



19 November 2018

MINUTES - ANNUAL GENERAL MEETING – 15 NOVEMBER 2018

MINUTES OF THE THIRTY FIRST ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC, HELD IN SANDY BAY, TASMANIA ON THURSDAY, 15 NOVEMBER 2018.

PRESENT: Chairman : Mr P Glass - HA President
Vice-Chairman : Mrs J Grey -Vice-President
Members : 27
Officer : Mr Graeme Gillan - CEO & Company Secretary
Staff : 1
Visitors : 5

1. NOTICE OF MEETING

The Chairman welcomed all members and visitors and declared the Annual General Meeting open at 10.02 am, pursuant to Notice of Meeting distributed in October.

2. ATTENDANCE REGISTER AND QUORUM

The attendance register was taken. The Chairman declared the meeting duly constituted with a quorum of more than 20 members from more than three States.

3. APOLOGIES and PROXIES

Apologies were accepted from the following members: Mr Ross and Mrs Glenda Jones and Mrs Lynette Greenwood. An apology was received from Dr Matt Shaffer, DataGene and Mr Peter Semmens ST Australia.

MOVED Mr D Johnston, seconded Mr H Bevan that the apologies be accepted.
CARRIED

The Chairman advised that nine proxies have been received.

MOVED Mr R Soares, seconded Mr T Henry that the proxies be accepted.
CARRIED

4. ORDINARY BUSINESS

4.1 MINUTES OF THE PREVIOUS MEETING

MOVED Mr D Polson, seconded Mr G Pacitti that the minutes of the AGM held on 25 August 2017 having been circulated to the members be taken as read and that the Chairman sign them as a true and correct record.
CARRIED

4.2 PRESIDENTS REPORT FOR 2017/18

Mr Patrick Glass delivered the President's Report for 2017/18 as follows:-

"Stepping into the role of President this year certainly has been a journey, at times challenging and times illuminating. As I have had the opportunity to meet many members in many locations it has allowed me to gain a much better understanding of the environment that members operate within.

The 2017/18 Financial year represents one of the most challenging years Holstein Australia has endured resulting in a significant loss for the year. The changes made to reduce expenses without impacting the mid to long term function of the Association were insufficient to off-set the reduction in revenue that occurred.

Specifically, the net decrease of \$383k of export revenue was the single largest factor in creating the loss of \$339k for the Financial Year.

Changes implemented during the year including a moratorium on recruitment for non-essential staff and trimming expenses where possible had a significant impact and will continue to reduce expenses in the current year. Additionally the fee increases implemented on July 1st will help support revenue as we look to bring financials closer to break even for 2018/19.

As we look at our position it is not unrealistic to consider that we reflect the challenges facing the wider dairy industry that have been well documented.

Should members wish to review the financial statements in more detail I refer them to the Audited Financial Report and Management Report that are included in the AGM information pack.

COMMUNICATIONS

During the year a number of positive initiatives were implemented to improve and broaden communications to members and the wider dairy community. Following an extensive review by the Board it was decided to reduce the number of editions and size of the Holstein Journal to free up funds to venture into a number of communication channels.

What we created was a greater presence in Social Media, the creation of an e-newsletter Holstein Dispatch and the complete revamping of the website leading us into the digital world that so many of our members operate in.

Our goal now is to improve and enhance communications with members and also significantly increase the marketing of the Holstein breed to the wider industry.

The challenge that Holstein Australia and the Board must immediately address is the internal communications within the governance structure of the Association. From Sub-Branch level we continue to receive questions around who and how they are to communicate within the Association.

What we have learned is that Board and Management will need to spend time throughout the regions to meet with members and Sub-Branch representatives to discuss first-hand the challenges at local level. During the first six months of 2019 this will be a priority. In the meantime there will be increased communication mapping out these point of contact pathways for members.

HOLSTEIN OFFICE

As members will now be aware of, the Holstein office has moved and is now situated in Agribio on the Latrobe University campus sharing facilities with Jersey Australia, DataGene and National Herd Improvement Association. This is the result of a long process investigating the advantages and opportunities that come from connecting directly with the wider herd improvement, research and innovation community within the dairy industry.

Importantly there will be opportunities to explore the creation of greater “back office” efficiencies as we work with Jersey and other breed associations. Additionally Holstein will benefit from significant cost reductions associated with the new office location.

On behalf of the Board I would like to thank members for their patience during the recent transition period as we have the new office become fully functional.

MEMBER ACTIVITIES

During the year across Australia members promote the Holstein breed through their participation at shows, on-farm challenges and the many competitions supported by the Association. Congratulations to all members who participate as they continue to showcase the breed and the Holstein cow.

There have been a number of sales during the year including some very significant dispersal sales. From these dispersal sales representing in many cases a lifetime of breeding we see new members having the opportunity to buy into very successful cow families and start their journey breeding and developing the next generation of great cows.

As I note the results of the many sales during the year there always appears to be extra value associated with registered Holsteins, recognition of pedigree integrity, classification and production records. Perhaps like superannuation, registered Holsteins provide the best financial outcome and return on a lifetime of work.

GENETIC MERIT

Each year we see the increase of genomic testing for males and females and the improvement of the genetic merit of the breed. Holstein members help lead this improvement of genetic merit through their participation in testing and their challenging the industry to continually improve the application and uptake of the science.

The current availability of genetics provides Holstein breeders with huge opportunities to select for traits which they consider to be important in their breeding program. What is important that for each of our members there will be differences on their selection priorities and as a breed Holsteins are able to provide for these differences without compromising the end game of profitable milk production.

An example of how quickly the breed can develop is the way fertility was managed within Holstein. It was not that long ago fertility was a huge issue and options were limited; even to the extent that crossbreeding was considered. Today the options to select for fertility are numerous and Holstein leads the way to improve fertility in the industry. A great achievement in a relative short time span and a great example of what can be achieved when there is a common goal.

FUTURE CHALLENGES

Financial sustainability is a current challenge and will always stay a focus into the future, though there are other challenges we will need to consider.

These include Herd Book integrity, ensuring the accuracy of our database continues to lead the industry. In the future the tools to ensure integrity will come at a cost and we will need to balance out the cost versus the reward.

Today genomics not only provides breeding values but also pedigree discovery, this tool is available to all Holstein breeders whether registered or not. Our challenge will be to ensure we continue to lead the industry and not be caught following. This will be an on-going discussion for members as they add value through registration and classification. A question often raised is how to maintain the value of registration, something we should always challenge ourselves with as it ensures we continue to connect Holstein to the wider industry. In many cases if we continue to improve the breed, provide value added services and listen to members the value of Registered Holsteins in the marketplace will be seen in

the margin over the sales of non-registered Holsteins and other breeds. The actual dollars may vary according to the environment but it is the margin that will always important.

BREED STALWARTS

Every year we have members or family pass away, a sad occasion for everybody directly impacted. During 2018 Holstein has lost two outstanding contributors to the breed both as breeders and administrators, Lou Giglia and Kem Perkins.

Lou Giglia-Ponderosa, WA

Twice Master Breeder, WA State President, Federal President and inaugural Board member ultimately serving for 11 years. Lou's contribution whether on-farm breeding great cows, Perth Royal or meeting people throughout Australia always had Holstein at the core of his efforts and we as an Association are better for his work.

Kem Perkins- Calthorpe, TAS

Think classification, think Kem Perkins. Kem was a member of the inaugural Classification Committee formed in 1965 and was instrumental in the establishment of classification as a key service to improve the breed.

Kem was a twice Master Breeder, Federal President and twice President of the Tasmanian Branch contributing immensely to the development of the breed and Association.

Both men were awarded Federal Honorary Life Memberships in recognition of their contributions to Holstein.

My condolences to all members who have lost loved ones during the year.

THANKS

As with life we are the sum of many parts and the Association has many contributors on a daily basis who ensure the progress of the breed. I would like to thank all members who continue to support Holstein Australia through use of services and participation at Sub-Branch level, no matter how small. My thanks to members of the BDCC and thanks to my fellow Board members who provide me with invaluable input as we look to steer Holstein through challenging times.

I would also wish to acknowledge the work and efforts of the staff, whether the classifiers in the field working first hand with members or the office staff who provide the services members require.

During 2018/19 I look forward to continuing to meet members throughout Australia to better understand how we can positively contribute."

MOVED Mr R Kitchen, seconded Mr P Condon that the President's Report be received and adopted.

CARRIED

4.3 DIRECTORS FINANCIAL REPORT, the AUDITORS REPORT and FINANCIAL STATEMENTS for the YEAR ENDED 30 JUNE 2018

Mr G Carpenter, on behalf of the Board presented the Financial Report for 2017/2018.

"The 2017/18 financial year provided Holstein with one of the toughest years that the Association has experienced culminating in an overall loss of \$339,013. It is fully realised that a loss of this magnitude is not sustainable and changes within Holstein have already been implemented for the current financial year, further detail below.

This report will firstly review the financial year and then importantly highlight the actions taken to turn the financial position of the Association around in the 2018/19 financial year.

2017/18 PROFIT & LOSS

Revenue

Revenue dropped by \$713,354 from the previous year with Export revenue accounting for \$546,030 or 76.5% and Genetic Testing down 23.2% or \$165,179 . Encouragingly our core member services including registration, classification, transfers and subscription revenue continues to be stable year on year.

Strong investment income from our portfolio coupled with growth in the funds asset value provided a positive impact on revenue.

Expenses

Significantly overall expenses were reduced by \$474,960, a substantial cost reduction created by a reduction in staff numbers, major expense items and lower genomic testing expenses.

Balance Sheet

In-line with the loss for the year we have seen a reduction in member's equity, a situation we recognise cannot continue. Total equity currently stands at \$2,573,068 as at 30th June 2018; down from \$2,912,081.

TECHNICAL SERVICES

Technical Services includes some of the core services that Holstein Australia provides and has raised a number of questions historically. This report represents a very good opportunity to provide additional detail around the revenue and expense breakdowns of this important component of our business.

On the revenue side the main source is genomic testing and DNA testing for registration of ET calves, representing 94.3% or \$389,843 of the total of \$413,282. There is a small amount received in generating performance pedigrees and various miscellaneous fees.

For expenses the picture is significantly different as there are three distinct cost segments; genomic/DNA testing costs (43.4%), technical services employment expenses (33.0%) and database management expenses (23.6%).

It is important to note that there is a reasonable margin for genomic/DNA testing; not forgetting that testing revenue and expenses has a direct correlation to the number of tests undertaken by the market.

When we consider employment and database expenses we should remember these support the majority of our core functions including registration, export, some input to classification and general database inputs such as animal production information and awards. More recently the provision of genomic breeding values has been built into the database.

In essence, Technical Services are the engine room of our service provision.

2018/2019

Overall

There were a number of actions taken in the last financial year which will have a positive impact on the current financial year and into the future.

On the revenue side fee increases commenced July 1 that more closely reflect the cost of providing the service. Ultimately service activity under the new fee structure will determine revenue notwithstanding the concerns around the general health of the dairy industry on a number of levels.

The budgeted export revenue for this financial year is relatively low compared to previous years that will prevent potential revenue shock that occurred in 2017/18.

The most important changes are around expenses where actions taken in the last financial year will have a significant impact in the current financial year.

The 2018/19 Budget shows a small loss of around \$25,600 based on very conservative numbers; encouragingly the September YTD figures are already outperforming the budget currently by \$69,885.

KEY AREAS

Employment Expenses

Employment expenses are the largest single expense for the Association and any changes have a significant impact on financial performance. While staff changes in 2017/18 only had a partial impact on expenses they will have a significant impact of overall staff expenses in the current year. Staff numbers will be constantly monitored to find the balance between delivering services to members and meeting financial targets.

The table below summarises the reductions in employment expenses over the last two years compared to this year's budget.

Actual FY17	Actual FY18	Reduction	Budget FY18	Reduction
\$1,389,366	\$1,244,018	\$145,348	\$1,109,630	\$134,388

Employment expenses for the first three months of 2018/19 show that the budgeted savings are being achieved.

YTD September	Budget	Variation	August Last year	Variation
\$266,340	\$290,069	\$23,729	\$320,695	\$30,626

Classification

In conjunction with the implemented fee changes that commenced on July 1 and the reduction in expenses we are currently achieving the stated goal of Classification being self-funded and not cross subsidised by other services. We understand the big test will be through spring as our 3 classifiers undertake a bigger workload and we closely monitor the situation and keep members informed accordingly.

Office

The relocation of the office will have a multitude of benefits for Holstein Australia though in a direct context of the Budget it will reduce rental expenses by approximately 40% year on year. Additionally there is the potential for further efficiencies through sharing of staff to undertake roles consistent across all the four organisations sharing the office.

Financial performance - September Year to Date

To provide a better insight on the financial progress this year as of September our Net Income for the period is \$94,656 compared to \$24,770 for the previous year, an improvement of \$69,885, consistent with the 2018/2019 Budget. There are many factors both income and expenses that contribute to this result but it is clear the changes made in the previous year are having a significantly positive impact.

SUMMARY

Holstein Australia during 2017/18 made significant changes to off-set the major loss of revenue. These changes were originally planned to be implemented over a three year period but ultimately we did not have that luxury of extra time and the results for the 2017/18 Financial Year are as a result very challenging.

For 2018/19 we have already seen the positive impact of changes made last year in the first three months of trading. The on-going trading environment has the potential to cause volatility on the revenue side thus prudent expense management will continue to be a priority

Moved Mr G Carpenter seconded Mr G Jenkins that the Annual Accounts for the year ending 30 June 2018 be approved and adopted. **CARRIED**

Mr Carpenter then presented the Budget to provide the members attending an insight for 2018/2019 Financial Year.

5. DECLARATION OF ELECTION RESULTS

5.1 The Board

The President declared that Mrs J Grey is duly elected to the Board of Holstein Australia for a term of three years.

5.2 The Breed Development and Conformation Committee

The President declared that Mr Marcus Young is duly elected to the Breed Development and Conformation Committee for a term of three years.

6. SPECIAL BUSINESS

6.1 Amendment of Rules

Moved Mr P Hall seconded Mr P Condon that Rule 63 (4) (a) be amended to read "The Strategic Directions Committee shall meet at least once per year". **Carried**

7. OTHER BUSINESS

7.1 Report of the Breed Development and Conformation Committee

The Chair, Mrs Jenny Grey presented the Breed Development and Conformation Committee Report for 2017/2018.

"The 2017/18 year has been one of consolidation for the Breed Development and Conformation Committee with activities generally on-going from initiatives from the previous year and much of the work progressing into the current year.

CLASSIFICATION

Class system scorecard changes implemented in 2016/17 became the normal during 2017/18, included adding Thurl Placement into the Rump Composite and changing the weightings in a number of categories as well as on-going monitoring of Stature.

The classification team underwent considerable change during the year with personnel leaving and not being immediately replaced adding extra responsibility to the three remaining classifiers.

I would like to express my appreciation for the work undertaken by the current team and thank you for the input from those classifiers who are now pursuing other career pathways. During the year almost 33,000 animals were classified up 7% on the previous year. Included in the total are over 8,500 non-registered animals classified on behalf of industry which are extremely valuable inclusions for Type Breeding Values.

Also it is important to celebrate the great cows of the breed and during the year we saw our first EX97 point cow, Fairvale Morty Lady 51. Congratulations to the breeders and owners on this wonderful achievement. Not to be overlooked are the 31 cows scoring EX93, EX94 and EX95 respectively a credit to the breeders and owners.

For first calf heifers we saw 3 score the maximum VG88 (maximum) and a further 11 heifers score VG87, plus numerous VG heifers across the country.

Importantly we are seeing improvements across herds through higher average scores. It is great to see these high scores but it is reassuring to see the overall improvement for the breed.

COMPETITIONS

Always a highlight of the year is the judging of the Cow of the Year competition and this year was no exception. Entrant numbers are on the rise and so is the quality. Congratulations to the finalists and ultimately the winner who will be announced at the National Awards dinner. I would like to acknowledge the input of Paul Newlands Foothills Holsteins, Malanda Qld as the guest member judge, a role I know he enjoyed immensely.

The All Australian continues to be well supported with the quality of entries at a very high level. Many thanks to the judges Lisa Thompson, Rob Walmsley and especially Lindsay Moxey who so aptly offered to be the last minute fill in judge. The feedback from the judges was very positive on how the competition operates.

One comment on the competition this year was the limited entries for the All Australian Calf class, a class that operates at most shows yet there were very few entries, something to get behind for 2019.

ACTIVITIES

During the year there have been many topics the Committee has considered, some have been on-going from the previous year while others will continue to be discussed at future meetings.

Topics considered include-

- Updating the Ideal Cow for future publications
- National Judges school and panels
- Working with the classifiers on breed standards
- Updating the Committee on research undertaken around Breeding Values
- Connecting with the Artificial Breeding industry to better understand industry trends

TEAM

Congratulations to Lynette Greenwood on her re-election to the Committee and thanks to all Committee members for making their time available to contribute to the continual improvement of the breed. Thanks to Mary Abdelsayed for participating in the Committee to connect Holstein Australia to the research work being undertaken.

On behalf of the Committee thank you to Management and staff for their assistance throughout the year.

CURRENT YEAR

Though outside of the reporting year I wanted to share with everybody the positive impact the visit of the Canadian Head Classifier Bruno Jubinville had working with the classifiers as well as holding a joint on farm workshop with the BDCC and the Board. It was a great experience for everyone and for Bruno who was visiting Australia for the first time spoke highly of the great cows we have in Australia and the people we have working within Holstein Australia.

Additionally the BDCC conducted their annual out of town meeting in the Atherton Tablelands of FNQ attending the Malanda show and visiting many members and their herds. It was a wonderful experience and on behalf of the Committee I cannot fully express my appreciation for the hospitality we received.

We have a great community within our Association.”

Moved Mrs J Grey seconded Mr H Bevan that the annual report for the year ended 30 June 2017 be received. **CARRIED**

7.2 REPORT of the CHIEF EXECUTIVE OFFICER

The Chief Executive Officer presented to the meeting his report for 2017/2018.

“For my CEO report today I would like to provide members with a snapshot of activity undertaken by Holstein during the 2017/2018 year and on-going projects which will impact Holstein members during the current year.

This is not to shy away from the challenges of 2017/2018 and the disappointing financial results but as this has been well covered in the Financial Reports and Presidents reports I believe it is important to focus on the positives of the year.

SERVICES

During 2017/2018 registrations remained very stable compared to the previous year, we did see growth for classification and increasing number of transfers.

As we look at the graphs we currently operate well below our peaks of earlier years but this is reflective of the reduction in the dairy industry in general. Transfer numbers continue to grow as members exit the industry, sometimes a sad day but the positives of younger/newer members having access to generations of great cow families will ensure not all is lost.

With respect to classification I would now like to recognise the contribution of the team and their flexibility and work ethic. A number of changes occurred during the year reducing the team from 6 to 3 and based on the financial position of the Association we have not added any further classifiers.

During spring the team will be very busy with member classification, GINFO assessments and work on-behalf of various AB companies scoring daughters of a number of bulls who potentially will graduate in 2019.

There will be some delays to the tour schedule and we ask members to be patient. Within the office there has also been staff changes, two long term staff members have moved onto new challenges and we will welcome a new staff member during November. Genomic testing has been a growing service and a significant contributor to the Association’s revenue and showcasing the genetic merit of the breed. Congratulations to all members who have participated in genomic testing and developing an outstanding group of animals highlighting the many attributes of the Holstein breed.

GOVERNANCE

Across all levels of the Association it is taking sometime for members to adopt the changes made within Governance. The biggest challenge seems to be around lines of communication and understanding the representation pathway.

Below I have listed some examples of where to direct enquiries-

MEMBER	Registration/Membership question	Office
	Classification enquiry	Office
	What is happening in the local area	Sub-Branch
	Policy question	Sub-Branch, SDC, BDCC or Board Representative/CEO
	Rules and Bylaws	Holstein website
	Competitions	Holstein website

SUB-BRANCH	Funding	CEO
	Policy	SDC, BDCC, Board representatives/CEO
	Rules and Bylaws	Holstein website
	Questions	CEO/Management/Office

COMMUNICATION and MARKETING

As a major segment of the Business Plan and a key component of the Annual Operating Plan Communications and Marketing has historically represented a significant financial

commitment with a focussed outcome, primarily the Holstein Journal, some intermittent social media participation and a relatively stagnant website.

During 2017/2018 significant changes occurred, a Marketing and Communications Plan was finalised, a budget determined and resources re-allocated.

The results have been-

- Reducing the Holstein Journal from 6 editions of 60 plus pages to 4 editions of 40 pages releasing resources for other priorities
- Developing and distributing an e-newsletter, Holstein Dispatch
- Increasing social media participation balanced with appropriate moderation
- Launch a new website
- Marketing initiatives connecting the various digital platforms to promote Association activities and support member's marketing efforts in promoting sales
- Planning a marketing campaign through Dairy News Australia to market the benefits of Registered Holsteins (commenced July 2018)
- Commence planning a Sub-Branch media kit to grow communications at Sub-Branch level and assist in connecting to the overall Association activities (finalised 2018/2019)

The outcomes from this work are not always obvious and the feedback received is usually muted, but have we made progress?

Yes we have, the statistics included in the slide provide a positive position on how Holstein are communicating.

Is there more to be achieved, again yes and already during the current year we are further progressing promoting the Holstein breed. Holstein Australia can no longer be a passive participant in the marketplace, but an active promoter of the breed and efforts of our members.

OFFICE

As I present this report Holstein will have just re-located into a new office in partnership with Jersey, DataGene and National Herd Improvement Association. This has not happened overnight and represents the culmination of considerable discussions and planning over the previous two years.

Exciting as it is to be located in the centre of research for bovine and plant genetics, Agribio, the real opportunity lays in the collaboration of industry organisations to develop efficiencies to better service our members and grow our participation in the general dairy industry.

There has been disruption to members and to staff during the transition and I thank everybody for their patience.

I look forward to providing opportunities for members to visit the new office facility during the year to gain a greater understanding of the work undertaken by staff and the added bonus of seeing first-hand the research being undertaken around bovine and plant genetics.

YOUTH

During the year there have been "small steps" taken to restart Youth within Holstein, firstly a number of young people putting their hand up to become directly involved and more recently the appointment of a National Youth Co-Ordinator. Combined this will allow a greater focus on youth and allow prioritisation of key activities.

Around Australia we see many junior youth camps organised and they are all very successful. What we have lacked is the ability to bring together the 16-21 year olds and provide them with greater support and education. This is our first challenge to re-commence the National Youth Camp and provide opportunities for participation to help build skills and create lifelong friends.

We are now on the cusp of making the National Youth Camp a reality in 2019.

NEW INITIATIVE

In the background work has been occurring on how we can add further value to members on the genetic merit of their herd identifying their strength and weaknesses.

The Genetic Stocktake Report will provide a summary of the genetic merit of member’s herds identifying the opportunities to improve profitability through the comparison of the top 20% and the bottom 20%. Additionally there will be the opportunity to identify traits that the herd excels for and traits where improvement can be made.

The first phase of this initiative will be rolled out prior to year-end with follow up during the first part of 2019. We see the opportunity to support members as they make breeding decisions which will impact on their herd’s performance and value for future generations.

SUMMARY

Holstein is not immune from the challenges of the general dairy industry and it is a credit to members on their continued participation and use of services both in the good times and tougher times.

Participation at shows and Holstein competitions remains strong showcasing the best traits of the breed. We greatly appreciate the efforts of members to promote the breed and their breeding programs to the wider dairy community.

To the members who give their time freely to participate at Sub-Branch level and at Committee level, many thanks.

I would like to end by acknowledging the work of staff who quietly work away in the background to deliver the services valued by members.”

Moved Mr T Henry seconded Mr C Daley that the CEO Report for the 2017/2018 year be received. **Carried**

8 Close of Meeting

There being no other business the Chairman declared the 2018 Annual General Meeting closed at 11.10 am.

SIGNED: PRESIDENT
DATE: