



MINUTES OF THE THIRTY SIXTH ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN- FRIESIAN ASSOCIATION OF AUSTRALIA, HELD IN BUNBURY WA ON WEDNESDAY 20 SEPTEMBER 2023.

PRESENT: Chair : Mr Garry Carpenter - President

Members : 12 in person / 9 online

Officers : Mr Rohan Butler – CEO
: Mr David Jupp - Company Secretary

Staff : 2

Visitors : 5

1. OPENING and WELCOME

The Chair welcomed all members present in the room and online and opened the meeting at 10.02 pursuant to Notice of Meeting distributed in August.

2. ATTENDANCE REGISTER – DECLARATION of QUOROM and PROXIES

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

3. APOLOGIES and PROXIES

The Secretary advised the meeting that apologies were received from J. Grey, A Shelley, M. Kitchen.

MOVED Gino Pacitti seconded Lachlan Fry that the apologies be accepted.

Carried

The Secretary advised the meeting that 5 proxies were held by members at the meeting.

MOVED Phil Hall seconded Jacqui Soares that the proxies be accepted.

Carried

4. ORDINARY BUSINESS

4.1 Confirmation of the Minutes of the Previous Meeting

MOVED Phil Hall seconded Gino Pacitti that the minutes of the Thirty-fifth Annual General Meeting held on 14 September 2022 be accepted.

Carried

4.2 National Presidents Report

Mr. Garry Carpenter presented the President's Report for the financial year 2022/23.

Looking back over my final year as President I've been reflecting on the Board's focus on the future, putting the building blocks in place to drive the Association forward.

A vital part of the Board's role is to set the strategic direction to help the Association achieve its purpose. We're at the halfway point working to the current strategic plan, with progress in many key areas.

Key projects underway include scoping future IT requirements and, under the working title 'Why Holsteins?', a rigorous evidence-based review of the attributes of Australian Holsteins.

Governance

Following a nine- week consultation period, members approved the formation of the Member Advisory Committee.

The Board sees this as a key part of Holstein Australia's future. A representative member forum will contribute to programs and activities and keep the Association focused on effectively engaging with members.

Originally intended to be made up of regional representatives, every Holstein Australia sub-branch now has the opportunity for direct representation on this committee. This idea was put forward by members and embraced by the Board.

Sub-branches are the lifeblood of the Association. With the Member Advisory Committee in place, they will also be at its heart. It will provide all members - through their sub-branch nominated representative - with an opportunity to help shape future services and activities to ensure they meet member needs.

I'd like to thank members who contacted Board and management with suggestions and improvements to the Committee proposal. This new body will only make our Association stronger.

Youth and Future leaders

Over the second half of the year Holstein Australia worked with Jersey Australia on an initiative that will benefit the entire dairy industry. Creating a defined pathway focused on developing skills and creating leadership opportunities to equip young people for a dairy career.

Collaboration is a word thrown around a lot in our industry. On the youth front, I think it's really a case of alone we can do so little; together we can do so much.

While this work continues, several meetings have been held, with all dairy breed associations present, to create an industry wide dairy youth framework with the associations at the centre. Working together like this will only be of benefit to our industry.

The important first steps have been taken. The Board and I believe this will provide great opportunities for youth members to explore dairy career options and develop the skills needed to succeed.

Export

In the second half of the financial year there was a lot of discussion around export to China, which dropped off considerably towards the back end of the year.

The potential impact of this scenario has been a focus for many members and the Association, with the Board providing full support for management's focus on capitalising on opportunities in existing export markets and developing new markets.

In February, CEO Rohan Butler visited Pakistan with fellow 'Team Australia' members Genetics Australia and Jersey Australia. A busy few days at an international dairy expo was

followed by a tour, organised by HRM (Holstein Research Management) Dairies, involving farm visits and presentations to more than 1,000 breeders, as well as the Australian High Commissioner and Pakistan government representatives.

This followed a 'Team Australia' initiative at World Dairy Expo in October. Holstein Australia also hosted delegations from China and Pakistan at Dairy House during the year, with the Pakistani delegation visiting member farms.

With Pakistan's focus on registered Holstein cattle backed by genomics, this work to develop trade with the fourth largest dairy producer in the world has never been more important.

The health of the dairy sector

As we all know, the dairy sector continues to contract with fewer dairy farms year-on-year. The last year there was a 7% drop in membership. While not ideal, this is similar to the rate of industry decline.

HA service use, however, remains strong, either on track or above target, and 26 new members joined the Association.

While seeing members leave the industry is never easy, many have benefited from their time with the Association. Member sales of registered animals continue to outperform non-member sales by around \$1,500 to \$2,000 per animal or more.

Thank you, but not goodbye

My time as President has seen great change for the Association and the wider world. With the support of members, the Board has been able to focus on ensuring the Association can adapt to meet future needs.

We've also been able to support management and staff as key projects near completion - such as the new classification system - and effort is devoted to future proofing the Association.

I wish all members a good year ahead. Thank you also to HA staff and management. They work tirelessly to support every member business.

MOVED Garry Carpenter seconded Phil Hall that the President's report be received.

Carried

4.3 DIRECTORS' FINANCIAL REPORT, THE AUDITOR'S REPORT and FINANCIAL STATEMENTS for the YEAR ENDED 30 JUNE 2023.

Mr. Phil Hall presented the Financial Report for the Financial Year 2022/23.

I am pleased to report to members that Holstein Australia recorded a strong financial performance in the 2022/23 financial year against a backdrop of rising costs and softening export market.

The top line figure is that the Association recorded a profit of \$284,000 for the year, including the positive change in market value of the investment fund.

Gross Profit Up

Gross profit increased by 49% over the previous year, up by \$140,000 from 2021/22, on the back of a significant increase in the investment fund value.

A \$259,000 funding allocation for major initiatives - including the 'Why Holsteins' and IT / database projects – contributed to an operating expenses increase of just under 9%, saw operating profit decline by \$351,000 to \$139,000.

Sales revenue was almost identical to the previous year at \$3.64 million, with total revenue of \$3.86 million, down by 0.6% year-on-year.

Each revenue category, except export, was in line with budget expectations or above. Package and member subscriptions remained stable and registration income was up 10% in comparison to the previous period. Classification income declined 10% and Genomic income 4%, although both were significantly above budget.

While export revenue increased 8% to \$1.22 million, this was well below budget due to the significant reduction in live export over the final two quarters of the financial year, despite the conservative forecast approved by the Board for the 2022/23 financial year.

Rising fuel and accommodation costs saw classifier running costs increase, staff exiting the business saw a reduction in member service salaries. In addition to the funding allocation for major projects, increased building, administration, Journal and marketing costs contributed to the 9% operating costs increase.

The Board feels this is a good result for members given the wider economic backdrop and resulting cost increases in key areas, plus the provision made for longer term projects.

Investment fund performance

Last year I reported on the decline in value of HA's investment portfolio resulting from the extreme volatility in the global equity markets during 2021/22. This year I can report the opposite. Our investment portfolio increased in value by \$145,000 due to improved trading conditions in equity markets globally, which is reflected in the Profit & Loss statement.

Balance Sheet – steady as she goes

Total Assets increased by just under 3% to \$5.46 million. While trade receivables were down by 3% on 30 June, this was more than outweighed by the increase in our financial assets.

A reduction in trade payables, provisions and lease liabilities saw total liabilities decrease by \$141,000 or 17% to \$828,000. Member equity rose by \$284,500 to \$4.64 million.

Challenging Outlook Ahead

Over the last half of the previous year, particularly given the uncertain economic outlook coupled with export market slow down and predictions for the year ahead, the Board has spent considerable time looking at how costs can be constrained while maintaining service delivery to members.

This was one of the factors behind the decision to make a forward investment in future projects, in line with one of our strategic business plan actions to create budget allocation for planned investment in revenue generating new technologies and projects.

The Board is also progressing a comprehensive audit of all current services, the intention being to implement changes to improve efficiency, deliverables and margins where necessary and identify service package opportunities, another key business plan action.

We have been here before, as recently as 2017/18, when there was a significant decline in the live export market. A realistic approach coupled with prudent financial management saw the Association come through that and move forward to where it is today. Those learnings are helping inform the decisions taken by the Board today.

Going forward, the Board is taking a very conservative approach acknowledging that adjustments may be necessary over the next year due to external factors.

Members may recall that at this time last year the Board was forecasting a loss for the Association given the significant investment in future projects made during the year. While the

planned investment went ahead, the Association made a profit, contributing to reserves for the year ahead.

The Association, like many members, will be doing all it can to constrain costs over the next year, while continuing to deliver and improve the value of services to members.

MOVED Phil Hall seconded Bryan Dickson that the annual accounts for the year ending 30 June 2023 be approved and adopted. **Carried**

5. DECLARATION OF ELECTION RESULTS

5.1 The Board

The Secretary informed the meeting that due to the number of nominations not exceeding the number of vacancies a ballot was not required.

Nominations were received from Gino Pacitti.

The secretary informed the meeting that Gino Pacitti had been appointed for a 3 year term on the Board.

The secretary advised the meeting at the close of nominations there were no nominations were received for the second board position. This meant the Board had a vacancy for one position.

Further, as sitting director Jenny Grey had stated her intention to resign one year short of her full term effective from the conclusion of this meeting, creating a casual vacancy of 1 year.

There were no nominations for this board position.

The Chair advised the meeting that as the Board had two vacancies it was decided to appoint sitting director Jacqui Suares to fill the casual vacancy and to address the full term vacancy immediately after the AGM under Rule 25 (d) prior to the AGM which states:

“If the number of directors in office at any time is not sufficient to constitute a quorum or is less than the minimum number of directors fixed under the Rules, the remaining directors must act as soon as possible to appoint additional directors.”

Discussion:

Shane Railton stated he disagreed with the election process and the appointment of a sitting director to the casual vacancy.

5.2 The Breed Development and Conformation Committee

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

A nomination was received from Bill Morgan.

The Secretary informed the meeting that Bill Morgan had been appointed for a 3 year term to the Breed Development and Conformation Committee.

6. OTHER BUSINESS

6.1 Report of the Breed Development and Conformation Committee

Chair of the Breed Development and Confirmation Committee Gino Pacitti presented the 2022/23 report.

I am delighted to report that after two years of online meetings due to COVID the BDCC was finally able to meet in-person and make herd visits to member farms. For the Committee charged with setting direction for the current and future production and functional characteristics of the Holstein breed, this has been both important for our work and a relief.

Committee

At the 2022 AGM Bryan Dickson from Emu Banks Holsteins was elected to the BDCC replacing Geoff Horrocks, Foxleigh Holsteins.

Geoff was a stalwart of the BDCC for 11 years, bringing his commitment to the betterment of the Holstein breed to every meeting. I would like to thank Geoff and acknowledge his passion, considerable contribution to the breed and the Association.

Bryan brings a focus on optimising a functional cow to ensure members are able to breed Holsteins that deliver consistently in the dairy to the BDCC. Reflecting his own personal breeding philosophy, this approach has certainly worked for the Dickson family's Emu Banks herd over the years.

Competitions

The All-Australian Photographic Competition

BDCC conducted a review of the All-Australian Photographic Competition during the year. I would like to thank the many members who contributed to this process.

Focus areas included timing of the competition year, international judges and eligible shows and discussion around advances in photography post-production and any potential impact on the competition, with recommendations made to the Board. Any changes to the existing format will be notified to members in due course.

During COVID, the Association ran a highly successful online 'People's Choice' promotion, with members voting for their favourite cow in each class over the previous 6 years. In future, an annual 'Members Choice' competition will be introduced allowing members to put their judging skills to the test in a fun and engaging way in a similar manner.

On judging of All-Australian shows, the BDCC confirmed that shows must be judged by an HA panel judge or a qualified panel judge from any other Australian breed association or international panel.

Following a well-attended judging school hosted by the SA Branch of Holstein Australia at Rockwella, Windy Vale and Mistybrae, Courtney Afford, Georgia Sieben and Casey Treloar have been added to the Panel. The over judges were impressed by the enthusiasm and quality of all participants, a healthy sign for the future.

Cow of the Year

Member judge Angela Tweddle, Benlargo Holsteins and industry judge Simon Tognola, joined the Committee to judge 10 high quality entries - a testament to both the strength of the breed and member breeding programs - with the winner being announced during Holstein Highlights in WA.

Breed Development

Master Breeder

The BDCC undertook a Master Breeder Award review during the year, determining that the points allocation for the Award should remain unchanged.

A definition of what constitutes an 'active breeder' was also determined, being 'a member who registers an animal within 3 years of the animal's birth'. All active breeders will be eligible to apply for Master Breeder status in future.

As the Association's way of recognising the long term success of member breeding programs, these reviews will continue to ensure the Award remains relevant and current, and the BDCC welcomes member contribution to these discussions.

Genetic Merit

The Committee met with DataGene's Matt Schaffer and Peter Thurn, principally to discuss genomic values and correlation to type evaluation. As part of these discussions, the BDCC gained valuable insight into the influence of the environment and management

systems on genetics, where and how genetic data is sourced and the conversion of overseas data to Australian breeding values.

These conversations are vital to the work of the BDCC to ensure that all factors, including advances in the information available to breeders, are considered in our work to underpin the integrity of the Holstein breed in Australia.

Classification

BDCC members were able to experience classification from the other side of the fence, so to speak, under the tutelage of Leanne Summerville at Mitch Holsteins in June. Thank you to Brent and Kim Mitchell for hosting, and Leanne for both her patience and sharing her knowledge.

Also in June, HA Genomic Services Officer, All Bird, presented a paper on the relationships between profitability traits and conformation in Holstein cows to the Committee. Based on an analysis of 155,000 animals in the HA system, this illuminating report will shortly be available to all members.

Year-on-year classifications rose from around 27,000 to approximately 31,000 in the most recent financial year. The service is a vital part of many member breeding programs, with the BDCC looking forward to introduction of the upgraded classification system, which will include improvements to post-classification member reporting. This will add further to member value.

Discussions also commenced on mammary system traits, in particular rear teat placement, reverse tilt and small close teats, identified as an area of concern, with further discussions to be held to progress this matter.

In closing I would like to acknowledge BDCC members for what has been a busy, productive and interesting year. I would also like to acknowledge the many members who have contributed to and assisted in our discussions.

It is this collective passion for the breed, the drive to improve it and the willingness to embrace change where necessary that will see the Australian Holstein developing and performing into the future.

MOVED Gino Pacitti seconded Bryan Dickson that the report be received. **Carried**

6.2 REPORT of the CHIEF EXECUTIVE OFFICER

Mr. Butler presented the CEO report.

All in all it has been year of quiet progression and consolidation for the Association. As always there are challenges with things such as the significant reduction in animals being live exported to China.

Staff Operations

The Association started the year with 16 Full Time Equivalent (FTE) and finished with 15, with a significant realignment of team roles and responsibilities.

Sadly we saw the retirement of David Jupp from his full-time role in January 2023. While David remains with the Association part-time as Company Secretary, his work is now focused solely on the Governance of the Association, with most of this work around the AGM and Board and committee meetings.

John Crowther has stepped into the role of Export and Operations manager. This has seen John take on many of David's responsibilities. This was a succession plan more than 12 months in the making and I congratulate both for the professional and seamless way they undertook this. Given John retains some of his previous tasks and takes on managing the Member Services team, some of David's tasks were also redistributed amongst other staff members such as Association Accountant Jayne Brown and myself.

Miranda Clark took maternity leave for effectively the full financial year. To ensure the genomic testing space was properly resourced part time staff member Ally Bird was employed to assist in this area. Along with administration Ally also has skills in research, which saw her take on more work in the second half of the year to complete some high priority projects. There are still a few key IT and research projects on the annual operating plan and Ally has been employed full-time to help progress these projects.

Annual Operating Plan

On top of the day to day running of the Association and core member services, the Board and management worked to an operations plan for the financial year with the aim of achieving the Associations strategic objectives.

Classification Survey

With Classification being one of the Association's core services it is critical to understand what members want from the system. This has been reported to members previously, and while in the most part the service was well received there are some areas for specific improvement, namely consistency between classifiers, now an area of focus for the classification team.

New Classification System

Back in May 2007 HA adopted the Canadian Classification software, a system that has served us very well. Ironically the first iPhone was also released that year. Much has changed in the IT space since then and it is fair to say the current Classification system has become dated.

In 2022 Holstein Canada implemented a new software version in Canada, and across the last 12 months there has been much work to make this available to HA. Over next few months ABRI will implement the local end of this. We anticipate this update will occur in October/November 2023. The result of this will be significantly improved hardware and software efficiency and reliability. Improved reporting will also be implemented as part of this process.

Caisley Ear Tags

Over the last two years the Association has been working closely with German ear tag manufacturer, Caisley. As a result HA will be offering an ear tag that also takes a tissue sample for DNA testing. The simple beauty of this product is that the ear tag in the cow's ear is directly linked to the DNA sample taken, removing sampling error and directly linking the genomic results to the animal. An online ordering system is being developed to facilitate sales of these tags.

Research Project Type and Profitability

A key part of the classification system is that the final score relates to animals that are efficient and profitable. Staff member Ally Bird, in conjunction with DEDJTR staff, identified a data set of animals classified over the last 10 years and had measures of profitability such as yield, survival and calving interval. This has enabled HA to update the links between type traits and profitability. From here the BDCC and Board will use these facts to make sure classification system weightings are optimised. Results of this work will be published in an upcoming Journal.

IT Review and Development

In this report last year it was flagged that a review of Association IT had been undertaken. There were some key outcomes of that project:

1. Outside of our current IT providers no better "off the shelf" IT products exist that HA could adopt and instantly improve efficiencies
2. Staff are working well but their work could be made easier and manual handling significantly reduced with improved systems
3. Members and stakeholders expect IT services to be streamlined in line with other industries.

Across the last 12 months HA in conjunction with key IT stakeholders have undertaken significant work to scope HA's future IT requirements.

Member Services

Registrations

A solid year for registrations. Looking at the registration transactions this was driven by several member catch ups along with premiums for registered heifers sold for export to China.

Genomics

Following the steep rise the previous year, a plateauing of the genomic testing uptake was seen. To date this has been attributed to a slowdown in autumn 2023. Genomic testing, like registrations, is driven by live export numbers and there was an export slowdown in the second part of the financial year.

Classification

Classification numbers return to what might be considered normal following years affected by COVID restrictions. With implementation of the new classification system in the latter part of 2023 we expect to see continued uptake of this service.

Summary

Looking back, with work also completed supporting Governance changes, it has been a busy and productive year with a good combination of maintaining current services alongside work behind the scenes to achieve the strategic plan objectives.

MOVED Phil Hall seconded Bryan Dickson that the Chief Executive Officer's report be received.

Carried

6.3 ANY OTHER BUSINESS

6.3.1 Questions and discussion

A number of questions, clarifications and matters of discussion were received including:

- Danielle Knoepfli on filling the vacant BDCC position.
- Ron Chittick – the company secretary appointment, future of EzeGene, Sydney show ethics, create an All Breeds national judging panel.
- Nigel Seidel on the Member Advisory Committee next steps.

7. CLOSE OF MEETING

There being no other business the Chair declared the 2022/23 Annual General Meeting closed at 11.15am.

SIGNED: PRESIDENT DATE: