concerned and telling the person the reasons referred to in **subsection (3)(a)**, it must, as soon as it practicably can after acting, give the person written notice of— 15
- (a) those reasons; and 20
 - (b) its reasons for acting without consultation; and
 - (c) in the case only of the cancellation of quota certificates, the certificates cancelled.
- (5) In a case where **subsection (1)(c)** applies, any action taken by the Board under **subsection (2)** must be limited to such actions as are reasonably practicable to prevent the actions that the Board believes the person in question is intending to take. 25
- (6) Nothing in **section 25** limits or affects this section.
- Compare: 1997 No 105 s 36
- 35 No liability for changes in access arrangements** 30
- (1) Neither the Crown nor the Board is liable to pay damages to any person for, or for any consequence of,—
- (a) any reduction (including a reduction to zero) in the quantity of access to any quota market allocated to any person arising out of a reduction in the total quantity of access to that quota market; or 35
 - (b) any action leading to, involved in, or arising out of—
 - (i) the imposition by authorities responsible for a quota market of any arrangements limiting access to that market (whether new arrangements, or 40

- arrangements substituted for existing arrangements); or
- (ii) the amendment by authorities responsible for a quota market of any such arrangements.
- (2) Neither the Crown nor the Board is liable to any person for, or for any consequence of, any action, inaction, matter, or thing, by reason only that it is not referred to in **subsection (1)**. 5
- Compare: 1997 No 105 s 37
- 36 Fees in relation to quota management systems**
- (1) For the purpose of recovering the costs to the Board of carrying out its functions in relation to quota markets, the Board may set fees, payable by meat exporters who are allocated quota, that— 10
- (a) are fair and reasonable; and
- (b) provide the Board with adequate funding to carry out its quota management function for the relevant quota management system, including general administration costs. 15
- (2) The Board must publish any fees set under this section, and any changes to the fees, by notice in the *Gazette*. 20
- (3) The Board must take all reasonable steps to consult with meat exporters on the initial level of the fees, and on any increase in the fees.
- (4) The Board may, by written notice to the person concerned, refuse to issue a quota certificate to any person who has not paid any relevant fee within 30 days of the due date for its payment. 25
- (5) A notice under **subsection (2)**—
- (a) is to be treated as a regulation for the purposes of the Regulations (Disallowance) Act 1989; but 30
- (b) is not a regulation for the purposes of the Acts and Regulations Publication Act 1989.
- 37 Transitional provision for existing allocation mechanisms**
- Unless it is sooner revoked, a mechanism that immediately before the commencement of this Act the former Board had in place in relation to a quota market has effect as if it were an allocation mechanism properly established by the Board 35

under this Act (and notified under **section 31** on that commencement); and—

- (a) any action that could have been taken by the former Board under the Meat Board Act 1997 in relation to an event that took place before the commencement of this Act may be taken by the Board under that Act as if it had not been repealed; and 5
- (b) any transfers of quota, allocations, amendments to allocations and reallocation of quota, and any other similar things done under or in relation to such a mechanism, continue as if done under this Act. 10

Quota compliance audits

38 Quota compliance audits

- (1) From time to time the Minister must cause to be conducted a compliance audit of the quota management systems established and operated by the Board. 15
- (2) A compliance audit must assess the effectiveness of the Board's quota management systems in achieving compliance with the Crown's international treaty obligations relating to quota markets, and any obligations deriving from those treaty obligations, including the performance of the Board in relation to— 20
 - (a) its functions and powers under **section 34** (Board may take action in certain circumstances); and
 - (b) its enforcement of **section 28** (exports must be in accordance with allocation mechanism). 25
- (3) The person conducting the audit must conduct it on the basis of the Board's performance at the time the audit takes place, and also have regard to the Board's performance since the time of its last audit. 30

39 Timing of audits

- (1) The Minister may require a quota compliance audit to be conducted at any time.
- (2) Quota compliance audits must be conducted at intervals not greater than 3 years, unless the Minister otherwise determines. 35
- (3) If the Minister determines not to proceed with an audit at any time, an audit must nevertheless be conducted not more than 3

years after the date of that determination, unless the Minister otherwise determines.

- (4) In considering the need for an audit, the Minister—
 - (a) must consider the cost of an audit to the Board; and
 - (b) may have regard to any other factors the Minister considers relevant; and
 - (c) must consult with the Board in the case of audits required by **subsection (2)**, and in any other case may consider the views of the Board; and
 - (d) may consider the views of any other persons the Minister thinks appropriate.
- (5) The first audit of the Board following the commencement of this Act must be conducted not later than 1 year after that commencement.

40 Terms of reference 15

- (1) The Minister determines the terms of reference for a quota compliance audit.
- (2) In determining the terms of reference—
 - (a) the Minister must consult with the Board in the case of audits required by **section 39(2) or (5)**; and
 - (b) in any other case, the Minister may consider the views of the Board; and
 - (c) the Minister may in any case consider the views of any other persons the Minister considers appropriate.

41 Appointment of person to conduct audit 25

- (1) The Minister appoints the person to conduct the quota compliance audit, after consultation with the Board in the case of audits required by **section 39(2) or (5)**.
- (2) The person must be the chief executive of the Ministry or a person recognised for the purpose by the chief executive of the Ministry.

42 Powers of auditor

- (1) The person appointed to conduct a quota compliance audit (the **auditor**) may, for the purposes of the audit,—
 - (a) examine the Board's systems and records;
 - (b) examine the systems, processes, and records of any meat processor or exporter.

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- (2) For the purposes of an audit, the auditor may at any reasonable time (within or outside business hours)—
- (a) enter any place where—
 - (i) any meat products or co-products are held or are likely to be held; or 5
 - (ii) any documents relating to any meat products or co-products are held or are likely to be held:
 - (b) at that place examine production facilities, packing facilities, and processing lines:
 - (c) inspect or take samples of any meat product or co-product, or any other input, substance, or thing which has been, is, or may be in contact with or in the vicinity of any meat product or co-product, and test or analyse or arrange for the testing or analysis of such samples: 10
 - (d) examine, inquire about, and copy any documents or other records (including records held in electronic or other form), whether held by the Board or by or on behalf of any meat processor or exporter, relating to obligations and duties under this Act, and for this purpose may— 15
 - (i) remove documents or records to another place for the purpose of copying them, for so long as is reasonably necessary to allow for their copying; and 20
 - (ii) require a person who has control of or knowledge of the documents or records to reproduce or assist in reproducing in usable form information recorded or stored in a computer or other device or system. 25
- (3) **Subsection (2)(d)(ii)** does not override the privilege against self-incrimination. 30
- (4) An auditor must not under **subsection (2)** enter any place that is not a place of business without a warrant issued under **subsection (5)**.
- (5) A District Court Judge or a Court Registrar (not being a member of the police), who on an application in writing made on oath is satisfied that, as a consequence of the inspection under **subsection (2)** of a place of business, there are reasonable grounds to believe that there is or is likely to be in some other place that is not a place of business— 35
- (a) any meat product or co-product; or 40

- (b) any document relating to any meat product or co-product,—
may issue a warrant in **form 1** in **Schedule 3** authorising the person named in the warrant to enter and inspect the other place. 5
- (6) A warrant must be directed to the auditor by name, or to a member of the police by name or to every member of the police, but, in any of these cases, the warrant may be executed by any member of the police.
- (7) The warrant may be issued unconditionally or subject to conditions. 10
- (8) An auditor or member of the police entering any place under this section—
- (a) must identify himself or herself to the occupier; and
 - (b) if asked by an occupier to do so, must produce evidence of identity; and 15
 - (c) if entering under a warrant issued under **subsection (5)**, must comply with **section 63**; and
 - (d) in any case, must comply with **section 64**.
- 43 Conduct of audit** 20
- The quota compliance audit must be conducted in accordance with the terms of reference determined by the Minister under **section 40**.
- 44 Report of auditor**
- (1) The person who conducts a quota compliance audit must— 25
- (a) prepare a written report on the conclusions reached and recommendations formulated as a result of conducting the audit; and
 - (b) give a copy of that report to the Minister, the chief executive of the Ministry, the chairman and the chief executive officer of the Board, and the person (if any) to whom the chief executive officer of the Board has delegated responsibility for quota management. 30
- (2) The Minister may give directions as to any further distribution of the report or any part of the report, and as to its availability for viewing. 35

45 Confidentiality of report

- (1) Subject to any direction by the Minister under **section 44(2)**, the report on the quota compliance audit, including any draft reports and related working papers—
- (a) is not publicly available; and 5
 - (b) remains confidential to the recipients.
- (2) Despite **subsection (1)**, any recommendations in the report may be made available to members of the Board and to any employees of the Board who may be required to give effect to the recommendations. 10
- (3) Nothing in the Official Information Act 1982 applies to require or allow disclosure of a report on a quota compliance audit, or on any draft reports or related working papers, under this Act.

46 Obligations to implement recommendations of report 15

- (1) The Board and the chief executive of the Ministry must attempt to agree upon a plan to give effect to those recommendations of a report on a quota compliance audit that the chief executive considers require implementation in such a manner. 20
- (2) If agreement cannot be reached on an implementation plan within 30 working days after the report is given to the chief executive officer of the Board under **section 44(1)**,—
- (a) the Minister may provide the Board with an implementation plan; and 25
 - (b) the Board must implement that plan within a reasonable period of time.
- (3) If the Board fails, to the satisfaction of the Minister, to implement within a reasonable time a plan agreed or provided under **subsection (1) or subsection (2)**, the Minister may— 30
- (a) remove any 1 or more directors from the Board; and
 - (b) by written notice to the Board, remove or suspend the authority of the Board to issue quota certificates in relation to 1 or more quota markets.
- (4) The Crown is not liable for any loss resulting from a removal or suspension under **subsection (3)(b)** of the Board's authority to issue quota certificates. 35

47 Board to pay for quota compliance audits

The Board must pay the person who conducts a quota compliance audit the remuneration agreed between the Minister (after consultation with the Board) and the person.

Registration of exporters

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48 Meat exporters to be registered

Except as provided in **sections 49 to 51**, a person must not export a meat product at any time when the person is not registered as an exporter under this Act.

Compare: 1997 No 105 s 18

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49 Exemptions for cooked and processed products

Section 48 does not prevent a person who is not registered as an exporter from exporting a cooked or processed meat product of any kind to a market at any time if, before that time, the Board (or the former Board)—

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- (a) has by notice in the *Gazette* authorised the export of product of that kind to that market by persons not registered as exporters; and
- (b) has not by notice in the *Gazette* revoked the notice.

Compare: 1997 No 105 s 19

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50 Exemptions for limited consignments

Section 48 does not prevent a person who is not registered as an exporter from exporting a consignment of meat product of any kind to a market at any time if—

- (a) before that time, the Board (or the former Board)— 25
 - (i) has by notice in the *Gazette* authorised the export by persons not registered as exporters to that market of consignments of product of that kind no larger than a size specified in the notice; and
 - (ii) has not by notice in the *Gazette* revoked the notice; and 30
- (b) the consignment is no larger than the size specified.

Compare: 1997 No 105 s 20

51 Exemptions for trial and sample shipments

- (1) For the purpose of enabling trial or sample shipments of meat products, the Board may give any person written exemption from **section 48**, specifying—
- (a) a market or markets to which meat products may be exported; and 5
 - (b) the kind or kinds of meat product that may be exported to the market (or each of the markets); and
 - (c) in relation to each market specified, the maximum quantity of each kind of meat product specified that may be exported; and 10
 - (d) the day on which the exemption expires.
- (2) **Section 48** does not prevent a person who is not registered as an exporter from exporting meat products in accordance with an unexpired exemption given to that person by the Board under **subsection (1)** (or by the former Board under section 21(1) of the Meat Board Act 1997). 15

Compare: 1997 No 105 s 21

52 Applications and registration

- (1) Any person may apply in writing to the Board for registration as an exporter, or for renewal of registration as an exporter that has not expired. 20
- (2) The Board must register an applicant as an exporter, or renew the applicant's registration, if the application—
- (a) provides the applicant's name and address (including telephone number and any fax number or electronic mail address); and 25
 - (b) is accompanied by the appropriate fee (if any), fixed by the Board under **section 55**.

Compare: 1997 No 105 s 22

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53 Registration to be for 3 years

- (1) Unless earlier renewed, registration of a person under **section 52** expires at the close of 30 September in the year 3 years after the year in which it was issued.
- (2) Unless earlier further renewed, a renewed registration expires at the close of 30 September in the year 3 years after the year in which it was last renewed. 35

Compare: 1997 No 105 s 23

54 Registration may be revoked on request

The Board must revoke a person's registration as an exporter if the person so requests.

Compare: 1997 No 105 s 24

55 Fees

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- (1) For the purpose of recovering the costs to the Board of administering the registration of exporters, the Board may set fees, payable by meat exporters who are registered or persons seeking registration as exporters, that—
 - (a) are fair and reasonable; and 10
 - (b) provide the Board with adequate funding to carry out its registration function.
- (2) The Board must publish any fees set under this section, and any charges to the fees, by notice in the *Gazette*.
- (3) The Board must take all reasonable steps to consult with meat exporters on the initial level of the fees if they are proposed to be higher than those charged under the Meat Board Regulations 1998, and on any increase in the fees. 15
- (4) A notice under **subsection (2)**—
 - (a) is to be treated as a regulation for the purposes of the Regulations (Disallowance) Act 1989; but 20
 - (b) is not a regulation for the purposes of the Acts and Regulations Publication Act 1989.

56 Transitional provision for existing export licences

Subject to **section 54**, any person who, immediately before the commencement of this Act, held an export licence issued under section 22 of the Meat Board Act 1997 is deemed to be registered as an exporter under **section 52** until the date on which that export licence would have expired under section 23 of the Meat Board Act 1997. 25 30

Compare: 1997 No 105 s 25

*Matters not affected***57 Matters not affected**

- (1) Nothing in this Part prevents the Crown from engaging in international trade negotiations for the purpose of establishing, amending, or terminating quota markets. 35

- (2) Nothing in this Part derogates from any requirement of Part 5 of the Animal Products Act 1999, or any related requirement of or under that Act.

Part 4

Miscellaneous provisions

5

Meetings of livestock farmers

58 Meetings of farmers

- (1) In every financial year, the Board must,—
- (a) not later than 31 December in that financial year, fix the day (being a day not earlier than 3 months after the day on which it was fixed and not later than 31 March in that financial year) for a meeting of livestock farmers; and 10
 - (b) on the day fixed, hold such a meeting.
- (2) The Board—
- (a) may at any time, in accordance with regulations made under this Act (if any); and 15
 - (b) where any such regulations require it to do so, must,— call and hold a special meeting of livestock farmers.
- (3) Except as provided in this Act and in regulations made under it, the procedure for a meeting held under this section is to be determined by the Board. 20

Compare: 1997 No 105 s 43

59 Matters for consideration at annual general meeting

- (1) The Board must ensure that at every annual general meeting each of the following matters are considered: 25
- (a) whether to approve the Board's recommendation in respect of the appointment or reappointment of an auditor to audit the Board's financial statements for the current financial year: 25
 - (b) discussion of the Board's annual financial statement and report: 30
 - (c) consultation on use of the Board's funds for any industry-good project:
 - (d) where and when the next annual general meeting should be held: 35
 - (e) such other matters as may be prescribed by regulations made under this Act.

- (2) The Board may put before any annual general meeting a resolution to approve maximum annual aggregate remuneration and benefits to be paid to directors (for services as a director) during the next financial year.
- (3) Notwithstanding **subsection (2)**, the Board may put before any annual general meeting a resolution to approve maximum annual aggregate remuneration and benefits (being greater than the maximum annual aggregate last approved under that subsection) to be paid to directors (for services as a director) during the current financial year.
- Compare: 1997 No 105 s 44

Enforcement

60 Authorised persons

- (1) The Board may appoint or authorise suitably qualified and trained persons to exercise the powers conferred by **section 61**.
- (2) The chief executive of the Ministry may, by notice in writing, give directions to the Board, or to any authorised person, as to the exercise by authorised persons of their powers under this Act, and the Board and any authorised person must take all reasonable steps to ensure those directions are complied with.

61 Powers of inspection

- (1) An authorised person may exercise all or any of the powers specified in **subsection (2)** at any reasonable time (within or outside business hours) for the purpose of—
- (a) ascertaining whether a person has taken or is intending to take an action of a kind described in **section 34(1)(a) or (b)**; or
- (b) obtaining evidence that a person has taken or is intending to take such an action.
- (2) The powers referred to in **subsection (1)** are the power to—
- (a) enter any place where—
- (i) any meat products or co-products are held or are likely to be held; or
- (ii) any documents relating to any meat products or co-products are held or are likely to be held;
- (b) inspect any meat product or co-product there;
- (c) inspect any document there relating to any meat product or co-product:

- (d) take or make copies of, or extracts from, any document inspected under this subsection.
- (3) An authorised person must not under **subsection (2)** enter any place that is not a place of business without a warrant obtained under **section 62**. 5
- (4) For the purpose of the power conferred by **subsection (2)(d)**, the person exercising the power may—
 - (a) take possession of and remove any document from the place where it is held, for so long as is reasonably necessary to allow for it to be copied: 10
 - (b) require any person to reproduce in usable form, or help reproduce in usable form, any information recorded or stored on a document electronically or by any other means.
- (5) **Subsection (4)(b)** does not override the privilege against self-incrimination. 15

Compare: 1997 No 105 s 71

62 Warrant to inspect place other than place of business

- (1) A District Court Judge or a Court Registrar (not being a member of the Police) who, on an application in writing made on oath, is satisfied that there are reasonable grounds to believe that— 20
 - (a) a person has taken or is intending to take an action of a kind described in **section 34(1)(a) or (b)**; and
 - (b) there is or is likely to be in some place that is not a place of business any meat product or co-product, or any document relating to any meat product or co-product,— 25
 may issue a warrant in **form 2 in Schedule 3** authorising the person named in the warrant to enter and inspect the place.
- (2) A District Court Judge or a Court Registrar (not being a member of the Police) who, on an application in writing made on oath, is satisfied that, as a consequence of the inspection under **section 61** of a place of business, there are reasonable grounds to believe that there is or is likely to be in some other place that is not a place of business any meat product or co-product, or any document relating to any meat product or co-product, may issue a warrant in **form 3 in Schedule 3** authorising the person named in the warrant to enter and inspect the other place. 30 35

- (3) A warrant issued under **subsection (1) or subsection (2)** may be issued unconditionally or subject to conditions.
- (4) A warrant under this section must be directed to the authorised person by name, or to a member of the police by name or to every member of the police, but, in any of these cases, the warrant may be executed by any member of the police. 5

Compare: 1997 No 105 s 72

63 Duties of persons executing warrants

A person executing a warrant issued under **section 62**, or under **section 42**, in respect of any place— 10

- (a) must produce the warrant on initial entry and, if asked by an occupier, at any time afterwards; and
- (b) if an occupier is present on initial entry, must identify himself or herself to that occupier; and
- (c) if asked by an occupier to do so, must produce evidence of identity. 15

Compare: 1997 No 105 s 73

64 Other duties of persons carrying out inspections

- (1) A person who carries out an inspection under **section 61**, or under **section 42**, when no occupier of the place inspected was present must, on completing the inspection, leave prominently in the place a notice stating— 20
 - (a) the day and time when the inspection was carried out; and
 - (b) the person's name. 25
- (2) If the person who carries out the inspection takes a document, article, or thing from the place inspected, the person must, on completing the inspection, leave prominently in the place a schedule of documents, articles, and things taken.
- (3) If it is not practicable to prepare the schedule on completing the inspection, or if an occupier of the place inspected consents, the person who carries out the inspection may,— 30
 - (a) instead of leaving the schedule, leave a notice that—
 - (i) a document, article, or thing has been taken; and
 - (ii) within 7 days of the inspection the schedule will be delivered to, left for, or posted to an occupier; and 35
 - (b) within 7 days of the inspection,—
 - (i) deliver the schedule to an occupier; or

- (ii) leave the schedule prominently in the place; or
 - (iii) post the schedule by registered mail to an occupier.
- (4) The schedule must specify—
 - (a) the documents, articles, and things taken; and 5
 - (b) the place or places where they are being held; or
 - (c) if more than 1 place is specified, the documents, articles, and things held in each.

Compare: 1997 No 105 s 74

- 65 Requirement for certain persons to provide certain information to Board 10**
- (1) An exporter of meat product or co-product must provide to the Board (within a reasonable time specified in the notice requesting it) all information that the Board, by notice in writing, requests from the exporter in respect of any or all of the following matters: 15
 - (a) the quantities and kind of meat product and co-product exported:
 - (b) the estimated value of the meat product and co-product exported: 20
 - (c) the port of discharge, and destination, of the meat product and co-product exported.
 - (2) The licensee of licensed premises where livestock are slaughtered and processed must provide to the Board (within a reasonable time specified in the notice requesting it) all information that the Board, by notice in writing, requests from the licensee in respect of any or all of the following matters: 25
 - (a) the numbers and kind of livestock slaughtered:
 - (b) the quantities of meat product and co-product processed, produced, held, or stored. 30
 - (3) A single notice may request information to be supplied regularly, at specified intervals or in respect of specified periods.
 - (4) A notice may request information—
 - (a) in relation to meat products or co-products generally; or
 - (b) in relation to livestock, meat products, or co-products of kinds specified in the request. 35
 - (5) Instead of requesting any information under **subsection (1)**, the Board may request it from the person holding office under the State Sector Act 1988 as the chief executive of the department

- of State referred to in section 5 of the Customs and Excise Act 1996; and in that case (notwithstanding any enactment to the contrary) the chief executive may cause to be supplied to the Board such of that information as is available to the chief executive. 5
- (6) The Board may require information under this section, and use the information obtained, only for the purpose of carrying out its function described in **section 8(1)(a)**.
- (7) The Board—
- (a) must not publish or disclose to any person any information obtained under this section that enables the identity of the person to whom it relates to be identified, except— 10
- (i) for the purposes of the performance or exercise of any of the Board's functions or powers under this Act; or 15
- (ii) for the purposes of an action brought under or in relation to this Act; or
- (iii) while giving evidence in any legal proceeding taken under or in relation to this Act; or 20
- (iv) with the consent of every identifiable person to whom it relates; and
- (b) must not use any information obtained under this section in any way for gain or reward.
- (8) A person to whom any information obtained under this section is published or disclosed (whether or not in accordance with **subsection (7)** or this subsection)— 25
- (a) must not publish or disclose to any person any information obtained under this section that enables the identity of the person to whom it relates to be identified, except— 30
- (i) for the purposes of the performance or exercise of any of the Board's functions or powers under this Act; or
- (ii) for the purposes of an action brought under or in relation to this Act; or 35
- (iii) while giving evidence in any legal proceeding taken under or in relation to this Act; or
- (iv) with the consent of every identifiable person to whom it relates; and 40

- (b) must not use any information obtained under this section in any way for gain or reward.

Compare: 1997 No 105 s 75

Offences, penalties, and proceedings

- 66 Export-related offences** 5
- (1) Every person commits an offence, and is liable on summary conviction to a fine not exceeding \$200,000, who—
- (a) exports any meat product or co-product contrary to **section 28**; or
- (b) while the person's ability to export meat products or co-products of any kind to a market is suspended under **section 34(2)(a)**, exports or attempts to export meat products or co-products of that kind to that market. 10
- (2) Every person commits an offence, and is liable on summary conviction to a fine not exceeding \$15,000, who, without reasonable excuse exports any meat product at any time when the person is not registered as an exporter under this Act. 15
- 67 Information-related offences**
- (1) Every person commits an offence who—
- (a) without reasonable excuse, fails or refuses to comply with a request for information under **section 65(1) or section 65(2)**; or 20
- (b) in response to a request under **section 65(1) or section 65(2)**, wilfully gives the Board false or misleading information. 25
- (2) Every person commits an offence, and is liable on summary conviction to a fine not exceeding \$20,000, who without reasonable excuse publishes, discloses, or uses information in contravention of **section 65(7) or section 65(8) or section 78(3)**.
- (3) A person who commits an offence against **subsection (1)** is liable on summary conviction to— 30
- (a) a fine not exceeding \$15,000; and
- (b) a further fine not exceeding \$750 for each day during which the offence continues.
- 68 Obstruction** 35
- (1) Every person commits an offence who—

- (a) wilfully prevents, obstructs, or hinders a person exercising or attempting to exercise any of the powers conferred by **section 61**; or
 - (b) without reasonable excuse, fails or refuses to make available to a person exercising any of the powers conferred by **section 61**—
 - (i) any document relating to any meat product or co-product; or
 - (ii) any meat product or co-product.
- (2) Every person commits an offence who—
 - (a) wilfully prevents, obstructs, or hinders a person conducting a quota compliance audit in the performance of that person's audit function; or
 - (b) fails without reasonable excuse to comply with any reasonable request or requirement of that person.
- (3) A person who commits an offence against this section is liable on summary conviction to—
 - (a) a fine not exceeding \$20,000; and
 - (b) a further fine not exceeding \$1,000 for each day during which the offence continues.

69 Customs and Excise Act 1996 to apply to prohibited exports

- (1) All the provisions of the Customs and Excise Act 1996, and any regulations made under that Act, that apply to prohibited exports apply to the export of any meat or co-product in contravention of this Act in all respects as if the export of such meat or co-products were prohibited under Part V of the Customs and Excise Act 1996.
- (2) The penalty for an offence against section 209(1)(b) of the Customs and Excise Act 1996 is a fine not exceeding \$200,000 if the offence is in respect of the export of any meat or co-product in contravention of **section 66(1)** of this Act.

Compare: 2001 No 51 s 30

70 Strict liability

- (1) In any proceedings for an offence under **section 66(1)**, it is not necessary for the prosecution to prove that the defendant intended to commit the offence.

- (2) This section does not limit section 239(4) of the Customs and Excise Act 1996 if proceedings are taken for an offence under that Act.

Compare: 2001 No 51 s 32

71 Defence available

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- (1) It is a defence in any proceedings for an offence under **section 66(1)** if the defendant proves that—

- (a) the contravention was due to an event or cause beyond the control of the defendant, including natural disaster, mechanical failure, or sabotage; and
- (b) the defendant took reasonable precautions and exercised due diligence to avoid the contravention.

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- (2) A defendant is not, without leave of the Court, entitled as part of a defence provided by this section to rely on any of the matters specified in **subsection (1)(a)** unless the defendant has, not later than 7 working days before the date on which the hearing of the proceedings commences, served on the informant a notice in writing identifying the event or cause relied on by the defendant.

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Compare: 2001 No 51 s 33

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72 Liability of companies and persons for actions of agents or employees

- (1) Any act or omission on behalf of a person other than a body corporate by—

- (a) an agent or employee of that person; or
- (b) any person at the direction or with the consent or agreement, whether express or implied, of any person referred to in **paragraph (a)**,—

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is treated, for the purpose of proceedings for an offence against this Act, also as the act or omission of the first-mentioned person.

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- (2) Any act or omission on behalf of a body corporate by—

- (a) a director, agent, or employee of that body corporate; or
- (b) any other person at the direction or with the consent or agreement, whether express or implied, of any person referred to in **paragraph (a)**—

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is treated, for the purpose of proceedings for an offence against this Act, also as the act or omission of the body corporate.

- (3) However, if proceedings are brought under **section 66(1)** in respect of an act or omission under **subsection (1)** or **subsection (2)** of this section, it is a good defence if the defendant proves,—
- (a) in the case of a natural person (including a partner in a firm), that—
 - (i) he or she did not know nor could reasonably be expected to have known, that the offence was to be or was being committed; or
 - (ii) he or she took all reasonable steps to prevent the commission of the offence; and
 - (b) in the case of a body corporate, that—
 - (i) neither the directors nor any person involved in the management of the body corporate knew or could reasonably be expected to have known that the offence was to be or was being committed; or
 - (ii) the body corporate took all reasonable steps to prevent the commission of the offence; and
 - (c) in all cases, that the defendant took all reasonable steps to remedy any effects of the act or omission giving rise to the offence.
- (4) For the purposes of this section,—
- (a) a person may act as an agent of another person or body corporate whether or not the first-mentioned person is employed by the other person or body corporate and whether or not he or she is acting for reward;
 - (b) any agent or employee of a person acting as an agent is treated as also acting as an agent for the other person or body corporate referred to in **paragraph (a)**.

Compare: 2001 No 51 s 34

73 Liability of directors and managers

- (1) If a body corporate commits an offence under **section 66(1)**, every director, and every person concerned in the management of the body corporate, also commits an offence under that section if it is proved that—
- (a) the act or omission that constituted the offence took place with the director's or person's authority, permission, or consent; or

- (b) the director or person knew or should have known that the offence was to be or was being committed and failed to take all reasonable steps to prevent or stop it.
- (2) Every person to whom **subsection (1)** applies is liable on summary conviction to the fine specified in **section 66(1)**. 5
- (3) A person may be convicted of the offence even though the body corporate has not been charged with that offence or a similar offence.
- Compare: 2001 No 51 s 35
- 74 Presumption as to authority** 10
- A return, record, transaction, form, application, or other information purporting to be completed, kept, or provided by, or on behalf of, any person is, for the purpose of proceedings for an offence against this Act, treated as having been completed, kept, or provided by that person unless the contrary is proved. 15
- Compare: 2001 No 51 s 36
- 75 Proceedings for offences**
- Despite section 14 of the Summary Proceedings Act 1957, an information in respect of an offence against this Act may be laid at any time within 2 years after the time when the matter of the information arose. 20
- Supply of information*
- 76 Minister may require information**
- (1) The Board must supply to the Minister any information relating to quota markets that the Minister considers is relevant to the purpose in **section 21** and that the Minister from time to time requests in writing. 25
- (2) **Subsection (1)** applies only to information that is in the Board's possession or that the Board can obtain without unreasonable difficulty or expense. 30
- Compare: 2001 No 51 s 41
- 77 Disclosure of information**
- (1) The chief executive of the Ministry (or any officer of the Ministry authorised in that behalf) and the Comptroller of Customs (or any officer of Customs authorised in that behalf) may, for the purpose of the administration of this Act or the 35

Customs and Excise Act 1996, disclose to each other, on request, information on exporters of meat products and co-products exported or proposed to be exported.

- (2) Information obtained under **subsection (1)** must not be disclosed except—
 - (a) to the persons authorised under that subsection; or
 - (b) for the purpose of any proceedings that have been commenced or that are reasonably in contemplation and that are connected with a matter in relation to which those persons perform their duties.
- (3) No obligation as to secrecy or other restriction on the disclosure of information imposed by any enactment or otherwise prevents a disclosure under this section.

Compare: 2001 No 51 s 42

78 Board must disclose certain information to industry-good organisation

- (1) Subject to this section, the Board must, if the industry-good organisation requests it, supply the organisation with the following kinds of information:
 - (a) information of direct relevance to the monitoring or audit of the organisation's levy returns or receipts;
 - (b) information of direct relevance to the organisation for trade policy or market access purposes;
 - (c) information of a statistical kind that relates directly to the production and consumption of meat in New Zealand and the export of meat from New Zealand;
 - (d) information on the agricultural, trade, or economic policies, agricultural productions, consumption, and imports or exports of any country other than New Zealand.
- (2) **Subsection (1)** applies only to information that is in the Board's possession.
- (3) Information of the kind referred to in **subsection (1)(a)** may be used only for the purpose of monitoring or auditing the industry-good organisation's levy returns or receipts, and for no other purpose.
- (4) Information of the kinds referred to in **subsection (1)(b) and (c)** may be supplied to the industry-good organisation only if—

- (a) the information would not allow the organisation to separately identify or deduce data specific to a particular company or other trading entity, or a particular group of associated companies or entities; or
 - (b) information specific to a particular company or other trading entity, or a particular group of companies or entities, cannot be separately identified or deduced from the information requested;—

except to the extent that the company or entity or group of companies or entities concerned has given its or their prior approval in writing to the supply of the information.
- (5) The information referred to in **subsection (1)** includes information of the relevant kind that is—
 - (a) held by the Board at the commencement of this Act; or
 - (b) subsequently acquired by the Board.
- (6) This section ceases to apply to require the Board to supply information if the Minister is satisfied, and certifies accordingly, that—
 - (a) the industry-good organisation is no longer owned by a trust the beneficiaries of which consist of all livestock farmers; or
 - (b) the majority of the industry-good organisation's directors are no longer elected by livestock farmers in proportion to their share of the industry; or
 - (c) the industry-good organisation has not been able to collect levies in relation to sheepmeat and beef under the Commodity Levies Act 1990 for more than a year.

No Crown liability

79 No Crown liability for Board's debts

The Crown is not liable to any person for any amounts owing by the Board.

Regulations and notices

80 Regulations

The Governor-General may by Order in Council make regulations for all or any of the following purposes:

- (a) prescribing matters of the kind referred to in **section 13(6)** in relation to elections or appointments of directors in the circumstances described in **section 13(5)**:

- (b) prescribing the manner and circumstances in which meetings held under **section 58** may or must be called:
- (c) prescribing procedures (not inconsistent with this Act) for meetings held under **section 58**, including—
 - (i) who is eligible to vote; and 5
 - (ii) who may cast a vote as representative of an eligible body corporate, trust, partnership, or body of persons; and
 - (iii) who (if anybody) may cast a vote as a proxy for an eligible livestock farmer, and the circumstances (if any) in which a proxy vote may be cast; and 10
 - (iv) any weighting to be given to votes cast (or any means by which such a weighting may be calculated or ascertained): 15
- (d) providing for such matters as are contemplated by or necessary for giving full effect to the provisions of this Act and for its due administration.

Compare: 1997 No 105 s 77

- 81 Notices** 20
- (1) The Board may give any person a notice under this Act by causing it to be—
 - (a) delivered to the person; or
 - (b) addressed to the person and left at the person's home or business; or 25
 - (c) transmitted to the person at the person's home or business by fax; or
 - (d) transmitted to the person at the person's home or business by or through any other device or system of devices from or through which the person might reasonably be expected to receive it; or 30
 - (e) posted in a letter addressed to the person at the person's home or business.
 - (2) For the purposes of **subsection (1)**, a persons' home or business— 35
 - (a) is the person's usual or last known place of abode or business; but
 - (b) includes any place whose address is specified by the person (for the purpose of communications) in any

application, notice, or other document received from the person by the Board.

- (3) If any such notice is posted to any person by registered letter, it is deemed to have been given to the person when it would have been delivered in the ordinary course of post; and in proving the delivery it is sufficient to prove that the letter was properly addressed and posted. 5

Compare: 1997 No 105 s 78

Transitional provisions

82 Existing directors 10

- (1) Every person who, immediately before the commencement of this Act, was a director of the former Board ceases to be a director of the Board on the commencement of this Act.
- (2) No compensation is payable for termination under **subsection (1)** of the appointment of a person as a director. 15

83 Transfer of assets and liabilities of Board

- (1) Subject to **section 12** and to this section, the Board may transfer any of its assets and liabilities to the industry-good organisation.
- (2) In particular, despite any limitation in **section 78(3) and (4)**, the Board may transfer to the industry-good organisation— 20
- (a) rolls of livestock farmers compiled by the former Board for the purpose of elections of directors of the former Board; and
 - (b) any similar rolls compiled or held for the purposes of a referendum of livestock farmers; and 25
 - (c) any data compiled as a result of an election or referendum held using those rolls.
- (3) The Board may not transfer to the industry-good organisation any liabilities relating to its quota management function. 30
- (4) Where the Board transfers to the industry-good organisation a benefit or liability under any contract, agreement, conveyance, deed, lease, licence, or other instrument or undertaking, then, to the extent appropriate to the thing transferred,—
- (a) the organisation, instead of the Board, is to be treated as the person by whom the contract, agreement, conveyance, deed, lease, instrument, or undertaking was entered into or made or given; and 35

- (b) to the extent that the relevant contract, agreement, conveyance, deed, lease, instrument, or undertaking was previously binding on and enforceable by, against, or in favour of the Board, it becomes binding on and enforceable by, against, or in favour of the organisation. 5
- (5) Nothing effected or authorised by a transfer under this section—
 - (a) must be regarded as placing the Board (or former Board) or the industry-good organisation, or any other person, in breach of contract or confidence or as otherwise making any of them liable of a civil wrong: or 10
 - (b) must be regarded as giving rise to a right for any person to terminate or cancel a contract or arrangement, or to accelerate the performance of any obligation; or
 - (c) must be regarded as placing the Board (or former Board) or the industry-good organisation, or any other person, in breach of an enactment, rule of law, or contractual provision prohibiting, restricting, or regulating the assignment or transfer of property or the disclosure of information; or 15
 - (d) releases a surety wholly or in part from any obligation; or 20
 - (e) invalidates or discharges any contract.
- (6) Any transfer under this section must be made not later than 3 months after the date of commencement of this Act. 25

Tax provisions relating to restructuring

84 Tax provisions relating to Single Organisation Limited

- (1) The transfer of assets and liabilities from the Board to Single Organisation Limited pursuant to **section 83**—
 - (a) is not a dutiable gift for the purposes of the Estate and Gift Duties Act 1968; and 30
 - (b) is not a sale, disposal, disposition, distribution, or transfer of any asset or any liability for the purposes of the Income Tax Act 1994; and
 - (c) is not a supply of goods or services for the purposes of the Goods and Services Tax Act 1985. 35
- (2) For the purposes of the Income Tax Act 1994 and the Goods and Services Tax Act 1985, as the case may be, Single Organisation Limited is treated as the same person as the former Board— 40

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- (a) for the purposes of applying the depreciation provisions in subpart EG of the Income Tax Act 1994; and
 - (b) when determining the date on which Single Organisation Limited is treated as acquiring any asset or liability; and 5
 - (c) when determining the cost or any amount of consideration provided or received in respect of any asset or liability of Single Organisation Limited; and
 - (d) when determining the unexpired portion of any amount of accrual expenditure of the former Board attributable to Single Organisation Limited; and 10
 - (e) for the purpose of applying any matching, spreading, or amortisation regime in the Income Tax Act 1994 (including the finance lease and hire purchase regimes) or the Goods and Services Tax Act 1985, as the case may be, to any asset or liability transferred from the former Board to Single Organisation Limited; and 15
 - (f) to the extent not specifically contemplated by **paragraphs (a) to (e)**, for the purpose of determining the treatment of any asset or liability transferred from the Board to Single Organisation Limited under the Income Tax Act 1994 or the Goods and Services Tax Act 1985, as the case may be. 20
 - (3) For the purposes of the Income Tax Act 1994, the trust formed to hold shares in Single Organisation Limited, the beneficiaries of which consist of all livestock farmers, is treated as— 25
 - (a) having held all the shares issued to it by Single Organisation Limited on or before the date of commencement of this Act, at all times prior to that date; and 30
 - (b) subject to section OD 5(5) of the Income Tax Act 1994, having held any voting interest or market value interest attributable to those shares.
 - (4) The issue, before the date of commencement of this Act, by Single Organisation Limited of shares in that company to the trust formed to hold shares in Single Organisation Limited, the beneficiaries of which consist of all livestock farmers,— 35
 - (a) is not a dutiable gift for the purposes of the Estate and Gift Duties Act 1968; and
 - (b) is not a dividend for the purposes of the Income Tax Act 1994; and 40

- (c) is not otherwise gross income of the trust for the purposes of the Income Tax Act 1994.
 - (5) On and at all times before the date of commencement of this Act, Single Organisation Limited is treated as having existed as a member of—
 - (a) the same wholly-owned group of companies that includes the former Board and any of its subsidiary companies, for the purposes of subpart IG of the Income Tax Act 1994; and
 - (b) the same group of companies that includes the former Board and any of its subsidiary companies, for the purposes of section IG 6(6)(b) of that Act.
- 85 Available subscribed capital**
- (1) In the application of the definition of available subscribed capital in section OB 1 of the Income Tax Act 1994,—
 - (a) Single Organisation Limited is treated as having received an amount of \$98,108,000 in consideration for the shares on issue on the date of commencement of this Act; and
 - (b) the available subscribed capital that arises under **paragraph (a)** is treated as allocated, as available subscribed capital of and between the classes of shares of Single Organisation Limited on issue on the date of commencement of this Act, to the shares issued to the trust formed to hold shares in Single Organisation Limited, the beneficiaries of which consist of all livestock farmers, in such proportions as Single Organisation Limited nominates by notice to the Commissioner of Inland Revenue within 30 days after the date of commencement of this Act; and
 - (c) if the amount of an allocation of available subscribed capital referred to in **paragraph (b)** is not valid or an election is not received within the specified time period, the amount is to be treated as available subscribed capital in respect of the classes of shares referred to in **paragraph (a)** issued on or before the date of commencement of this Act to the trust in the same proportions as the number of shares issued in each class bears to the total number of shares of all classes issued to the trust.

- (2) For the purposes of the Income Tax Act 1994, if the Board and Single Organisation Limited at any time cease to both be members of the same consolidated group, an amount of available subscribed capital to which **subsection (1)** applies, that was not distributed before the date on which the de-consolidation occurred, is cancelled. 5
- 86 Consolidation**
- For the purposes of the Estate and Gift Duties Act 1968 and the Income Tax Act 1994,—
- (a) the Board, any subsidiary companies of the Board included in the same wholly-owned group of companies as the Board, and Single Organisation Limited are treated as members of the same consolidated group (within the meaning of the consolidation rules as defined in section OZ 1(1) of the Income Tax Act 1994); and 10 15
- (b) if **section 13(5)(a) or (b)** applies, then the membership of the consolidated group formed under **paragraph (a)** of this section of both the Board and Single Organisation Limited ceases. 20
- (c) at any time, any of the Board, any subsidiary company of the Board, and Single Organisation Limited may elect to cease membership of the consolidated group.
- 87 Goods and services tax**
- For the purposes of the Goods and Services Tax Act 1985, a payment of a grant of money by the Board to Single Organisation Limited is treated as not being consideration in respect of a supply of goods or services by Single Organisation Limited. 25
- 88 Definitions**
- In **sections 84 to 87**,— 30
- (a) the terms **accrual expenditure, available subscribed capital, consolidated group, consolidation rules, dividend, gross income, market value interest, shares, voting interest, and wholly-owned group** have the same meanings as in the Income Tax Act 1994: 35
- (b) in addition to their ordinary meanings, **disposal and disposition** have the same meanings as in section OB1 of the Income Tax Act 1994:

- (c) the terms **goods, money, services** and **supply** have the same meanings as in the Goods and Services Tax Act 1985:
- (d) the term **consideration** has the same meaning as in the Income Tax Act 1994 and the Goods and Services Tax Act 1985, as the context requires: 5
- (e) the term **dutiable gift** has the same meaning as in the Estate and Gift Duties Act 1968.

Repeal and revocation

89 Meat Board Act 1997 repealed 10

- (1) The Meat Board Act 1997 is repealed.
 - (2) The Meat Board Regulations 1998 (SR 1998/323) are revoked.
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Schedule 1**Provisions applying to directors**

- 1 Duty of directors to act in good faith and to best attain objects of Board** 5
A director, when exercising powers or performing duties, must act in good faith and as the director believes will best attain the objects of the Board.
- 2 Exercise of powers in relation to employees**
(1) Nothing in **clause 1** limits the power of a director to make provision for the benefit of employees of the Board in connection with the Board's ceasing to carry on the whole or part of its affairs. 10
(2) In **subclause (1)**,—
Board includes a subsidiary of the Board; and
employees includes former employees and the dependants of employees or former employees; but does not include an employee or former employee who is or was a director. 15
- 3 Powers to be exercised for proper purpose**
A director must exercise a power for a proper purpose.
- 4 Directors to comply with Act** 20
A director must not act, or agree to the Board's acting, in a manner that contravenes this Act.
- 5 Reckless trading**
A director must not—
(a) agree to the affairs of the Board being carried on in a manner likely to create a substantial risk of serious loss to the Board's creditors; or 25
(b) cause or allow the affairs of the Board to be carried on in a manner likely to create a substantial risk of serious loss to the Board's creditors. 30
- 6 Duty in relation to obligations**
A director must not agree to the Board's incurring an obligation unless the director believes at that time on reasonable grounds that the Board will be able to perform the obligation when it is required to do so. 35

- 7 Director's duty of care** 5
- A director, when exercising powers or performing duties as a director, must exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation,—
- (a) the nature of the Board; and
 - (b) the nature of the decision; and
 - (c) the position of the director and the nature of the responsibilities undertaken by him or her.
- 8 Use of information and advice** 10
- (1) A director, when exercising powers or performing duties as a director, may rely on reports, statements, and financial data and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:
- (a) an employee of the Board whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned: 15
 - (b) a professional adviser or expert in relation to matters which the director believes on reasonable grounds to be within the person's professional or expert competence: 20
 - (c) any other director or committee of persons established by the Board (upon which the director did not serve) in relation to matters within the director's or committee's designated authority.
- (2) **Subclause (1)** applies to a director only if the director— 25
- (a) acts in good faith; and
 - (b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and
 - (c) has no knowledge that such reliance is unwarranted.
- 9 Meaning of "interested" and "transaction"** 30
- (1) For the purposes of this schedule, a director is interested in a transaction to which the Board is a party if, and only if, the director—
- (a) is a party to, or will or may derive a material financial benefit from, the transaction; or 35
 - (b) has a material financial interest in another party to the transaction; or
 - (c) is a director, officer, or trustee of another party to, or person who will or may derive a material financial

- benefit from, the transaction, not being a party or person that is a wholly-owned subsidiary of the Board; or
- (d) is the parent, child, spouse, or de facto partner (whether of the same or different sex) of another party to, or person who will or may derive a material financial benefit from, the transaction; or 5
- (e) is otherwise directly or indirectly materially interested in the transaction.
- (2) For the purposes of this schedule, a director is not interested in a transaction to which the Board is a party if the transaction comprises only the giving by the Board of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the Board for which the director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity, or by the deposit of a security. 10 15
- (3) For the purposes of this clause and **clause 10**,—
- (a) the exercise in relation to any person (or a group of persons including any person) of any of the Board's powers under **Part 3** of this Act is a transaction, to which the Board is a party; and 20
- (b) the exercise in relation to any person (or a group of persons including any person) of any power under an allocation mechanism to make a decision or recommendation is a transaction, to which the Board is a party. 25
- 10 Disclosure of interest**
- (1) A director must, forthwith after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Board, cause to be entered in the interests register and disclose to the board of directors,— 30
- (a) if the monetary value of the director's interest is able to be quantified, the nature and monetary value of that interest; or
- (b) if the monetary value of the director's interest cannot be quantified, the nature and extent of that interest. 35
- (2) For the purposes of **subclause (1)**, a general notice given to the board of directors to the effect that a director is a shareholder, director, officer or trustee of a person named in the notice and is to be regarded as interested in any transaction that may, after the day on which the notice is given to the board of 40

directors, be entered into by the Board with that person, is a sufficient disclosure of interest in relation to that transaction.

- (3) A failure by a director to comply with **subclause (1)** does not affect the validity of a transaction entered into by the Board or the director. 5
- (4) Every director who fails to comply with **subclause (1)** commits an offence and is liable on summary conviction to a fine not exceeding \$10,000.

11 Avoidance of transactions

- (1) A transaction entered into by the Board in which a director is interested may be avoided by the Board at any time before the expiration of 3 months after the transaction is disclosed to the board of directors. 10
- (2) A transaction cannot be avoided if the Board receives fair value under it. 15
- (3) For the purposes of **subclause (2)**, the question whether the Board receives fair value under a transaction is to be determined on the basis of the information known to the Board and to the interested director at the time the transaction is entered into. 20
- (4) If a transaction is entered into by the Board in the ordinary course of its business and on usual terms and conditions, the Board is presumed to receive fair value under the transaction.
- (5) For the purposes of this clause,—
 - (a) a person seeking to uphold a transaction who knew or ought to have known of the director's interest at the time the transaction was entered into has the onus of establishing fair value; and 25
 - (b) in any other case, the Board has the onus of establishing that it did not receive fair value. 30
- (6) A transaction in which a director is interested can be avoided only on the ground of the director's interest in accordance with this clause.

12 Effect on third parties

- The avoidance of a transaction under **clause 11** does not affect the title or interest of a person in or to property which that person has acquired if the property was acquired— 35
 - (a) from a person other than the Board; and

- (b) for valuable consideration; and
 - (c) without knowledge of the circumstances of the transaction under which the person referred to in **paragraph (a)** acquired the property from the Board.

- 13 Application of clauses 10 and 11 in certain cases** 5

Nothing in **clauses 10 and 11** applies in relation to—

 - (a) remuneration or any other benefit given to a director in his or her capacity as a director; or
 - (b) an indemnity given to or insurance provided for a director in his or her capacity as a director. 10

- 14 Interested director may vote**

Subject to any rules adopted by the Board for the purpose of this clause, a director who is interested in a transaction entered into, or to be entered into, by the Board, may—

 - (a) vote on a matter relating to the transaction; and 15
 - (b) attend a meeting of the board of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum; and
 - (c) sign a document relating to the transaction on behalf of the Board; and 20
 - (d) do any other thing in his or her capacity as a director in relation to the transaction,—

as if the director were not interested in the transaction.

- 15 Use of Board information** 25
 - (1) A director who has information in his or her capacity as a director or employee of the Board, being information that would not otherwise be available to him or her, must not disclose that information to any person, or make use of or act on the information, except— 30
 - (a) for the purposes of the Board; or
 - (b) as required by law; or
 - (c) in accordance with **subclause (2)**; or
 - (d) in complying with **clause 10**.
 - (2) A director may disclose, make use of, or act on the information if— 35
 - (a) particulars of the disclosure, use, or act in question, are entered in the interests register; and

- (b) the director is first authorised to do so by the board of directors; and
- (c) the disclosure, use, or act in question will not, or will not be likely to, prejudice the Board.

16 Duties owed to Board

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The duties of the directors of the Board set out in this schedule are owed to the Board.

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Schedule 2**Provisions applying to Board and board of directors***Directors***1 Term of office of directors**

- (1) Except as otherwise provided in this Act— 5
- (a) a director nominated by the industry-good organisation holds office until the sooner of—
- (i) the person ceasing to be a director of the industry-good organisation; or
- (ii) the close of 31 March in the 3rd year following the year in which the person was nominated as a director of the Board. 10
- (b) a director appointed by the Minister holds office for a term expiring at the close of 31 March in the 3rd year following the year in which the director was appointed. 15
- (2) A director may continue in office after the expiry of the term for which the director was nominated or appointed or elected if the Minister—
- (a) authorises the director to continue in office; and
- (b) determines the length of the director's extended term,— before that expiry (or before the expiry of any extension or extensions of that term authorised under this subclause). 20
- (3) If a director continues in office for any period after the expiry of the director's term, the successor's term of office is reduced by that period. 25
- (4) Any director may from time to time be re-nominated or reappointed or re-elected.

2 Extraordinary vacancies

- (1) The Minister may remove a director from office for disability affecting performance of duty, bankruptcy, breach of any duty set out in **Schedule 1** that applies to the director, or misconduct, proved to the Minister's satisfaction. 30
- (2) A director may resign by written notice to the Minister.
- (3) If a director appointed by the Minister dies, or resigns, or is removed from office, the Minister may appoint a director for the residue of the term for which the vacating director was appointed. 35

- (4) If a director nominated by the industry-good organisation dies or resigns or is removed from office, then—
- (a) the organisation may nominate another director of the organisation to fill the vacancy (not being a director who has previously been removed from the Board); or 5
 - (b) if the organisation informs the Minister that it is unable to nominate a director under **paragraph (a)**, or if it fails to nominate a director within a reasonable period of time, the Minister may, after consulting the industry-good organisation, appoint a person to fill the vacancy for the residue of the term (or what would have been the term, if the director had not died, resigned, or been removed) of the director who died, resigned, or was removed. 10
- (5) The powers of the Board or the board of directors are not affected by any vacancy in the board of directors (but subject to **clause 5(3)**). 15

3 Deputies of Minister-appointed directors

- (1) If satisfied that a director appointed under **section 13(2)(d)** is, because of illness, absence, or other sufficient cause, incapable of performing the duties of a director, the Minister may appoint a deputy to act for the director during the director's incapacity. 20
- (2) A deputy appointed under this clause is deemed for all purposes to be a director.
- (3) No appointment of a deputy, no acts done by the deputy, and no acts done by the board of directors while any deputy is acting, may in any proceedings be questioned on the ground that the occasion for appointment had not arisen or had ceased. 25

4 Powers of board of directors

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The board of directors has all the powers necessary—

- (a) for managing, and for directing and supervising the management of, the affairs of the Board; and
- (b) for exercising the powers of the Board.

*Meetings of Board***5 Meetings of Board**

- (1) Meetings of the board of directors must be held at times and places it appoints.
- (2) The chairperson of the board of directors or any 3 directors may at any time call a special meeting of the board of directors. 5
- (3) At all meetings of the board of directors, the quorum necessary for the transaction of business is a majority of directors currently in office. 10
- (4) Subject to **subclause (5)**, all questions arising at any meeting of the board of directors must be decided by a majority of the votes cast by the directors present at the meeting.
- (5) Any decision relating directly to management of the Board's reserves must, however, be supported by a majority of the directors referred to in **section 13(2)(a)**. 15
- (6) A resolution assented to by letter, telegram, telex, fax, or electronic message by all directors is as valid and effectual as if it had been passed at a meeting of the board of directors duly called and constituted. 20
- (7) Where—
 - (a) there is held a telephone or video conference of at least a majority of existing directors of the Board; and
 - (b) all reasonable efforts have been made to enable every director to participate in the conference; and 25
 - (c) a resolution is assented to by a majority of the directors participating in the conference,—
the resolution is as valid and effectual as if it had been passed at a meeting of the board of directors duly called and constituted. 30
- (8) Except as provided in this Act and any regulations made under it, the board of directors may regulate its procedure at meetings in any manner it thinks fit.

6 Chairperson

- (1) At its first meeting after the Board's annual general meeting in each year, the board of directors must elect a chairperson from among the directors. 35
- (2) If the chairperson vacates office as chairperson or ceases to be a director, the board of directors must elect from among its

members a further chairperson, who holds office until the next election of a chairperson.

- (3) If present, the chairperson must preside at all meetings of the board of directors.
- (4) If the chairperson is absent from any meeting of the board of directors, the directors present must appoint one of their number to preside at the meeting. 5
- (5) At any meeting of the board of directors, the person presiding has a deliberative vote and, in the case of an equality of votes, also has a casting vote. 10
- (6) A chairperson may from time to time be re-elected.

Other matters

7 Contracts of Board

- (1) Subject to **clause 8**, a contract or other enforceable obligation may be entered into by the Board as follows: 15
 - (a) an obligation which, if entered into by a natural person, would, by law, be required to be by deed, may be entered into on behalf of the Board in writing signed under the name of the Board by—
 - (i) two or more directors; or 20
 - (ii) one or more persons authorised by the Board under **clause 8**:
 - (b) an obligation which, if entered into by a natural person, is, by law, required to be in writing, may be entered into on behalf of the Board in writing by a person acting under the Board's express or implied authority: 25
 - (c) an obligation which, if entered into by a natural person is not, by law, required to be in writing, may be entered into on behalf of the Board in writing or orally by a person acting under the Board's express or implied authority. 30
- (2) Nothing in **subclause (1)** limits or prevents the Board entering into a contract or other enforceable obligation in writing under its seal, if it has one.
- (3) **Subclause (1)** applies to a contract or other obligation— 35
 - (a) whether or not that contract or obligation was entered into in New Zealand; and
 - (b) whether or not the law governing the contract or obligation is the law of New Zealand.

- (4) Notwithstanding anything in **subclauses (1) to (3)**, no contract made by or on behalf of the Board is invalid by reason only that it was not made in the manner provided by this clause, if it was made under or to give effect to a resolution of the Board.

8 Delegation of functions and powers of Board

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- (1) The Board may either generally or in relation to a particular matter, delegate to a director or officer or employee of the Board any of the functions and powers of the Board under this Act, including the power to execute deeds, but not including this power of delegation. 10
- (2) A delegation under **subclause (1)**, may be made to—
- (a) a specified person; or
 - (b) persons of a specified class; or
 - (c) the holder for the time being of a specified office; or
 - (d) the holders for the time being of offices of a specified class. 15
- (3) With the Board's prior written approval, the chief executive of the Board may delegate to any officer or employee of the Board any function or power of the Board delegated to the chief executive by the Board. 20
- (4) Subject to any general or special directions or conditions given or imposed by the Board or the chief executive, as the case may be, the person to whom any function or power is delegated may perform or exercise it in the same manner and with the same effect as if it had been conferred on that person directly by this Act and not by delegation. 25
- (5) Every person purporting to act pursuant to a delegation is, in the absence of proof to the contrary, presumed to be acting in accordance with its terms.
- (6) A delegation may be revoked at any time. 30
- (7) The delegation of a power or function does not—
- (a) prevent the Board or the chief executive, as the case may be, exercising the same power or function; or
 - (b) affect the responsibility of the Board for the actions of the person acting under the delegation. 35

9 Expenditure not otherwise authorised

The Board may, in any financial year, expend out of the funds of the Board for purposes not otherwise authorised by this Act

or any other enactment any sum or sums not exceeding \$5,000 in total.

Remuneration of directors, and indemnity and insurance of directors, employees, etc

- | | | |
|-----------|--|----------|
| 10 | Remuneration of directors | 5 |
| (1) | Subject to subclauses (2) to (5) , there must be paid to each director the remuneration and benefits the Board from time to time determines. | |
| (2) | Despite anything in this clause, the remuneration must not be less than the lowest amount of the relevant range specified from time to time, by the Government, for remuneration of board directors. | 10 |
| (3) | During any financial year to which a resolution under section 59(2) (or, as the case requires, section 59(3)) applies, the Board must not pay to directors (for services as a director) remuneration and benefits that are in the aggregate more than the maximum aggregate remuneration and benefits approved by the resolution. | 15 |
| (4) | During any financial year after the first year to which a resolution under section 59(2) applies (being a year to which neither a resolution under section 59(2) nor a resolution under section 59(3) applies), the Board must not pay to directors (for services as a director) remuneration and benefits that are in the aggregate more than the maximum aggregate remuneration and benefits approved by the most recently passed resolution under section 59(2) . | 20
25 |
| (5) | During any financial year before the first year to which a resolution under section 59(3) applies, the Board must not— | |
| (a) | pay to the chairperson of the Board (for services as chairperson of the Board and a director) remuneration and benefits whose sum is greater than the sum of the remuneration and benefits paid to the chairperson of the former Board during the last complete financial year before the commencement of this Act; or | 30 |
| (b) | pay to any other director (for services as a director) remuneration and benefits whose sum is greater than the average sum of the remuneration and benefits paid to members (other than the chairperson) of the former Board during the last complete financial year before the commencement of this Act. | 35
40 |

- (6) In this clause and in **section 59, benefit**,—
- (a) in relation to any goods or service of a non-monetary nature provided to or for a director or put at a director's disposal, means the monetary value of those goods or that service; but 5
 - (b) does not include the monetary value of—
 - (i) any insurance of any kind in respect of any of the matters specified in **clause 11(1)(a) and (b)** provided or paid for the Board; or
 - (ii) any thing done or payment made by the Board in indemnifying a director in respect of any of the matters specified in **clause 11(1)(a) and (b)**. 10

Compare: 1997 No 105 s 45

11 Restrictions on indemnity and insurance

- (1) Except as provided in **clauses 12 to 14**, the Board must not indemnify or agree to indemnify an official, or directly or indirectly effect insurance for an official, in respect of— 15
 - (a) liability for any act or omission in the official's capacity as an official of the corporation; or
 - (b) costs incurred by the official in defending or settling any proceeding relating to any such liability. 20
 - (2) An indemnification or agreement to indemnify effected or entered into in breach of **subclause (1)** is void.
 - (3) If the Board becomes aware that any amount has been paid in breach of **subclause (1)**,— 25
 - (a) the Board must take all reasonable steps to recover it from the person to whom it was paid or the person on whose behalf it was paid; or
 - (b) if—
 - (i) it is impossible, impracticable, or in all the circumstances inappropriate to recover the amount from the person to whom it was paid; and 30
 - (ii) it is impossible, impracticable, or in all the circumstances inappropriate to recover the amount from the person on whose behalf it was paid,— 35
- the Board must take all reasonable steps to recover an equivalent amount from the person or persons responsible for paying the amount in breach of that subclause.

- (4) The board of directors must ensure that particulars of every indemnification of or agreement to indemnify an official, and particulars of all insurance effected for any official,—
- (a) are as soon as is possible recorded in the records of the Board; and 5
 - (b) are retained by the Board.
- (5) In this clause and **clauses 12 to 14**,—
- the corporation**,—
- (a) in relation to an official in his or her capacity as a director, former director, officer, former officer, employee, or former employee of the Board, means the Board; and 10
 - (b) in relation to an official in his or her capacity as a director, former director, officer, former officer, employee, or former employee of a subsidiary of the Board, means the subsidiary 15
- effect insurance** includes pay, whether directly or indirectly, the costs of any insurance
- indemnify** includes relieve or excuse from liability, whether before or after the liability arises 20
- New Zealand company** means a company within the meaning of section 2(1) of the Companies Act 1993
- official** means a person who is a director, former director, officer, former officer, employee, or former employee of the Board or a subsidiary of the Board 25
- proceeding** includes a claim
- subsidiary of the Board** means a body corporate (whether or not a New Zealand company) that, if it and the Board were each a New Zealand company, would be a subsidiary of the Board within the meaning of section 5 of the Companies Act 1993. 30

Compare: 1997 No 105 s 46

12 Permitted indemnities

- (1) The Board may indemnify or agree to indemnify an official for any costs incurred by the official in any proceeding relating to liability for any act or omission in the official's capacity as an official of the corporation— 35
- (a) if judgment is given in the official's favour; or
 - (b) if the official is acquitted; or

- (c) if the proceeding is discontinued, and its discontinuance has not arisen during or as a consequence of its settlement.
- (2) The Board may indemnify or agree to indemnify an official in respect of liability (to any person other than the Board or any subsidiary of the Board) for any act or omission in the official's capacity as an official of the corporation, other than a liability of a kind described in **subclause (4)**. 5
- (3) The Board may indemnify or agree to indemnify an official in respect of costs incurred by the official in defending or settling any proceeding relating to any liability (to any person other than the Board or any subsidiary of the Board) for any act or omission in the official's capacity as an official of the corporation, other than a liability of a kind described in **subclause (4)**. 10
- (4) In relation to any official, the kinds of liability referred to in **subclauses (2) and (3)** are— 15
 - (a) criminal liability:
 - (b) liability in respect of an act or omission in the official's capacity as a director of the Board that is in breach of the duty imposed by **clause 1 of Schedule 1**: 20
 - (c) liability in respect of an act or omission in the official's capacity as a director of a subsidiary of the Board that, if the subsidiary and the Board were each a New Zealand company, would be in breach of the duty imposed by section 131(1) of the Companies Act 1993: 25
 - (d) liability in respect of an act or omission in the official's capacity as an officer or employee of the corporation that is in breach of any fiduciary duty owed by the official to the corporation.

Compare: 1997 No 105 s 47

30

13 Permitted insurance for directors

- (1) The Board may, with the prior approval of the board of directors, effect insurance for a director of the Board in respect of—
 - (a) liability (not being criminal liability) for any act or omission in the director's capacity as a director, officer, or agent of the Board or a subsidiary of the Board; or 35
 - (b) costs incurred by the director in defending or settling any proceeding relating to any such liability; or

- (c) costs incurred by the director in defending any criminal proceeding, in respect of an act or omission in the director's capacity as a director, officer, or agent of the Board or a subsidiary of the Board, in which the director is acquitted. 5
- (2) The directors who vote in favour of the Board's effecting insurance under **subclause (1)** must sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the Board.
- (3) Where— 10
- (a) insurance not authorised by **subclause (1)** is effected for any director; or
- (b) insurance authorised by **subclause (1)** is effected for any director, but—
- (i) **subclause (2)** has not been complied with; or 15
- (ii) **subclause (2)** had been complied with, but reasonable grounds did not exist for the opinion set out in the certificate given under it,—
- the director is personally liable to the Board for the cost of effecting the insurance, except to the extent that the director proves that it was fair to the Board at the time the insurance was effected. 20
- Compare: 1997 No 105 s 48
- 14 Permitted insurance for other officials**
- (1) The Board may, with the approval of the board of directors (given before or after the insurance is effected), effect insurance for any official in respect of— 25
- (a) liability (not being criminal liability) for any act or omission in the official's capacity as an official of the corporation; or 30
- (b) costs incurred by the official in defending or settling any proceeding relating to any such liability; or
- (c) costs incurred by the official in defending any criminal proceeding, in respect of an act or omission in the official's capacity as an official of the corporation, in which the official is acquitted. 35
- (2) **Subclause (1)** does not authorise the Board to effect insurance for any director of the Board.

- (3) If it becomes aware that any insurance permitted by **subclause (1)** has been effected without its approval, the Board must promptly give its approval or cancel the insurance.
- (4) If it becomes aware that any insurance not permitted by **sub-clause (1)** has been effected without its approval, the Board must immediately cancel the insurance.

5

Compare: 1997 No 105 s 49

Schedule 3 Forms of warrant

ss 42(5), 62

Form 1

Warrant under **section 42(5)** of Meat Board Restructuring Act **2003**
to conduct search in relation to quota compliance audit

5

To: [*person conducting quota compliance audit or member of the police*]

Being satisfied on an application in writing made on oath that, as a consequence of the inspection under **section 42** of the Meat Board Restructuring Act **2003** of a place of business, there are reasonable grounds to believe that there is or is likely to be in [*describe place*] (being a place that is not a place of business)—

10

(a) any meat product or co-product; or

(b) any document relating to any meat product or co-product; or

15

(c) both,—

by this warrant I authorise you, on one occasion within 30 days of the issue of this warrant, to enter that place and inspect any documents relating to meat products or co-products, and any meat product or co-product.

20

Dated at thisday of

Conditions (if any) subject to which warrant issued:

.....
District Court Judge (*or*
Court Registrar (not being
a member of the police)).

25

Form 2

Warrant under **section 62(1)** of Meat Board Restructuring Act **2003**
to conduct search, in relation to quota markets, where certain
actions suspected

To: *[authorised person or member of the police]* 5

Being satisfied on an application in writing made on oath that there
are reasonable grounds to believe that—

- (a) a person has taken an action of a kind described in
paragraph (a) or paragraph (b) of section 34(1) of the Meat
Board Restructuring Act **2003**, or is intending to take 10
such an action; and
- (b) there is or is likely to be in *[describe place]* (being a
place that is not a place of business)—
 - (i) any meat product or co-product; or
 - (ii) any document relating to any meat product or co- 15
product; or
 - (iii) both,—
that is evidence that such an action has been taken or is
intended to be taken,—

by this warrant I authorise you, on one occasion within 30 days of 20
the issue of this warrant, to enter that place and inspect any docu-
ments relating to meat products or co-products, and any meat pro-
duct or co-product.

Dated at thisday of

Conditions (if any) subject to which warrant issued: 25

.....
District Court Judge (*or*
Court Registrar (not being
a member of the police)).

Form 3

Warrant under **section 62(2)** of Meat Board Restructuring Act **2003**
to conduct, in relation to quota market, search arising out of
search of business premises

To: [*authorised person or member of the police*] 5
Being satisfied on an application in writing made on oath that, as a
consequence of the inspection under **section 61** of the Meat Board
Restructuring Act **2003** of a place of business, there are reasonable
grounds to believe that there is or is likely to be in [*describe place*]
(being a place that is not a place of business)— 10
 (a) any meat product or co-product; or
 (b) any document relating to any meat product or co-pro-
 duct; or
 (c) both,—
by this warrant I authorise you, on one occasion within 30 days of 15
the issue of this warrant, to enter that place and inspect any docu-
ments relating to meat products or co-products, and any meat pro-
duct or co-product.

Dated at this day of

Conditions (if any) subject to which warrant issued: 20

.....
District Court Judge (*or*
Court Registrar (not being
a member of the police)).