



15 October 2020

MINUTES – ANNUAL GENERAL MEETING - 8 OCTOBER 2020

MINUTES OF THE THIRTY THIRD ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN- FRIESIAN ASSOCIATION OF AUSTRALIA, HELD VIA ZOOM ON THURSDAY 8 OCTOBER 2020.

PRESENT: Chair : Mr P Glass - President
Vice Chair : Mrs J Grey - Vice President
Members : 35
Officer : Mr Rohan Butler - CEO and Company Secretary
Staff : 5
Visitors : 7

1. OPENING and WELCOME

The Chair welcomed all members present and opened the meeting at 12.03pm pursuant to Notice of Meeting distributed in September.

2. ATTENDANCE REGISTER – DECLARATION of QUORUM and PROXIES

The Secretary advised the meeting that there was quorum of more than 20 members from more than 3 states including proxies and the Chair declared the meeting duly constituted.

3. APOLOGIES and PROXIES

The Secretary advised the meeting of the following apologies received from members; Mr. Les White and Mr. Neville Hawke

The Secretary advised the meeting of the following apologies received from non-members: Mr. Hugh Nivison from ABRI and Mrs. Cheryl Watson from the New Zealand Holstein Friesian Association.

MOVED Mr. Paul Condon moved seconded Mrs. Sam Simpson that the apologies be accepted.

Carried

The Secretary advised the meeting of the following proxies were held by members at the meeting.

Mrs. Jenny Grey holds proxies for Mrs. Erica Chesworth and Mrs. Emma Elliot.
Chair Mr. Patrick Glass hold a proxy from Mr. Gary Grey.

MOVED Mr. Justin Johnston seconded Ms. Andrea Henry that the proxies be accepted.

Carried

4. ORDINARY BUSINESS

4.1 Confirmation of the Minutes of the Previous Meeting

MOVED Mr. David Johnston, seconded Mr. Wes Brown that the minutes of the Thirty Second Annual General Meeting held on 19 September 2019 be accepted.

Carried

4.2 National Presidents Report

Mr. Patrick Glass presented the Presidents Report for the financial year 2019/20.

Presidents Report 2019/20

To say 2020 has been an interesting year is an understatement. Nearly everything that happens within the Association has been effected by the COVID-19 pandemic, but just the same on the farm, the work continues, business as usual.

At a high level it has been a very successful year for HA. Despite a significant drop in the investment portfolio we have seen a significant rise in member's equity to \$3.248 million. This is primarily driven by high levels of export activity and Holstein Australia's role in facilitating that trade.

We continue to see a change in the way we interact with Members. Providing members with regular updates about the Association and the celebrating member's successes has been a high priority for the Board. This has included increased levels of social media activity and increasing the frequency of the Association's email update Dispatch from monthly to fortnightly.

The Board is always looking for continuous improvement in the governance of the Association. During the past financial year this included the creation of the Audit and Risk committee. This committee has been recommended to us by our Auditor. Made up from an external appointment with special skills and selected board members this is a committee we expect to meet 2-3 times a year to make sure that HA has all the correct checks and balances from a finance, governance and operational perspective.

The value of registered Holsteins continues to go from strength to strength. With prices for export heifers currently exceeding \$2000 per head. We also have regularly seen Holstein members receiving a premium for their registered animals at sale; in some cases many hundreds of dollars. This is a true market reflection of value of registered cattle and the quality of cattle that HA members provide to the Australian Dairy industry.

In somewhat sadder news, during the year Colin Ekers from Port Elliot South Australia passed away. Colin's efforts in promoting the Holstein breed and dairy farming in general to both people within the industry and also the general public was example for us all. Our thoughts are with his family.

I want to thank the contribution of the staff that help manage the Association. During the 2019/20 year COVID-19 and the movement restrictions it has brought about have meant our office staff have had to work from home and our field staff were initially taken off the road before returning. Currently, the office staff remain working from home, while the field team are back working within the restrictions placed on us by relative state governments.

While the staff haven't been able to operate within the 4 walls of Dairy House for some time now the collaboration with our Dairy House partners has continued to grow. We have now implemented a service sharing arrangement for accounting staff. In short this means each organisation contributes to the total cost of the accounting staff. Doing this has several benefits. Firstly there are some cost savings. More importantly though all three organisations get access to high quality accounting staff with a variety of skill sets. It also means all organisations have backup in the case that staff want to take leave or are unwell business can continue uninterrupted.

The most important decision a Board makes is the CEO. During the past 18 months former CEO Graeme Gillan approached the Board and indicated a desire to take a step back. This triggered the Board to undertake a succession plan to identify the next CEO for Holstein Australia. A process was undertaken including consulting with recruiters and human resources experts. Following a lengthy consultation and interview process Mr Rohan Butler was appointed to the role in June with the handover on 1 August. The opportunity to appoint a CEO from a current staff member was highly appealing. Over the last 12 months Rohan has been heavily involved in the development of the Strategic Business Plan and now has the opportunity to implement that plan, and I wish him, the staff and the Board the best of luck in implementing the plan.

Under Graeme's guidance over the past 6 years Holstein Australia has proven to be a resilient and progressive Association. I want to take this opportunity to thank Graeme for his time as CEO. He has guided the Association through some of the toughest periods the dairy industry has seen in recent times and his legacy has left the Association in an extremely strong position.

MOVED Mr. Matthew Robertson seconded Mrs. Toria Patten that the Presidents report be accepted.

Carried

4.3 DIRECTORS FINANCIAL REPORT, THE AUDITORS REPORT and FINANCIAL STATEMENTS for the YEAR ENDED 30 JUNE 2020.

Mr. Garry Carpenter presented the Financial Report for the Financial Year 2019/20.

2019/20 Financial Report

In a year of two halves that can only be described as extraordinary operating conditions for the Association it gives me great pleasure to announce a second consecutive successful year with a fully accounted surplus for the 2019/20 financial year of \$299,607.

The result reflects a continuation of revenue growth in our service offering as well as sustained export activity coupled with support for business from state and federal government during the COVID-19 pandemic.

While our investment portfolio performed below expectations and had a negative impact on the bottom line with unrealised loss of \$160,579 the business performed extremely well with a surplus of \$460,186 - up 22% from last year - before taking into account the unrealised loss.

Consequently, our balance sheet remains strong with member's equity now at \$3.248 M up 9% from the previous year.

2019/20 PROFIT & LOSS

REVENUE

Revenue for the year increased by 8% or \$291,402 to \$3.555 M with gains in the 1st tier categories of registrations, transfers, genetics testing and technical services. These have come about largely due to the better aligning of resources to those activities.

Classification revenue of \$732,505 was only down 2% which is an exceptional result considering the class team were off the road for an extended period during the height of COVID-19 restrictions.

Export revenue was on par with last financial year with a slight increase in income of 4% to \$997,118.

In 2nd tier revenue project and contract services was up 29% to \$84,785 and the Association benefited from state and federal government funding to the tune of \$152,500 through various assistance packages. Government assistance will continue into the current financial year but at reduced levels with program wind backs and more stringent eligibility requirements.

Our JobKeeper payments helped offset the unrealized loss of \$160,579 recorded against our investment portfolio due to COVID-19 related global equity market volatility in the 2nd half of 2020.

EXPENSES

In 2019/20 Expenses (including Export Service Charges that were marginally higher at 3%) increased by 6% to \$3.095 M.

Classification expenses were 6% higher despite a period where tours were put on hold during the 2nd half of the year due to COVID-19.

Some re-categorising of salaries to more accurately align expenses with the service performed showed a Technical Services expenses increase of 28% and Member Services expense decrease of 6%. While not a dollar for dollar switch the accounts now more accurately record where staff salaries are domiciled.

As expected building expenses were significantly lower than last year with the move to AgriBio complete.

While total expenses for the year increased marginally it's fair to say that prudent cost reductions introduced over the last two years have had the desired effect, however it is now unlikely this level of expense control can be maintained and still meet the needs of our service delivery.

2019/20 BALANCE SHEET

Cash reserves remain strong up 28% to \$765,048 allowing flexibility should those reserves be called upon in the future. Our investment portfolio stands at \$2.024 M. Total assets now stand at \$4.052 M up 13% from 2019.

Current liabilities decreased by 13% while non-current liabilities increased due to newly introduced accounting standards for lease liabilities. Total liabilities stand at \$803,798 up 28% largely due to the new accounting standard.

As stated earlier member's funds continue to grow with member equity now at \$3.248 M up 9% from the previous year.

SUMMARY

The Association's financial turnaround witnessed in 2018/19 continued through 2019/20 despite the upheaval of managing the business through COVID-19.

Broadly speaking the financial performance for the year reflected the diversity of the Association's service offering but more importantly demonstrated that members continue to use our services at financially healthy levels.

BUDGET 2020/21

The 2020/21 Budget of a \$46,513 surplus is a cautious forecast in line with previous years based on conservative revenue numbers and consistent expense estimates.

REVENUE

As in previous years we are conservative in our approach to export income and have forecast 75% of 2019/20 revenue. While we expect the trade to continue strongly it can be problematic to budget on the same levels of activity and therefore revenue based on last year's results.

For Member Services and in particular Registrations we expect an improvement in activity with 2020/21 seeing a full year of resources dedicated to driving up member service uptake.

We expect an improvement in classifications as hopefully COVID-19 restrictions are wound back nationally. The accounts have been adjusted to now include revenue from the GINFO project into classification. This better reflects the use of the class team as that project continues to grow.

EXPENSES

Overall the budget forecasts a slight decrease in total expenses although some business areas will see increases, such as classification, with the recent appointment of an additional classifier. This should be offset by additional classifications.

Member services sees an increase of 17% in line with the proper allocation of salaries.

SUMMARY

Management have set another conservative budget in line with other years and with prudent expense control the 2020/21 year should progress as planned.

Early indications from the July/August trading period are that we are ahead of budget for the current year but slightly behind our trading position for this time last year.

MOVED Mr. Garry Carpenter, seconded Mr. Colin Daley that the Annual Accounts for the year ending 30 June 2020 be approved and adopted.

Carried

5. DECLARATION OF ELECTION RESULTS

5.1 The Board

The Secretary informed the meeting that due to nominations exceeding the number of vacancies a ballot was held.

At the conclusion of counting by the scrutineer Mr Damien Smith the Secretary informed the meeting that Mr. Gino Pacitti and Mrs. Jacqui Soares were duly elected to three year terms on the Board.

5.2 The Breed Development and Conformation Committee

The Secretary informed the meeting that the nominations received did not exceed the number of vacancies a ballot was not required.

The Secretary informed the meeting the Mr. Brett Cirillo and Mr. Phil Daniel had been appointed for 3 year terms to the Breed Development and Confirmation Committee.

6. SPECIAL RESOLUTION

MOVED Mr. David Johnston seconded Ms. Andrea Henry that the changed to the constitution relating to the definition of a member be accepted as presented.

Carried

7. OTHER BUSINESS

7.1 Report of the Breed Development and Confirmation Committee

Mrs. Jenny Grey chair of the Breed Development and Confirmation Committee presented the report for the 2019/20 year.

BDCC Report 2019/20

Good afternoon everybody.

Once again it is my pleasure to present the Breed Development and Confirmation Committee Report for 2019/20. To say the least this year has had its challenges in so far as COVID-19 put a halt to what many on the committee would argue is a highlight of the year and that's the out of town on farm visits. Nevertheless and with Zoom technology playing its part the committee continued it work in the second half of the year albeit limited.

Committee

As is required under the Association's governance two members of the BDCC have reached the end of their current terms and I would like to personally thank Lynette Greenwood and Brett Cirillo for their service and commitment to the committee over the last few years. Both are eligible to renominate for another term but unfortunately Lynette decided not to seek another term so we will have a new face on the committee at our next meeting.

Lynette Greenwood joined the committee in October 2013 and remained a member for the next 7 years successfully renominating in 2017 after what was then 4 year terms.

Lynette brought to the committee her no nonsense practical and "get on with it" attitude on all things. She was and remains a wonderful supporter of the classification system not only around the committee table but also for her Alnor Holsteins herd near Ballarat.

Her willingness to include her herd in research projects was testimony to her support of class and the Association and as well as a true believe in the importance and value of proper and accurate animal identification. Something the class team appreciates.

The Committee was again honoured to have the services of Dr Mary Abdelsayed as a member before Mary went on maternity leave. Dr Abdelsayed continues to make a valuable contribution to our discussions and will make a welcome return to next we meet.

In the September meeting the committee met with the Board and the Strategic Directions Committee (SDC) to discuss the national committees' structure and terms of reference and the overall health and effectiveness of the governance of the Association.

The outcome from these discussions and preliminary work was to become the foundation of the 2020/25 Strategic Business Plan and the Committee appreciated

their involvement in this very important initiative. It also provided the opportunity for members of both the SDC, the BDCC and the board to rub shoulders and better understand the roles and responsibilities of each committee.

Competitions

As I have said in the past the BDCC oversees the major competitions of the Association, the Cow of the Year and the All Australian.

COVID-19 seriously affected the “where and the how” these two prestigious competitions were judged. Gone was the annual face-to-face and robust argy-bargy across the judging table and in place was judging via Zoom with its inherent technical challenges, intermittent reception and juggling hundreds of photographs.

Lisa McKay, David Peglar and Matthew Templeton selected the All Australian finalists for this year’s competition. This year was Matt’s first and Lisa’s last year as judge of the All Australian; no doubt, Lisa like all past judges that come to their term’s end will miss her time pouring over photos and the robust discussions that are commonplace amongst the three judges. Perhaps not over Zoom!

I would like to pass on a personal vote of thanks to the judges and to Delia Worth from the office who collated all the entries and photographs who showed great patience and perseverance to get the job done. Thank You.

For the Cow of the Year judging the Committee was joined by member judge David Johnston Boorcan, VIC and by industry judge Dale Bryce from Premier Genetics and Livestock Solutions Nowra NSW to judge a narrow but extremely strong field of entrants. Congratulations to the finalists.

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!

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; they are a credit to the breed and their breeders and owners.

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 by the committee as to whether the competition is run in 2020/21 needs to be made soon as the number of shows at local, state and national level is very limited due to COVID-19. It would make sense to bend with breeze and make the call but it is an important decision something the BDCC will take seriously.

The Semex Holstein Australia On Farm Challenge rolled along as usual last year with a healthy number of entries in each state. Without the support of the numerous members throughout the sub branch network and the generosity of Semex the competition would not be what it is.

Sadly as you would know this year’s competition has been cancelled due to COVID-19 in what would have been the competition’s 20th year. I’m sure we will celebrate a wonderful 21st year in 2021.

Breed Development

During the year a number of activities were supported, initiated or engaged with by the BDCC and include:

- In November held an Out of Town meeting in Northern Victoria visiting Mitch Holsteins and Redmaw Holsteins.
- In December held joint discussions with DataGene during the National Breeding Objective 2020 review

- March 2020 National Judging School in March in Colac, VIC.

Some 18 participants attended and 7 were successful and have been added to the National Judging Panel. The schools overjudges included Jade Sieben, Vaughan Johnston and Pat Nicholson.

This was Pat's 3rd school as overjudge and all 3 showed their professionalism throughout the school as well as no doubt some patience when required. The group remained enthusiastic from the beginning and that helped make the event such a success.

Also attending were BDCC members Geoff Horrocks, Brett Cirillo and myself. This gave some of the committee first-hand knowledge of the school and will allow the BDCC plan for another judging school next time around.

I must not forget the enormous effort and on the ground organisation from the members of the Western District sub branch. Without this help the school would not have been the success it was; so a huge Thank You.

Classification

No doubt COVID-19 has been and will be mentioned throughout this year's AGM. Obviously, the pandemic has had a big impact on where we could send the classifiers and continue to deliver this service to members.

A big thank you to the class team who despite a lengthy shut down during the second half of 2019/20 were kept busy with a national member ring around which from all reports was well received.

I would also like to take the opportunity to thank someone who is an integral part of the class team but rarely gets the recognition they deserve. Behind every class tour, every phone call and SMS that goes into the tours sits a member of staff who largely goes unheralded. Some of you may know John Crowther and I'm sure most of you have spoken to him on the phone. John's job is to juggle the booking the class and juggling the where abouts of the classifiers; not an easy job but John does it without fanfare or platitudes. Thank You John!

Throughout the pandemic, the number one priority had been the health and welfare of the staff as well as members and I would like to pass on my thanks to every member for their patience through this difficult period.

During the last few months class is back up and running in those states and regions where restrictions allow and as I speak the signs are improving with border closures being lifted.

To help with the class backlog a new classifier has been recruited and despite COVID-19 has finally started training. Rob Marshall might be known to members through his involvement with the Northern Victoria sub branch. Welcome Rob!

In closing, I would like to thank Graeme Gillan for his support of and direct involvement with the BDCC during his time as CEO and I look forward to a similar level of engagement from new CEO Rohan Butler.

Finally to my fellow Committee members for their hard work and dedication during the past 12 months; thank you.

Thank you Mr President.

MOVED Mrs. Jenny Grey seconded Mr. Pacitti that the report be accepted.

Carried

7.2 REPORT of the CHIEF EXECUTIVE OFFICER

The Chief Executive Officer presented to the meeting his report for 2019/20.

The 2019/20 financial year has been one of two very distinct halves the first half of the year saw operations as normal, events conducted, competitions run. The second half of the year was turned on its head, with operational restrictions brought on due to the COVID-19 pandemic.

Staff Operations

Operating throughout the year with fourteen staff members including 4 classifiers on the road, the biggest change was the employment of Simon Adams as Services Extension Officer. In many ways this is a back to the future moment with some of his role is similar to the way Field Officers have operated in the past; establishing new members and helping old members catch up on registrations. As restrictions ease our plan is for Simon to be out visiting members nationally.

The onset of restrictions brought about by the COVID-19 pandemic in March resulted in office based staff working from home rather than at Dairy House, and due to the second wave in Victoria the situation remains much the same at the time of the AGM. Classifiers were also taken off the road for 6 weeks but are now operational again with a COVIDsafe plan in place.

Through all this, much like for members on farm, operations have remained as close to normal as possible. The staff both in the virtual office and in the field have to be commended for their work during the year under trying circumstances.

Strategic Business Plan

In order to keep Holstein Australia providing relevant services we have a business plan. Traditionally the plan is revised every 5 years and 2019/20 was a review year. A process was undertaken working initially with the Board, Strategic Directions Committee, Breed Development and Confirmation Committee and Staff. This culminated with a meeting of the Board and two committees.

The plan has a very deliberate structure Aspiration > Objective > Action. This is a pyramid process whereby we have identified the Aspiration or the place the business needs to be. From there the objectives are the things that need to change to get to the aspiration and the actions are the to-do list that help reach the objectives.

Recently the plan was released to sub branch office bearers and the document will soon be available for members to review so they can understand the direction of the organisation. Work has begun on the new plan with several actions already being completed such as the employment of the Communications Coordinator, welcoming Sarah Keens to the team in August.

Member Services

Registration

Unfortunately registrations numbers continued to trend down with a total of 37,621 registrations down 6,978 on the 4 year average. Obviously not a great statistic but a reality that also impacts other organisations in the dairy industry. The employment of the Service Extension Officer is critical in turning this tide and there are other key actions in the Strategic Business Plan to address this issue.

Genomics

The genomic service continues to slowly grow, with 14,317 tests up 42% on the previous year. The 2018/19 year was though a low point and 2020/21 will be a year where HA looks to consolidate the numbers of genomic tests processed with the continued strength of the live heifer export market helping this.

Classification

The number of evaluations was stable year-on-year at 25,960. Given there was a 6 week period with the class team off the road this is a great outcome. Early numbers for 2020/21 show there is some catch up from the COVID-19 related shutdown period and we expect numbers to be up significantly with an additional classifier being employed and increased work from the GINFO research project.

Export

Export inspections and pedigree certifications continue to be a strong income earner for the Association. A visit to China in July last year confirmed that while the trade can be volatile the strong demand for Australian Holstein Heifers in China continues.

The strategic business plan has a strong focus on the export of Australian Holstein genetics with significant member feedback indicating that they want to see HA focus on helping build export markets that provide opportunities for them to market live cattle, embryos and semen.

Summary

In summary the 2019/20 year was a consolidation year for Holstein Australia with export driving a very healthy surplus. Operations continued in a normal manner despite pandemic lockdowns. We look forward to 2020/21 being a year of development with the implementation of the first year of our five year strategic business plan and the introduction several new services.

Finally, I would like to reiterate the words from Patrick on Graeme Gillan's tenure as CEO and to also thank him for the guidance leading me up to the transition of the changing of the guard.

MOVED Mrs. Sam Simpson seconded Mr. Matthew Robertson that the report be accepted.

Carried

7.3 ANY OTHER BUSINESS

7.3.1 Comment from the floor

Mr. Hennie Verwaayen from the New Zealand Holstein Friesian Association congratulated Holstein Australia on the running of the meeting online.

7.3.2 Vote of Thanks

Mr Carpenter gave a vote of thanks to outgoing President and Board member Patrick Glass for his extraordinary contribution to the Association over more than a decade of Federal representation including BDCC Chair and completing 3 terms as Federal President.

8. CLOSE OF MEETING

There being no other business the Chair declared the 2019/20 Annual General Meeting closed at 1.12pm.

SIGNED: PRESIDENT DATE: