



23 September 2019

MINUTES - ANNUAL GENERAL MEETING – 18 SEPTEMBER 2019

MINUTES OF THE THIRTY SECOND ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC, HELD IN INVERLOCH, VICTORIA ON WEDNESDAY, 18 SEPTEMBER 2019.

PRESENT: Chairman : Mr P Glass - HA President
Vice-Chairman : Mrs J Grey -Vice-President
Members : 24
Officer : Mr Graeme Gillan - CEO & Company Secretary
Staff : 3
Visitors : 9

1. NOTICE OF MEETING

The Chairman welcomed all members and visitors and declared the Annual General Meeting open at 10.05 am, pursuant to Notice of Meeting distributed in August.

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: Mrs Toria Patten, Mr Paul Condon, Mr Lawrie Flanagan, Mr Damien Henry, Mr Jon Holland, Mr Doug Polson, Mr Marcus Young and Mr Peter Semmens ST Australia.

MOVED Mr W Brown, seconded Mr T Henry that the apologies be accepted.
CARRIED

The Chairman advised that one proxy has been received.

MOVED Mr G Pacitti, seconded Mr D Johnston that the proxy be accepted.
CARRIED

4. ORDINARY BUSINESS

4.1 MINUTES OF THE PREVIOUS MEETING

MOVED Mr C Daley, seconded Mr D Johnston that the minutes of the AGM held on 15 November 2018 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 2018/19

Mr Patrick Glass delivered the President's Report for 2018/19 as follows:-

"For Holstein Australia 2018/19 has been a very successful year and if you asked, "Is this at odds with the general dairy industry?", I would say yes it is. Perhaps the difference represents the intangible value of registered Holsteins which at times we find difficult to articulate!

Emerging from a very challenging 2017/18 our early focus was to build on the changes already implemented and rebuild the financial position of the Association. With the substantial input of export revenue and expense reductions we have achieved a result above expectations. This is a testament to our members, the Board and staff who have all worked towards the best outcome for the breed. The full year financial results will be fully presented later in the meeting.

When we review the level of member service activity we do see a decline which is a challenge for us.

Is the decline a reflection of the overall industry or is our "heartland" of family owned farm businesses declining at a greater rate than the broader industry? It is too early to accurately measure but in time, and once we understand fully the new environment dairy is operating under, it will be important for Holstein to be conversant on the changing industry demographics so we can plan our future.

HERD BOOK

An aspect I would like to address with members is the Herd Book and specifically the integrity of the Herd Book. Some will argue the concept of a Herd Book may seem somewhat old fashioned with technologies such as genomics superseding the applicability. This is far from the truth as accuracy of pedigree is still the most fundamental aspect of genetic improvement.

Historically the Herd Book has been the most accurate source of truth for Holstein pedigrees, so in this changing environment how do we stay in front of the competition? We believe the way to do this is by using the latest technology to our advantage and helping to create an environment to encourage members to register as early as possible.

To that end commencing 1st July 2019 Holstein implemented two changes towards keeping the Herd Book as the most accurate source of pedigree information for the Holstein breed in Australia.

Firstly, compulsory genomic testing of males as a prerequisite for registration and secondly the introduction of scaled fees to encourage members to register as soon as possible.

Yes, there was some negative feedback, but this was far outweighed by the positive, with such decisions being about setting pathways for the future, not just about the present.

As the year progresses and into future years' members and non-members buying registered Holstein bulls will know the exact pedigree of the bull they are purchasing as far as best science allows, adding greater integrity to every female in the Herd Book.

Further to this and something for members to think about is compulsory genomic testing of females. Perhaps not immediately and not with current testing pricing but it could be an option, a logical progression, and something to consider in the not too distant future. .

It is important we keep an open mind on new innovations and technologies that will benefit members and industry.

Continuing the theme of Herd Book and then adding Holstein services we have seen some tremendous sale results for members when compared to the general sales of non-registered Holsteins, and even more so when we see recorded Holsteins sold over all other breeds and cross breeds.

The extra margin being achieved by members from their registered animals reflects the effort put into their breeding programs over a number of years and in some cases over generations. In some instances, these sales clearly demonstrate the financial difference between registered and non-registered Holsteins. Registration, classification, participation at shows and competitions coupled with herd testing make a real and tangible difference, with the market being the true indicator.

Management has successfully worked in conjunction with members and sales agents, becoming increasingly active around marketing not only individual herds but the breed overall, and specifically using social media to further promote sales being conducted by members.

COMMUNICATIONS AND MARKETING

This leads me into another important focus for the Association: Communications and Marketing. We traditionally focused on internal communications through the Journal. Last year we moved to broaden the focus of communication as well as adding a marketing component to the mix. Without compromising member contact frequency in all its forms, we reduced the number of Journal issues from six to four and with the help of external expert resources helped create and deliver a new and vibrant communication and marketing strategy using both traditional print and social media. Over recent times many will have either met or communicated with our Communications Manager, Adam Sawell.

In addition to the Journal, during 2018/19 Holstein has undertaken a range of initiatives including a 12-month marketing campaign in Dairy News Australia; engaged with social media more that has seen considerable growth across a number channels and a number of media initiatives to a range of agricultural publications highlighted most of our initiatives particularly involving Youth.

One additional activity undertaken has been working with members to support their marketing efforts leading up to sales and I'm happy to say to date the feedback has been very positive.

Finally, I would like to touch on internal communications that is between administration, sub-branches and members. Some progress has been made to improve the flow of information throughout the member community but we realise that there is much more to do.

GOVERNANCE

It is now just over two years since the implementation of the current governance structure and it is fair to say there are aspects working well and some not working as well as we would like. The Board, the Strategic Directions Committee and the Breed Development Committee as recently as this week have commenced a review to determine the best structure to operate under into the future.

Sadly, the industry continues to shrink which reinforces the approach taken during the Governance structure to remove administrative layers out of the Association was correct. What we need to ensure is that we continue to reshape the organisation and that we are always inclusive of our members. There will be more to report on this important topic during the year.

While on the topic of Governance, I would like to briefly discuss succession planning for the Board and Committees as I believe it is very important to constantly refresh the Board and all Committees. Recent experience shows we only receive the minimum nominations required for vacant positions, something I do not believe is healthy or sustainable in the long term. We fully appreciate that Board and Committee positions are voluntary and do impact on members prioritizing their time and ultimately their farm businesses, however Holstein has been built on decades of voluntary participation and today this is just as important as it was in the past. I urge any member who believes passionately enough in the future of the Association and the direction of the breed to consider putting their hand up in some capacity; I assure you it is most rewarding.

I would like to take this opportunity to thank all the members involved at Sub-Branch level for their invaluable contribution to ensure at grass roots level Holstein Australia continues to function. Our Sub-Branches are the bedrock of the Association and the lifeblood of our Holstein community.

BREED STALWARTS

On a somewhat sadder note I wish to recognise that during any given year there will be members and family who pass away. On behalf of the whole Holstein community I would like to take this opportunity to offer my sincere condolences to families who have experienced a death during the year.

In particular, I wish to recognise the significant contribution made by the late Charlie Shearer to the Association and to the Holstein cow both as a Master Breeder and Administrator over many years.

From a breeding and breed promotion perspective he set standards that will be hard to surpass; ask any exhibitor during the 70's, 80's, 90's and beyond who exhibited at Brisbane or Sydney on the quality of exhibits Wyoming brought to the shows. Outstanding!

As a breed Administrator Charlie was a huge contributor at New South Wales level. On Federal Council he served as President as well an integral part of the Classification Committee where he was able to help establish the standards that have served the organisation so well.

Condolences to the Shearer family.

SUMMARY

As I conclude my second term as President I would like to recognise the services of a Past President and now departing Director, David Johnston (Jonno) who has served as a Director for 12 years and along the way for approximately 40 plus years has contributed to the fabric of the Association. It would be remiss of me not to recognise Glenyce, as without her unwavering support I doubt David would have been able to spend so much time away from the farm. Good Luck David and Thank You!

I would also like to thank my fellow Directors who provide tremendous support and importantly who ensure there is robust discussion during all Board meetings.

To the members of the SDC and BDCC, many thanks for your valuable contribution to the direction of the Association and the Holstein cow.

To Management and Staff, on behalf of all members, thank you. In a very unobtrusive way, you go about your business working on our behalf to deliver the services that allow the membership to function as it should.

Last but by no means least Thanks Kerrie, the support from you and the family allow me to contribute in the way that I have.

Finally thank you to members for allowing me to serve them as their President, an honor and privilege."

MOVED Mr T Henry, seconded Mr B Cirello 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 2019

Mr G Carpenter, on behalf of the Board presented the Financial Report for 2018/2019.

With great pleasure I can announce the Association recorded a surplus of \$375,657 for the 2018/19 Financial Year. This came about from a combination of a resurgence in Export activity and the on-going prudent expense control. Year on year this represents a \$714,670 turnaround from the previous year, a wonderful outcome for Holstein Australia. Member's Equity also benefitted from the turn around and is now at \$2,948,725 leaving the Association in a very sound financial position.

2018/19 PROFIT & LOSS

REVENUE

Revenue increased by \$846,595 with Export contributing the majority of the increase. Package fee increases reflected the changes implemented on 1 July while Registrations, Subscriptions, Genomic Testing and transfers were down which is not really surprising given the continuing difficult terms of trade being experienced in the dairy industry.

Classification excluding export inspections was also below the previous year but as there were significantly less classifiers in the field we gained significant benefits through lower expenses.

A positive equities market in the second half of the financial year saw continued growth for the investment portfolio that also contributed to revenue.

EXPENSES

Reviewing Expenses and excluding Export Service Charges (which reflect export growth) there was a reduction of \$204,659, headlined by lower total salaries, classification expenses and the accumulation of small savings over a number of items.

It is worth noting that during the 2018/19 financial year Holstein moved offices to Agribio which was achieved under budget and importantly did not drain our cash reserves to complete the move and fit out. One immediate knock on is on-going rent will be reduced by approximately 50% from our Hawthorn office.

Expenses increased for Marketing and the Journal as we have invested in broadening Holstein's reach beyond our traditional communications model. Consistent social media presence, Holstein Dispatch, increased Holstein news across news outlets and the Dairy News Australia marketing campaign have lifted the profile of Holstein and the Holstein cow across the industry.

SUMMARY

Holstein's financial position improved dramatically during 2018/19 which is reflected in a significant surplus and much improved cash flow position.

Holstein cannot take for granted such a positive outcome and we need to continue to promote Holstein services to hold and hopefully increase revenue while at the same time managing expenses responsibly.

BUDGET 2019/20

The 2019/20 Budget forecasts a small surplus based around conservative revenue numbers and consistent expense estimates.

REVENUE

The most significant variation compared to the previous year is the conservative approach to Export which also impacts classification through export inspections.

For Member Services we have generally reflected a slight decrease or little change as we believe that sections of the industry will continue to be under financial pressure. There are revenue increases for genomic testing and transfers as early indications that there would be growth in activity. Additionally, it has been forecast that the GINFO project will expand to include more herds and this will create further demand for classification.

EXPENSES

The goal of the year will be to further consolidate the savings that have been made over recent years. We will see some expense growth around Classification with a 4th classifier added and genomic testing volumes increase.

SUMMARY

Early results from the July/August trading period are ahead of budget for revenue while being within expectations for expenses.

As the year progresses updates will be made available to members.”

Moved Mr G Carpenter seconded Mr G Pacitti that the Annual Accounts for the year ending 30 June 2019 be approved and adopted. **CARRIED**

Mr Carpenter then presented the Budget to provide the members attending an insight for 2019/2020 Financial Year.

5. DECLARATION OF ELECTION RESULTS

5.1 The Board

The President declared that Mr G Carpenter and Mr P Hall are 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 G Horrocks and Mr W Brown are duly elected to the Breed Development and Conformation Committee for a term of three years.

6. OTHER BUSINESS

6.1 Report of the Breed Development and Conformation Committee

The Chair, Mrs Jenny Grey presented the Breed Development and Conformation Committee Report for 2018/2019.

“Good morning everybody.

Once again it is my pleasure to present the Breed Development and Conformation Committee Report. This year I would like to focus on four areas: committee, competitions, breed development and classification.

COMMITTEE

The Committee was honoured to continue to have the services of Dr Mary Abdelsayed as a member during the past year. Dr Abdelsayed, a geneticist with DataGene has made a valuable contribution to our discussions throughout the year. On behalf of the Committee and our membership, I would like to thank Dr Abdelsayed for her input and as Mary is now on maternity leave will have her hands full at home taking a break from Dairy House.

Two members of the BDCC have reached the end of their current terms and I would like to personally thank Wes Brown and Geoff Horrocks for their service and commitment to the committee over the last few years. Both are eligible to renominate for another term.

COMPETITIONS

One of the tasks of the BDCC is overseeing two of the major competitions of the Association, the Cow of the Year and the All Australian.

For the Cow of the Year judging the Committee was joined by member judge Declan Patten and by industry judge Peter Dixon from Semex to judge the strong field of entrants. Congratulations to the finalists and good luck for tonight.

I would like to take the opportunity to say thank you to the members who continue to support the Cow of the Year competition. While the number of entries can always be higher it's because of your entries the competition continues for another year; so Thank You

The All Australian finalists for this year's competition were selected by Lisa McKay, David Peglar and Wes Brown. This year was David's first and Wes's last year as judge of the All Australian; no doubt Wes like all past judges that come to their term's end will miss his time pouring over photos and the robust discussions that are commonplace amongst the three judges.

Again this year, the number of entrants was strong and the competition continues to be the premier photographic competition in Australia. Congratulations to the finalists and best of luck for tonight. On behalf of the Committee, I would like to thank the judges for taking the time to help shine a spotlight on the best Holsteins in Australia.

A decision that was taken by the committee during the year to encourage member participation in the competition is to allow all animals from shows with Holstein classes to be eligible for the All Australian competition.

To achieve that meant removing All Australian status from all shows across Australia something that was not taken lightly.

Commencing in this competition year all animals from shows with Holstein classes to be eligible to enter the competition provided the judge on the day is a member of the National Judges panel.

This required a small amendment to the exiting bylaw and that change was approved before the start of the 2019/20 competition year.

BREED DEVELOPMENT - ANIMAL IDENTIFICATION

Proper identification of registered Holsteins for showing and sale is something our membership believe more could be done to improve the practices around showing and selling. This would require more co-operation from our members and more enforcement from the Association.

Proper identification is the single biggest complaint we receive from both members and non-members. When selling cattle vendors must be sure that all registration certificates have either two physical identifiers on the certificate or one physical identifier and a photo. We as vendors must take responsibility for our animals and standards.

The same applies for the show ring; it is up to the member to provide the proper matching ID prior to exhibition. I share the frustration of inspectors who can't do their job because the members "has forgotten the certificate"; the ear tag has been removed or there is no photo attached or a number of other reasons.

This doesn't have to be a complex issue but the BDCC is happy to receive feedback on it at any time.

You as members have the opportunity to offer that feedback during the Open Forum immediately following the AGM; so I invite you to have your say!

PRODUCTION AWARD BENCHMARKS

As you may know the benchmarks used in our production awards can sometimes be seen as being “maybe too high or maybe too low”. For certain production is dependent on seasonal influences, feeding and management systems under which the modern Holstein produces milk. The BDCC is mindful of these vagaries that may occur and with this in mind reviewed the production award benchmarks this year. The committee concluded that the current benchmarks for production adequately reflected output and believed an adjustment would dilute the production levels required to achieve these illustrious awards.

CLASSIFICATION

Our multi-breed classification system continues with classifying multiple dairy breeds, Dexters and dairy goats. Generally speaking, the feedback from the other breeds is positive which is a pat on the back for our classifiers and a testament to the confidence breeders have in the classification system.

We also continue to hold classification workshops with several of the breed societies and where possible look forward to these as annual events.

The Committee has been in the field looking at the work of classifiers and is satisfied with the quality and consistency of the work. Our classifiers are human after all and never the less must be treated like professionals even if members don't agree with their opinions.

In closing, I would like to thank my fellow Committee members for their hard work and dedication during the past 12 months. I would also like to acknowledge the commitment of our classification team to the improvement of the breed.

As always I would like to conclude with my special thanks to all those members who allow us to train on your farms or kept animals back for monitoring.

Thank you.”

MOVED Mrs J Grey seconded Mr W brown that the annual report for the year ended 30 June 2019 be received.

CARRIED

6.2 REPORT of the CHIEF EXECUTIVE OFFICER

The Chief Executive Officer presented to the meeting his report for 2018/2019.

The 2018/19 year has overall been a very positive year for Holstein contrary to the industry in general. Each year is a work in progress and cannot be held in isolation and the positive result in part has been created from the negative previous year. Also what impacts members does impact Holstein and when I review member service activity in this report that connection becomes more obvious.

As already covered in the Financial report, Holstein achieved a surplus that can be argued completely reversed the member equity lost in the previous year. Holstein's challenge will be to grow revenue outside of export and to control expenses to support future outcomes.

EXPORT

I cannot present my report without highlighting export, firstly for the positive impact it has had on the financial year but also more widely across the general industry.

For the year Holstein inspected approximately 95,000 heifers for China and worked with exporters to help facilitate shipments to Japan, Indonesia, Taiwan, Vietnam and the Middle East. We sometimes have mixed thoughts around live export of heifers, but for

the trade to continue at the current rate Australian Holsteins must be performing at a high level overseas, congratulations.

At farm gate, export has been a significant cash flow provider and now for some a significant source of revenue. Almost a buffer to milk prices.

OFFICE AND STAFF

Much has already been made of our office move in November 2018, shared facilities, savings for lease costs and working in the same building as a significant amount of research is undertaken for the dairy industry.

What recently came to light and is very important from my perspective is that the staff are happier working in the new office and are enjoying the company of staff from other organisations. It would appear the new working environment is more productive, a significant win for all.

Creating “back office” efficiencies has been discussed and during the current year will increase as a focus of all the organisations. A number of initiatives have been identified which have the potential to improve service and save money.

I would like to acknowledge the efforts of staff during the year as for a period just under two months we did not have an office, only borrowed facilities. Everybody just got on with their job and from a member’s perspective there was limited interruption to services.

Heading into the field, I would like to acknowledge the classification team, for 9 months of the year we operated with just three classifiers with a fourth added around April. At times we did fall behind on schedule (which I greatly appreciate the patience of members) but as the year progressed the team kept working away to achieve over 26,000 classifications, this represents a significant number of cows per classifier.

Keeping the staff theme, the Holstein management team provided great support to me, working through the good and bad days ensuring the business delivers on a day to day basis yet still looks to the future.

During the year Holstein did engage two contractors for two very different tasks, both become very valuable contributors beyond the normal input of a contractor.

Holstein is all about being a team and during 2018/19 this was very evident.

MEMBER SERVICES

In a contracting industry member services activity did reduce, drops in registrations, transfers, classification and genomic testing all dropped, this was not surprising.

We did see a surge in registrations during May/June, classification was impacted by the number of classifiers and genomic testing reflected the general dairy economy.

HOLSTEIN GENETICS

Holstein has taken a very pro-active approach to genomics and promoting genetic progress of the breed. The introduction of the Genetic Stocktake report we see as a first step to help members understand the merit of their herds. We look forward to building on this during 2019/20.

Over 2018/19 we have seen many members achieve outstanding results utilising genomics to measure individual animals genetic merit. The depth within the Australian herd grows with each run and this is now being reflected in the growing list of domestic bulls ranking with the best of the world.

Reviewing the bull lists, the Holstein breed has and continues to make tremendous progress across the majority of traits. Perhaps at one stage non-Holstein people liked to be critical of the breeds purported lack of health traits, today they are envious. The progress for Daughter Fertility, Survival and Milk Quality has been significant and adding new traits such as Feed Efficiency and Heat Tolerance only adds extra value to the Holstein breed.

SUMMARY

I would like to thank the support, guidance and contribution of the Board, individually or collectively their work on behalf of members provides a strong direction for the work of myself and staff.

To members, thank you for your positive interactions with staff and myself, it sets the tone for a positive organisation.

As mentioned Holstein Australia is a sum of many parts, all contribute to the success of the Association and the cow.”

MOVED Mr P Hall seconded Mrs J Grey that the CEO Report for the 2018/2019 year be received. **Carried**

7. Close of Meeting

Prior to closing the meeting the Chair took the opportunity to recognise the efforts of Mr David Johnston for his twelve years service on the Board including three years as Chairman.

There being no other business the Chairman declared the 2019 Annual General Meeting closed at 11.00 am.

SIGNED: PRESIDENT DATE: