



ANNUAL REPORT

FOR THE YEAR 1 APRIL 2016 TO 31 MARCH 2017



Official Publication
of the
NEW ZEALAND JERSEY
ASSOCIATION (INC)

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Jersey NZ is the official tradename
of the New Zealand Jersey Cattle
Breeders' Association Inc

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Board of Directors

President	Alison Gibb	Taupiri
Vice-President	Trent Paterson	Cambridge
Directors	Tony Landers	Hawera
	Delwyn Goldsack	Te Awamutu
	Peter Gilbert	Ashburton
	Steve Ireland	Temuka
Directors pending - 1 May 2017		
	Barry Montgomery	Dargaville
	Glenys Ellison	Hamilton

Notice of 2017 Annual General Meeting

The 115th Annual General Meeting for members of New Zealand Jersey Cattle Breeders' Association Inc will be held on Thursday 25 May 2017 commencing at 9.30am at Rydges Hotel, Wellington.

2017 Annual General Meeting Agenda

Thursday 25 May 2017

1. AGM notice of meeting
2. Apologies
3. Obituaries
4. Minutes of the previous Annual General Meeting
5. President's Report
6. To receive and adopt the Financial Report and Financial Statements
7. Election of auditor
8. Declaration of results of Director appointments for the Board
9. Election of the Director Appointments Committee
10. Board Expenses Review Director recommendation
11. Election of Director Expenses Review Committee
12. Committee Reports
 - Industry Affairs Committee
 - Jersey Marketing Services Ltd
 - Judges Committee
 - Promotions & Marketing Committee
 - TOP & Classification Committee
 - Youth Council
13. General Business

By Order of the Board

Pam Goodin

10 May 2017

Presidents Report

It is my pleasure to present my first annual report as President of Jersey NZ; it is hard to believe that a year has passed so quickly.

The development of the strategic plan was essential to provide the Board with a clear direction and four strategic focus areas formulate the agenda of each meeting:

MARKETING AND PROMOTION – It is essential that we as an organisation keep the Jersey breed in the forefront. For too long we have kept the secret of the Jersey cow to ourselves. It is time we actively promoted her efficiencies with the backup of scientific evidence.

While the rebrand put our organisation back on the map, the next twelve months requires that we actively maintain our presence in the marketing/promotional space.

JERSEY GENETIC ADVANCEMENT – The development of the Jersey Future initiative with LIC and the continued JerseyGenome™ programme with CRV Ambreed, provide valuable opportunities for developing genetics in both the male and female lines.

The work of our Industry Affairs Committee ensures that we remain active in discussions at industry level particularly in areas that impact on the Jersey cow, coupled with the work done by Mark Townshend and Steve Ireland on the Farmers Advisory Group for NZAEL. This is only the tip of the iceberg as I believe there are many more opportunities ahead of us.

YOUTH – The Youth Council continues to grow in strength and governance understanding and are now developing initiatives that will take this group to the next level.

The youth are our future and it is essential that we capture their imagination and interest in our organisation. The logo was specifically designed to be modern and the website to be the face of the Jersey breed so that young farmers will be encouraged to delve more deeply into special qualities of the Jersey.

GOVERNANCE AND MANAGEMENT CAPABILITIES – At the Nelson conference the membership voted for a governance structure, rather than representational, but I am not sure that the implications of that were fully understood.

Directors are legally responsible for an organisation and a much greater pressure is placed upon them to fulfill those legal requirements.

Representation occurs at our committee level where thoughts/ideas/concepts are discussed and then brought to the board as recommendations. All of those committees, except the Industry Affairs Committee, are chaired by the Directors so Directors do have an opportunity to exercise representation but finally as a board, to be effective, it must speak with one voice.

This one voice then provides management with a clear mandate going forward. Currently the Board, with management, is developing policies and procedures to provide this clear direction.

For the first time in the history of Jersey NZ the Board has named their values. These values provide the moral compass when making decisions:

COLLABORATIVE: As an organisation we need to work in with other industry organisations in order that we may be more effective in our achievements, as well as being accepted as a valuable player around the industry table.

We need to work more closely with the other Breed Societies as the issues they face are just same as ours only the colour of the cow is different. If we work collaboratively we will all grow in strength.

SUSTAINABLE: Financial strength is paramount but equally important is the culture of the organisation.

“The most important thing about culture is that it’s the only sustainable point of difference for any organisation. Anyone can copy a company’s strategy but nobody can copy their culture.” Torben Rick.

INTEGRITY: To be valued and respected as an organisation we need to operate at all levels with absolute integrity; a consistency of actions, values, methods, measures, principles, expectations, and outcomes. In ethics, integrity is regarded as the honesty and truthfulness or accuracy of one’s actions.

QUALITY: The pursuit of excellence. To ensure Jersey NZ is fit for purpose and strives to keep improving.

There are many activities I could mention in this report but feel that they have been acknowledged and reported in the Jersey FOCUS – our new publication. While there was some resistance to the name change, we have received many favourable comments about its format and content. The name change aligns with the strategy and the vision of “Jerseys No1”, the Jersey is the focus.

Jersey Marketing Service is picking up momentum again and I would like to acknowledge the work that Ross Riddell, in conjunction with Trent Paterson and Warren Berry (Jersey Marketing Directors), has done to breathe new life into this area of Jersey NZ.

We welcome Grant Aiken (Northland) back into the fold as another agent and hope that we can attract one or two more agents in the near future, particularly from the South.



Alison Gibb
President

I would like to take this opportunity to thank the Committees for their enthusiasm, passion, ideas and support; your input is valued and important to the development and implementation of the strategy.

Special thanks to Pam Goodin, General Manager, and her staff who juggle their time between day to day administration, writing publications, formatting sale catalogues, collating herd books, registering animals, sale recordings and attending special events and conferences. I appreciate that with a new broom comes new challenges but I appreciate your support and enthusiasm is doing so.

We welcome to the Board two new Directors, Glenys Ellison (Waikato) and Barry Montgomery (Northland), who will replace Trent Paterson and Delwyn Goldsack.

Trent has given six years to the Board and has provided valuable input and enthusiasm – and from a younger perspective I might add. I don't believe we have seen the last of Trent but at this point in time recognise that his own business requires his attention and we thank him for his service.

Delwyn, our first female Director, was co-opted onto the Board two years ago and has proved to be invaluable in a number of areas but particularly in human resources, marketing and promotion. Thank you for your service, we wish you well Delwyn but hope that you will remain a valuable resource to the Board.

To the rest of the Board, thank you for your support during my first year – I value your diversity of thought, preparedness for robust discussion and willingness to work as a team.

Finally, to the membership – thank you for your support and honest conversations. You are the culture of this organisation and the key to our sustainability. Keep the passion for the breed alive and don't be afraid to be loud and proud when promoting the breed to others.

Alison Gibb
President

Remits

There are no remits

Notices of Motion

There are no notices of motion

Strategic Plan - 2017

VISION

JERSEY – NO 1

PURPOSE

To promote and drive the growth of the Jersey breed throughout New Zealand

VALUES

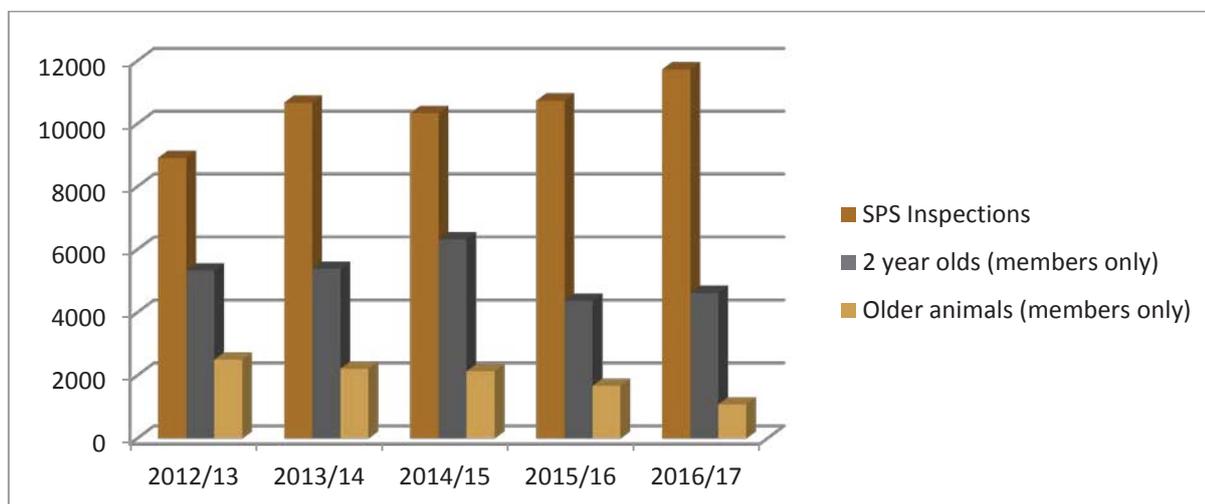
Collaborative – Sustainable – Integrity - Quality

STRATEGIC FOCUS AREAS

MARKETING & PROMOTIONS	JERSEY GENETIC ADVANCEMENT	YOUTH	GOVERNANCE & MANAGEMENT CAPABILITIES
<ul style="list-style-type: none"> Marketing & Communications plan implemented Develop value statement propositions Locate research that supports marketing plan 	<ul style="list-style-type: none"> Jersey Future promoted and active JerseyGenome promoted and active BW development with NZAEL BW / PW alignment LIC & NZAEL Develop research opportunities with Dairy NZ TOP & Classification 	<ul style="list-style-type: none"> Review membership database / categories to reflect youth involvement Development / support of Youth Council Youth Ambassador programme implemented Youth scholarship programme re-launched Judging 	<ul style="list-style-type: none"> DIGAD – Breed Society solution decided Compliance – Policy Reviews, Standard Operating Procedures, Audit & Risk Committee formed Human Resources – Staff training and development, Board and staff appraisals implemented Sponsorship – opportunities identified Committee Development Financial Capabilities Jersey Marketing Services Ltd

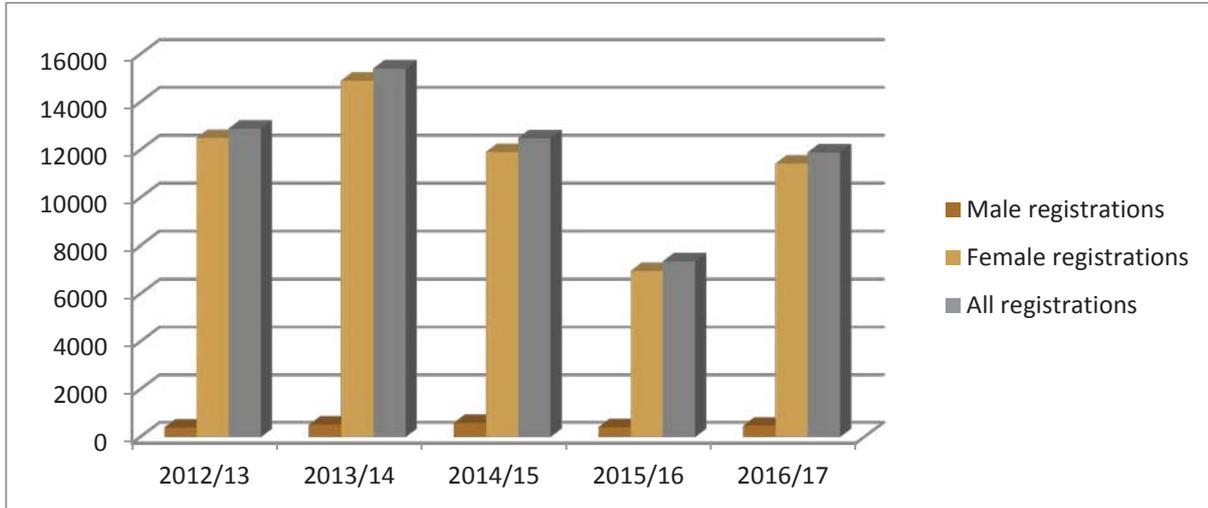
Classification Numbers

	2012/13	2013/14	2014/15	2015/16	2016/17
SPS Inspections	8914	10670	10334	10735	11732
2 year olds (members only)	5334	5392	6321	4377	4624
Older animals (members only)	2502	2212	2130	1670	1084



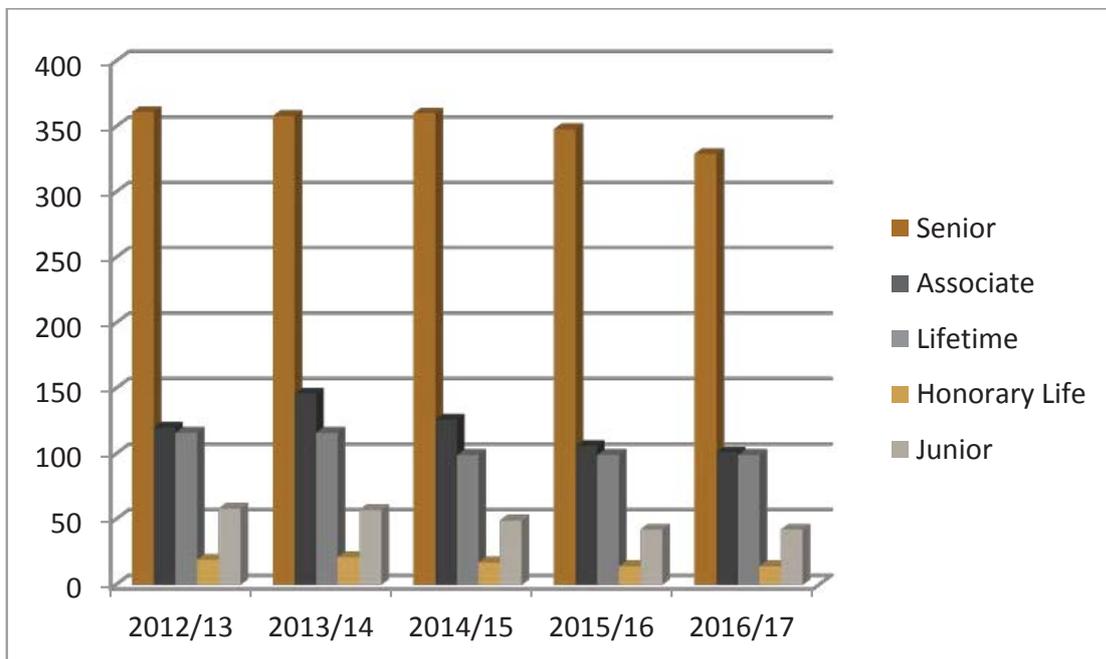
Registration Analysis

	2012/13	2013/14	2014/15	2015/16	2016/17
Male registrations	391	508	582	405	469
Female registrations	12493	14890	11903	6949	11422
All registrations	12884	15398	12485	7354	11891



Membership Analysis

	2012/13	2013/14	2014/15	2015/16	2016/17
Senior	361	358	360	348	328
Associate	120	146	126	106	101
Lifetime	116	116	99	99	99
Honorary Life	19	21	17	14	14
Junior	58	57	49	42	42



New Zealand Jersey Cattle Breeders Association Incorporated

Independent Auditor's Report to the Members of New Zealand Jersey Cattle Breeders Association Incorporated

Opinion

We have audited the special purpose financial statements of New Zealand Jersey Cattle Breeders Association Incorporated and its subsidiary (the Group) on pages 7 to 16, which comprise the consolidated and parent balance sheets as at 31 March 2017, the consolidated and parent statements of profit and loss and statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the special purpose financial statements of the Group for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the accounting policies as disclosed 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 Financial Statements* section of our report. We are independent of the Group 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 Group.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Group to meet the requirements of the Rules of the Association. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible on behalf of the Group for the preparation of the financial statements in accordance with the accounting policies as disclosed in Note 1 to the special purpose financial statements and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.



Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Hamilton this 10 day of May 2017

Approval of Financial Report

New Zealand Jersey Cattle Breeders Association Inc For the year ended 31 March 2017

The Trustees are pleased to present the approved financial report including the historical financial statements of New Zealand Jersey Cattle Breeders Association Group for year ended 31 March 2017.

APPROVED

For and on behalf of the Trustees.



Alison Gibb

Date 10th May 2017



Trent Paterson

Date 10th May 2017

Profit and Loss Statement

New Zealand Jersey Cattle Breeders Association Group For the year ended 31 March 2017

	NOTES	2017	2016
Trading Income			
AGM Income		23,630	40,659
Bad Debts & Capital Recovered		1,226	3,089
Classifications		99,535	96,098
Commission Received		46,067	80,264
Contracting Income		75,045	78,828
Interest Received		9,106	11,870
Jersey Genome		16,720	33,967
Other Income		9,463	57,779
Registrations		110,375	68,919
Semen Sales & Royalties		76,228	88,357
Semex Competition		7,240	7,055
Souvenirs, Advertising & Publications		2,088	17,993
Subscriptions		54,430	56,995
Three Generation Pedigrees		19,272	13,335
Total Trading Income		550,425	655,209
Gross Profit		550,425	655,209
Total Income		550,425	655,209
Expenses			
AGM Expenses		20,196	40,334
Classification Expense		55,605	33,649
Commission Paid		22,508	46,904
Consultancy Expenses		70,363	51,328
Council Cost		8,337	8,203
Depreciation		14,559	24,015
Field Consultants Expenses		937	13,607
Office & Administration Expenses		48,212	50,628
Other Human Resource Expenses		6,877	5,397
Promotion & Advertising		14,981	29,337
Registration Expense		1,013	697
Salaries & Wages - Admin		190,251	329,877
Honorariums		30,600	-
Interest Expense		80	4,580
Three Generation Pedigree		17,878	9,140
Other Expenses		40,659	40,282
Total Expenses		543,056	687,978
Profit (Loss) Before Taxation		7,369	(32,769)

These special purpose financial statements are to be read in conjunction with the accompanying notes and auditors Report



Statement of Changes in Equity

New Zealand Jersey Cattle Breeders Association Group For the year ended 31 March 2017

	2017	2016
Equity		
Opening Balance	471,033	503,801
Increases		
Income for the Period	7,369	(32,769)
Total Movement	7,369	(32,769)
Total Equity	478,402	471,033



These special purpose financial statements are to be read in conjunction with the accompanying notes and auditors Report

Balance Sheet

New Zealand Jersey Cattle Breeders Association Group

As at 31 March 2017

Account	NOTES	31 Mar 2017	31 Mar 2016
Assets			
Current Assets			
Cash and Bank		138,349	96,687
Accruals Income		478	2,555
Prepaid Expenses		6,262	-
Trade and Other Receivables		58,287	45,067
ANZ Term Deposit		290,170	290,170
Total Current Assets		493,546	434,480
Non-Current Assets			
Property, Plant and Equipment		102,347	119,911
Trophies		5,970	5,970
Website Development		7,850	9,850
Total Non-Current Assets		116,167	135,731
Total Assets		609,713	570,210
Liabilities			
Current Liabilities			
Trade and Other Payables		77,278	36,697
GST Payable		27,650	28,206
Expenses Accrued		23,157	28,403
HP Liabilities		332	872
Income in Advance		2,894	5,000
Total Current Liabilities		131,311	99,177
Total Liabilities		131,311	99,177
Net Assets		478,402	471,033
Equity			
Accumulated Income		478,402	471,033
Total Equity		478,402	471,033

These special purpose financial statements are to be read in conjunction with the accompanying notes and auditors Report



Profit and Loss Statement (Parent)

New Zealand Jersey Cattle Breeders Association Inc

For the year ended 31 March 2017

	NOTES	2017	2016
Trading Income			
AGM Income		23,630	40,659
Bad Debts & Capital Recovered		1,226	3,089
Classifications		99,535	96,098
Contracting Income		75,045	78,828
Interest Received		9,095	11,833
Jersey Genome		16,720	33,967
Other Income		8,836	63,899
Registrations		110,375	68,919
Semen Sales & Royalties		76,228	88,357
Semex Competition		7,240	7,055
Souvenirs, Advertising & Publications		2,088	17,993
Subscriptions		54,430	56,995
Three Generation Pedigrees		19,272	13,335
Total Trading Income		503,720	581,027
Gross Profit		503,720	581,027
Total Income		503,720	581,027
Expenses			
AGM Expenses		20,196	40,334
Classification Expense		55,605	33,649
Consultancy Expenses		70,363	51,328
Council Cost		8,337	8,203
Depreciation		14,559	8,088
Office & Administration Expenses		44,412	42,894
Other Human Resource Expenses		6,877	5,397
Promotion & Advertising		12,584	27,266
Registration Expense		1,013	697
Salaries & Wages - Admin		183,725	294,055
Honorariums		30,600	-
Three Generation Pedigree		17,878	9,140
Other Expenses		35,692	35,333
Total Expenses		501,841	556,384
Profit (Loss) Before Taxation		1,879	24,643

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



Statement of Changes in Equity (Parent)

New Zealand Jersey Cattle Breeders Association Inc
For the year ended 31 March 2017

	2017	2016
Equity		
Opening Balance	501,993	477,350
Increases		
Income for the Period	1,879	24,643
Total Increases	1,879	24,643
Total Equity	503,872	501,993



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

Balance Sheet (Parent)

New Zealand Jersey Cattle Breeders Association Inc As at 31 March 2017

	NOTES	31 MAR 2017	31 MAR 2016
Assets			
Current Assets			
Cash and Bank		114,433	80,872
Accruals Income		478	2,555
Prepaid Expenses		6,262	-
Trade and Other Receivables		42,516	42,055
Jersey Marketing Services		17,611	26,463
Total Current Assets		181,300	151,946
Non-Current Assets			
ANZ Term Deposit		290,170	290,170
Property, Plant and Equipment		102,347	97,991
Shares - Jersey Marketing Services Ltd		35,000	35,000
Trophies		5,970	5,970
Website Development		7,850	9,850
Total Non-Current Assets		441,337	438,981
Total Assets		622,637	590,927
Liabilities			
Current Liabilities			
Bank		1,670	-
Trade and Other Payables		59,901	23,465
GST Payable		26,340	25,561
Expenses Accrued		23,157	28,403
HP Liabilities		332	872
Income in Advance		2,894	-
Taxation Due		4,471	10,633
Total Current Liabilities		118,765	88,934
Total Liabilities		118,765	88,934
Net Assets		503,872	501,993
Equity			
Accumulated Income		503,872	501,993
Total Equity		503,872	501,993



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

Notes to and forming part of the Financial Statements

New Zealand Jersey Cattle Breeders Association Inc For the year ended 31 March 2017

1. Statement of Accounting Policies

Reporting Entity

New Zealand Jersey Cattle Breeders Association Group is a not for profit Incorporated Society registered under the Incorporated Societies Act 1908. The consolidated (group) Financial Statements of New Zealand Jersey Cattle Breeders Association Group are a special purpose report that has been prepared as required by the Rules of the Association for its members and internal management purposes. The accounting policies are not in conformity with generally accepted accounting practice. Accordingly the financial statements should only be relied on for the expressly stated purpose.

Measurement Base

The financial statements have been prepared on the basis of historical cost except that trophies are stated at replacement value.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and the Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue is recognised when the goods are supplied (as in the sale of goods), in the accounting period in which the service is provided (in the rendering of services) and in the period in which the interest is accrued (Interest Income). Accrued Sales and Royalties are only recognised as income where there are definitive contracts or agreements in place.

(b) Receivables

Receivables are stated at their net realisable value.

(d) Taxation

New Zealand Jersey Cattle Breeders Association incorporated is exempt from Income Tax under section CW 51 of the Income Tax Act 2007. The subsidiary Jersey Marketing Service Limited is liable for income tax. Provision is made for taxation after taking full advantage of all deductions and concessions permitted using the taxes payable method.



(e) Property, Plant and Equipment and Investment Property

Property, plant and equipment is recognised at cost less aggregate depreciation. Historical cost includes expenditure directly attributable to the acquisition of asset and are eligible for capitalization when these are incurred.

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

The following estimated depreciation rates/useful lives have been used:

Account	Method	Rate
Office Equipment	Straight Line	7% - 67%
Building & Improvements	Straight Line	1.3% - 13.5%
Computer Equipment	Straight Line	36%
Motor Vehicles	Straight Line	21.6%

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

(f) Investments

Investments are valued at lower of cost or market value.

(g) Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST except for Accounts Receivable and Accounts Payable which are reflected inclusive of GST.

(i) Changes in Accounting Policies

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

(j) Basis of Consolidation

The consolidated financial statements include the parent association and its subsidiary. All significant inter entity transactions and balances are eliminated on consolidation.

(k) Expenditure

Expenses have been classified on their business function.

(l) Website Development

Development costs for the website are capitalised when incurred. A write down of \$2,000 is performed each year, and included in the Depreciation & Amortisation expense.

2. Investments Written Down

At balance date the Association held Finance Company investments that had been placed into receivership. As maturity dates have elapsed, these investments all have been written off in their entirety in previous years.



3. Related Party Transactions

During the year there were transactions between the Councillors of Jersey New Zealand and the reporting entity. These included sales and purchases of goods and services on an arm's length basis at market rates.

New Zealand Jersey Cattle Breeders Association Incorporated holds 100% of the shares in Jersey Marketing Service Limited. The Directors of that company being Warren Berry and Trent Paterson were also Councillors of New Zealand Jersey Cattle Breeders Association Incorporated. During the year Jersey Marketing Service Limited was charged a total of \$3,000 by New Zealand Jersey Cattle Breeders Association Incorporated for services provided and management fees.

4. Unsupported Payments Recovered/Recoverable

In the year to 31 March 2015 there were payments totaling \$15,685 made to or on account of Jennifer Taylor who was the General Manager of New Zealand Jersey Cattle Breeders. Jennifer Taylor pleaded guilty in the Hamilton District Court on 9 March 2015, to false account, theft, and dishonesty using documents over a seven year period. The total amount stolen was approximately \$312,000. The net amount not recovered for the year 31 March 2014 and 2015 of \$8,613 is reported as an expense Unsupported Payments not Recovered in the last year comparatives.

Included in income for the year to 31 March 2016 is an amount of \$58,929 recovered from Jenny Taylor. Any amounts will be recognised in income when received.

Included in income for the year to 31 March 2017 is an amount of \$100.00 which was recovered from Jennifer Taylor.

5. Contingent Liabilities

There are no contingent liabilities as at 31 March 2017 (2016: NIL)

6. Investment in Subsidiary

New Zealand Jersey Cattle Breeders Association Incorporated recognises the following investment in its subsidiary:

Name of entity: Jersey Marketing Service Limited

Principal Activity: Livestock Marketing

Ownership: 100%

Owner: New Zealand Jersey Cattle Breeders Association Incorporated

Balance Date: 31st March

7. Bank Overdraft

There is a bank overdraft facility with a limit of \$50,000. This is secured over the Deed of Licence NZ Jersey Cattle Breeders Association Group holds in respect of the building it occupies. There is also a Cross Guarantee between NZ Jersey Cattle Breeders Association Group and Jersey Marketing Service Limited.

8. Deed of Licence

The New Zealand Jersey Cattle Breeders Association Group holds an equitable interest in premises owned by Livestock Improvement Corporation situated on the corner of Morrinsville Road and Ruakura Road, Hamilton.

The interest is subject to a Deed of Licence signed 26 November 1993 and was operative 11 October 1993. The value of the interest is held at cost less allowable depreciation, based on the occupied floor areas of 116m² as contained in Schedule C to the Licence.

The Licence has an indefinite term and the monthly licence charge, is based on their portion of occupancy costs.



9. Property Plant & Equipment

As at 31 March 2017

	Cost	Accumulated Depreciation	Closing Value	Depreciation for the Year
Office Equipment	25,958	21,189	4,769	2,268
Building & Improvements	134,407	41,772	92,635	2,345
Computer Equipment	24,099	24,099	-	94
Motor Vehicles	36,348	31,405	4,943	7,852
	220,812	118,465	102,347	12,559

As at 31 March 2016

	Cost	Accumulated Depreciation	Closing Value	Depreciation for the Year
Office Equipment	34,939	27,902	7,037	1,809
Building & Improvements	130,287	39,427	90,860	2,273
Computer Equipment	24,099	24,005	94	2,006
Motor Vehicles	73,739	51,819	21,920	15,927
	263,064	143,153	119,911	22,015

2017

2016

10. Jersey Marketing Limited Tax Reconciliation

Operating Surplus (Deficit) Before Tax	5,490	(57,412)
Timing Differences		
Losses Carried Forward	132,262	71,527
Total Timing Differences	132,262	71,527
Taxable Profit/(Loss)	(126,772)	(128,939)
Deductions from Tax Payable		
RWT Paid	(3)	(12)
Total Deductions from Tax Payable	(3)	(12)
Income Tax Payable (Refund Due)	(3)	(12)

11. Subsequent Events

No Significant events have occurred between balance date and the audit report date that would have a material impact on the consolidated financial statements.



General Manager's Report

It has been an exciting year for Jersey NZ. History has been made with the election of the first female President in over 100 years of history of this organisation. As a result of Alison's input, huge inroads have been made in the governance of the Association with a clear focus on implementing and developing future strategy for Jersey NZ. Alison has already outlined some of this strategy and the core values that have also been developed in her President's Report. While these clearly drive the activities of the Board, they also provide direction for the operational side of the Association, giving both management and staff clear direction and focus to all of our activities.

Aligned to this focus on strategy was the Board decision to consider a rebrand for the Association. Throughout the process the existing brand always remained in consideration, but after stellar work by both our rebrand contractor in the options provided, and the Board themselves in their decision making process, a new brand was adopted in late November. Aside from the usual and obvious changes driven by such a rebrand, there were two major activities that required significant investment from management and staff. These were the building of an entirely new website, and the launch of the Jersey FOCUS magazine. I do hope that members appreciate the reason why the Jersey FOCUS was not issued late in 2016, but we simply do not have the staff resources to be able to undertake two such large projects well at the same time and the decision was made to prioritise the website. I have been heartened by members' positive responses to the rebrand, website and Jersey FOCUS. It is still early days, the website and magazine will continue to develop and flourish over time.

More recently, we have implemented a new accounting package, Xero. Over the next couple of months, Xero will be integrated with our Customer Relationship programme, Outreach.

This will provide synergies for our management of members' information, significant efficiencies for our staff and accountants and will also support our move towards a paperless office.

On the staffing front, the resignation of Carol Johns as Financial Controller mid 2016 prompted serious consideration of how to handle the accounts of the Association moving forward. The decision was made to contract all Jersey NZ accounting to PwC, and David Bailey now joins us in the office two half days per week.

David and the PwC team complete all day to day accounting transactions and the annual preparation of all audit material.

Samantha Thornborough was employed as Member Services Administrator in May 2016, and is a welcome addition to the team. Samantha has since had a role change to Administration Assistant and is taking responsibility for providing support in a number of areas across all three Associations.

Melissa Goodman commenced employment with Jersey NZ in January 2017 as the new Member Services Administrator; her primary responsibilities will be registrations and TOP. She is already heavily involved in promoting new registration programmes across both Jersey and Ayrshire.



Pam Goodin
General Manager

Angela Makara celebrated 10 years with Jersey NZ in February. Ange has a wealth of Association knowledge and is a great asset to our team.

Whilst it has been a year of significant change to staffing, I am confident that we now have a great team and hope that members will continue to support our new staff members as they grow into their roles. I am delighted that Melissa will be able to join us at Conference this year, it is important for our staff to get to know our membership better, and vice versa as this can only enhance these relationships. I hope those of you attending Conference will take the time to get to know Melissa.

Another major project managed from the office this year has been the Annual Conference. We believe that we have put together a great Conference with some interesting workshops and key speakers. I know that many members are looking forward to visiting both Weta Workshop and the Great War Exhibition.

We continue to provide all administrative support to both Ayrshire New Zealand and the Milking Shorthorn Association. For the most part, this has been a successful venture. We have recently made changes to some publication dates across all Associations to enhance our ability to meet all deadlines. As a result the Jersey FOCUS issue dates moving forward will be 1 March and 1 September annually.

Jersey NZ is an exciting team to be a part of – either as a staff member, Board Director or member.

I would like to thank all three of these groups for their continued support. That support takes different forms, but the strategy and culture we are promoting is clearly having an effect on the type and level of support that we give to each other. Sometimes that support involves challenges, challenges to the way that we think and the way that we operate.

This has been particularly true over the past year, but we welcome the challenge and undertake change because we have openly adopted the strategy and culture that from now in will play a pivotal role in driving this organisation and the breed forward.

Pam Goodin
General Manager

Recommendation of Director - Expenses Review Committee

Following a meeting and reviewing all the relevant information, we the Director Expenses Review committee recommend for the consideration of the Annual General Meeting, to replace the current range of Director entitlements to a Flat Base Directors Honorarium of \$6500 per annum, this incorporating the current Base Honorarium (\$4400), including an annual Board meeting rate (\$1600), and a modest car travel component (\$300).

The Jersey NZ President to receive an additional \$5000, and the Vice President to \$1800 per annum.

We are pleased, and acknowledge that currently, all Directors have submitted claims for all, or a considerable part of their entitlements for this last financial year.

In conclusion we acknowledge that the 10% increase to Directors Honorariums passed at the Thames AGM, is also reflected in our recommendations.

Des Hickey and Rob Farley
Director Expenses Review Committee



Des Hickey



Rob Farley

	RECOMMENDATION FOR 2017/18	ACTUALS FOR 2016/17
HONORARIUMS	THIS YEAR	LAST YEAR
1. Base Honorarium	\$6,500.00	\$4,400.00
2. President (extra)	\$5,000.00	\$4,950.00
3. Vice President (extra)	\$1,800.00	\$1,650.00
TOTAL ELECTED DIRECTORS HONORARIUMS	\$32,800.00	\$24,200.00
4. Appointed Director	Board discretion	Council discretion
DIRECTOR MEETING EXPENSES		
5. Travel (for own car)	Included in base honorarium	\$0.35 cents per kilometre
6. Airfares	Reimbursed	Reimbursed
7. Board Meetings	Included in base honorarium	\$200 per day \$100 per half day
8. Meeting accommodation	Bed & breakfast plus \$30 evening meal allowance	Bed & breakfast plus \$30 evening meal allowance
9. Sub-committee of Board	Included in base honorarium	Travel only \$0.35 cents per kilometre
10. Member representation days, meetings. Training days, Dairy Industry Meetings (including DIGAD & AEL), TOP Advisory Days and membership specific meetings (including all relating to Governance Review and Specialised projects as needed)	\$100 per day, \$0.35 cents per kilometre car allowance, Airfares & Motel expenses (all subject to prior Board approval)	\$100 per day, \$0.35 cents per kilometre car allowance, Airfares & Motel expenses (all subject to prior Council approval)
11. Royal Show	Board discretion	Council discretion
12. R.A.S meetings	Board discretion	Council discretion
13. W.J.C.B Meetings	Board discretion	Council discretion
BOARD MEETING EXPENSES (ACTUAL)		\$8,377 (\$8,203 2015/16)
TOTAL BOARD EXPENSES (ACTUAL)		\$30,600 (nil 2015/16)

Industry Affairs Committee

MEMBERS:

Alison Gibb, Julie Pirie, Scott Townshend, Toby Sneddon, Philip Brewster, Roger Ellison

The Industry Affairs Group met three times during the year and also was in contact by phone and email between meetings. Topics addressed over the year are listed below:

1. NZAEL ISSUES

For a number of years now, NZAEL outputs that appear to disadvantage the Jersey breed have been the subject of ongoing debate with DairyNZ and NZAEL. These discussions have been led by Mark Townshend with the Industry Affairs group supporting him. During the year, DairyNZ/NZAEL agreed to set up a Farmer Advisory Panel to provide more grass roots feedback and suggestions to NZAEL than was currently happening. Mark and Steve Ireland were appointed to this panel and it is envisaged that this panel will act as the main conduit between JerseyNZ and NZAEL from now on. For more information on this Farmer Advisory Group and the issues it is working on, refer to March 2017 issue of Jersey Focus.

2. PW

As was reported in the Industry Affairs report to the AGM in 2016, over time, the PW of Jerseys has decreased relative to BW more than Xbreds and Friesians (see table below). There are reports that this has led buyers to discount the sale price of Jersey animals.

Table: 2016 born animals – average indexes by breed

	BW	PW	DIFFERENCE
JERSEY	106	88.3	-17.7
J – HF CROSS	103.8	112.5	+8.7
HF	79.8	77.1	-2.7

This apparent separation of BW and PW in Jerseys has been caused by the relative increase in BW that Jerseys have enjoyed in the last few years due to the increased weighting applied to fertility in BW and the introduction of body condition score. Because PW has only included the “production” traits (fat, protein, volume and liveweight) the PW of Jerseys hasn’t had this benefit.

The IAG has been working with LIC (who own the PW intellectual property) to understand and work through this anomaly. It has arisen because limiting the PW index to just the ‘production’ traits means that PW has never fitted its definition. It is defined as an indicator of a cow’s lifetime net income or profit based on an annual intake of 5 tonne of feed DM. It is the IAG belief that traits such as fertility, BCS, SCC and longevity have an effect on a cow’s net income/profit so should be included in the PW calculation.

LIC has taken this on board and recalculated a prototype PW with all the traits for 25 herds across the three ‘breeds’. For Jerseys, this new prototype PW has largely eliminated the BW and PW gap without significantly changing the situation for the other breeds.



Roger Ellison
Industry Affairs Convenor

The Industry Affairs Group preference is to see this new PW adopted by LIC for the whole industry. LIC’s preference is to bring together a small industry working group to more broadly review PW.

3. IS OVERSEER BREED NEUTRAL?

As more and more regional councils across New Zealand are using Overseer as a tool to regulate the level of nitrogen leaching, the IAG spent some time determining if Overseer took into account the lighter body weight of Jerseys. The N leaching figure produced by Overseer is quite sensitive to kg liveweight/ha, hence the relevance of this question. The IAG found that:

- Overseer does recognise that Jersey herds produce less nutrient loss to the environment than other breeds when stocked at the same number of cows per hectare.
- The liveweights used for each of the breeds, although probably a little on the low side, do preserve the relative differences in nutrient loss between breeds (apart from Ayrshire)
- Promoting breed change to Jerseys by farmers needing to reduce their N loss figure is valid and based on good sound information/science.
- It needs to be stressed in any promotional material that this effect is purely due to a reduction in stocking rate or kg liveweight/ha. Changing breed but maintaining liveweight/ha will not lead to a decrease in the N loss figure.

4. LIVEWEIGHT OF JERSEY COWS

DairyNZ requested Jersey NZ’s view on the most appropriate liveweight of Jersey cows to be included in an update of DairyNZ Facts and Figures publication. Currently this publication provides two estimates for whole herd weights of Jerseys – 350kg and 400kg.

The IAG obtained weights from a number of Jersey farms and the following approximate weight ranges were reported to DairyNZ:

TABLE: WEIGHT ESTIMATES OF JERSEY COWS.

	MATURE COWS (4Y +)	WHOLE HERD (2Y +)
UPPER QUARTILE	445	425
AVERAGE	420	400
LOWER QUARTILE	390	370

The IAG will continue adding to this dataset when it finds more farmers that weigh their cows. Having an accurate assessment of the range of liveweights for Jersey herds will be helpful when communicating with regulatory bodies such as Regional Councils and other organisations. This information is also relevant for the promotions group as it pushes the benefits of Jerseys on a Kg liveweight/ha basis.

5. MILK PAYMENT FROM FONTERRA AND OTHER DAIRY COMPANIES

The IAG has investigated whether the surge in value of milk fat relative to protein at the GDT is being captured. This is a very complex area, governed by the milk price manual but our initial investigation does suggest the manual is working appropriately and is capturing the increased value of milk fat.

However, we as farmers are not seeing all of this increased fat value in our bank accounts yet. This is because a three year rolling average is used in the calculation, to iron out short term fluctuations. The good news is that next season, the value of fat paid to farmers will be greater than the value of protein which is great news for Jerseys. The following year, there should be a step up again if fat values hold.

For a more complete explanation and commentary, refer to the Industry Affairs group report in March 2017 Jersey FOCUS.

6. RURAL-URBAN PRESSURE POINTS

The IAG believes that JNZ need to keep abreast of the concerns of non-farming New Zealanders about environmental and animal welfare issues that have been constantly in the media over the year. These are not likely to go away and JNZ needs to front-foot some of these issues to both protect its members and address the issues.

The IAG has discussed the use of polled genetics and how the breeding companies are contributing to this. It is highly likely that dehorning regulations will tighten soon to make disbudding without pain relief an offence under the animal welfare act.

We also discussed the use of breeding to assist the control

of facial eczema. FE tolerance is moderately heritable in cattle and CRV has a team of more resistant bulls commercially available. FE resistance breeding has been used very successfully by many ram breeders for over 30 years. We intend doing some more work to ascertain the view of research organisations, DairyNZ and other breeding companies on this subject. The background to this is that AgResearch data indicates the national dairy population has become more susceptible in the last 25 years and it is also predicted that FE outbreaks like the severe one in 2016 will become more frequent and more extensive as the planet warms.

Bobby calves have also been a topic of discussion. The Jersey breed is quite vulnerable if there is pressure to greatly reduce the annual bobby calf kill. There is a perception that Jersey and Jersey X animals are not that suitable for growing out as beef animals. This may be more perception than real as some research done at Poukawa Research Station, Hawkes Bay, indicated that Jersey and Jersey x bulls produced as much kg meat/ha as Friesian and Friesian x animals. Angus Jersey X animals are also known to have very high quality meat.

7. ONCE A DAY TRIAL AT MASSEY NUMBER 1 DAIRY

The IAG contacted the Massey OAD trial group this year and the outcome has been very positive. First season data indicates that Jerseys on OAD produced significantly more milk solids/kg liveweight on OAD than crossbreds or Friesians. They are also working with LIC to refine the OAD index used for sires. Fonterra data indicates that over 50% of dairy herds in NZ have cows on OAD for at least a part of the season so research in this area is valuable and quite positive for the Jersey breed.

*Roger Ellison
Convenor Industry Affairs Group*

Jersey Marketing Services Ltd Report

In rugby terms we are rebuilding, not with young, inexperienced players, rather with enthusiasm and some industry knowledge.

The commencement of the 16/17 financial year saw the departure of Kevin Hart after three years of service to both Jersey NZ as a field representative and to Jersey Marketing Service as a stock agent. For a time Jersey Marketing Service was without an agent until Nigel Riddell stepped in for the autumn sales and Ross Riddell was employed on a more permanent basis.

The 2016 autumn sales were conducted in a generally flat market but with a reasonable clearance rate. The Jersey Pride sale was very successful considering the very depressed milk price at the time.

Prior to Christmas and soon after, stock prices were well above the previous year then settled lower in the autumn 2017.

The yearling export deals to China in spring and autumn underpinned the local market prices and provided extra cash for those farmers that chose to take part.

Jersey Marketing Service is now trading with much lower overheads and at a time when stock prices have risen above the previous two years returning it to profitability though rather meagre.

With a successful autumn stock trading season and the addition of Grant Aiken as an agent in the North, Jersey Marketing Service will start the new financial year in a much better position.

We call on the membership to support us with your stock transactions in the realisation that other loyalties exist but respectfully ask that you give us a crack.

We are endeavouring to extend our client base outside of our membership and welcome your referrals.

The Directors and management of Jersey Marketing Service are considering taking the administration out of the Jersey NZ office with the dual benefit of relieving office pressure at the busiest time of year and gaining more efficiency in Jersey Marketing Service transactions.

On behalf of Jersey Marketing Service I thank Angela Makara for her administrative work and to those members who supported us.

Ross Riddell
Business Manager - Jersey Marketing Services Ltd



Ross Riddell
Business Manager

Judges Committee Report

Firstly, thank you to the members of the Judges Committee; Richard Adam, James Wallace, Christina Jordan and Ross Riddell. Your time and help throughout the year has been much appreciated.

This Autumn we held Judging schools at Nick Browning's in Northland and Derek Tosland's in Taranaki. Additionally they were held at Christina Jordan's in Blenheim and Joanne Hamilton's in Southland. Thank you for all these people for making their cows and farms available for these days.

We have a number of new judges from these days, congratulations to all those who passed. I would also like to thank the over judges for this day: Graeme Collins for all four, Barry Montgomery in Northland, Ross Riddell in Taranaki and Tony Luckin for the two in the South Island.

If you are keen to become a Judge but are unable to get to a Judging school, please contact one of the Judges Committee or the office and we can make alternative arrangements.

I would like to thank Warren Ferguson for judging the Semex Jersey On Farm Competition. This is a huge job, so thanks Warren for your expertise. Also thank you to all who have judged at shows and On Farm Competitions throughout the year.

Peter Gilbert
Judges Convenor



Peter Gilbert
Judges Convenor

Promotions & Marketing Committee Report

The Promotions and Marketing committee have had an unusual year. We committed ourselves to a large rebrand exercise with the assistance of HGB. The rebrand had been owned by the board and managed by Pam with an outstanding result.

We are aware of some questioning the value of spending resources on how we 'look'. Trust me I appreciate the value of the hard earned dollar, I live with an accountant! But it was money that had to be spent.

As mentioned in the recent Jersey FOCUS, the board identified at the 2016 strategy session a need in our brand / marketing area. The initial driver was the broken website; the ultimate driver was having a brand/logo that fitted with our vision of Jersey's as No1. The rebrand is our face to the world. We have a new logo that fits with our values. The brand epitomises quality, sustainability, integrity and collaboration.

The focus of the next year is communicating the brilliance of Jerseys to the world outside the converts here today. How are we doing this? It is not through the marketing and promotions committee.

We have the industry affairs working with industry leaders to ensure Jerseys are fairly treated; we are collaborating with LIC and CRV Ambreed to ensure we are producing the best Jersey genetics and we have you our Jersey breeders focusing on milking, breeding and farming at the top level.

The marketing and promotions committee will be working alongside you and the Jersey NZ committees to ensure we are promoting the jersey cow through the most appropriate channel. But, the best advertisement is your farming. When you go to your local discussion group or are chatting with your farm advisor and talk about the Jersey attributes and how they contribute to your farms profitability, it has weight beyond any advertisement in a magazine.

As a committee we welcome fresh ideas regarding promotion and marketing, drop us a line. We are looking forward to the year ahead.

Delwyn Goldsack
Promotions & Marketing



Delwyn Goldsack
Promotions & Marketing
Convenor

TOP & Classification Committee Report

It was a challenging year for TOP and Classification this season.

Having to have all the SPS herds completed by December 1st certainly added some pressure but we did manage to get them all done except for a small number of herds that had to reschedule for a variety of reasons. Not enough available TOP inspectors also made it difficult to be finished on time.

TOP training and certification days were held in both the North and South Island's this year. Congratulations to all who are now certified and welcome to our new inspectors; Katherine Tucker, James Wallace and Ross Morton.

TOP inspectors must have also passed a Body Condition Score Assessment to be able to do SPS heifers now, so well done to all who have qualified for that.

Thank you very much to all inspectors for your time and expertise in getting all the TOP and Classification done this season, we certainly need more inspectors to make this easier to achieve.

Thank you Samantha for all the time you put in from the office.

This coming year Robert Hall will become TOP Co-ordinator to help run TOP and Classification. Last AGM there was discussion on classification awards, particularly EX two year olds. We have decided to have awards as they are for now, we will re-address this once DIGAD is sorted.

Thank you to everyone for your help and support throughout the year.

Peter Gilbert
TOP & Classification Convenor



Peter Gilbert
TOP & Classification
Convenor

Youth Council Report

2017 has been a productive year of implementing what we have learnt from previous years and developing these ideas into reality.

One of the highlights has been supporting the futurity sale, developed by a handful of breeders held in conjunction with the Waikato A&P Show. Seeing the purchasers of the stock go on and show these animals at Dairy Event 2017 with success, and supporting our youth team at NZDE 2017 to a commendable third in the Semex Youth Challenge was awesome.

URBAN MEETS RURAL: 18 young adults (18 – 26 years old) had the opportunity with Roskill Rovers (Scouts for adults) to spend a weekend on the Gibb family farm in Taupiri. Here they had a snap shot of what knowledge, skills, and experience are required to operate a farm business. None of the group had any experience on a farm before and came from varying backgrounds such as free-lance musician, civil engineer and teaching to name a few.

We have finalised the Youth Council's succession plan. Two current members will be standing down in December 2017 and two replacements will join us in January 2018. We will be asking for nominations in September 2017 and will conduct interviews in October. Now is the time to start thinking and talking to potential council members to see if they are willing to step up and play a part in this organisation, learning about governance and leadership.

YOUTH AMBASSADOR: this is a role we have developed to help the Youth Council network with other youth, providing eyes and ears on the ground in areas that we aren't. We have approached people to be involved with this group and are looking forward to working with them on events and activities in the future.

THE IAN HARRIS MEMORIAL: This exciting competition allows youth members to enter a incalf two year old prior to calving to monitor her milksolid and reproductive performance and combining with her conformation data to find out how she measures up against other 2 year olds, most importantly, seeing who has the eye to pick a standout heifer prior to calving.



Euan Reeve
Youth Council Chairman

We would like to thank our Jersey NZ members who have given Youth Council the opportunity to learn and implement skills, processes and to help achieve our vision of "Jerseys Connecting Youth".

Special thanks to Alison, for her advice, guidance and steady hand when we need it.

Euan Reeve
Chairman Jersey Youth Council

R Riddell (President) welcomed 55 members and Directors to the 2016 Annual General Meeting.

2. APOLOGIES

R & J Dobson, D Ireland, R & J Gibson, T & C Ford, R & J Monk, R & M Shaw, M & S Booth, W & M Ferguson, L & A Shaw, J & J Ellison, W & L Berry, R Gibb, N Gibb, P & S Ingram, P & B Harris, M Montgomery, L Shaw, L & C Pedley, A, N, L & M Gilbert, A Johnson.

That the apologies as listed are accepted.

A Hazlitt / B Oyler

Carried.

3. OBITUARIES

The meeting noted the obituaries of the following past and present members: D Blumhardt, R Yates, Mrs N Cutforth, B Sargeson, A Garnett, M Williams, Mrs P Thompson, Mrs I Singh, D Milne, I Totty, R Williams, I Franich, Mrs B Backhouse, Mrs B Cartwright.

4. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

That the minutes of the Annual General Meeting of 18 June 2015 are taken as read.

E Bocock / T Luckin

Carried.

9.5 It was noted that LIC increased by 30 bulls overall, not Jersey programme.

12.5 correct to A Shaw.

That the Minutes of the Annual General Meeting of 18 June 2015 with the above corrections are taken as a true and correct record.

D Shaw / B Potts

Carried.

5. PRESIDENT'S REPORT

The President's Report was tabled as printed in the Annual Report, there was no discussion.

6. TO RECEIVE AND ADOPT THE FINANCIAL REPORT AND FINANCIAL STATEMENTS

G Haddon, Cooper Aitken, presented the audited accounts to 31 March 2016. He noted that registrations are down, subscriptions are static, commissions and AGM income were down slightly. Jersey Genome and Ayrshire income were up. He also noted the one-off unsupported payment receipt. Expenses – salaries up due to employment of General Manager, consultant and accountancy fees due to fraud now finalised, Committee expenses and administration expenses are down. He referred to GST & income tax payments where some interest had to be paid, but no penalties (also relating to fraud). The overall cash position shows a deficit of \$12,000, if adjusted for the reparation repayment and depreciation that would be a deficit \$32,000. The current financial position shows \$71,000 cash in the main account plus smaller accounts. There may still be a payment to the IRD for GST in unsupported payments, but it is hoped that this will be written off. There have been no major asset changes. Jersey Marketing Services Ltd made a loss of \$44,000, this is being addressed by the Board.

The report was opened for discussion. B Potts commented on interest received at approx. 4% and asked if it is worth considering other interest sources. G Haddon responded that this is a decision for the Board in conjunction with the strategic plan, consideration would need to be given to security as a higher return also brings higher risk. R Riddell commented that during the past year there have still been a lot of expenses in relation to the fraud case, these costs will not be in next year's accounts.

That the Presidents Report, Financial Report and the audited Financial Statements for the financial year ending 31 March 2016 are adopted

R Riddell / D Black

Carried.

7. ELECTION OF AUDITOR

That Crowe Horwath are appointed as auditors for the financial year ending 31 March 2017.

M Pedley / B Montgomery

Carried.

8. DECLARATION OF RESULTS OF DIRECTOR APPOINTMENTS FOR COUNCIL

The appointments of Alison Gibb and Tony Landers have previously been advertised to members by the Appointments Committee. The meeting responded by acclamation.

B Cutforth spoke on behalf of the Appointments Committee and went through the process undertaken. The original panel of B Cutforth, M Townshend and A Gibb established their process and conducted a survey of the existing Board, asking them to gauge weaknesses and shortcomings, especially with R Riddell and W Berry retiring. He acknowledged the support of the two retiring Directors – R Riddell has steered the Association into a safe harbour over the past 12 months bringing wisdom and maturity to the position; W Berry has been an integral part of assisting the Board to make some hard decisions. He concluded that the issues facing the Board in the long term are leadership succession strategies, industry and breed knowledge, governance capability and strategic thinking. A Gibb fitted these categories, and with Council’s support, she resigned from the Appointments Committee and R Riddell was appointed to the Committee. He takes real pleasure to invite A Gibb and T Landers, they have great breed knowledge and understanding of animal evaluation, he invited them both to speak. R Riddell presented A Gibb with her Directors badge and she addressed the meeting, commenting that it has been a whirlwind trip onto Council and that governance is her passion with experience on Boards of Trustees, Arts Waikato Trust and Dairy Women’s Network. She is keen to share her experience with Council. R Riddell noted that the two appointees have attended the previous two Council meetings to get up to speed. He then presented T Landers with his Director’s badge. T Landers thanked the members for their support and congratulations, he is looking forward to the challenges ahead.

9. ELECTION OF THE DIRECTOR APPOINTMENTS COMMITTEE

The existing Committee indicated that they are available for re-election. R Riddell called for nominations.

M Townshend	E Bocoock / D Black
R Riddell	M Pedley / B Potts
B Cutforth	D Gibb / J Ellis

T Paterson took the chair. There were no further nominations, T Paterson declared the above nominees elected. R Riddell resumed the chair.

10. COUNCIL EXPENSES REVIEW COMMITTEE RECOMMENDATION

D Hickey spoke to the report as tabled; we are still not in a position to be able to fully remunerate Directors. Directors do not claim many expenses, although they are budgeted. He thanked the Directors for their contribution and opened the report for discussion.

B Potts noted that it is an on-going issue that we are not able to compensate Directors adequately, and the members need to recognise the amount of work put in by the Directors. M Townshend reiterated those comments; the breed has paid a high price as it has not had the right people to communicate adequately through the wider industry at stakeholder level. As a model for the future, we need to be able to reimburse adequately. B Cutforth commented that if we wait until we have enough money we will never get there. He commented that he is somewhat disappointed at the report and would like to have seen a 10% increase recommended, he charged Council to find ways to fund this.

That there be a 10% increase in Director honorariums.

B Cutforth / B Potts

B Potts commented that this is no reflection on the Committee. R Riddell asked if any of the Directors wanted to comment as most are not claiming. D Goldsack commented that the Council as a whole made the decision not to claim honorarium, but she would like all expenses and honorarium to be claimed. D Hickey commented that the budget to Directors is in the region of \$35,000 with just over \$4,000 claimed this year so you can see the discrepancy. M Johnson commented that this is extremely generous of the Council members and asked what happens to the unused budget. R Riddell responded that it remains in general funds, reducing the loss, and in effect becomes a donation. It is fairly common for Directors not to claim, putting breed interest first. T Paterson commented that in the past some Directors have formally donated their honorarium to projects such as youth, but he takes on board the comments. The current budget shows a small surplus (including honorariums) and they will work hard to achieve that budget to be able to claim honorariums.

The motion was put to the meeting and carried.

11. ELECTION OF COUNCIL EXPENSES REVIEW COMMITTEE

R Farley and D Hickey

B Potts / D Glass

It was noted that this will be with the approval of R Farley as he is not in attendance. There being no further nominations, R Farley and D Hickey were declared elected.

12. OTHER REPORTS

12.1 Corporate Service Managers Report. Tabled as printed in the Annual Report, the report was opened for discussion. M Townshend noted that it is pleasing to hear that a budget is in place, it would be nice for Council to consider preliminary budgets 2-3 years and beyond to get an idea of finances long term. R Riddell commented that there is significantly improved reporting to Council now in place, and there will be more to come.

12.2 Promotions. D Goldsack spoke to her report as printed in the Annual Report. Good work has been done with marketing consultants, but they presented a very large budget. This work has been broken down into more practical/affordable items. The website is not meeting our needs so we will start with that, but it will take time and money. Philippa Adam, Michael Newsom and Steve Ireland have recently joined the Committee. The report was opened for discussion. B Cutforth asked what role does the Jersey Review have as part of promotions and how does it link to the strategic plan? It is part of our window, is certainly important to members but doesn't promote to the wider industry. D Shaw commented on a focus on new membership. D Goldsack responded that we need to get in-house promotions right first before we can focus on that. M Townshend commented to the whole Board not to underestimate the importance of promotion. We have the most efficient breed (scientifically and economically), but are losing the race therefore promotions is our Achilles heel. D Goldsack agreed wholeheartedly, internal changes will assist in that we will have one staff member solely focussed on promotions, website, social media etc. There is so much more we can do, it is up to all members too and those Committees working with wider industry groups. S Ireland commented that Council see it as the biggest challenge moving forward, and it is anticipated that we will be rolling out a mentoring programme to support members and generate new members. R Hamilton asked about the Jersey Genes catalogue, P Goodin outlined the issue and confirmed that the catalogue was posted in April. R Turner commented on the pull up banner and noted that we all know the attributes listed but do all farmers? How do we get the message out to dairy farmers? T Paterson commented that we have started with the 'Unlock the Jersey Secret' brochure, there are two sides to promotions and internal promotions to our members are as important as external. S Ireland commented on financial constraints, social media such as Facebook is being used more to share Jersey articles and there is still good usage of the website. D Goldsack agreed, but the website needs to be replaced and a plan in place before we can push further. R Riddell noted that Council have long recognised the vital importance of promotions and the Industry Affairs Committee. We have had to clear some issues before moving forward and are now able to concentrate on the future with a new Council. J Ellis expressed concern that Jersey NZ information doesn't have the same impact with the average farmer than AB companies, DairyNZ etc, we need to look at using external publications. T Paterson agreed that our credibility has taken a hammering; we are now aligning with those companies to rebuild credibility.

12.4 Jersey Marketing Services Report. T Paterson spoke to the Report as printed in the Annual Report, it has been a difficult season for economic and structural reasons. The Council is considering how JMS fits into the strategy, seen as a main pillar of growth. It is still being operated through N Riddell on a part time basis, with good feedback and use over the last few weeks.

The report was opened for discussion. M Johnson asked about JMS strategy over the next 12 months, T Paterson commented that the commission will be restructured, website upgraded, employment of agents on a different contractual basis with less risk to us. R Riddell commented that JMS has a lot of potential, but has had large fluctuations in finances over the years. Run properly with the right people it can be very successful.

12.5 Judges Report. P Gilbert acknowledged that the incorrect report had been printed and tabled the 2016 report. The report was opened for discussion. M Satherley asked if judges cannot attend a judging school, do they get an exemption and why? P Gilbert responded that if there is a reasonable excuse the Committee will look at an exemption, otherwise they will come off the Judges list unless they can be certified by a Senior Judge observation. M Pedley noted that the Judging school this year was held late and at short notice. There are plenty in the Manawatu and they would be keen to host a school. Discussion followed on the timing of schools.

- 12.6 Industry Affairs Report. R Ellison spoke to the report as printed in the Annual Report. He is honoured to convene this Committee; he acknowledged the responsibility of the role and also the contributions of M Townshend and M Ellis. Work on animal evaluation milk price is ongoing and the Committee will be meeting this afternoon.
- The report was opened for discussion, bearing in mind that the current Committee has only been in place since the beginning of the year. B Montgomery commended the group, delighted to see the activity in the report. M Townshend addressed R Riddell and R Ellison; he can't overemphasise the need to have credibility and build relationships, needing to deal at the top level right from the start of an issue. He commented that there is a disconnect between governance/management at DairyNZ/NZAEL. The relationship with M Ellis (LIC) has helped immensely, but cannot be taken for granted, needs to be built on and enduring. R Riddell commented that work is ongoing with those organisations and our credibility has improved over the last months.
- 12.7 Youth Council Report. A Gibb spoke to the report as printed in the Annual Report, and asked E Reeve to make a presentation – Jersey connecting youth. Completed governance training, started database build, NZ Dairy Event rosettes & sticker promotion, halter competition, operating plan for next two years, delegate to Jersey NZ board meetings. Over the next 12 months – database, youth ambassador role at club level, youth training session / synergies between breeds, investigate further funding, develop long term funding streams & sponsorship. He invited feedback to the Youth Councillors present, the meeting responded by acclamation. A Gibb noted that she is energised by their passion, reiterated the development of a youth database and youth ambassadors.
- The report was opened for discussion. D Shaw commended the group, the governance model could identify other possible candidates ready to look at other governance roles. M Satherley asked if any work is being done with other breeds? A Gibb commented that many youth are members across breeds, it is hoped to include other breeds in the future.
- 12.8 TOP & Classification Report. P Gilbert spoke to the report as printed in the Annual Report. He reiterated his thanks to Robert Hall, and presented Robert with a bottle of wine.
- The report was opened for discussion. M Pedley thanked P Gilbert for stepping into this role and acknowledged the work done behind the scenes in the office. Some years ago he suggested a small Committee to consider how we will do this work in five years time, he spoke to the issue of inspector numbers and cow numbers per inspector, working with other breeds, lots of issues need to be addressed. N Riddell asked if we are any closer to across breed awards. P Gilbert responded that the Committee needs to meet, and that each breed would need to make concessions for an across breed classification system. N Riddell commented that if unified we can use other inspectors and have the award added in the office. P Gilbert commented that we can't send two inspectors to each area because of inspector numbers, we need more inspectors. D Shaw commented on numbers booked vs. actually inspected. He also spoke to inspector expenses, this needs to be at least minimum wage and can we be asking DairyNZ to help out?
- P Gilbert agreed that inspectors are not well paid and we hope to change that for next season. R Riddell commented that the Council recognises the issues and is working to rectify them for next season.

That all reports as tabled are adopted.

N Riddell / D Shaw

Carried.

The meeting broke for morning tea at 11.15 am and resumed at 11.50 am.

R Riddell opened the floor for discussion of registrations, TOP and membership numbers.

M Townshend commented that he is not surprised at the downturn in registrations; he is interested to know the impact of the economic downturn vs. the impact of the fraud issue. He asked how many active members are there? P Goodin responded to registration numbers and the new standing order system. She also discussed the definition of an 'active member'; if we look at members who use all services & programmes reflected in the Service Awards it is not very high. R Riddell added that it is fundamental to Jersey New Zealand and to members, need to justify the investment of \$16-17 per animal including TOP, it is then up to the member how that investment is used. It is also fundamental to our finances, it allows us to work on behalf of our members, he urged all members to register their animals – they can make money out of pedigree Jerseys. M Townshend added that we need to understand how much is due to the pay-out (out of our control) vs. credibility (within our control). R Riddell commented that Council is doing its best to regain credibility. Further discussion took place on 'active' members, M Townshend suggested those that spend over \$1,000, P Goodin responded that small herds can also be equally as active, R Riddell added that registration and classification would be critical to active membership. M Pedley asked about the possibility of electronic inspection? P Goodin spoke about a presentation on this at a recent TOP Advisory meeting, work is being considered in this area.

B Cutforth commented on the strategic plan as the energy that will drive the organisation into the future, there needs to be ongoing work around the core purpose which for him would be 'custodians of the jersey cow population of NZ'.

The behaviour is driven by whether this is seen as the whole Jersey population or the registered subset, breed enthusiasts or the wider Jersey population, showing or commercial, there is confusion & tension around this role. We need to be strategic in developing a business plan moving forward, discussion will create shape and purpose and drive decision making. R Riddell responded the Council is clear that strategy covers all Jerseys. D Black endorsed the comments of B Cutforth and expressed concern at a loss of focus, strategy must be around the commercial aspects of the Jersey cow focussed on driving profitability of the Jersey cow.

12. NOTICE OF MOTION

P Goodin spoke to the substantive changes of the Notice of Motion from the Board. R Riddell opened the notice for discussion. D Hickey asked if legal clarification was requested for the wording on rule 3.6? R Riddell responded no. B Montgomery spoke to the issue of the ability of the Board to appoint in the event of a vacancy – appointment or election depending on timing of vacancy (e.g. if resign one year into four year term). R Riddell commented on appointments this year – this was a unique situation as we were to have an election within a few months which meant that three vacancies would need to be elected and there were immediate issues around a quorum. This could not be included in the current Notice of Motion but could be considered for the future if that is the wish of the meeting.

That the Notices of Motion for Rules 1, 3.6, 7.2 (d) & (e), 12.1, 13, 15, 16, 17, 18, 19, 20.3-20.15, 21, 22, 23, 24, 25.2, 25.3, 27.2, 27.8, 27.10, 28, 29, 30, 37, 38, 40, 41, 42, 45.3, 46 & 48 as printed in the Annual Report be adopted.

T Paterson / P Gilbert

Carried.

Discussion continued on Director vacancies, R Riddell spoke to a slide regarding the current process, the process of having newly appointed Directors in place for the AGM and the unique situation in 2014 with fallout following the fraud discovery. M Wallace asked about the process if a Board member resigns? R Riddell confirmed that it at the Board's discretion whether to appoint to fill the vacancy or hold an election (for the remainder of that term).

Discussion followed on a guideline around timeframes for appointment or election, M Pedley is happy that it remains at the discretion of the Board. B Potts, B Montgomery and R Riddell also spoke in favour of the status quo. M Townshend responded that flexibility is good, but he would expect a good reason for appointment over election. R Riddell commented that appointment also shortens the process.

13. GENERAL BUSINESS

13.1 Excellent two year olds. P Gilbert asked for member's views on awarding Excellent to two year olds as many members are not happy with this, we are the only breed to do so. Mrs M Morris would be happy to wait for four years, two year olds are too immature and have only been in milk a couple of months. B Montgomery asked if it was maintained, would it lapse if not represented at four years? B Cutforth noted that the BVs used in animal evaluation are derived from two year old information, breeders should be placing more value on the BVs. M Pedley suggested that it is time to review the whole system and asking what members want, can we be working with other breeds, discussion around Excellent being awarded to elite animals. Further discussion followed – B Cutforth commented on adding value, building brand on pedigree, attaching awards to BVs & ongoing debate; D Black agreed with comments of M Morris; G Collins noted heifers will still carry the raw score and BVs are taken from the two year old raw scores; R Riddell added that other two year old awards would remain; N Riddell noted that awards do not change the contribution to animal evaluation, the award is a Breed Society issue and he supports the removal of Excellent as a two year old award; D Hickey noted the historical issues and expressed concern at two year olds receiving 7/6 and 9/9 raw scores receiving the same award; T Luckin suggested changing to A+; K Tosland supported the status quo; R Colbrook commented members should look at scores first; D Shaw commented on a great discussion.

That the Classification Committee considers the issue of Excellent awards for two year olds, and bring a recommendation to the next AGM.

D Shaw / M Townshend

B Morris commented that it would be helpful to know how many members would not like inspectors of other breeds on farm, we need to all get together and work together.

The motion was put to the meeting and carried.

R Riddell asked for a general indication from those present who would like to retain the Excellent award for two year olds, or not (slightly more). A quick straw poll was also taken on use of inspectors from other breeds (clear indication yes) and unifying awards across Breed Societies (clear indication yes).

S Hamilton asked if it is possible to have full time across breed inspectors as is done overseas, and if LIC /CRV can contribute as they use the data? R Riddell responded that it is a seasonal activity and changing this would change the dynamic for the industry, the AB companies already pay for the data to be collected.

A Walford asked if this is sufficient, P Goodin responded that this is monitored carefully every year. B Potts asked if AB Company staff can inspect, P Goodin responded that only for internal purposes as inspections going towards animal evaluation must be independent.

- 13.2 JerseyGenome™ programme. R Hamilton expressed concern at the large number of heifers from the same member often with the same ancestry, he feels the more members participating the better, not more heifers from fewer members. T Paterson responded that there is no upper limit on the programme, final selection is by Working Group vote and all heifers will have the same chance as they don't know which by the same breeding will come through. The limiting factor is the financial investment by members; the Working Group and Board are currently re-evaluating the cost to members. A Walford commented on the lack of information available. T Paterson responded that there was a lot of emphasis on reporting in the first years at significant cost to resources. Currently promotion has been narrowed to the Jersey Review, AGM awards and individual breeders. N Riddell asked if there will be a reduction in cost to members, T Paterson noted that a preliminary reduction has been made which needs to be confirmed by the Working Group this week. A Parker (CRV Ambreed) added that CRV maintains its commitment to the JerseyGenome programme, the existing contracts and 2016 contracts are still proceeding. E Reeve asked if there is any tension in the relationship with the new LIC joint venture going forward. A Parker reiterated the commitment of CRV Ambreed, R Riddell added that any potential areas of conflict will be dealt with as they arise.
- 13.3 Industry Affairs. R Hamilton asked for clarification regarding PW being out of step with BW from the Industry Affairs report. R Ellison responded that PW is owned by LIC and is not part of Animal Evaluation. BW changes implemented by Animal Evaluation have promoted the Jersey breed, but changes to PW have not kept pace to the detriment of the breed. M Ellis added that this is the largest negative factor to the breed currently – there are eight traits in BW including Body Condition Score, but only production traits are included in PW. LW is the real lactation measure by contemporary group per season. PW is for lifetime future productivity but does not include fertility or residual survival. BW has risen, PW has been left behind, and therefore farmers need to have higher performing two year olds to get PW close to BW. With culling decisions made on PW, a lot of Jersey animals are leaving the national herd. He has received assurances that this will be fixed. M Townshend commented that this is where the Industry Affairs and Promotions Committees are very important going forward. These sorts of issues will continue and need to be dealt with. N Riddell commented that this is also affecting animal sales placing a negative impact on the breed before some have even purchased Jerseys.
- 13.4 Governance Committee. M Pedley commented that the Committee was set up at last year's AGM of himself, M Townshend, A Shaw and B Montgomery. They have met with the Board; there is no final report as yet. They will be in a better position after today as so much progress has been made. They were asked to look at the size of the Board and concluded that we need to make what we have work following recent changes to the Board. They would still like discussion on whether there is a need for local representation. Discussion followed on the possibility of a roadshow moving around the country speaking to Jersey farmers (not just members). N Riddell commented that Te Awamutu Club are working on a Jersey focus day and are happy to work with the Board and other clubs. L Beehre feels very strongly about this, many Jersey farmers can see no connection to Jersey NZ as they can't see the benefits to their business.

The meeting broke for lunch at 1.30 pm and resumed at 2.20 pm.

R Riddell reminded the meeting of the final comment; this is a great example of justifying registrations, grading up cattle, increased value of stock through registrations and good farming practise. The industry work helps all Jersey farmers, that work has added a lot of value although rarely seen outside the membership. Discussion followed, J Ellis has just sold his herd and saw a definite advantage to selling registered and classified stock; T Paterson commented on a community effort – more registrations, more revenue, more resource for issues that affect all Jersey farmers; N Riddell commented that we are the only group that lobbies just for Jersey farmers and it is very easy to realise the value in registrations. B Cutforth has endeavoured to market value add but there is a disconnect, the marketplace is not hearing our message. The Jersey Review is not suitable for external use; we need to ensure communication at the right/commercial level. This may often be corporate business people running dynamic, successful businesses.

M Pedley returned the discussion to representation, the new Board need to continue work on this – is there an advantage is representation under Board level geographically e.g. Board - region – Board information flow? D Shaw felt there is a clear need, the Board and Promotions Committee need to work on a blueprint. Discussion followed on the proposed mentor programme, B Montgomery asked if mentors will be appointed or elected? Discussion followed, R Riddell felt mentors could include a representation role; M Pedley commented on the crossover and if the mentor scheme will undertake this role is there still a place for the Governance Committee?

Discussion then took place around two way representation by mentors (working title); G Ellison suggested networkers. Further discussion followed on the Committee and Board working together within the strategic plan.

- 13.5 All Breeds Youth Sale. M Satherley advised the meeting that an all breeds youth sale will be held on 5 December, the finer details are still to be finalised.
- 13.6 Jersey Pride Sale. It was noted that Brian Robinson will be the auctioneer and is providing his services free of charge. The meeting responded by acclamation.
- 13.7 Jersey index. Discussion took place on a possible Jersey index, constructed by Jersey NZ for members, with us deciding on weightings on BVs etc. May be issues with Animal Evaluation, but may also counter some of the issue of an across breed evaluation system. D Shaw agreed, may be beneficial to breed and help identify bulls for the future of the breed.
- M Johnson agreed that we need a point of difference, promoting our won bulls in plain English would receive a strong following. E Reeve disagreed, getting commercial farmers to understand the existing system is hard enough, we would be better off putting resources into educate/support/influence the current cross breed evaluation system towards Jersey. R Ellison felt that if we were looking after the Jersey breed we would need to set some bottom lines. Does Jersey NZ need to publish a list of bulls that meet criteria set by Jersey NZ for the breed? R Riddell clarified that the index would also be for females. P Brewster felt that it was a novel idea, but that we would struggle to get one index that all breeders supported, it may create further disconnect with the national breeding objective. D Hickey agreed with E Reeve and P Brewster, once we start to dictate breeding programmes we are on dangerous ground.
- 13.8 President. R Colebrook thanked R Riddell for his work and serve as President once again, the meeting responded by acclamation.
- 13.9 Annual Conference 2018. As there have been no clubs volunteer to host the 2018 Conference, the intention is that the Board will host this in Wellington with some assistance from the Manawatu Club. A Hazlitt believed that the club would be happy to assist.

R Riddell thanked all the members present for their attendance and the positive nature of the discussions. The meeting responded by acclamation.

That being all the business the meeting was closed at 2.50 pm.

jersey^{NZ}

