

2021 Annual Report

NEW ZEALAND HOLSTEIN FRIESIAN ASSOCIATION INC





Mojo Lauro Patty S1F

Holstein Friesian New Zealand would like to thank the following sponsors for their continued support:

The late E & M Adams

Pitcairns Trophy

Animal Breeding Services (2007) Ltd

Discovery Project

Boehringer Ingelheim

Progeny Competition

Cairns Family

Paramount Cup

CRV

Holstein Friesian Genetic Leaders

DeLaval Ltd

All NZ Photo Competition

The Gums Dairy Company

Broomfield Senior Youth Heifer Competition

The late Mrs H (RHA) Haylock MBE

Mahoe Trophy

Johnson Family

Tokaora Trophy

B & A Jones

Arapeta Trophy

The late B & D King

Kingsland Trophy

The late LJ Leslie

Lenslea Trophy

LIC

Discovery Project

Longsdale Holsteins

Promotional Photo Competition

S & R McDonald Family

McDonald Family Trophy

B & M McDonald Family

Snowline Trophy

Nutritech International Ltd

Performance Awards

Ova-Acheivers

Discovery Project

The late F Pfister

Frank Pfister Award

Semex NZ Ltd

On Farm Competition

The late N & V Sherriff

Sherriff Memorial Trophy

C Terry & Family

Dennis Terry Memorial Trophy

Uhuru Holsteins

Black & White Youth Photo Competition

Valden Stud

Valden Cow of the Year

Verwaayen Farms Ltd

Genomic Testing Awards

Weatherby's Scientific, Ireland

Genomic Testing Awards

B & G Withers Family

Withers Trophy

World Wide Sires

Protein Awards

Holstein Friesian New Zealand would like to acknowledge its Business partners:



Front Cover: Strathallan MOM Beth S3F

Contents

Office Holders

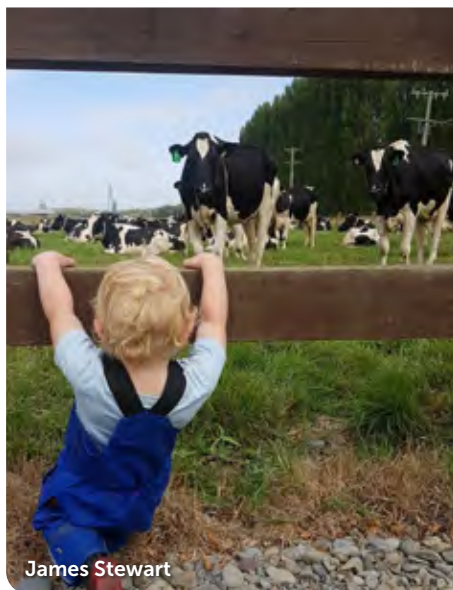
President	H Verwaayen
Vice President	D Courtman
Treasurer	W Harker

Directors

Ward 1, 2 & 3	D Courtman W Harker A Harvey
Ward 4 & 5	W Taylor H Verwaayen
Ward 6 & 7	N Sixtus G Stewart
Ward 8	N Chilton H Cummings

Staff

General Manager	C Watson
Breed Services Administrator	S Goldsbury
Field Officer	A Griffin
Administator	L Hart
Project Administrator	H Henderson
Communications Manager	N Martin



James Stewart



Feeding at Te Hau Holsteins



Herd walk at Lightburn Holsteins

04	2020/21 Highlights
06	President's Report
08	Treasurer's Report
10	Financial Statements
19	Auditor's Report
21	Membership Statistics
22	Registrations & TOP Statistics
23	Pedigree Statistics
24	Black & White Youth Committee Report
25	Breed Services Report
27	Classification Report
28	Discovery Project Committee Report
29	External Affairs Committee Report
32	Remuneration Committee Report
33	Sire Proving Committee Report



Holstein Friesian New Zealand is the trade name of the New Zealand Holstein Friesian Association Inc.

2020/21 Highlights

The market for export heifers earned
Holstein Friesian NZ

\$200,000

before expenses gained from inspections,
three generation pedigrees and
commission from PGG Wrightson.



18

participants
attended
the 2021
National All
Dairy Breeds
Youth
Camp.



a state-of-the-art information system for
breed societies will be delivered in 2021.
The new TOP platform using new hand-
held devices was completed in time
for the Spring 2020 TOP Classification
season.



5

bulls were
purchased
by LIC from
the 2019
Discovery
Project team
for their 2021
Sire Proving
Scheme.



26,868

animals were inspected across
New Zealand in 2021.



279 kg

was the average amount of fat
produced by registered Holstein
Friesian cows in 2019/20.



16,875

Holstein Friesian animals
were registered in 2020/21,
an increase from 15,394 in
2019/20.



627

animals were entered in the 2021 HFNZ Semex On Farm Competition from 77 herds across New Zealand.



The Black & White Youth auction raised

\$6,577

for youth activities.

Holstein Friesian NZ Genetic Leaders generated a net revenue of

\$13,158



Semen royalties from the Discovery Project were

\$14,299

There were

30

attendees at four judging schools held in the Waikato, Manawatu, Canterbury, and Southland regions.



Holstein Friesian NZ renewed partnerships with

Boehringer Ingelheim, DeLaval, Nutritech and Semex.



94

entries were received for the 2021 HFNZ/ DeLaval All NZ Photo Competition, up from 81 entries in 2020.

President's Report



Hennie Verwaayen

PROUD MOMENTS

In the past year Holstein Friesian NZ was able to share in the industry's recognition of the work done by former HFNZ President, Honorary Life Member, TOP Inspector, Judge and respected WHFF Type Harmonisation Working Group member, Denis Aitken. Denis was made an Officer of the New Zealand Order of Merit in the 2021 New Year's honours list for services to the dairy industry.

Our General Manager, Cherilyn Watson

was promoted to WHFF President and also sits on the ICAR Breed Association Working Group (the international committee that sets standards for animal recording). Cherilyn is the first woman to head the World Holstein Friesian Federation in 45 years. The organisation is responsible for the improvement, development, and promotion of the Holstein Friesian breed worldwide. Furthermore, she became the NZ Breed Societies representative on the Industry Genetics Steering Group that was formed from high level dairy industry stakeholders to deal with data access in the New Zealand dairy industry.

Congratulations to both Denis and Cherilyn and thank you on behalf of the membership for your work to look after the Holstein Friesian breed in this country.

AGM DISCUSSION PAPER

With the 2021 Annual Report from the organisation, members were also sent a discussion paper that the Board wants the membership to consider. Even though this year's Board elections filled the vacancies, over the years HFNZ has faced a challenge in recruiting new Directors for the Board. The discussion paper will touch on future options like

a change in ward-based representation combined with floating Directors, the use of outside Directors on the Board and/or targeted experts for Committee work, the term length, as well as the number of consecutive terms that can be served by a Director. I would encourage the members to have a good read of this document and bring their thoughts to the 2021 AGM for discussion.

LIVE EXPORT

The sinking of the Gulf Livestock 1 export heifer boat with the loss of most of its crew and about 5,800 New Zealand export heifers en route to China last year, influenced the Ministry for Primary Industries (MPI) Live Export Review. HFNZ submitted to this review. During the review process MPI did some tweaking of the Live Export Rules. In April this year, the Minister of Agriculture, the Honourable Damien O'Connor, made the final decision as part of the review, and decided to ban live exports within the next two years.

The export of Holstein Friesian heifers has been a solid income stream for the Association through income derived from three generation pedigrees and export heifer inspections before the stock board the boats. There are still considerable numbers of export heifers being processed through the HFNZ office, but this income stream will cease once the export ban comes into effect. For HFNZ this will mean extra budget pressure that needs to be worked through in the next few years.

TOP AND BREED SOCIETY SOLUTION

The work that HFNZ has continued to do on behalf of the combined NZ Dairy Breed Societies for the inclusion of TOP and Breed Society data into the Dairy Industry Good Animal Database (DIGAD), has required considerable work. While it is substantially complete, work around the agreements with stakeholders is ongoing and we hope to see this work finished in the coming months.

It needs to be said that there would have been few (if any) alternatives for this work to be successful without HFNZ securing Government funding and managing this



The herd at Waikopani Holsteins

process on behalf of the industry and the breed societies. Doing nothing with regards to the TOP solution was not an option, as the technology at the heart of this work was outdated and there was no commitment from other industry players to continue this important work for the benefit of the whole dairy industry.

It has also led to good discussions with the other breed societies and this needs to be built on in future to increase the viability of all New Zealand dairy breed societies. There are significant advantages in collaborative activities and the ongoing wellbeing of the other dairy breed societies is vitally important to HFNZ. Pressure on breeders from the promotion of cross breeding is where our work needs to stand up to. If farmers choose to go down this path it needs to be done with straight bred stock as a base for gaining maximum heterosis.

Inter-breed collaboration works in Australia and Ireland; it can work in New Zealand where it will also give us better clout within the industry. The individuality of the breeds can be

maintained, while economies of scale can help reduce costs and improve services with the running of an overarching breed society.

CLOSING

As I come to the end of my term as HFNZ President after a three-year tenure, I would like to thank the Board of Directors for the trust they put in me to lead the organisation. It has been a great experience and I would encourage HFNZ members of all ages to get involved with the organisation to keep the fire burning.

Thank you very much to the HFNZ Board members for their input this year. In particular, Executive Committee members Doug Courtman (Vice President) and Wendy Harker (Treasurer), for their work and support. The organisation is fortunate to have people like them.

I would like to thank all HFNZ staff for their work this year. As I stated last year, few people appreciate the amount of work that goes into not only the custodianship of the Holstein Friesian breed, but

also work on behalf of the other breed societies and the industry. On top of this there have also been various issues around Covid-19 that have impacted the work undertaken by HFNZ staff. Thank you for your commitment.

A well-deserved thank you, to all members who have hosted or helped at events that HFNZ have organised around the country. Without volunteers it would be hard to put a lot of these events on. Great work!

Our family has had a bit of a rough time this year and I would like to thank all those in the organisation who stepped in to keep things going while I was not there to fulfil my commitments. That was very much appreciated. My wife Kerri, son Harvey and daughter Lucy's work at home enable me to do this job and they are the real champions behind the scenes at our place.

Hennie Verwaayen
President



Calves at Rangeview Holsteins

Treasurer's Report



Wendy Harker

The year ended 31st March 2021 was not a normal “run of the mill” financial year for Holstein Friesian NZ. The major undertaking to develop the “BreedIT” program has commenced with the sizable grant of \$705,550 received from the Ministry of Primary Industries (MPI). This needs to be included as income for this financial year, but the cost of the development of “BreedIT” will be capitalised once completed in 2021. As the project is still work in progress, all costs to date have been accumulated as work in progress and sit under Current

Assets in the Statement of Financial Position. However, the inclusion of the MPI grant as income does mean that our surplus is extraordinarily high this year.

Revenue from export heifers has also contributed to the \$877,940 surplus. This revenue has come from three different income streams. Holstein Friesian NZ has been contracted to inspect heifers due to Covid-19 restrictions limiting the travel of overseas inspectors. This resulted in income of \$87,497 in the 2021 financial year. The supply of three generation pedigrees for the export companies contributed another \$110,000 to our surplus. The Association also received \$3,666 from PGG Wrightson for commission on export heifer sales. This has resulted in over \$200,000 of revenue generated from export heifers, before expenses. Unfortunately, due to the current governments latest ruling, this will not be an on-going income source for the Association.

The 2020 World Holstein Friesian Conference was cancelled due to Covid-19 and after a large amount of work with our travel agent and our General Manager, a good portion of the costs that were paid for our Youth Exchange, Classifiers Workshop and our General Manager's travel costs were

refunded to the Association. This is shown as a credit in both the Breed Promotion Exchanges and World Federation Expenses and adds a total of \$14,016 to the surplus.

The Discovery Project has resulted in bulls graduating in 2020 and being well utilised by the industry. The Association is very fortunate that LIC support us in this successful project. In this year alone, it has resulted \$14,299 in royalties being paid to the Holstein Friesian NZ.

The Joint Sire Proving Scheme with CRV, Genetic Leaders generated net revenue of \$13,158 for the Association. With Meander Shot Alibi-ET S3F graduating and being marketed by CRV in 2021, the Association looks forward to an increase in royalties in the coming year.

Income from registrations and membership have remained at a similar level to 2020. This is a little concerning as this is considered our main income source. Our costs are constantly increasing, and this income is what we rely on when there is no income from exports or bull royalties.

With the additional income from exports, the Association took the opportunity to upgrade the IT systems within the office.



Young herd at Westwind Holsteins

Equipment had become outdated and needed replacing. This is shown under Fixed Assets. It also resulted in a higher level of depreciation for the computer equipment.

The Board also made the decision to participate in TOP research work with the Puberty Trial Heifers. The net cost to the Association was \$5,091. The costs for this work were kept to a minimum due some inspectors volunteering their time to complete the work.

Other expenditure for the year was similar to previous years. It is always an on-going challenge to provide maximum service for minimum cost to our members. The genomic testing service is gradually gaining in turnover but there are still good opportunities for growth in this area.

The Association looks forward to the full implementation of the BreedIT programme in the next few months. The TOP portion of the program was launched in the 2020-21 season and was very positively received by the industry. The next phase is due to be completed by 31 May 2021. The management of this project, including the costs, has

taken a large proportion of our General Manager's time in the past 12 months. Holstein Friesian NZ owes a large debt of gratitude to our General Manager for her exceptional handling of this project. BreedIT is a very large, time consuming undertaking that presented a risk of using up any cash reserves that the Association held. To make it this close to the end, with our reserves still in the bank, is thanks to the careful financial control of our General Manager. The successful completion of this project will allow us independence and hopefully financial opportunities in the future so that we can provide relevant and valuable services to our membership. Thanks, must also go to Doug Courtman for his assistance in managing this project, as the Board representative.

Looking forward, do not expect to see this large surplus again. The next 12 months will see the bedding in of the new system and costs associated with this. Once the BreedIT project is complete, it will appear as a Fixed Asset within our accounts. Due to the nature of programs such as BreedIT, a large portion of the cost will be written off as depreciation. This is

likely to result in the Association showing a deficit for the next three years. The challenge for the future is making sure that the BreedIT system is maintained in a cost-efficient manner, so that it does not become outdated. Technology moves fast and is not cheap. However, I am positive that it will provide additional services and opportunities for our members.

As always, Holstein Friesian NZ relies on its members to utilise its services so that we can continue to offer them. Thank you to the breeders that support our Association by offering males and females for the Genetic Leaders programmes and heifers for the Discovery Project. The bulls graduating from these joint ventures certainly contribute a lot to our bottom line, and it is very appreciated by our membership.

Thanks once again to our General Manager who provides the Board with accurate, up to date financial information, even while trying to juggle developing computer programs.

Wendy Harker
Treasurer



Financial Performance

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
SPECIAL PURPOSE STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$	2020 \$
Total Operating Income	1,228,598		1,153,751
Less Total Operating Expenditure	<u>667,025</u>		<u>667,912</u>
Net Operating Revenue	(13)	561,573	485,839
<u>Other Revenue</u>			
Rent Received	21,835		24,425
Interest Received	9,723		14,640
Scholarship Fund	(4) <u>-</u>	<u>31,558</u>	<u>-</u>
Total Net Operating Revenue		593,131	524,904
<u>EXPENDITURE</u>			
<u>AGM & Board</u>			
AGM Expenses	182		5,302
Board Meetings	9,588		9,216
Board Travel	5,644		7,616
Directors Fees	<u>11,267</u>		<u>10,493</u>
		26,681	32,627
<u>Breed Promotion</u>			
Black & White Youth	1,014		(2,081)
Competitions	1,534		2,398
Exchanges	(6,464)		6,093
General	2,681		1,684
Judging School	3,307		2,597
NZ Dairy Event	2,299		-
Shows	402		421
Trophies	698		802
Website	<u>2,373</u>		<u>2,254</u>
		7,844	14,168
<u>Building Overheads</u>			
Electricity	2,647		3,414
Insurance	10,286		10,236
Rates	8,684		9,623
Repairs & Maintenance	<u>10,431</u>		<u>9,548</u>
		32,048	32,822
<u>Finance Costs</u>			
Bad Debts	440		1,340
Bank Fees	<u>126</u>		<u>176</u>
		566	1,516
<u>Motor Vehicles</u>			
Insurance	1,016		1,093
Running Costs	<u>4,399</u>		<u>8,188</u>
		5,415	9,281



These special purpose financial statements should be read in conjunction with the accompanying notes and independent auditors report

Financial Performance

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
SPECIAL PURPOSE STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$	2020 \$
<u>Office Overheads</u>			
Audit Fees	4,800		4,800
Computer Expenses	13,059		6,988
Legal Expenses	6,920		1,857
Postage, Print & Stationery	987		2,635
Telephone Expenses	<u>4,037</u>		<u>4,147</u>
		29,803	20,427
<u>Staffing</u>			
Accident Compensation	921		837
Consultant Fees	1,710		2,790
Contractor Administration	6,796		7,350
Salaries	274,553		262,567
Recruitment & Training	2,565		2,350
Travel	<u>4,357</u>		<u>8,126</u>
		290,902	284,020
<u>Other</u>			
DIGAD Expenses	-		43,961
Kindred Organisation Expenses	2,072		1,966
Scholarships Awarded	(4) 1,000		-
Sundry Expenses	5,120		6,130
World Federation Expenses	(7,552)		4,581
Depreciation	26,358		18,737
Loss on Sale of Assets	<u>484</u>		<u>46</u>
		<u>27,482</u>	<u>75,422</u>
TOTAL EXPENSES		<u>420,741</u>	<u>470,283</u>
OPERATING SURPLUS		172,390	54,621
MPI Grant Received	(8)	<u>705,550</u>	<u>-</u>
NET SURPLUS for the year		<u><u>877,940</u></u>	<u><u>54,621</u></u>

These special purpose financial statements should be read in conjunction with the accompanying notes and independent auditors report




Financial Position

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 \$	2020 \$
<u>CURRENT ASSETS</u>			
Accounts Receivable		65,948	59,069
Cash and Bank	(2)	335,558	115,898
Investments	(2)	464,237	454,692
Goods & Services Tax		27,967	-
Prepayments		3,354	559
Promotional Stock on Hand		5,389	12,798
Work in Progress - BreedIT	(9)	659,157	
TOTAL CURRENT ASSETS		1,561,610	643,016
FIXED ASSETS	(3)	418,384	411,345
TOTAL ASSETS		1,979,994	1,054,361
<u>CURRENT LIABILITIES</u>			
Accounts Payable		153,961	106,148
European Young Breeders School		7,358	-
Goods & Services Tax		-	6,792
Paye Due		11,325	12,012
TOTAL CURRENT LIABILITIES		172,644	124,951
<u>EQUITY</u>			
Represented By:			
Retained Earnings		1,708,336	843,843
Endowment Fund	(5)	6,000	6,000
European Young Breeders School Fund	(6)	7,358	-
Genomic Award Fund	(7)	14,733	10,742
Pitcairns Trophy Fund	(5)	4,456	4,456
Scholarship Fund	(4)	66,467	64,369
		1,807,350	929,410
TOTAL FUNDS EMPLOYED		1,979,994	1,054,361



 President
 H Verwaayen



 Treasurer
 W Harker

3 May 2021 Date

3 May 2021 Date



These special purpose financial statements should be read in conjunction with the accompanying notes and independent auditors report

Movement in Equity

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
SPECIAL PURPOSE STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$	2020 \$
Equity at the Beginning of the Year		929,410	874,789
Operating Surplus for the period		877,940	54,621
		<hr/>	<hr/>
Equity at the End of the Year		1,807,350	929,410
		<hr/>	<hr/>
Represented By:			
Retained Earnings		1,708,336	843,843
Endowment Fund	(5)	6,000	6,000
European Young Breeders School Fund	(6)	7,358	-
Genomic Award Fund	(7)	14,733	10,742
Pitcarins Trophy Fund	(5)	4,456	4,456
Scholarship Fund	(4)	66,467	64,369
		<hr/>	<hr/>
		1,807,350	929,410
		<hr/>	<hr/>



These special purpose financial statements should be read in conjunction with the accompanying notes and independent auditors report

Financial Notes

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Statement of Accounting Policies

Reporting Entity and Basis of Preparation

NZ Holstein Friesian Association Inc. (NZHFA) is a non-profit organisation for the breeders of pedigree Holstein Friesian cattle in New Zealand, incorporated under the Incorporated Society Act 1908. The financial statements are a special purpose report which have been prepared in accordance with the accounting policies below and the Rules of the Association and do not comply with NZ GAAP.

Specific Accounting Policies

The financial statements have been prepared on historical cost accrual basis. The following specific accounting policies having material effect on the measurement of results and financial position have been applied:

- a) **Accounts Receivable**
Accounts Receivable are stated at their net realisable value.
- b) **Accounts Payable**
Accounts payable and accruals are stated at cost and recorded inclusive of GST
- c) **Fixed Assets**
Fixed Assets have been valued at cost less accumulated depreciation.
- d) **Depreciation**
Depreciation is charged to write off the assets over their estimated useful life. The following rates and methods have been used to depreciate the assets.
- | Asset | Rate & Method |
|--------------------------------|--------------------------|
| Buildings | 50 years – straight line |
| Office furniture and equipment | 10% - 60% DV |
| Computer | 10% - 48% DV |
| Motor vehicles | 31.2% DV |
- e) **Bad and Doubtful Debts**
All known losses have been written off against income during the financial year. A provision has been created for doubtful debts.
- e) **Goods and Service Tax**
The financial statements have been prepared on a GST exclusive basis. Accounts Receivable, Accounts Payable and Prepayments are stated GST inclusive.
- f) **Cash and Cash Equivalents**
Cash and cash equivalents including cash on hand deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less.
- g) **Investments**
Bank term deposits with original maturities of three months or more are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.
- h) **Stock**
Stock is stated at the lower of cost or net realisable value.
- i) **Tax Status**
The Association is a non-profit organisation and is therefore exempt from income tax under Section CW51 of the Income Tax Act 2007.
- j) **Revenue**
Revenue is recognised in the accounting period in which the service is provided (in the rendering of services), and in the period in which the interest and rent is accrued. Royalties are only recognised as income where there are definitive contracts in place.



Financial Notes

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. Cash and Bank	2021	2020
	\$	\$
Cash on Hand	304	115
Cheque Account	<u>335,254</u>	<u>115,783</u>
	335,558	115,898
Investments		
Term Deposits	<u>464,237</u>	<u>454,692</u>
Total Cash, Bank and Investments	<u>799,795</u>	<u>570,590</u>

3. Fixed Assets

Fixed Assets as at 31 March 2021							
	Land	Buildings	Comp Equip	Motor Vehicles	Office Furn	Total	
Cost	181,000	354,681	127,239	29,791	63,608	756,320	
Opening Book Value	181,000	194,992	5,855	15,700	13,797	411,345	
Plus Additions	-	-	28,537	-	5,648	34,185	
Less Depreciation	-	7,094	12,426	4,898	1,940	26,358	
Less Disposals	-	-	117	-	671	788	
Closing Book Value	181,000	187,898	21,849	10,802	16,834	418,384	
Fixed Assets as at 31 March 2020							
	Land	Buildings	Comp Equip	Motor Vehicles	Office Furn	Total	
Cost	181,000	354,681	115,118	29,791	57,960	738,550	
Opening Book Value	181,000	202,086	3,105	22,820	11,696	420,707	
Plus Additions	-	-	5,444	-	3,977	9,422	
Less Depreciation	-	7,094	2,648	7,120	1,876	18,737	
Less Disposals	-	-	47	-	-	47	
Closing Book Value	181,000	194,992	5,855	15,700	13,797	411,345	

4. Scholarship Fund	2021	2020
	\$	\$
Opening balance	64,369	60,817
Plus Donations received during the year	0	0
Plus Funds held on behalf by NZHFA	1,500	1,500
Plus Interest received	<u>1,597</u>	<u>2,052</u>
	67,467	64,369
Less funds owed to NZHFA	0	0
Less 2021 Scholarships Awarded	<u>1,000</u>	<u>0</u>
Closing balance	<u>66,467</u>	<u>64,369</u>

Donations received during the year:

Nil Nil

Purpose of fund

The scholarship fund has been created to assist members embarking on tertiary studies by way of an annual scholarship.

The Board targeted base fund of \$40,000 was achieved in 2017. To date 10 scholarships have been awarded to young breeders undertaking tertiary study, with the latest scholarship awarded to T Hall in 2021. Fundraising will continue to ensure the fund is maintained for the future benefit of our young breeders.



Financial Notes

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Endowment Fund & Pitcairns Trophy Fund

These are endowments and funds from members and past members. The income from which is used for annual trophies.

6. European Young Breeders School Fund

During the 2021 financial year an Elite Heifer Raffle was run to raised funds to send a team of NZ Youth to the next European Young Breeders School in Belgium. Due to Covid-19 and limited travel, the money raised has been identified in this fund, for the when the next school is held.

7. Genomic Award Fund

The Genomic Award Fund has been donated by H Verwaayen on behalf of the Verwaayen Farms Ltd. The fund will see the Board introduce Genomic Awards for animals tested through the Associations genomic testing service with Weathersby's Scientific, Ireland.

8. Capital Commitments

In February 2020 NZHFA entered into a funding agreement with the Ministry of Primary Industries (MPI) to fund the Breed Society and TOP Solution integration to the Dairy Industry Good Animal Database (DIGAD). This funding agreement has seen MPI provide funds of \$792,000 for the project, while NZHFA has committed to funding \$98,000 in cash and a further \$100,000 in-kind. In 2021 a total of \$705,550 has been received from MPI towards the project (2020 – Nil).

9. Work in Progress – BreedIT

NZHFA is developing the Breed Society and TOP Solution integration to the Dairy Industry Good Animal Database (DIGAD). At balance date the project was not complete, therefore the development costs to 31 March 2021 of \$659,157 were transferred to a Current Asset under Work in Progress. The project is due to be completed in the 2021/22 financial year.

10. Contingent Liabilities

As at balance date the BreedIT Project was still in progress and may run overbudget. (2020 – Nil)

11. Events After Balance Date

At the date of signing the audit report, there is one matter that has arisen subsequent to balance date that requires disclosure. On the 14 April 2021, the NZ Government announced a ban on live cattle exports by sea. NZHFA has previously derived income from the export of live cattle and this could affect future revenue.

12. Related Parties

All Directors are members of the Association in their own right and as such use the services of the Association on an annual basis. Examples of services they use are registration, classification of animals, purchases of semen through Genetic Leaders, entering animals in Discovery Project and advertising in the 'nzholstein' magazine.

13. Schedule of Operating Revenue and Expenditure

				<u>2021</u>	<u>2020</u>
<u>INCOME</u>					
Classification	- Income			167,569	170,713
	- Dam Inspection Fee Income			3,800	4,213
	- Expenses			174,407	172,351
	- Puberty Trial Heifers			5,091	-
				(8,128)	2,575
Commission - Crombie Lockwood				3,364	4,378
Commission - Export Heifers				3,666	3,023
Discovery Project					
	- Income			5,000	
	- Royalties			14,299	11,810
	- Expenses			-	-
				19,299	11,810



Financial Notes

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Schedule of Operating Revenue and Expenditure continued

				<u>2021</u>		<u>2020</u>
Elite Heifer Raffle						
	- Income			12,976		-
	- Expenses			12,976		5,821
				-		(5,821)
Export Heifer Inspection						
	- Income			90,336		32,216
	- Expenses			2,839		2,838
				87,497		29,378
Final Bull Fee				17,160		12,600
Genomic Testing Service						
	- Income			15,596		8,945
	- Expenses			14,321		7,993
				1,274		952
Joint Sire Proving Scheme						
	- Income			16,624		14,948
	- Expenses			3,466		3,019
				13,158		11,929
Publications						
- Magazine	- <i>nzholstein</i> Income			34,298		22,267
	- Subscription Income			-		-
	- Expenses			30,688		21,941
				3,611		326
- Herd Book	- Income			2,328		2,430
	- Expenses			933		911
				1,395		1,519
- Performance Register						
	- Income			2,483		2,815
	- Expenditure			944		1,058
				1,539		1,757
Registrations	- Annual Cow Fees			131,758		133,428
	- Bull Registrations			14,671		13,374
	- General Registrations			35,995		33,948
	- Registration Expenses			1,065		554
				181,359		180,196
Sponsorship	- Semex			3,500		3,500
	- Other			3,263		3,113
Subscriptions	- Membership			107,266		114,614
General Income				8,100		15,774
Three Generation Pedigrees						
	- Income			337,475		214,710
	- Expenses			226,577		133,057
				110,898		81,653
2020 World Conference						
	- Income			193,718		318,369
	- Expenses			193,718		318,369
				-		-



Financial Notes

NZ HOLSTEIN FRIESIAN ASSOCIATION INC
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Schedule of Operating Revenue and Expenditure continued

Sundry Income					
- Black & White Youth Auction			6,533		10,500
- Brown Swiss Trading			4,227		1,006
- European Young Breeders School			-		1,400
- Gain on Sale Assets			-		-
- Adjustment to Gain in Sale of Asset			-		-
- Promotional Merchandise			(7,409)		(343)
			3,350		12,564
NET OPERATING REVENUE			561,573		485,839



Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Members of the NZ Holstein Friesian Association Inc

Opinion

We have audited the special purpose financial statements of The NZ Holstein Friesian Association Inc, on pages 10-18 which comprise the Statement of Financial Performance for the year ended 31 March 2021, Statement of Financial Position as at 31 March 2021, and Statement of Movements in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the NZ Holstein Friesian Association Inc for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the entity in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the NZ Holstein Friesian Association Inc.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the members of the entity in complying with the special purpose framework referred to above. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the members of the entity and should not be distributed to parties other than the members of the entity. Our opinion is not modified in respect of this matter.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the pages prior to page 10 and the pages from 21 onwards.

Our opinion on the special purpose financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with Governance for the Special Purpose Financial Statements

Those charged with governance are responsible for the preparation of the special purpose financial statements in accordance with the special purpose framework and for such internal control as those charged with governance determine is

91 Clarence Street, Hamilton 3204
PO Box 389, Hamilton 3240

Telephone 07 839 1235
Facsimile 07 839 1237

Freephone 0800 269 139

enquiries@owenmcLeod.co.nz
www.owenmcLeod.co.nz



Principal: Richard Owen BMS C.A. Manager: Scott McDonald C.A.

Auditor's Report

necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, those charged with governance are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless shareholders either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

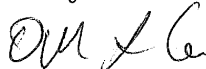
Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



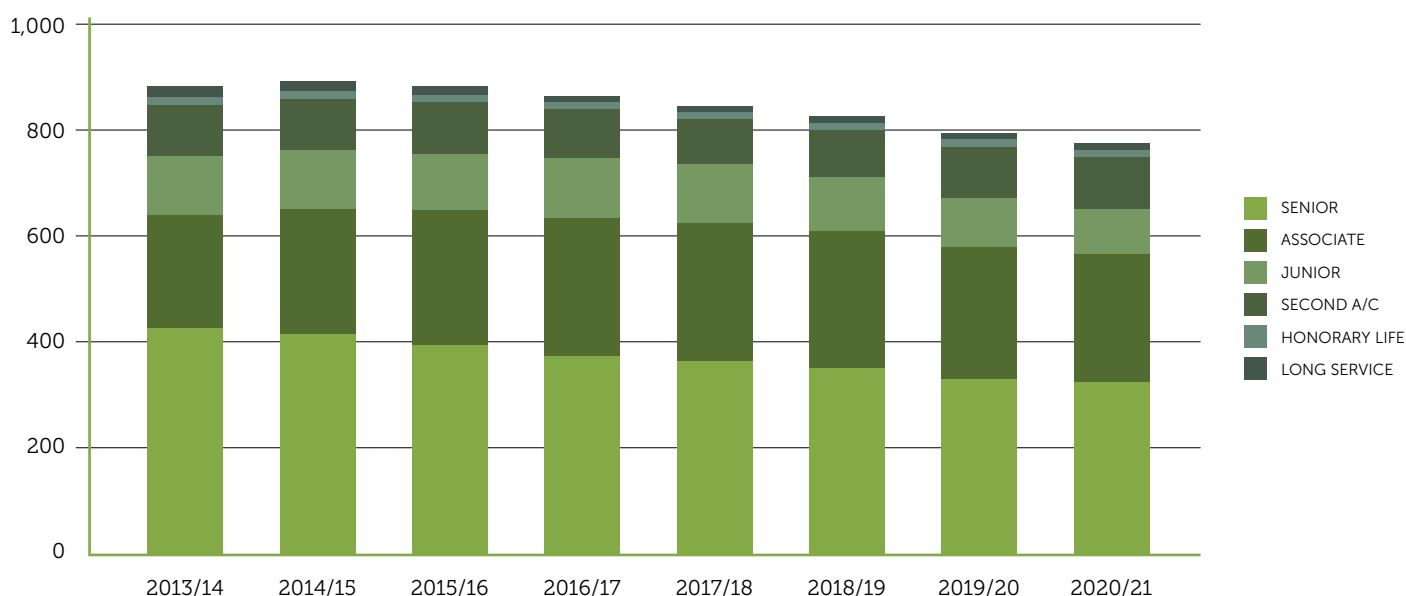
R K Owen
Owen McLeod & Co
5 May 2021
Hamilton
New Zealand

Membership Statistics*

*Period: 1 April – 31 March

Membership Types

Year	Senior	Associate	Junior	Second A/C	Honorary Life	Long Service	Total
2013/14	426	215	111	93	16	20	881
2014/15	414	238	111	97	14	20	894
2015/16	395	254	107	97	13	17	883
2016/17	374	261	115	91	12	15	868
2017/18	364	262	110	85	13	15	849
2018/19	352	258	102	88	13	14	827
2019/20	331	249	92	96	14	13	795
2020/21	326	240	86	98	13	13	776



Membership by Branch

MEMBERSHIP AS AT 31 MARCH 2021

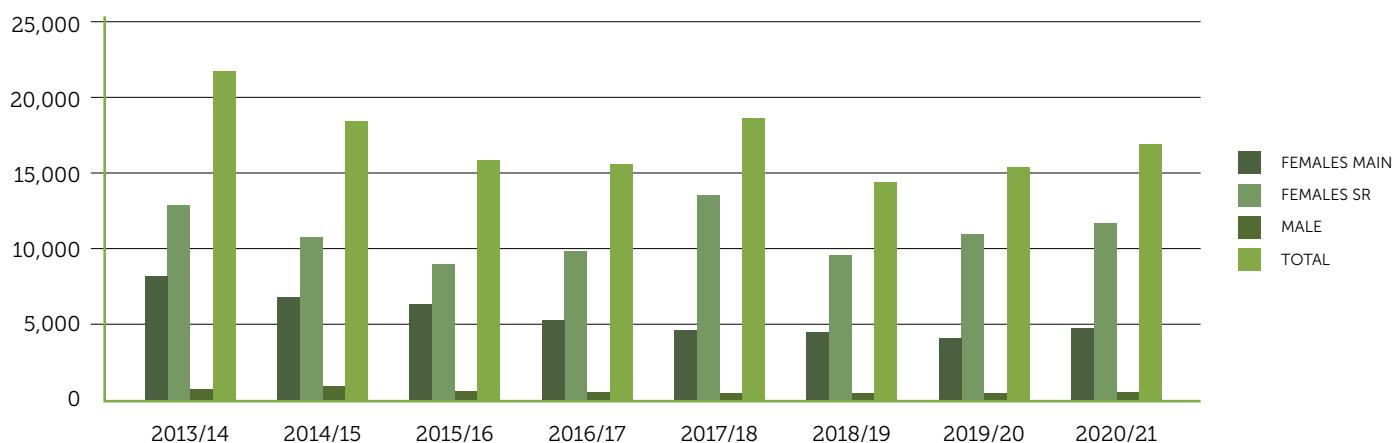
MEMBERSHIP AS AT 31 MARCH 2020

	Snr	Ass	Jn	Second A/C	Hon Life	LS	Total		Snr	Ass	Jn	Second A/C	Hon Life	LS	Total
Northland	18	5	2	1	1	0	27		19	4	3	1	1	0	28
Waikato	101	80	25	38	7	1	252		100	90	25	38	7	1	261
Bay of Plenty	16	6	3	5	0	1	31		15	6	4	5	0	1	31
Taranaki	37	22	13	4	0	1	77		37	20	14	3	0	1	75
Hawkes Bay	5	8	0	2	0	0	15		8	6	0	1	0	0	15
Manawatu	27	22	8	7	1	1	66		24	21	10	7	1	1	64
Wairarapa	9	8	0	4	0	0	21		11	8	1	4	0	0	24
Marl/Nel/GBay	12	8	0	2	1	1	24		12	9	0	2	1	1	25
Cant/Westland	52	51	13	28	2	7	153		55	54	15	28	2	7	161
Otago	22	11	5	4	1	0	43		22	11	6	4	2	0	45
Southland	26	17	17	3	0	1	64		27	18	14	3	0	1	63
Overseas	1	2	0	0	0	0	3		1	2	0	0	0	0	3
							776								795

Registrations & TOP Statistics*

*Period: 1 April – 31 March

Registrations



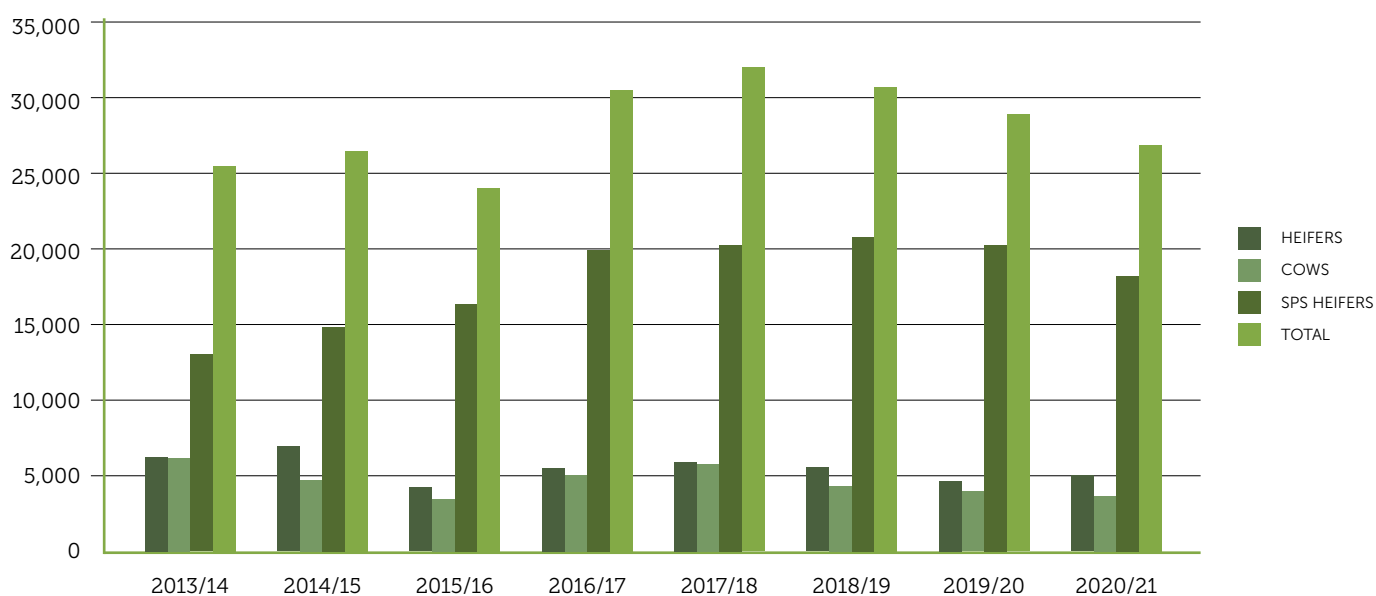
REGISTRATIONS

Year*	Females Main	Females SR	Males	Total
2013/14	8,164	12,865	685	21,714
2014/15	6,765	10,765	894	18,424
2015/16	6,326	8,950	566	15,842
2016/17	5,253	9,827	499	15,579
2017/18	4,615	13,522	455	18,592
2018/19	4,444	9,565	400	14,409
2019/20	4,040	10,945	409	15,394
2020/21	4,703	11,687	485	16,875

TOP INSPECTIONS

Year*	Herds	Heifers	Cows	SPS Heifers	Total
2013/14	365	6,266	6,178	13,014	25,458
2014/15	360	6,933	4,701	14,847	26,481
2015/16	328	4,220	3,470	16,338	24,028
2016/17	384	5,500	5,047	19,941	30,488
2017/18	414	5,936	5,776	20,280	31,992
2018/19	398	5,545	4,327	20,812	30,684
2019/20	387	4,646	3,954	20,281	28,881
2020/21	329	5,020	3,640	18,208	26,868

TOP Inspections



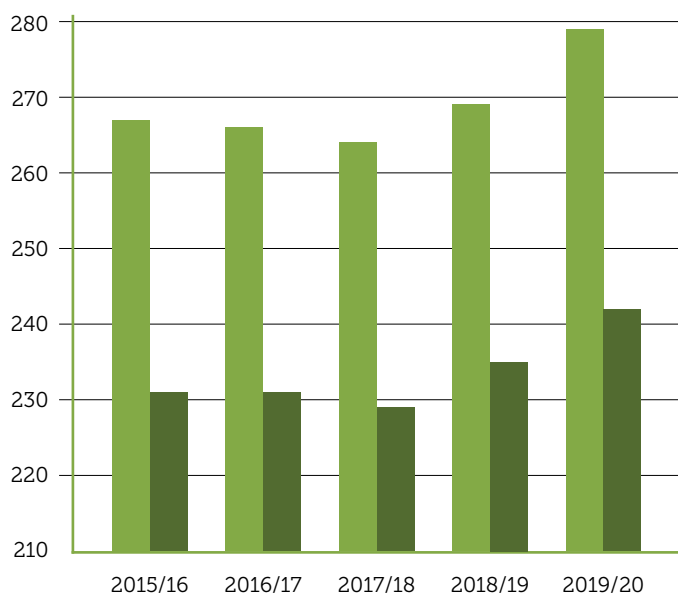
Pedigree Statistics

Summary of Seasons: 2015/16 – 2019/20¹

Season	Registered HF Cows ²	Herds	Ave. Milk (L)	Ave. Protein (kg)	Protein %	Ave. Fat (kg)	Fat %	Ave. DIM	Classified Cows	Ave. Class.	Excellent Cows ³
2015/16	29,614	502	6,485	231	3.6%	267	4.1%	270	16,582	GP84	693
2016/17	34,456	554	6,427	231	3.6%	266	4.1%	271	19,403	GP84	851
2017/18	35,807	632	6,425	229	3.6%	264	4.1%	269	19,923	GP84	866
2018/19	34,842	597	6,571	235	3.6%	269	4.1%	269	19,246	GP84	840
2019/20	32,172	499	6,736	242	3.6%	279	4.1%	272	17,649	GP84	906

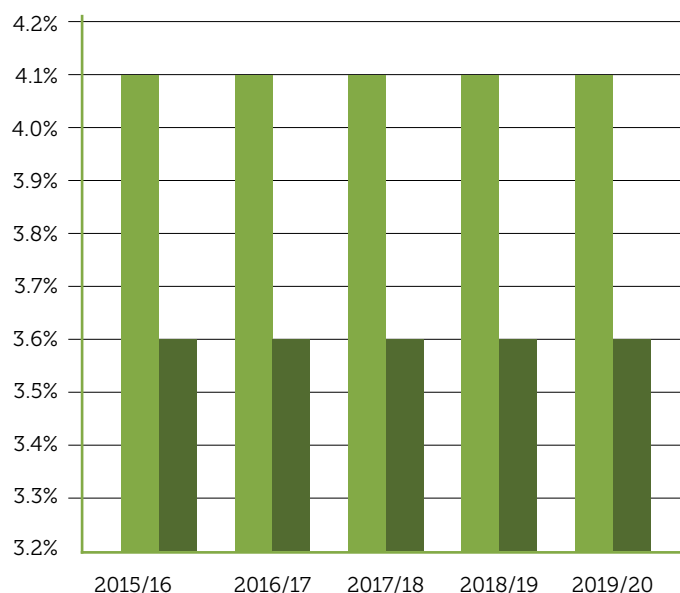
Milk Component Production: 2015/16 – 2019/20¹

FAT KG
PROTEIN KG

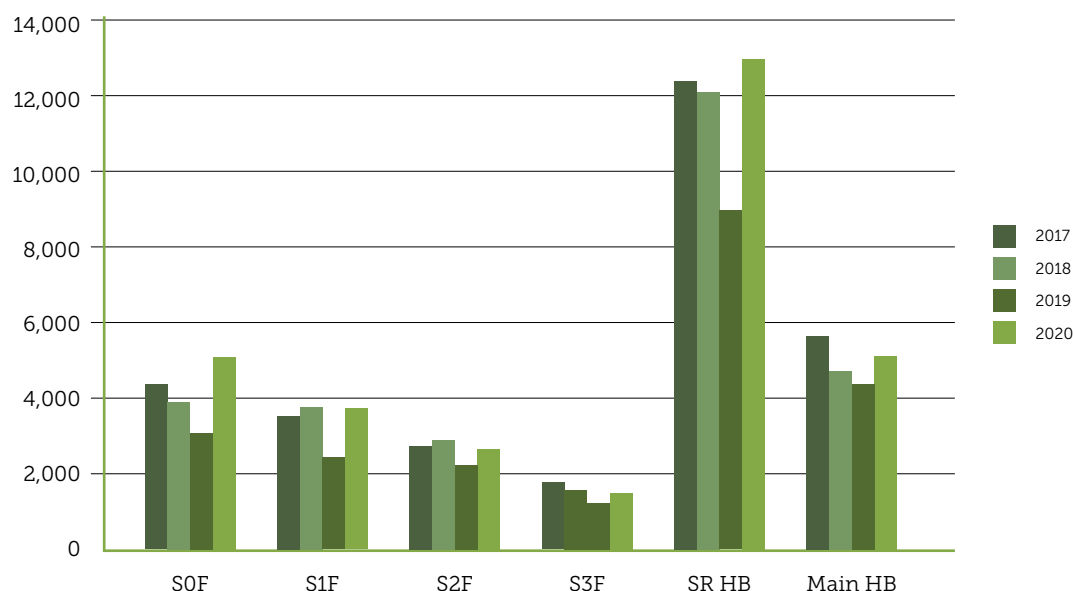


Milk Component Percent: 2015/16 – 2019/20¹

FAT %
PROTEIN %



Breakdown of Registrations: 2017 – 2020 Herd Books¹



¹ The information in these tables and graphs was gathered from the Holstein Friesian New Zealand Performance Registers and Herd Books. This information is based on the 1 June - 31 May production season. All production details are a summary of all cows registered with Holstein Friesian New Zealand that were herd tested a minimum four times in any given season.

² The number of cows in this table reflects the changes in the use of herd test services, most probably due to a low milk payment and poor weather season.

³ The number of Excellent cows are the number of cows classified Excellent (EX, EX2, EX3, EX4 & EX5) that were milked and herd tested four times in any given season.

Black & White Youth Committee



Hennie Verwaayen

The Black and White Youth Committee looks after the promotion and planning of all activities related to Holstein Friesian NZ's youth and younger breeders and had a very successful year.

BLACK & WHITE YOUTH AUCTION

As Covid-19 played havoc with the opportunity to hold our annual Youth Auction, normally held at the Annual Conference, it was decided to make this into an event to get our members off the farm in spring. Our branches hosted individual events in October and the auction was conducted online using the PGG Wrightson Bidr® platform. The auction was streamed from the Waikato event and participants could bid from wherever they were watching in New Zealand. The auction raised \$6,577. A big thank you to Yvette Ykema, Amelia

Griffin and Helen Henderson for putting the event and sponsorship together.

EUROPEAN YOUNG BREEDERS SCHOOL (EYBS)

Last year the Black & White Youth Committee started fundraising to send a group of five young breeders and support people to the European Young Breeders School (EYBS) in Belgium.

This is an opportunity for our youth members to compete against young breeders from around the world. Covid-19 has prevented the event taking place in 2020 and 2021, so our sights are now set on 2022 for this to happen.

Our key fundraiser for this trip, the HFNZ Elite Heifer Raffle, went ahead in 2021 with six heifers chosen to raffle from a good number of entries. Thank you to all the breeders who submitted heifers for the raffle, in particular the breeders from Lornlace, Carse-O-Fern, Ruanui/Flathills, Lawwal, Cresslands and Waiview. Stephen and Judith Ray (Raymac Holsteins), from Balclutha, were the raffle winners. Second place went to Matthew Korteweg from Kaitangata and to round out the South Island trifecta third place went to Alex King from Westport. Thank you to all those who bought tickets to help raise funds for this great cause.

HFNZ SCHOLARSHIP

HFNZ provides an annual scholarship for young members to undertake tertiary education related to the dairy industry or the breed. This year's recipient of the \$1,000 scholarship was Teegan Hall from Waianiwa in Southland, who is studying

towards a Bachelor of Agriculture at Lincoln University.

NATIONAL ALL DAIRY BREEDS YOUTH CAMP

The HFNZ National All Dairy Breeds Youth Camp was held at Wyndham in Southland this year. The facilities of 4 The Girls Dairies Ltd, owned by Niels Modde and Jodie-Lee Templeman were used. The camp is a chance for our young members to learn about preparing stock for showing and other dairy related modules. Eighteen participants attended over the four days, working with the stock provided by 4 The Girls Dairies Ltd and Rivendell Holsteins. A big thank you to all the volunteers and sponsors, along with Amelia Griffin and Helen Henderson from HFNZ for organising and running the camp. Our Field Officer has developed a great rapport with our youth membership.

The Paramount Cup, donated by the Cairns Family for the top performing HFNZ youth member at the camp, was won by Neko McDonald from Taranaki.

BLACK & WHITE YOUTH SHOW TRIP

This year's winner of the Black & White Show Trip was Thomas Young from the Waikato. Thomas travelled to the Stratford A&P Show in late November with Wendy Harker and Tim Barclay where he experienced working around the show ring.

YOUTH JUDGING DAYS

We held two youth judging days for our young breeders at Rivendell Holsteins in Southland owned by Owen and Cathy Copinga, where Graham Stewart provided the expertise to teach our young judges, and at Mark Rowlands, Makuri Stud in Taranaki, where Wayne Taylor and Bradley Parkes taught participants the art of judging stock. Thank you to all involved.

Hennie Verwaayen
Chairperson



Participants at the National All Dairy Breeds Youth Camp in Southland

Breed Services Report



Sharon Goldsbury

There has been an increase in the number of Holstein Friesian animals registered in the HFNZ Herd Book. In 2020/21, there were 16,875 registrations, up from 15,394 in 2019/20.

While membership figures were down from 795 in 2019/20 to 776 members in 2020/21, a reduction of 26 members, it was pleasing to see that only three senior memberships were lost, compared to 21 senior memberships in 2019/20.

March 2021 saw the final round of judging for the 2021 HFNZ/Semex NZ On Farm Competition, with Michael Gilbert from Canterbury as the over judge. There were 627 animals entered in the national competition, down from 693 in 2020. The number of herds participating was down from 95 in 2020 to 77 in 2021. The Association would like to thank the regional convenors and judges who assist in promoting the Holstein Friesian breed through this world class competition. The final results for this year's competition will be announced at the Semex NZ awards to be held at the Northland Conference on the 21 June 2021. Good luck to all finalists.

There were 30 attendees at four judging schools held in the Waikato, Manawatu, South Canterbury, and Southland regions. Graham Stewart (Rangiora) and Bradley Parkes (Hawera) were the over judges for the Waikato and Manawatu events. Graham then moved on to the South Island, where he was joined by Bernie Cox (Ashburton), as over judges for Canterbury and Southland. The Association would like to take this opportunity to thank retired senior judge Wendy Harker (Waikato) for her commitment and contribution to

judging over the years, it has been greatly appreciated.

Congratulations to newly appointed Associate Judge Tom Bennett, who placed second in the HFNZ Pitcairns Trophy at the 2020 Waikato A&P Show and went on to represent HFNZ and win the 2020/21 WWS All Breeds Junior Judging at NZ Dairy Event. Well done Tom on a fine effort.

The 2021 HFNZ/DeLaval All NZ Photo Competition saw increased entries, with 94 received at the close off date compared to 81 entries in 2020. The 2021 judges are Brian Leslie (Australia), Sam Cunliffe (Bulls) and Richard Crowe (Blenheim). Thank you to the officiating judges and good luck to all those who have entered. The awards will be presented to the winners at the HFNZ Awards evening to be held on the 22 June at the Northland Conference.

The Black and White Youth photo competition has a new sponsor, Uhuru Holsteins (Matamata). The Association would like to thank Sue Pembridge for offering to sponsor this competition going forward. A huge thanks must also go to Jim Conroy, who sponsored and supported this competition for more than 17 years. The 2021 year saw a good number of entries received, with five Junior entries and eight Senior entries.

The Promotional Photo competition has received 36 entries in 2021. The Association wishes to thank Jim and Sonya Nalder (Longsdale Holsteins, Takaka) for their sponsorship of this competition.

The 2021 HFNZ Boehringer Ingelheim Progeny Competition saw 26 teams from 13 sires. The Association is proud to have been in partnership with Boehringer Ingelheim (formerly Merial Ancare) for 22 years and looks forward to working with the company in the years to come.

2021 will be the fifteenth year of the prestigious Nutritech Performance Awards. Prizes are awarded to the herd owners with the highest dollar earning herd, based on the Fonterra A+B-C payment system. The Association wishes



Te Hau Windbrook Cleo EX exhibited at NZ Dairy Event by Te Hau Holsteins

to thank Nutritech for their valued sponsorship and for their ongoing support.

Without sponsors there would be no competitions, so the Association would like to encourage members to support all sponsors going forward. Members are encouraged to enter all competitions and raise the profile of the Holstein Friesian breed.

With Covid-19 affecting many areas of our lives it was pleasing to see that shows were able to proceed in 2021. NZ Dairy Event (Feilding) went ahead after a two-year absence. Peter Sherriff (Sherraine Holsteins, Kaiapoi) acted as the Holstein Friesian Judge. The Holstein Friesian Supreme Champion went to Te Hau Windbrook Cleo EX, exhibited by Te Hau Holsteins (Morrinsville). The 2020/21 HFNZ North Island Championships were judged by HFNZ Judge, Bradley Parkes, at the Horowhenua show. Lakeview OK Addington VG89, exhibited by Lakeside Holsteins (Manawatu), took out the HFNZ

Supreme Holstein Friesian ribbon. The 2020/21 South Island Supreme Champion went to Paretai Mogul Pandora VG88, exhibited by Stormrose Holsteins at the Gore A&P Show in February. Congratulations to all winners and exhibitors for keeping the Holstein breed to the fore.

Over the past few years many of our members have been profiled in the *nzholstein* magazine. These articles have shown the diversity of the Association's membership and the passion that members have for the Holstein Friesian breed. To highlight this diversity the Association offers many services which can assist members with their breeding philosophy's; registration, classification, Discovery Project, Genetic Leaders, genomic testing through Weatherby's, competitions which help raise the profile of breeders, production of sale catalogues and other publications. My message to all members is that the Association is here to assist all breeders, we are but a phone call away.

Breed Societies are now in the final phase of the integration of BreedIT into the Dairy Industry Good Database (DIGAD). The past twelve months has seen the development of BreedIT, starting with the TOP Platform. This ran smoothly through the TOP/Classification season. The area currently being developed is Animal Maintenance i.e., registration and reporting. Working closely with the developers of BreedIT, Rezare, the Association is working toward a 31 May 2021 integration. It has been a monumental undertaking and the Association is fortunate to have a General Manager with the caliber of Cherilyn Watson to oversee and drive this project. This is new territory, but we are confident the transition will run smoothly.

HFNZ is committed to promoting the Holstein Friesian breed and keeping it relevant in the New Zealand dairy sector. Together we can achieve this.

Sharon Goldsbury
Breed Services Administrator



Calf class line-up at the South Island Championships in Gore

Classification Report



Tony O'Connor

In 2020 I reported that a considerable amount of time had been spent in getting the new TOP platform developed and that we were fast running out of time to get it running and tested for the season ahead. The program development was completed and operating for the 2020/21 season. I also said that hopefully breeders would not notice any difference and I believe that this was the case. This is because the only difference in the field was that the inspectors were using a new device, with the data being sent directly to DairyNZ/NZAEL. However, with the reporting still to be developed all the data was transferred to LIC and the reports were generated from there. A huge thanks to Cheryllyn Watson, for her time, effort, and organisation to get the TOP program up and running.

Getting the new program and devices operating was not the only major challenge that occurred this year. With Covid-19, plans were put in place so that HFNZ was prepared for whatever Covid level the country was in and if the country was at Level 3 or 4 when inspections were due, we would not have been able to operate.

For several years now I have stated that the total numbers of inspections the Association completes annually is close to breakeven and this was true again in 2020/21. Total inspections across the board were 26,800 animals, which is a

decrease of 2,000 animals from last year and reflected in a loss from classification financially for HFNZ.

This decrease in numbers was directly related to 2,000 less heifers inspected for the AB companies, however the total number of pedigree inspections were on a par with last year. The difference in pedigree inspections was the opposite of last year with two-year-olds slightly increasing, and the older cows slightly decreasing. Even though expenses were maintained in the 2020/21 year it does not look like this will be the case in the future, in our new Covid world. The challenge is to deliver a program that is both a cost effective service and beneficial to all users.

Three years ago, HFNZ TOP'ed heifers that were part of the DairyNZ fertility trial. At the time additional trial traits were also scored and the result of this was that Teat Length has continued to be scored and a Teat Length BV will be available with the next NZ Animal Evaluation update (NZAEL).

The follow-up to the fertility trial, is DairyNZ's Puberty Scale Up Heifer trial, which had two-year-olds milking this year around the country. HFNZ took the opportunity and sponsored the TOPing of these heifers, if convenient to the farmers. From the original fertility trial work the new TOP traits showed promising heritability and genetic variations. Along with TOPing the

Puberty Scale Up Heifers, TOP Advisory also took the opportunity to collect data on the following trial traits - chest width, body depth, rear legs rear view, foot angle, suspensory ligament, and udder depth. The data collected on these traits will now be analysed by NZAEL, before a decision is made on whether any of these new traits will be trialled further.

The early TOP workshop held in September was not a combined workshop with Jersey NZ Inspectors, for three reasons:

1. The total number of inspectors, across both breeds, made the group too large. It is difficult to run an effective workshop for everyone's benefit with a large group
2. The adjustment to the stature scale introduced this year
3. Inspectors required training on the new mobile devices

The main HFNZ Classification Workshop was held in October. Thank you to the farms that hosted both workshops, for allowing the Association to use of your cows and facilities.

Thank you to the TOP/Classification team, the Inspectors and office staff who have all contributed to making TOP/Classification work so efficiently.

Tony O'Connor
Classification Liaison



Tony O'Connor inspecting the Waipiri Holsteins herd

Discovery Project Committee



Wayne Taylor

The year kicked off with the 2019 Discovery Project Team, of 2018 born heifers, calving in July and August. Progress to date has been solid with several showing some outstanding figures.

The 2020 team had 22 donor heifers involved, with these being evenly split between on-farm and at the ABS collection centre. There were some differences worth noting between collections on-farm or at centre.

1. At centre donors had slightly more collections (5.7 compared to 4.3). On-farm donor collections were impacted by weather in some locations, preventing collection and additional travel costs caused some breeders to stop earlier.
2. At-centre donors had a higher conversion rate from eggs to embryo's

(18% compared to 15%). Nutrition at centre, ability to manipulate the collection schedule to ensure good quality eggs, and the ability to better control temperature and PH of samples at centre were cited as reasons why.

Overall, the total number of sessions was 110, producing 194 embryos. The average embryo per collection was 1.8. As always with any biology there is variation, and many factors play into this - maturity of heifers, their nutrition and weather are just some examples. Our key aim continues to be to have bulls progress through selection into LIC Bull Teams.

Congratulations to members Tony and Keri O'Connor, and Robert and Anne Marie Bruin on the selection of their Bulls into LIC teams:

117069 Meander MH Armor-ET
LIC Daughter Proven team

117090 Tronnoco M H Sambo-ET S2F
LIC Daughter Proven team

120080 Tronnoco M Saquoon-ET S2F
LIC Genomically Proven team

LIC have also advised that they are purchasing five Bulls from the 2019 Discovery team for their 2021 Sire Proving Scheme.

The Association has also received a report from LIC, updating the details of heifers that have gone through the Discovery Project since 2013, that they continue to hold mating contracts with. It is interesting to note many of these heifers have had several years of contracts, some of them up to five years.

The upside of bulls making LIC teams is the royalty income earned by the breeders and HFNZ.

Royalty payments for the 2020/21 year earned the Association \$14,299 from Premier Sires inseminations.

In March we went through the selection process for the 2021 team. A total of 119 heifers were nominated with 53 heifers selected for genomic testing. The Committee looks forward to the results, and naming of the heifers for the 2021 Discovery Project team.

On behalf of the Association, I would like to thank Simon Worth and his team at LIC for their continued sponsorship of this project and assisting our breeders to generate additional progeny from high genetic merit animals.

To the breeders who support this project by nominating animals, the Association thanks you for your valuable contribution to the breed, and for helping to create some diversity in the Holstein Friesian bull population.

I encourage all members to nominate heifers from strong female lines, that may have bull dam potential to this project, our success is dependent on you.

Wayne Taylor
Chairperson



DISCOVERY PROJECT



Calves at Rangeview Holsteins

External Affairs Committee



Doug Courtman

OPEN GENOMIC TESTING SERVICE

Our genomic testing service is slowly gaining traction with members. The Association has been working with Irish based Weatherby's Scientific to refine the reporting service. With breeders' approval, the raw genomic data is made available to NZAEL and becomes part of the New Zealand reference population. This is likely to make overseas sires more competitive in our current evaluation system. HFNZ encourages members to use the Association's genomic testing service to build a pool of genetic data that will help improve the rate genetic gain in member herds.

BULL BREEDER'S EVENTS

A group of Board Directors, led by Wendy Harker, held a series of bull breeder's events, via Zoom, to gain feedback from members who have participated in providing bulls to the New Zealand dairy industry. The Board were looking to gain an insight into the breeding goals of our members through these events. This information will assist us in progressing the Association's direction, with both the Discovery Project and Genetic Leaders programmes. A highlight of the events was the enthusiasm and engagement of members to the Zoom meeting concept, something the Board will look to build on in future covering a range of different topics.

LIVEWEIGHT INDEX

For some time now the Board has been concerned with inaccuracies perceived to be involved in the liveweight breeding values, as used to calculate Breeding Worth. The Association has engaged Dr Terry Hughes to source relevant scientific papers related to both liveweight and efficient feed conversion into one document. Dr Hughes has sourced information from both New Zealand and Australia, with the Board only just recently receiving the paper. The next step is to meet with Dr Hughes and discuss the information provided and decide our future moves.

PUBERTY SCALE UP HEIFER TRIAL

The Puberty Scale Up Heifer trial studies the link between the onset of puberty and the fertility of heifers.

DairyNZ are running this trial as a follow-up to the fertility trial that was completed at the Tokonui research farm. As part of the initial fertility trial, the Association TOP scored the heifers involved and trialled several new traits, including teat length. After scoring teat length as a trial for two further seasons it was introduced this year as an official TOP trait.

The follow-on Puberty Scale Up Heifer

trial has involved 5,000 heifers from 100 "Info Herds". This trial is being run under the Pillars Project at DairyNZ. As a part of the trial Melissa Stephen, who is completing her Masters' degree, has studied the link between TOP and fertility, including Body Condition score.

HFNZ agreed to complete the TOP inspections on 1,800 heifers in the trial in return for accessing data relevant to our liveweight review study. As part of the TOP inspections six other traits were also assessed with the potential for them to be added to TOP: - rear legs rear view, foot angle, chest width, body depth, udder depth and suspensory ligament.

The Pillars Project has now been superseded by the Resilient Dairy Project, which is a partnership between DairyNZ and LIC, with 40 percent of the funding supplied by MPI. Resilient Dairy is a research project into genetic evaluations and not a data collection project, which was the focus of the Pillars trial.

MINISTRY OF PRIMARY INDUSTRIES (MPI)

Following our submission on the Review of Regulations pertaining to the Dairy Herd Improvement Industry, representatives of the Board have met with MPI personnel twice in the past



Cows at Shaydoc Holsteins

year. The Association has been updated on MPI's progress on the review process. The Government is still collecting information on what is the best way forward but has indicated the industry is best placed to offer its own solution. To this end they have commissioned an independent study through the Ministry of Business, Innovation and Employment (MBIE) of industry participants to gain more information. H Verwaayen, C Watson, W Harker and I were questioned individually in 45-minute interviews regarding our thoughts on the way forward for the NZ dairy industry. Topics discussed were genetics, indexes, data collection and regulation, and the role of NZAEL.

The group from MPI have also been monitoring our progress with the Breed Society/TOP integration to DIGAD, offering advice and support with the project.

BREEDIT

BreedIT is the project name given to the Breed Society/TOP Integration to DIGAD. This project has been a large undertaking for our Association. The BreedIT project completion date has had to be extended to 31 May 2021. The bulk of our contracted work should be completed by this date, with only finishing touches after that. BreedIT was divided into eight parts called Milestones, with each Milestone broken into a series of fortnightly sprints for the development. The first Milestone dealt with the contracts between HFNZ, Rezare – the contracted IT developers, and Resolution 8 – who the Association employed to project manage the build.

Milestone two dealt with a new TOP platform, that will be owned and administered by HFNZ on behalf of all breed societies. This replaces the old TOP platform previously maintained by LIC. The new TOP platform was built to a tight time frame, having to be completed in time for the spring 2020 TOP/Classification season. Final field testing was completed on the first days of TOP inspections. The new hand-held units have been well received by inspectors and the new programme is easy and efficient to use. Special thanks to Wendy Harker and



Heifers at Rangeview Holsteins

Vince Steiner who spent many sessions trialling the hand-held options and then the programme design that sits in the background. Rezare Systems are to be congratulated for the project build.

Milestones three through eight relate to the administration functions for both TOP/Classification and pedigree animal registration for the Breed Societies, and all bar milestone eight are nearing completion as I write this at the end of April. Milestone eight relates to outputs and reporting systems, and is still at the elaboration stage, with a variety of options being considered.

At this stage, the Breed Societies have not had to compromise too much on the initial development plan – a state of the art information system for breed societies. IT builds are often fraught with design complexities and budget compromises. HFNZ owes a debt of gratitude to Cheryl Watson, our General Manager and Clare Lempriere from Resolution 8 for negotiating budget compromises with Rezare that are manageable for HFNZ.

NZAEL

Early in the new season saw a change in the leadership of the NZAEL board, with Mark Townshend taking over

as Chairperson from Warren Larsen. Together with Brian Wickham, Mark has outlined a vision of the future direction that dairy genetics and the database should take. This vision broadly mirrors the direction that we have been advocating for industry. An independent body that sets the breeding indexes, separate to the breeding companies, an increasing use of genomics and the development of a one stop database that serves the needs of all industry players.

The first step on this path was an industry forum held on 20 November 2020 at Claudelands Arena in Hamilton, which Cheryl Watson and I attended. The forum included all the major industry players LIC, CRV, Fonterra, DairyNZ, NAIT, Beef and Lamb NZ and Tatua. Brian Wickham outlined the genetic gains that New Zealand is missing out on as an industry. Some \$300 million of genetic gain are to be had if genomics is adopted as they have been overseas, and we have an independent evaluation that combines both LIC's and CRV's reference populations together with genomic evaluations completed by overseas organisations. At the conclusion of the forum, a working group was set up that includes Cheryl Watson to progress the ideas. Feedback to date suggests that

all groups favour the development of the plan, although recognise the need to protect their commercial positions and prior investment.

NATIONAL BREEDING OBJECTIVE (NBO)

A review of the NBO was called by NZAEL early in 2020 to which HFNZ responded with a comprehensive submission, as one of only four groups to do so. HFNZ advocated for a review of the liveweight BV to include the conversion of overseas bulls, a wider reference group when reviewing the VCR annually, a fertility index with more accurate data (though this might now result from the Puberty Scale Up Heifer Trial) and the requirement of a concise more stable and accurate index, that is not subject to such large fluctuations. HFNZ also asked that Udder Overall be included in BW, as it is highly correlated to longevity. There are many other minor traits being developed in the dairy industry that the Association felt should sit outside of BW. HFNZ felt that farmers should have the ability to

customise breeding indexes to produce reports that meet their individual breeding goals.

CONCLUSION

The TOP and Breed Society solution to DIGAD have been a huge undertaking for HFNZ. Little did we realise just how big this project would become. Our General Manager, Cherilyn Watson has worked extraordinary hours overseeing this project. The Association are also indebted to Clare Lempriere from Resolution 8 for her guidance and understanding in managing IT solutions.

I must also mention the input from DairyNZ. While HFNZ have overseen a million-dollar development at our end, DairyNZ has funded their end which has meant integrating LIC, CRV and NZAEL information into a usable format for the breed societies. Brian Wickham deserves special mention for supporting the Breed Society/TOP development and co-ordinating work at DairyNZ's end.

The breed society solution has meant

limited time to pursue other industry matters, but we have endeavoured to represent members to the best of our ability under the circumstances.

External Affairs Committee members from the Board were joined by Kevin Clark, Nathan Bayne, Michelle Burgess and Tony O'Connor, and I thank them for their knowledgeable input over the last 12 months. The team in our HFNZ office deserve special mention, they have all been involved with the BreedIT solution, working with Rezare to trial, develop and test IT programmes, that will soon come online.

Congratulations to Cherilyn Watson on being elected President of the World Holstein Friesian Federation Council. Certainly, a great honour for Cherilyn, HFNZ and all New Zealand. Cherilyn's skills have become instantly recognised as the go to person to represent breed societies in the dairy industry.

Doug Courtman
Chairperson



The herd at Lornlace Holsteins

Remuneration Committee

The Holstein Friesian NZ Remuneration Committee met on 4 March 2021, to review Director Remuneration for the next 12 months, as required under the Rules of the Association. Members of the Remuneration Committee must not be members of the Association and are appointed by the Annual General Meeting each year.

The current members of the Remuneration Committee are M Hanaray, M de Beer and C Watson.

The Remuneration Committee reviewed the current level of Director Remuneration in line with inflation over the last 11 years and considered the Association's projected financial operations and position for the coming 12 months. Also considered was the impact of Covid on the work undertaken by Directors and the additional meetings held to deal with Covid related issues.

In 2020/21 the Board has operated with a full complement of Directors. Going forward into the 2021/22 there will be two new Directors joining the Board

following two Directors retiring. This will see the Board operate with a full complement of Directors for the 2021/22 year.

Remuneration was last increased in the 2017/18 year. Based on this and the above information, the Remuneration Committee have agreed that Director Remuneration will increase for the 2021/22 year, as follows:

Director Base Remuneration -
\$1,540.00 per annum

Additional Presidential Honorarium -
\$1,930.00 per annum

Additional Treasurers Honorarium -
\$330.00 per annum

Attendance at Meetings outside of the Board - \$160.00 per day

Non Board Members meeting attendance - \$135.00 per day

Mileage Contrintion - 0.45 per km

All Honorariums and meeting allowances

quoted above are the amounts prior to tax. The Base remuneration and additional honorariums will be automatically paid to each Director following the final Board meeting each year in June. If any Director wishes to opt out of receiving these payment(s) they must notify the General Manager in writing by no later than the 31 March annually.

Daily meeting allowances over and above the base remuneration must be approved by Board and the individual Director must furnish an expense form to claim these within the correct financial year.

In addition to Board Director Remuneration all airfares, accommodation, breakfast, and lunch costs for each Board meeting will be booked and covered in full by the Association except for attendance at the Annual General Meeting and Conference.

Michelle de Beer

Mike Hanaray

Cherilyn Watson



Back row: Nathan Chilton, Alex Harvey, Graham Stewart, and Neil Sixtus
Front row: Wendy Harker, Hennie Verwaayen, Doug Courtman, Helen Cummings and Wayne Taylor

Sire Proving Committee



Graham Stewart

The 2020 year saw an increase in Holstein Friesian Genetic Leaders sales, with 2,036 straws sold to 42 breeders, an increase on the 1,886 straws sold to 33 breeders in 2019. This is a pleasing result despite the loss of two bulls from the team. Maire Gold Bullion suffered a shoulder injury and had to be euthanized and Muritai M-Mind Windstorm did not produce any semen. The inclusion of the Dutch bull, Delta Nippon P, in the team proved to be a good decision with his ranking at the time seeing him as the number one genomic and polled bull. This led to him selling well as part of the 2021 Holstein Friesian Genetic Leaders team.

From the 2017 Holstein Friesian Genetic Leaders team, we have seen a new graduate being marketed by CRV in their 2021 catalogue. Meander Shot Alibi-ET S3F also graces the cover the 2021 Holstein Friesian Genetic Leaders catalogue and it is hoped this will inspire more of our members to get involved with our joint venture. Every straw of Alibi sold provides the Association with income in the form of royalties. Looking through the 2021 CRV Catalogue for Trait

Leaders, Alibi is as follows:

- No 1 for Somatic Cell Count
- No 1 for Gestation Length
- No 3 for Low N Sires
- No 2 for Health index
- No 2 for Udder Overall

With these results it is hoped that he will be used widely in the dairy industry, creating a legacy for himself. The Association encourages members to consider Meander Shot Alibi-ET S3F in their breeding team for 2021, and he is available for autumn mating.

In total 36 nominations were received for the 2021 Holstein Friesian Genetic Leaders Male team from 12 breeders, and a total of 30 bulls were genomically tested. This was down on the 2020 team with a total of 52 nominations received and 39 sampled for genomic testing. The final team was selected in December 2020 and the Holstein Friesian Genetic Leaders catalogue was circulated to all members at the end of March 2021.

This year's team features bulls with a variety of traits and something to suit everyone. Two Westedge VHR Sweet As S2F sons that possess extreme indexes, two sons of the feature cow at Lornlace Holsteins – Valden M Treasure-ET S3F EX, and the first son of our latest graduate Meander Shot Alibi-ET S3F. The Committee also choose to include a Dutch bull in the team for the second year, CRV Delta Elroy-RF. Elroy is currently being used as a sire of sons in Holland and is a full brother to the current number one ranked genomic sire in Holland, Delta Endless-RF.

As we look forward to accepting nominations for the 2022 Holstein Friesian Genetic Leaders team, the Association is concerned with the breed restrictions in place between LIC and CRV. This will prevent our joint venture programme accepting any nominations from bulls sired by LIC bulls. Going

by past nominations this will severely deplete our pool of bulls to choose from. To combat this occurring, the Association asks members to consider nominating sons of Holstein Friesian Genetic Leaders sires, as well as young CRV sires to the scheme, to give the Committee plenty of options for selection.

The Holstein Friesian Genetic Leaders Superior Female programme saw 93 nominations, of which 61 have been genomically tested and have been reviewed by the Committee. Of the 61 tested, 49 have been selected for the 2021 team. The remaining 32 have been sampled and the Committee is currently waiting on the results, which are due back in May for consideration.

A review of the Holstein Friesian Genetic Leaders, Superior Female programme mating sires, list is currently underway with CRV and the Committee members all submitting bulls for consideration. The Committee will be meeting in May to finalise the mating sires list for the 2021/22 season.

Thank you to the members who have supported the Holstein Friesian Genetic Leaders programmes in the last year, whether it be by nominating males and/or females or purchasing semen. To those members not yet utilizing the programme, the Association encourages you to look at the benefits to both the breeder and Association and see where you can gain. Selection intensity is what ensures that the Holstein Friesian Genetic Leaders teams can compete with the best and prove the next generation of Holstein Friesian sires. Please take the time to nominate animals for either the male or female programmes and support the Holstein Friesian breed.

Graham Stewart
Chairperson



Holstein Friesian New Zealand

23 Vialou Street, PO Box 9282, Hamilton 3204

07 839 9957 | info@nzhfa.org.nz | www.nzholstein.org.nz