

2021 HFNZ Annual General Meeting Discussion Paper
HFNZ Board Representation

Over the last 12 months the Board have been looking at options for how Holstein Friesian NZ members should be represented on the Board. The Board plays an important role in the Governance of the Association and it is crucial that it always operates effectively. In recent years it has been getting increasingly hard to get members interested in standing to represent their local area on the Board and this has prompted the Board to compile this paper for discussion with the membership.

This discussion paper is about the future direction of Holstein Friesian NZ (HFNZ) and how to attract members into positions of governance. The discussion paper includes a range of suggested options and will address the following areas:

- Is the current number of Board Directors still appropriate?
- Should all Directors be members, or could there be independent Directors?
- Is the current mix of Board Directors still appropriate i.e. North Island 5, South Island 4?
- Should there be one Board Director per Ward (8) and one floating Director?
- Should the Board be reduced to seven Directors?
- Should all Board Director roles be filled from anywhere across the country, removing representation of wards?
- Is the length of Director term still appropriate or should it be changed?
- Should the number of terms a Director can serve concurrently be limited?

Status Quo:

Current HFNZ Director representation is as follows:

<u>HFNZ Director Representation</u>					
Ward	Branch		Total Members	Voting Members	Director Representation
1	11	Northland	27	19	3 shared with Ward 2 & 3
2	21	Waikato	252	109	3 shared with Ward 1 & 3
3	31	Bay of Plenty	31	17	3 shared with Ward 1 & 2
4	41	Taranaki	77	38	2 shared with Ward 5
5	51	Hawkes Bay	15	5	2 shared with Ward 4
5	52	Manawatu	66	29	2 shared with Ward 4
5	53	Wairarapa	21	9	2 shared with Ward 4
6	61	Nel/Marl/GB	24	14	2 shared with Ward 7
7	71	Canterbury/West Coast	153	61	2 shared with Ward 6
8	81	Otago	43	23	2
8	82	Southland	64	27	2
9	91	Overseas	3	1	0
			776	352	

The current HFNZ Board is made up of nine directors. Each Director represents a geographical ward of HFNZ, and is elected by the members in the ward they represent. The Director must also reside in the ward they are elected to represent. Directors serve a three-year term on the HFNZ Board once elected, and there is currently no limit on the number of times they can be re-elected.

Going Forward:

Annually the Association calls for at least three Directors to fill positions on the Board, as each Director must retire at the end of their three-year term but is eligible for re-election.

In 2013 the number Board of Directors was reduced from 12 to 9 and since then only one election has been required for a Board position. In 2017 two candidates were nominated for one available position, requiring an election. There has also been one instance since 2013, where there has been a vacancy on the Board for period of 12 months, as no one stood to fill the position.

HFNZ current Director representation across NZ averages 86 members per Director. The following table compares HFNZ to other industry organisations.

	Members/Director	Total Directors	Membership Appointed Directors	Independent Directors	Term
Angus NZ	25	8	7	1	3 years
Ayrshire NZ	33	9	9	0	3 years
Holstein Friesian NZ	86	9	9	0	3 years
Jersey NZ	117	5	5	0	4 years
Holstein Australia	300	5	5	0	3 years
DairyNZ	1397	8	5	3	3 years

Optional Board Formats:

Holstein Friesian NZ is NZ's largest dairy cattle breed society and requires a Board with the strong governance skills and diversity to ensure that members are well represented. Board Directors all have one thing in common "The Love of the Holstein Cow" and strive to do the best for the breed.

Currently members are not queuing up to stand for Board Director positions, so do we need to look at how the Board is formed or operates to attract more interest. Following are some options to be considered:

Option 1 – Reconfigure the way Directors are elected:

This option retains the current 9 Directors but gives different options for the makeup of nine:

North Island	5 Directors	489 members
South Island	4 Directors	284 members

OR:

North Island	4 Directors	489 members
South Island	3 Directors	284 members
Floating Directors – elected from anywhere in NZ (or 1 North and 1 South floating Director)	2 Directors	

OR:

New Zealand	9 Directors	776 members
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Option 2 - Reduce the Board to seven Directors:

This option reduces the number of Directors from 9 to 7 and gives different options for the makeup if seven:

Northland, Waikato & Bay of Plenty	2 Directors	310 members
Taranaki, Hawkes Bay, Manawatu, Wairarapa	2 Directors	179 members
Nelson, Marlborough, Golden Bay, West Coast and Canterbury	2 Directors	177 members
Otago Southland	1 Director	107 members

OR:

North Island	4 Director	489 members
South Island	3 Directors	284 members

OR:

New Zealand	7 Directors	776 members
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Option 3 – Independent Director

This option introduces an independent director(s) with both a nine and seven member Board. Independent Directors are a good option for filling skills gaps within the elected Board.

Nine Director options:

North Island	5 Directors	489 members
South Island	2 Directors	294 members
Independent Directors -North Island	1 Director	
Independent Director – South Island	1 Director	
(Or 2 independent Directors for NZ)		

OR:

New Zealand	7 Directors	776 members
Independent Directors	2 Directors	

Seven Director options:

North Island	3 Directors	489 members
South Island	2 Directors	284 members
Independent Directors	2 Directors	

OR:

New Zealand	5 Directors	776 members
Independent Directors	2 Directors	

However, you slice and dice it there a numerous more options with either seven or nine Director combinations that could be put up as options.

Director Terms:

Currently Holstein Friesian NZ Director terms are three years and there is no limit on the number of terms a Director can serve consecutively. There are positives and negatives to the argument of whether Director terms should be limited or not.

1. Director terms should not be limited, as governance should have the best person for the position. If the best person for the position is still the Director who has been on the Board for 10 years, why would you give up the experience.
2. The opposing view is that Director terms should be limited so that there is a consistent turnover of Directors, bringing new ideas and different skills.

When researching other organisations there a mixture of both options however with smaller organisations, closer to the Associations size, there seems to be no limited on Director terms.

Angus NZ	No limit on the number terms
Ayrshire NZ	No limit on the number terms
Jersey NZ	No limit on the number terms
Holstein Australia	Maximum 4 x 3 year (total 12 years)
Fonterra Shareholder Council	Maximum 2 x 3-year terms (total 6 years)*
Fonterra Board	Maximum 3 x 3-year terms (total 9 years)*

**Unless Chairperson or Vice Chairperson*

Points for Discussion:

1. Should the Association look at reducing the number of Directors on the Board?
 2. Should Directors be required to complete governance training, to ensure they are upskilled?
 3. Should the Association change the way Directors are appointed? i.e. not Ward based.
 4. Should the Association look at appointing an independent director onto the Board and bring their skills to give diversity to the organisation?
 5. Should the Board be a mix of elected Directors and floating Directors?
 6. If there is a vacancy that is not filled, could a person from another area fill this vacancy or could a floating Director be appointed?
 7. Mentoring. Use the External Affairs, Youth & Discovery Project committees as a stepping stone for future directors. Shoulder tap prospective Directors and bring them onto these committees. Also utilising Past Directors and use their knowledge to attract people to become Board members?
 8. How do we get youth/young breeders to engage with the Board more and take on roles?
 9. Younger members now are using technology to get their information, how do we better utilise our younger members through technology? Virtual meetings.
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Conclusion:

Governance of Holstein Friesian NZ should be undertaken by members who are willing to contribute their skills, knowledge, and time to the Association. They must have a passion for the breed along with an interest in governance. How Directors are elected should not change their passion, skills, or knowledge.

Members need to take responsibility for ensuring that NZ largest dairy cattle breed is well governed and represented in the industry by their elected Board.

This paper will be presented for discussion at the 2021 Annual General Meeting and the Board is looking for feedback from as many members as possible. Come to the AGM and contribute your ideas and thoughts. If you are unable to make the AGM, put your feedback in writing to the General Manager, by no later than 1 July 2021 – c.watson@nzhfa.org.nz