



Holstein

A U S T R A L I A

15 October 2021

MINUTES OF THE THIRTY THIRD ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN- FRIESIAN ASSOCIATION OF AUSTRALIA, HELD VIA ZOOM ON THURSDAY 14 OCTOBER 2021.

PRESENT: Chair : Mr G Carpenter - President
Vice Chair : Mrs J Grey - Vice President
Members : 29
Officer : Mr Rohan Butler - CEO and Company Secretary
Staff : 5
Visitors : 8

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

No apologies were received

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

Mr. Anthony Shelly holds a proxy from Genetics Australia

MOVED Mr. Ron Chittick seconded Mr. Paul Condon that the proxies be accepted.
Carried

4. ORDINARY BUSINESS

4.1 Confirmation of the Minutes of the Previous Meeting

MOVED Mr. Geoff Horrocks, seconded Mr. Justin Johnston that the minutes of the Thirty third Annual General Meeting held on 8 October 2020 be accepted.

Carried

4.2 National Presidents Report

Mr. Garry Carpenter presented the Presidents Report for the financial year 2020/21.

Presidents Report 2020/21

Looking back little did I think we would be where we are now with the Association, like much of eastern Australia, operating under if anything greater COVID restrictions than at the beginning of the last financial year.

Business as usual (or not so much)

That said for the majority of members, operations on farm have continued in the normal way with fortunately little negative impact on the dairy industry. For Holstein Australia staff, the majority of whom are based in Melbourne - the city with the distinction of operating under the world's longest COVID lockdown - the situation has been very different.

I take my hat off to the entire HA team who have continued to provide essential member services under the most challenging of conditions. Most of our office based staff have been working from home, many juggling home schooling along with work as well as increasing levels of restriction. On behalf of every HA member, thank you and we know it has been far from easy.

The relative health of the dairy sector combined with the commitment and effort of the HA team saw an increase in numbers for all core services, 7% for registrations, 29% for classification and a 31% increase in genomic testing. An impressive result.

Registration – Real Value

The value of registered Holsteins continues to be underlined by export heifer prices in excess of \$2,000 coupled with increased demand for these animals. Over the last 12 months, domestic sale prices of Holsteins have also increased, with the premium paid for registered animals at member sales and longstanding Australian cow families increasing. The numbers don't lie. Registration is a real investment in your herd asset.

The outlook for our sector overall is positive. We entered the current financial year off the back of a relatively good season, the milk price remains solid and all the indicators I've seen are predicting continued growth in dairy demand, factors which should enable HA members to plan ahead with some confidence.

Remembering.....

The last year also saw the passing of WA member stalwart former Federal President Ray Blackburn. A passionate breeder and ambassador for Holsteins over his 36 year membership of the Association, Ray received the Master Breeder Award in 2001 and Honorary Federal Life Membership in 2016. Our thoughts are with Lois and his family.

A very familiar voice to many HA members also passed away during the year. For almost as long as I can remember Julie Lowe was an HA constant, ever ready to help out on the phone with Holstein administration matters. I know from her colleagues that many members got in touch to express their condolences and share reminiscences, underlining to me the strength and supportive nature of the Holstein community.

New leadership begins

Taking up the position of CEO at the beginning of the financial year, I'd like to congratulate Rohan Butler on his transition into the role. It has not been without its challenges, COVID and otherwise, but through it all he has steered the ship to deliver a strong result for the Association and its members. He, along with the management team and key staff members, have also been focused on delivering against HA's strategic business plan, a process which to date has seen our communications function strengthened, improved engagement with Sub-branches and new members, attention turned to refining our youth programs to better meet the needs of our younger members and industry and the launch of our new online sale platform for members.

The way HA is working to the new business plan also underlines the increasing adaptability of the Association, changing and improving the way it works on behalf of members, delivering new services and developing initiatives that meet the ever changing needs of industry and members.

I would also like to acknowledge my fellow directors. It has been a while since we have seen each other in person, but with communication technology being what it is, we have continued to work very effectively together.

Fellow Directors

Phil Hall as Audit and Finance committee representative has overseen a strong year financially for the Association; the Breed Development and Conformation Committee has made solid progress on a number of breed development initiatives under the stewardship of Gino Pacitti.

I would like to join Gino in acknowledging the contribution of former BDCC Chair, HA Vice-President Jenny Grey, to both the Committee and the breed. Throughout the year Jenny has advocated on a number of issues on behalf of members. Our newest Board member, Jacqui Suarez, is now overseeing youth activities in conjunction with the newly formed Youth Action Committee and HA office.

To all our members, I wish you a successful year ahead. The Association and the industry are in a good place to grow and develop into the future.

MOVED Mr. Garry Carpenter seconded Mrs. Sam Simpson that the Presidents report be accepted.

Carried

4.3 DIRECTORS FINANCIAL REPORT, THE AUDITORS REPORT and FINANCIAL STATEMENTS for the YEAR ENDED 30 JUNE 2021.

Mr. Phil Hall presented the Financial Report for the Financial Year 2020/21.

2020/21 Financial Report

In last year's report to members the 2019/20 financial year was described as "a year of two halves". In the financial year just ended, I believe the most apt description would be the year was "same/same but different"!

Same as in the Association operated under similar conditions to 2019/20 insofar as COVID restrictions allowed with on again/off again travel and working from home restrictions. However the year was very different in the sense of the underlying success of the business that was experienced to 30 June.

I am happy to announce another profitable year for the Association: the third year in succession with the audited accounts showing a total surplus of \$961,892 with the operating surplus of \$547,481 up 16%.

As was the case last year the result reflects a continuation of revenue growth in our services and export activity coupled with ongoing financial support from government as businesses such as ours battled their way through the COVID-19 pandemic. Likewise, our investment portfolio reaped the benefits of the global economic recovery during the second half of 2020/21 with an unrealised gain of \$414,411 - up 139% on last year. This consists of both capital growth and cash contributions.

The positive knock-on effect to our balance sheet sees member equity at \$4.2 million, up nearly \$1.0 million or 23% from the previous year.

2020/21 Profit & Loss

Revenue

Revenue for the year increased by 8% or \$326,624 to \$3.8 million with gains in first tier services of registrations, classification and genetics testing. Registration revenue was up 3% to \$449,995 on 2019/20 and was on par with budget. Classification recovered well with a 40% improvement in revenue of \$964,866 or 24% and 19% above budget as classifiers took advantage of easing travel restrictions.

Genetics testing contributed \$428,666 up 12% on last year and 15% above budget. Subscriptions and Package fees maintained previous income levels and were in line with budget.

Export revenue continued at a higher level of activity with an 11% increase in revenue to \$1.1 million.

As reported in 2019/20 our second tier or non-operational income was dominated by ongoing Government assistance to help offset COVID's impact on business. Total funding for this financial year was \$178,500 or \$15% up on last year. This increase was based on longer periods of support rather than a change in eligible funding.

Expenses

Total expenses increased by 7% to \$3.3 million.

With classifiers back on the road, classification expenses were up 30% to \$681,154 and up 42% against budget however, this reflects the unpredictability of forecasting fieldwork during on again/off again government lockdowns.

Other main expense categories such as member services were up 29% from last years but only 4% against budget on the back of removal of payroll tax exemptions during COVID, training and accounting for a full year of executive salary re-categorising following transition.

Genomic testing and export charges were higher by 21% and 20% respectively, the increases in line with higher activity volumes, and were above budget consequently. Overall, the management of operating expenses during 2020/21 proved to be a good outcome considering the challenges throughout the year.

2020/21 Balance Sheet

At 30 June 2021, total equity sits at \$4.21 million, an increase of 23% on last financial year.

Total assets increased by 22% to \$5.2 million. Current assets increased by 3% while non-current assets increased by 29% or \$1.1 million. The main contributors were the gains made in the investment portfolio and the decision to renew the classifier car fleet with leases to make use of historically low interest rates.

Total liabilities increased by 18% to \$986,160 with current liabilities increasing by \$144,925 and non-current liabilities by \$37,437. Provisions and lease liabilities accounted for most of those increases.

As stated earlier member funds continue to grow and for the third year in succession. Member equity is now at \$4.2 million, up by \$961,892 or 23% from the previous year.

Summary

The Association's financial performance witnessed in 2020/21 is without doubt one for the record books brought about by a combination of improved service demand, investment growth and government funding.

This allowed the board to make prudent investment decisions for the short and long-term needs of the Association.

Budget 2021/22

The 2021/22 budget is a budget for the immediate and future needs of the Association. Last year's result allows the board to make significant financial investments in several projects that will secure the operational needs of the business moving forward.

Revenue

As is our practice we are conservative in our approach to revenue although we believe we will see sustained growth in services, particularly classification and genomic testing. Income from other services excluding exports is expected to continue at current levels.

We acknowledge that predicting export income can be volatile therefore we have forecast revenue at 70% of that received in 2020/21. In recent times, China has targeted some agricultural industries to the detriment of those industries and producers. We are of the view that the live heifer trade will continue due to limited options for China's dairies to access heifers elsewhere, however it is prudent to budget on a scenario of the trade at lower levels.

Expenses

Overall, the budget forecasts a steady increase in operational expenses with the expectation of an uptake in services particularly classification running costs and overheads

Of note is the investment in developmental and strategic projects in IT directly related to operational and classification processes. Once finalised and implemented over the next 12 months or so we are confident the quality and reliability of the improvements will drive efficiencies across the business.

Summary

The 2021/22 budget has been set based on the premise that we appropriately use member funds to improve how we operate our business. Over recent years, the promise has been made that cash reserves should be used when the need arises. The board believes that time is now. Moreover, while the budget foreshadows a loss of \$295,000 both the board and management believe there has not been a better time to invest in the future.

Finally, this year's finances are off to a good start with our trading position ahead of budget and ahead of where we were this time last year.

MOVED Mr. Phil Hall, seconded Ms. Andrea Henry that the Annual Accounts for the year ending 30 June 2021 be approved and adopted.

Carried

5. DECLARARTION OF ELECTION RESULTS

5.1 The Board

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

The secretary informed the meeting that Mrs. Jenny Grey had been appointed for a 3 year term 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. Scott Somerville had been appointed for a 3 year term to the Breed Development and Confirmation Committee.

Mr. Carpenter thanked Mr. Marcus Young for his service to the Association having 11 years sitting on the BDCC.

OTHER BUSINESS

6.1 Report of the Breed Development and Confirmation Committee

Mr. Gino Pacitti of the Breed Development and Confirmation Committee presented the report for the 2020/21 year.

BDCC Report 2020/21

Good afternoon members and guests. It is my pleasure to present my first Breed Development and Conformation Committee Report. Following the Board meeting immediately after the 2019/20 AGM I was appointed as Chair of the BDCC and took the reins at the November meeting.

Can I take the opportunity to thank outgoing Chair, Jenny Grey, who presided over the Committee for 6 years commencing in 2014. Jenny's commitment to the Committee over that time cannot be overstated.

I have it on good advice that her organisational and time management skills were evident in balancing agendas and inherent time restraints, especially during Zoom meetings with the inevitable technical challenges. Jenny always made sure each Committee member's views and opinions were heard. I'm sure it would resonate with those who know Jenny when I say there was no matter big or small that she wouldn't bring to the table for discussion.

Thank you Jenny, much appreciated.

As was the case last year COVID restrictions have prevented face-to-face meetings and herd visits, normally such an important part of the BDCC. Hopefully this will change as we move into 2022.

Committee

Following the call for nominations for the Committee last year a very warm welcome was given to Phil Daniel who commenced a 3 year term. Phil hails from Nathalia, VIC and operates Cleveland Holsteins with his family. A passionate breeder who is also active in the Northern Victoria Sub-branch where he has held numerous positions including President.

This year Marcus Young reached his current term limit and was eligible to renominate however Marcus decided not to seek another term so we will have a new face on the Committee at our next meeting.

Marcus joined the BDCC in 2010 and successfully renominated for successive terms in 2014 and 2018 achieving 11 consecutive years on the committee.

From Ridgley near Burnie in Tasmania Marcus is an astute judge of Holsteins and is in demand to adjudicate across the country. He has a good understanding of the classification system and was a significant contributor to the last major review of the system.

A quiet demeanour with an underlying wicked sense of humour Marcus has a balanced view on most things Holstein and this often came to the fore when committee discussions became log jammed.

Another change is the appointment of Beth Scott as the Committee's resident scientist. From a dairy background, Beth is currently a Project Officer at Dairy Australia and studying for her PhD at AgriBio. I'm sure some of you will know of Beth's recent research into dairy cattle inbreeding. Beth replaces Dr Mary Abdelsayed who I would like to pass on a vote of thanks to. Mary was our resident scientist for a number of years.

Competitions

During the pandemic many local and national shows have been cancelled or postponed with a knock-on effect on the All Australian Photographic competition.

As a consequence the Committee decided to roll over the 2020/21 competition into 2021/22 extending the competition over 2 years. We believe this to be fair to those members who were unable to exhibit cattle at their regular shows. The current judges retain their positions, and they are looking forward to judging the competition in early July next year.

For Cow of the Year judging the Committee was joined by member judge Craig Fisher, Byrne Lea Holsteins, Drumborg VIC and by industry judge Bill Morgan from ABS to judge another field of quality matriarchs of the breed. Congratulations to the finalists.

As you would recall the 2020/21 Semex-Holstein Australia On Farm Competition was cancelled. However with endorsement from the BDCC two online competitions took place: the Virtual Holstein Spectacular and the Member Photo competition designed to show an element of a day in the life of Holstein Australia members around the country

Both these initiatives were very well received by the membership and judges with entries well into the hundreds. Based on member feedback we intend to run both competitions again in 2022

A very big thank you to the regional judges and in particular to Bradley Cullen and Beth Scott for the photo competition and to the national Virtual Holstein Spectacular over judge, Brian Leslie.

Breed development

Throughout 2020/21 the Committee discussed, endorsed or engaged in a number of breed development and industry related matters including:

HA's approach to Genetics Australia investigating developing a bull breeding program with Australian genetics

Wider industry access of data from Automated Milking Systems (AMS), in particular robotic dairies, so that data enters Australia's data processing network

HA had preliminary discussions with Jersey Australia and Genetics Australia on opportunities for exporting Australian dairy genetics particularly to Europe
Animal Awards program: agreed to review the production award benchmarks to ensure improved feeding efficiencies of specific feeding systems and environments do not add bias to points required to obtain HA animal awards including Master Breeder

Classification

For fear of repetition dare I say that COVID had an impact of the classification team over the last 12 months particularly in Victoria and New South Wales, which I'm sure the CEO will cover in the year's class statistics. What I would say is that the good results we had in 2020/21 are testimony to the hard working team we currently have.

I would like to make particular mention of Phil Hentschke who had the good or maybe not so good fortune of being based in South Australia. With that states limited travel restrictions Phil could get to most states and at times was the "go to" to keep the class

tour rolling. To Phil, and to the whole team, a big thank you for a stellar effort in the most challenging of circumstances.

During the year a change was made to the classification directives regarding the requirement for a second physical inspection for an animal to achieve a maximum score. With the tyranny of distance and keeping to the sometimes tight tour schedule, plus classifiers often working alone it became increasingly difficult to revisit herds for a second inspection to confirm maximum scores.

The committee determined that to ensure attaining maximum scores was not delayed that video footage be allowed to be used when obtaining a second opinion on maximum scores.

To help with the anticipated lift in class numbers a new classifier has been appointed and despite COVID-19 delaying the start date his training has commenced. Bronte Symonds will be based in SE South Australia and working closely with Phil Hentschke. Welcome Bronte!

Closing

In closing, I'm looking forward to working with the Committee and management to further advance the Holstein breed through the Association's services to benefit members.

To members of the Committee thank you for your ongoing support for what the BDCC does and the role it takes, and I look forward to working closely with you in the future.

MOVED Mr. Pacitti seconded Mr. Glass that the report be accepted.

Carried

6.2 REPORT of the CHIEF EXECUTIVE OFFICER

Mr. Butler presented the CEO report.

The 2020/21 financial year while a complicated one has been a solid year for the Association. Continued COVID restrictions have limited opportunities to interact directly both within the staff team and with the wider membership. On the upside strong upward trends in most areas have resulted in an outstanding bottom-line result, placing the Association in a great position to build into the future.

Staff Operations

Operating with a staff of 14 FTE's including 4 classifiers, the team has worked strongly together without being able to access the office for much of the year. I'd like to acknowledge and thank the entire team, especially those juggling the competing needs of work and schooling children from home. All have taken these burdens on without complaint and for those efforts I thank them.

The Classification team has in the most part continued to work with only limited disruption due to COVID-19.. The frustrating issue has been accessing some areas, particularly NSW, due to travel restrictions. We continue to work on solutions to these issues.

I would also like to pay tribute to Julie Lowe who passed away suddenly in May this year. Julie worked as a Member Services Officer for 27 years and was a highly valued and respected member of the Holstein team. She is very much missed and will remain a friend to all of us at Holstein Australia.

Annual Operating Plan

In October 2020 we launched our 5 year strategic business plan and are now busily implementing the plan via the Annual Operating Plan. Steps undertaken already include, but are not limited to:

- Employment of Sarah Keens in a dual purpose marketing and communications and dedicated Sub-branch engagement role
- Completion of a member survey to better understand how members interact with the Association both now and into the future
- Implementation of the “New Member Introductory Pack”. The online pack of information was also distributed to members with their July membership renewal notice
- Implementation of a regular series of Sub-branch Zoom meetings to ensure Sub-branch representatives to stay in touch with what is happening at HA and also provide feedback to staff directly regarding issues on the ground
- Formation of a Youth Action Committee with a focus on putting in place programs that will provide leadership, experience and career pathway opportunities for Holstein Australia youth members
- The launch of Verified Holsteins; our online selling platform to cater for members wanting to buy and sell registered Holsteins.

Member Services

Registration

A solid year for registrations with numbers rising to 40,112 up 7% on the previous year. The main drivers of this are an increase in export registrations coupled with the first full year of having a Services Extension Officer in place. We expect numbers to remain strong through 2021/22.

Genomics

The Genomics space continues to see growth with a 31% rise in commercial samples processed by Holstein Australia to 18,782. What we are now seeing is a embracing of the new technology at a more mainstream level. A continued industry wide push should see continued growth in this service throughout the upcoming year.

Classification

Classification numbers rebounded well following the impact of COVID lockdowns in the previous year. A 29% rise to 33,494 was a strong result given the number of classifiers on the road was similar to last year.

Export

The export of Holstein heifers to China continues to be a strong earner for the Association. Work has begun in conjunction with industry stakeholders to identify other potential market opportunities, although travel restrictions have hampered this work somewhat.

Summary

The 2020/21 year was no doubt financially a very successful one for Holstein Australia with staff adapting to the “new normal” operating environment while maintaining and improving service delivery to members over the year.

This places the Association in a strong position to invest further in existing member services as well as to develop new services that contribute to member business operations and the continued development of the Holstein breed.

MOVED Mr. Anthony Shelly seconded Mr. Colin Daley that the report be accepted.

Carried

7.3 ANY OTHER BUSINESS

7.3.1 Questions

Questions were received from Mr. Paul Condon regarding the future of the Strategic Directions Committee and Mr. Ron Chittick regarding communication and interaction amongst members at sub-branch level.

8. CLOSE OF MEETING

There being no other business the Chair declared the 2020/21 Annual General Meeting closed at 1.15pm.

SIGNED: PRESIDENT DATE: