



## Herefords Australia 2021 Annual General Meeting

### Report from the Chair

Good afternoon members and guests.

Please let me start my report by reflecting on the year 2020.

The Australian red meat and livestock industry faced one of the most challenging years on record in 2020, as a myriad of pressures unfolded, in domestic and global markets.

In the early parts of the year, drought conditions continued across the eastern states. This was after the Bureau of Meteorology officially declared 2019 as the hottest and driest year on record in Australia. These conditions continued to test the resilience of producers, some of whom also dealt with other natural disasters, such as fire and extreme weather events, with 2020 seeing cattle numbers fall to their lowest level in two decades.

However, as 2020 progressed, we saw improved seasonal conditions in southern Australia and above-average summer rain in northern Australia during the 2020–21 wet season. These have and are expected to produce an abundance of pasture in all major cattle producing regions, except for parts of WA. The rebuild commenced and was reflected in increasingly high prices.

Based on industry projections, the cattle supply is expected to continue to tighten in 2021, as producers retain more breeding stock to rebuild their herds.

During the first months of 2021 this dynamic has already been evident, with yarding's and slaughter numbers down on year-ago levels. Unlike during previous rebuilds, prices are at record highs, which may motivate some producers to take advantage of these prices and offload cattle. However, the biggest impact will be on carcase weights, as both high prices and the availability of feed will incentivise producers to feed for longer to achieve higher weights and greater returns.

After several very difficult seasons I would like to take this opportunity to acknowledge the resilience of our members and how pleasing it is to see your efforts reflected in the current market.

Throughout 2020, COVID-19 had a significant impact on supply chains and economies. In 2020, COVID-19 initiated Australia's first recession in nearly 30 years as national gross domestic product (GDP) fell 7% over the first two quarters. However, government support packages and a general containment of the virus helped the economy grow 4% in the September quarter. The Reserve Bank of Australia (RBA) forecasts the Australian economy will experience year-on-year growth in 2021 and 2022 of 5% and 4%, respectively.

The impact of COVID-19 has been unprecedented and has caused a slowdown in the global economy. Heightened uncertainty and volatility in the global marketplace have seen a shift in consumer needs and purchasing behaviour throughout 2020, with an increased number of consumers seeking products that are deemed trustworthy, healthy and of a high quality.

For the Australian beef industry, the biggest impact of COVID19 has been the fall in foodservice demand for beef, both domestically and internationally, due to restrictions and social distancing laws. Conversely, retail sales of beef increased as consumers turned to home cooking.

While the long-term economic impact of COVID-19 remains unclear, Australia's standing as a provider of high-quality red meat product, both domestically and globally, has somewhat sheltered the sector from the worst of the economic fallout.

Closer to home, in 2020, aspects of Herefords Australia program were impacted by COVID-19, with social distancing and border restrictions affecting shows, sales and extension activity. Member demand for some services was also impacted. This will be covered in the reports from the CEO and Company Secretary.

2020 also saw Hereford Australia's first virtual Annual General Meeting. This AGM saw a number of changes to the HAL Board with the election of 4 new directors, Marc Greening (NSW), Sam Becker (QLD), Mark Duthie (QLD) and Ian Durkin (NSW). Several new initiatives were introduced during 2020, including the creation of a new director position, this being Member Liaison Representative and the reinstatement of a Youth Liaison Director. Ian Durkin and Mark Duthie were appointed to and continue to hold these important member engagement roles.

Mid 2020 also saw Bill Kee (Chair) and Tony Haggarty (Company Secretary) resign from the HAL Board. I would like to take this opportunity to thank both Bill and Tony for their contribution to the company and their unwavering support for the breed.

These changes saw my appointment to the position of Chair and the appointment of Marc Greening as Deputy Chair. The Herefords Australia constitution allows for the Board to appoint directors and after calling for expressions of interest to fill vacancies, Mr Alex Sparkes was selected after he and several other applicants were interviewed.

Alex Sparkes is a sixth generation Hereford breeder, with the Sparkes family having bred Hereford cattle for over 100 years in Central and Southern Queensland. Mr. Sparkes' great-grandfather: Sir Walter Beresford James Gordon Sparkes was a founding member of Australian Hereford Society as well as the Poll Hereford Society. Alex has a degree in Ag Science and has an extensive business background outside the beef industry having developed a number of rural and regional focused internet companies; the most notable of which was Countrycars.com.au which was sold to Fairfax Digital in 2007. Alex was also involved in igrain.com.au and Bloodstock.com.au.

Mark Baker was also appointed during 2020. Mark is co-principal of Kanimbla Poll Herefords and has been a HAL member for over 25 years. Mark has an extensive corporate background, predominantly in the legal and commercial fields and brings experience in governance to the HAL Board, having been a Director and Company Secretary for other organisations. Mark's other qualifications include a Master of Business Administration, a Master of Laws and a Bachelor of Economics majoring in accounting.

Mark is the Chairman of Herefords Australia Finance Audit and Risk Committee.

2021 has also seen several other changes. After six years of service, first as Breed Development Manager and then General Manager Andrew Donoghue resigned from his position at Herefords Australia.

I would like to take the opportunity to thank Andrew for his contribution to the breed. During his time as General Manager, Andrew oversaw the implementation of an updated Constitution and

governance platform, the introduction a single step full multi-trait BREEDPLAN analysis and the implementation of BREED OBJECT V6 (and a move to production-based indexes).

Lisa Sharp was appointed as CEO in late February. Lisa has held executive and marketing and communication leadership roles across several public, private, and not for profit organisations, most recently serving 5 years as Meat and Livestock Australia's (MLA) Chief Marketing and Insights Officer.

At MLA, Lisa worked across multiple business units and locations to deliver marketing initiatives designed to grow global demand for Australian red meat and communication initiatives designed to strengthen member awareness of MLA programs and adoption of R&D resources.

Having worked on the past 2 MLA Strategic Plans and Industry Strategic Plan, Lisa is well placed to lead the development and execution of Herefords Australia long term strategy. Lisa holds a Bachelor of Economics and is a member of the Australian Institute of Company Directors.

Acknowledging the importance of diversity in skills and experience for a high performing Board, in March this year a decision was made to appoint Michael Crowley as a Herefords Australia Director.

Under its constitution the Herefords Australia Board can appoint up to 2 directors who meet a comprehensive skill and industry-based experience selection criteria.

Michael Crowley has over 20 years industry experience. This includes executive roles with Meat and Livestock Australia (MLA), previous ownership of a cattle and beef marketing business and property management (stud and commercial operations).

Michael also holds tertiary qualifications in agriculture and is a graduate of the Australian Institute of Company Directors (AICD).

As I report on the last 12 months, I trust you see our commitment to ensuring the Herefords Australia Board has the skills and experience needed to effectively govern the company.

Increasingly it is expected that directors, not only have a good understanding of the Corporations Act 2002, but how it applies to various industries and companies be they profit or not for profit. While HAL is not BHP, nor is it a tennis club. It is a Company Limited by guarantee.

Aspiring to good governance, under Pat Pearce's Chairman's there was the Pogson Review and a course in good governance from Jackie Gerrarty was undertaken by directors. Under Bill Kee's Chairmanship we got the "Moin Report". Ensuring further best practice our CEO has arrangements in place to hold the good governance course for directors, originally organised by Andrew Donahue but postponed due to COVID.

2020 presented significant challenges as nation, an industry, as a breed and indeed for individuals. Despite these challenges, we have continued to make progress against key company goals – such as the number of genotypes in our reference database (now over 30,000); an increase in total registrations of Hereford cattle (after several years of decline) and Hereford Heifers now dominate live export registrations. Individual producers are being rewarded for their resilience with higher prices and the demand fundamentals and demand outlook remain strong.

Herefords Australia is well positioned to complete our long-term strategic plan this year and commence implementation of important marketing and R&D extension activity. I am confident we have the skills and experience in place at Board and Executive to effectively govern the company and through our network of service providers deliver our ambitions for the Hereford breed.