



**MINUTES OF THE THIRTY FIFTH ANNUAL GENERAL MEETING OF MEMBERS OF THE HOLSTEIN- FRIESIAN ASSOCIATION OF AUSTRALIA, HELD IN BALLARAT ON WEDNESDAY 14 SEPTEMBER 2022.**

PRESENT: Chair : Mr G Carpenter - President  
Vice Chair : Mrs J Grey - Vice President  
Members : 19 in person / 10 online  
Officer : Mr Rohan Butler – CEO & Company Secretary  
Staff : 7  
Visitors : 6

**1. OPENING and WELCOME**

The Chair welcomed all members present in the room and online and opened the meeting at 10.05 pursuant to Notice of Meeting distributed in August.

**2. ATTENDANCE REGISTER – DECLARATION of QUORUM and PROXIES**

The Secretary advised the meeting that there was a 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 that apologies were received by L. White, S.Patten, T. Patten and B. Thomas.

**MOVED** Bryan Dickson seconded David Johnston that the apologies be accepted.

**Carried**

The Secretary advised the meeting that 69 proxies were held by members at the meeting.

**MOVED** Ross Gordon seconded Patrick Glass that the proxies be accepted.

**Carried**

**4. ORDINARY BUSINESS**

**4.1 Confirmation of the Minutes of the Previous Meeting**

**MOVED** Andrea Henry seconded Paul Condon that the minutes of the Thirty-fourth Annual General Meeting held on 15 October 2021 be accepted.

**Carried**

**4.2 National Presidents Report**

Mr. Garry Carpenter presented the President's Report for the financial year 2021/22.

The life of a dairy farmer is anything but straightforward. While it seems many moons ago now, it was only this time last year as an Association and individually we were still navigating lockdowns and COVID restrictions.

This year, for a good part of the country, it has been the weather, with almost unprecedented rains and flooding along much of the eastern coast, particularly NSW and Queensland.

From conversations with many of you I know that people have pulled together to get each other through, particularly in northern NSW, rural communities looking after each other in a way they have become all too accustomed to. I'd just like to acknowledge those members and those communities.

### **The normal cycle resumes**

The 'new normal' or 'when will things get back to normal' have been constant media questions over the last couple of years. For the Association, that time was at the beginning of the year with International Dairy Week taking place for the first time in 2 years.

Unsurprisingly numbers were down given where we were in January with Omicron, but this was such an important event for our industry. I often say HA is about just two things, the members and the cows. For HA it was important to host our first in-person member event since early 2020. And of course to celebrate the Holstein cow in person with members.

HA now has its full roster of classifiers on the road, busy as ever preparing for some big spring tours. Our member services team now have staff at Dairy House 5 days per week, with the upside of COVID-19 being we can now offer our staff a balance between working from home and the office, something the Association needs to do to remain a competitive employer.

On behalf of all HA members, thank you to all staff for what you do, day in, day out. It is probably not often acknowledged but is much appreciated.

I would also like to acknowledge Delia Worth, HA's long term Database Analyst, who passed away in January just a few weeks after retiring. Larger than life and with an individual take on the world, Delia had been there for members for just over 20 years. Our condolences to her family, friends and colleagues.

### **The health of the dairy sector**

Top-line figures for the year show a decrease of 12% in registrations, 17% for classification and a 51% increase in genomic testing. Allowing for year on year variations due to outside factors - namely export volume and pent up post-COVID class demand - the figures for registrations and classification are relatively steady over the longer term.

Many members, I know, are feeling pretty optimistic for the future, particularly given where the milk price was heading as the last financial year came to an end. With ever rising costs, feed, fertiliser, energy and more, this was the best news possible for the sector. I'm sure I'm not alone in being able to plan ahead with some confidence as a result.

### **Investing in the future**

HA is also planning ahead with some confidence. We're only a few months way from introducing an updated classification system and reporting, this in advance of wider IT changes over the coming years, with the Board currently considering the outcome of an IT review conducted over the last 12 months.

The Association is also investing time and resources in exploring opportunities for Holstein genetics and live export in new markets. We are actively working to support Pakistan's HRM Dairies, along with Genetics Australia and other industry stakeholders. This focus over the last 12 months also saw the Association commit to a presence at World Dairy Expo next month as part of a wider effort to promote Australian dairy genetics.

We also continue to support trade with China and promote more widespread representation on behalf of members with government and industry bodies so that the trade can continue for the benefit of every dairy farmer.

### **Getting out and about**

It is an exciting time for HA, and I and my fellow directors are, at last, looking forward to getting out to see members in person. Technology has stood us in good stead over the last couple of years with the facility to meet online meaning that business has continued as it should for HA, and we've got the job done. An element of this, down to efficiency more than anything else, will be part of every workplace from here on in.

That said, particularly for our Association, it has once again highlighted the importance of and need for regular face-to-face meetings. As we move forward, we'll be back in the real world more. It is the people, the members, and the shared passion for the Holstein cow, that make HA what it is. And this exists in the real world, so we'll be seeing you at a Sub-branch meeting or event soon.

We know that as the dairy industry has contracted there has been a decline in membership. We have also seen a number of members get to the end of their careers. While always sad to see people leave the industry, we have seen them reap the rewards of membership with member sales of registered animals averaging \$5,200 during 2021 compared to non-member sales at approximately \$3,000.

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** Garry Carpenter seconded Andrea Henry 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 2022.**

Mr. Phil Hall presented the Financial Report for the Financial Year 2021/22.

I am pleased to present the 2021/22 Financial Report for Holstein Australia.

Pleased because, even though the current economic climate has been unpredictable coming out of the global pandemic, we have managed to maintain our services while sustaining a moderate operating surplus.

I would like to highlight a few areas of both the audited accounts and the Profit and Loss Statement.

We produced a profit of almost \$145,000 for the year that includes the change in market value of the investment fund.

##### **Gross Profit Down**

Our Profit and Loss Statement shows gross profit in 2021/22 decreased by just under \$817,000 on the back of the lower investment fund value however, we saw only a marginal reduction in operating profit to \$490,000 from \$547,000 in 2020/21.

Our sales revenue was up marginally by \$112,000 with total revenue of \$3.89 million as were our operating expenses; up by only \$57,500 to \$3.33 million.

It was also pleasing to see each revenue category hold its own when compared to the previous comparative period. Live export continues to be a significant contributor to the bottom line; not only to the profit and loss but it also helps keep our cash on hand at historically high levels allowing us to comfortably fund the day to day operations.

There were some movements in some expense categories such as classification, member and technical services. Rising fuel and accommodation costs saw classifier running costs increase post-COVID and staff exiting the business saw a reduction in member service salaries. Staff taking maternity leave and recruiting staff to fill the gap added to technical services salaries.

The Board feels this is a reasonable result given the uncertainty of the economic climate we have operated in during the past 12 months. We have successfully navigated our way ahead and without the government assistance afforded to us in the COVID years.

### **Our Investment fund – What a difference 12 months makes!**

Because of the extreme volatility in the global equity market during 2021/22, our investment portfolio suffered a decline in value consequently. While not affecting operational financial performance directly; the unrealised loss is still a negative in the P&L statement.

It is worth remembering that in recent times the fund has improved in value at historically high rates. Last year saw an increase exceeding 20% and despite a reversal of fortunes in 2021/22, the change in value was not as bad and most market benchmarks.

This financial asset contributes to the Association's Balance Sheet, which shows our Total Assets increased marginally to \$5.32 million. Offsetting the unrealised loss in fund value, cash on hand increased by nearly \$600,000 to \$1.18 million on the back of good export revenues.

Our Total Liabilities was on par with last year and decreased slightly by \$20,000 to \$969,000, leaving Member Equity at over \$4.35 million.

### **Moderate Outlook Ahead**

Acknowledging that operating surpluses cannot be maintained indefinitely, especially with our reliance on the export market the Board has grappled with the question of how to adjust to the current economic situation and how to best and, importantly wisely, use members' funds. Costs are under control and prudently managed to ensure there is no change in service delivery.

Given the uncertain times we are in, the 2022/23 budget represents a very conservative outlook for the Association. The Board felt very strongly that they should not budget for the best-case scenario, but equally, we hope to avoid the worst case by working harder to grow business and control costs.

The Association must not lose its momentum preparing for the changes that are happening within the industry. The budget forecasts income to be relatively flat compared with last year. However, there are encouraging signs that classification revenue will increase with more available class days and COVID catch-ups. Exports volumes may continue their upward spiral but as we have no control over the trade our estimates will again be lower than 2021/22.

Our expenses are also forecast to be flat although we will see an increase in two key areas: project expenditure and class team fuel costs however there will be some offset by a reduction in salaries by not filling recently vacated positions and a pending retirement.

What will stand out to members is the significant investment in projects that will kick-start during the 2022/23 financial year. This will have a major impact on the budget and has produced the forecast loss for the year.

The Board holds the strong view that now is the right time to begin the funding of IT projects that are long overdue. These will take time to investigate let alone implement and should the Board give them the green light; will give the association the independence it needs to control its own destiny. The Association has never been in a better financial position to fund these projects and our cash flow forecasts are positive so will expect to fully fund them from cash on hand.

As I stated last year at this time the board has for some time made promises to use the Association's cash reserves when the need arises. The board believes that 2022/23 is the year to begin delivering on the promise.

In closing, I'm happy to say the new financial year has started well and we are currently ahead of budget for year to date, although it is still early days.

**MOVED** Phil Hall seconded Geoff Horrocks that the annual accounts for the year ending 30 June 2022 be approved and adopted. **Carried**

## 5. SPECIAL BUSINESS

### Special resolution 1 - Board Committees

A Relating to Rule 50 (30) (d) relating to Committees of the Board

B Relating to Rule 48 (2) relating to Audit

C Relating to Rule 62 relating to the Breed Development and Conformation Committee

D Relating to Rule 63 relating to the Strategic Directions Committee

**MOVED** Gino Pacitti seconded Phil Hall that Special Resolution 1 relating to the Board Committees at Item 5 in the agenda be adopted.

**Carried**

Special resolution 1 was put to the vote and did not receive the required 75% in favour by members present and therefore the motion was lost.

### Special Resolution 2 – Company Secretary

A Relating to Rule 47 (1) relating to the Secretary

B Relating to Rule 61 (1) (b) relating to the Chief Executive Officer

**MOVED** Ross Gordon seconded Patrick Glass that Special Resolution 2 relating to Company Secretary at Item 5 in the agenda be adopted.

**Carried**

Special resolution 2 was put to the vote and did not receive the required 75% in favour by members present and therefore the motion was lost.

### Special Resolution 3 – Transition Provisions

The meeting agreed that as Special Resolutions 1 and 2 were both lost Special Resolution 3 was not required to be adopted.

## 6. DECLARARTION OF ELECTION RESULTS

### 6.1 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 Garry Carpenter and Phil Hall.

The secretary informed the meeting that Garry Carpenter and Phil Hall had been appointed for 3 year terms on the Board.

### 4.1 The Breed Development and Conformation Committee

The Secretary informed the meeting that the number of nominations received exceeded the number of vacancies and a ballot was required.

Nominations were received from Wes Brown, Bryan Dickson and Geoff Horrocks.

The Secretary informed the meeting that Wes Brown and Bryan Dickson had both been appointed for 3 year terms to the Breed Development and Conformation Committee.

Mr. Carpenter thanked Geoff Horrocks for his service to the Association having served 11 years on the BDCC.

## **7. OTHER BUSINESS**

### **7.1 Report of the Breed Development and Conformation Committee**

Chair of the Breed Development and Confirmation Committee Gino Pacitti was not able to attend in person so the report for the 2021/22 year was presented by Vice President Jenny Grey.

Good afternoon members and guests,

It is 12 months since I was appointed to the Chair of the Breed Development and Conformation Committee and as such, this is my second report on what can be described as an interesting year for the Committee.

As was the case in 2021, COVID restrictions and vaccination rollouts prevented what is normally a run of meetings and herd visits organised during the year. None of us could escape that and as I said in my report last year hopefully, the landscape has finally changed to allow more frequency of out of town meetings.

#### **Committee**

At the 2021 AGM Scott Somerville from Somerelle Holsteins in Timmering Vic was elected to the BDCC replacing Marcus Young.

Scott's family have been breeding Holsteins in northern Victoria for almost 50 years and has been an active member of the Association serving two years as President of the Northern Victoria Sub-branch.

His passion for breeding good Holstein cows is one of that factors that lead him to nominate for the BDCC.

A strong advocate for maintaining the relevance of registered cattle, Scott is keen to promote the benefits of registered Holsteins.

At the time of writing two BDCC members; Geoff Horrocks and Wes Brown have reached the end of their respective terms and are eligible to renominate.

#### **Competitions**

##### *All Australian Photographic Competition*

After a disrupted couple of years the All Australian Photographic Competition was back, and the judges were delighted to be able to meet face-to-face to decide placegetters.

This year's competition included animals that qualified during 2020/21 and 2021/22 and I'm pleased to say that entry levels were very good with over 170 contesting the numerous age categories.

Returning judges, David Peglar and Matt Templeton were joined by David Johnston who stepped in at the 11th hour after Lisa McKay was unfortunately unavailable.

Can I pass on a vote of thanks to the members for their patience over the last 2 years who continue to support this great competition and a shout out to the photographers who, year after year never fail to produce such fantastic images of what I believe is the best of the breed.

##### *Cow of the Year*

For this year's judging, the Committee was joined by member judge Lachlan Fry, Katandra Park Holsteins, WA and industry judge Tim Weller from World Wide Sires to judge another field of

quality matriarchs of the breed. All will be revealed at the Awards presentation so good luck to the finalists and congratulations to the 2022 Australian Cow of the Year.

## **Breed Development**

### *Master Breeder*

At the request from a sub branch the Committee analysed the breakdown of points that make up the Master Breeder award to determine if there was bias towards one or more components that make up the award, these being production, STP, classification and SBC.

On investigation into the breakdown of points awarded for 38 Master Breeder herds it was evident that there is no bias weighting towards herds with a focus on production.

In fact, the data demonstrated that classification and breeding dominate the point's distribution with over 60% of points coming from those two components as opposed to 20% for production.

It's worth remembering that the BDCC periodically reviews the production benchmarks that make up animal awards and this includes monitoring long-term trends in herd production improvements.

### *Genetic Merit*

Throughout the year a number of member's animals were highlighted in the ABV releases demonstrating the impact of how deep cow families and the influence of the Appendix system has in continuing to develop the breed in Australia.

During 2021/22, cows and heifers that made the Top 20 list show case genetics with high components and as well as improvements for health traits including fertility, SCC and survival.

Congratulations to those members whose breeding programs are being recognised as genetic leaders in the breed.

### *The value of registered Holsteins.*

While speaking of leaders within the breed I must mention the high sale value of registered Holsteins as we have seen in a number of sales in recent times.

I make particular mention of excellent results for sought after pedigrees at Elmar, Murribrook, Windy Vale and Avonlea just to mention a few; as well as the ST Create the Future sale at IDW.

And let's not forget Australia's longest running Holstein bull sale in Boyanup in the WA that continues into its 62<sup>nd</sup> year; regularly averaging over \$8000.

## **Classification**

It's fair to say that the classification team have had their work cut out for them over the last 12 months as they play catch up following COVID. However, with just under 30,000 classifications for the year I believe the momentum is swinging in the right direction.

To help with the load another classifier was appointed during late 2021 and I know many of you would have already met Rebecca Haebich in her travels or know her from her family's involvement with HA.

No stranger to registered Holsteins and classification, Rebecca's family hail from Tailem Bend in SA and have been active in the Holstein community including helping organise the Murray Bridge Calf Day over the past 20 years.

So a belated welcome to Rebecca!

*In other classification developments that are worthy of mention:*

- Leanne Summerville was appointed as Tour Coordinator helping John Crowther book the class tours
- Holstein Canada is rolling out their new classification software and we expect to have access to that and new tablet hardware over the coming months
- Classifier Sean Millar will attend the WHFF Type Harmonisation workshop in Switzerland at the end of September.

## **Closing**

Before closing I was saddened to hear the news of the passing of Australia's highest classified cow Fairvale Morty Lady 51 in July.

A month shy of her 17th birthday Morty Lady's achievements were outstanding:

- Australia's only EX97 point cow
- 2 times IDW Supreme Champion
- Supreme Champion at Sydney Royal
- Overall Champion in the On Farm Challenge.

Truly a wonderful Holstein!

In closing, I know that at the time of writing there will be a special resolution put before the membership at this year's AGM to vote on a proposed new structure of the board committees.

Whatever the outcome I look forward to working with those members who make up the committee responsible for advancing the Holstein breed in Australia.

**MOVED** Jenny Grey seconded Andrea Henry that the report be received. **Carried**

## **7.2 REPORT of the CHIEF EXECUTIVE OFFICER**

Mr. Butler presented the CEO report.

I began my report for the previous financial year commenting on how complicated the year was due to continued COVID restrictions among other things. The same could be said for the last financial year. I was surprised looking back over the 2021/22 financial year to realise that we spent just over a quarter of it in lockdown here in Victoria, with interstate border restrictions lasting significantly longer.

Against this background, along with a pretty volatile economic climate, particularly over the second half of the financial year, the Association had a very solid bottom-line result, which puts us in a good place over the medium to longer term.

### **Staff Operations**

Holstein Australia staff now total 14 FTEs meaning we are at very similar staffing levels as in the previous financial year. During 2021/22 there were some changes with Simon Adams, Phil Hentschke, Delia Worth and Sarah Keens leaving the team. We are now operating with 5 classifiers including the training of two new classifiers, Bronte Symonds and Rebecca Haebich over the last 12 months.

Following the departure of Sarah Keens the role of Marketing and Communications Coordinator has been filled by Amanda Glossop. Amanda hails from Northern Victoria and was raised on a dairy farm. The role is now full time as I saw a need to resource the member engagement and communications side of the business more fully. She is starting to build relations with key sub-branch members and will be on the road visiting Sub-branches, youth shows and other events



over the next few months, as well as working with Adam Sawell on implementing our wider comms and marketing program.

It is important to note the departure of Delia Worth and acknowledge her contribution across 21 years working for the Association. Sadly Delia passed away suddenly in early January and her family was touched by the kind messages from both staff and members she had worked closely with.

I want to take this chance to thank the whole team and for their efforts working with members across the past 12 months, whether from home, in the office or on the road.

## **Annual Operating Plan**

### *IT review*

2021/22 has seen HA engage a third party to conduct a complete review of the Association's IT capability. The review has been presented to the Board and at the broader level next steps are being considered. That said it was already clear that software used for classification had become dated and needed renewal. A new arrangement has been agreed with Holstein Canada to access the new version of the classification software.

Developments to implement the new system commence in October 2022 with them aim of full implementation in early 2023. This is realistically an update of the software and hardware used and the only impact on members should be an improvement to the way visits are run.

### *New revenue stream*

Many members will be aware of the children's book Holly the Holstein, the story is based on HA member Colin Daley. With the book established, author Russell Smith has provided HA with the opportunity to take over the rights to and marketing of the book, with any funds raised going towards funding HA Youth and Member activities. The book will be relaunched, including a new section on the Holstein Breed in Australia, in time for the Christmas market.

### *Export and potential markets for Australian genetics*

The income for both members and the Association from live export is a great diversification from regular income streams. Currently the majority of heifers are exported to China, which in recent years has been a solid and valued market.

On the basis of spreading risk, the Association is actively looking for options to diversify that market. A study was conducted to identify potential additional markets for Holstein heifers. As a follow up to that discussion NHIA has part funded a display of Australian Dairy Genetics at World Dairy Expo, HA is taking part in the display with the aim of building relationships with many of the foreign delegates that attend the event.

## **Member Services**

### *Registration*

Registration numbers were down 12% against the previous year to 35,426. At face value, not a great result. The previous financial year saw several unexpected export orders that required registrations and that drove total registration numbers up. With that factored in core registration numbers were reasonably steady.

### *Genomics*

Another strong year for genomic testing with 28,315 tests processed, up 51% on the 2020/21 financial year. It is pleasing to see continued strong demand for what is now an established product. It should be noted that a key part of this is down to HA's work with genomic testing

partners Zoetis and Neogene. We look forward to continuing to work with these organisations into the future.

### *Classification*

Notably classification was down 17% against the previous financial year for a total of 27,902 classifications. While a drop from our classification highpoint of 33,494, this figure from the previous financial year included the 'class surge' we experienced after classifiers had been off the road for a few months due to COVID lockdowns and again when border restrictions eased.

For a period in the 2021/22 financial year, we also had just three operating classifiers with two in training, significantly reducing the number of people available to evaluate animals. When compared to the most recent year not affected by COVID there was a 7% increase in classifications.

### **Summary**

While activity was somewhat down against the previous year some of that has been due to the unsettled nature of the work environment during the Covid-19 pandemic.

Despite the impact of non-COVID global events here in Australia, economically and otherwise, I am pleased to report that we are now starting to see a return to more normalised operations. An exciting year presents ahead for the Association on a number of fronts, not least of which is the implementation of the updated classification system.

**MOVED** Phil Hall seconded Ross Somerville that the Chief Executive Officer's report be received.

***Carried***

## **7.3 ANY OTHER BUSINESS**

### **7.3.1 Questions and discussion**

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

- Jon Holland on the future of the SDC.
- Phil Daniel on the future direction for the board and the BDCC.
- Shane Railton on the proposed IT projects.
- Scott Somerville on the future of registered cattle.
- Paul Condon with a vote of thanks for the Board and their support of the NSW state show.
- Ron Chittick regarding the lack of acknowledgement for All Australian Photographic entries. The apparent lack of communication and interaction amongst members at sub-branch level from the board and management. The suggestion to rotate the governance advisor Enterprise Care to another provider; similar to what happens now with the auditors.
- David Johnston on the value of continuing the mandatory genomic testing of bulls for registration and that a test for (just) parentage would be better received by membership.

**8. CLOSE OF MEETING**

There being no other business the Chair declared the 2021/22 Annual General Meeting closed at 12.40pm.

SIGNED: ..... PRESIDENT      DATE: .....