ICAR Acting Secretary General Report for ICAR Board Meeting Tuesday 18th and Wednesday 19th November 2014.

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Acting Secretary General Report to ICAR Board

November 18 & 19, 2014

1 Matters from Minutes

1.1 AQAS Review

In the absence of a note from Jay I propose that this matter be subsumed into the discussion on the Terms of Reference for the Milk Analysis Subcommittee in section 11 below.

2 Priorities

Our priorities are currently:

- Chief Executive Recruitment
- Services Review
- Financial Projections
- Keeping members and stakeholders informed.
- Supporting Organisers of Future Conferences.
- Identifying Issues of Strategic Importance.

3 Recruitment Committee Report

The Recruitment Committee met on Friday 31st October and again on Friday 7th November. In summary 32 applications were received and this has been reduced to a short list of seven. Interviews are being scheduled for early December.

4 Appointment of Reinhard Reents to ICAR Board

Following a consultation involving the President, ASG (Acting Secretary General) and Reinhard Reents it has been agreed:

- That Reinhard Reents, will be consulted by telephone conference with the President and ASG in advance of the November meetings of ICAR and Service-ICAR Boards.
- The goal of this consultation is to ensure clear and direct communication on issues of mutual interest between Interbull and ICAR while limiting the amount of time required from Rienhard Reents.
- The first conference call took place on Tuesday 11th November in advance these ICAR Board papers being distributed.
- It is planned that these conference call will continue through to May of 2015.
- Reinhard will attend the Krakow meeting of the ICAR Board – Monday 8th June.

5 Board Composition – Service-ICAR

5.1 ICAR Business Processes

I have conducted a review of ICAR business processes to ensure Service-ICAR follows ICAR strategy and that the members of the Service-ICAR Board do not face conflicts of interest when making decisons.

The ICAR business processes have been reviewed to clarify the following key points:

- All significant (greater than €1,000 not in approved annual budget and greater than €5,000 in approved annual budget) capital (non-operating item) expenditure must be approved by the ICAR Board.
- Where the capital expenditure is from the accounts of Service-ICAR they must be approved by the Service-ICAR board before being incurred.
- The ICAR Board must approve the annual priorities and annual budgets for ICAR and Service-ICAR.
- The Board of Service-ICAR must approve the annual priorities and annual budgets for Service-ICAR.
- The relevant business processes that have been amended are F1 and F2. Two new processes (F10 and F11) have been added to deal with significant non-operating expenditure. The Board of Service-ICAR is responsible for the decisions relating to F11. The amended (F2) and new (F10 and F11) processes are (with changes highlighted):

N°	Name	Description	Inputs	Key Decision	Outputs
F1	Establish ICAR Budget	Establish and approve multiyear annual budget for ICAR.	Previous year(s) outcome and budget(s). Projected membership numbers and membership fees. Projected contribution(s) TO/ from Service ICAR. Commitments made. Projects under consideration. ICAR's strategic priorities.	ICAR Board	Agreed and approved multiyear annual budget for ICAR. Agreed membership fees.

N°	Name	Description	Inputs	Key Decision	Outputs
F2	Establish Service ICAR Budget	Establish and approve multiyear annual budget for Service ICAR.	Previous year(s) outcome and budget(s). Contribution expected by ICAR Board. Income and expenditure projections for new and existing services. Views of Groups overseeing specific services. Reasonable expectations of income produced by new activities. ICAR's strategic priorities. Approval by ICAR Board.	sICAR Board	Agreed and approved multiyear annual budget for Service ICAR. Agreed service fees.
F10	Significant non-operational expenditure.	All significant (greater than €1,000 not in approved annual budget and greater than €5,000 in approved annual budget - for ICAR or Service-ICAR) capital (non-operating items) expenditure must be approved by the ICAR Board.	Budget of ICAR or Service-ICAR. Case for expenditure. Recommendation from Service-ICAR Board if relevant.	ICAR Board	Authorisation to commit funding for signifiant non-operating expenditure.
F11	Significant non-operational Service-ICAR expenditure.	All significant (greater than €1,000 not in approved annual Service-ICAR budget and greater than €5,000 in approved annual Service-ICAR budget) capital (non-operating items) expenditure must be approved by the Service-ICAR Board.	Budget of Service-ICAR. Case for expenditure. Approval of ICAR Board.	sICAR Board	Authorisation to commit funding for signifiant non-operating expenditure from accounts of Service-ICAR.

It is recommended that the ICAR Board endorse modifications to ICAR business processes to clarify the mechanism by which Service-ICAR strategy kept consistant with that of ICAR.

5.2 Membership of Service-ICAR Board

Further to:

- the discussion at the last (September 30th) ICAR Board meeting,
- the anticipated outcome of the Service-ICAR Board meeting on 18th November, and
- the amended ICAR business processes above,

is it recommended that the Chairpersons of the Milk Analyis, Recording Devices and Identification Subcommittees be appointed to the Service-ICAR Board. The appointment mechanism to be:

a) The ICAR Board agrees to appoint Martin Burke, the current Chairperson of the Recording Devices Sub-Committee to the Board of Service-ICAR, for as long as he remains the Chairperson of the Recording Devices Sub-Committee.

b) An EGM of Service-ICAR, at which the President of ICAR is appointed to represent ICAR, will be called for the purpose of appointing Martin Burke to the Board of Service-ICAR.

c) When a new person is appointed as the Chairperson of the Milk Analysis Sub-Committee the above steps (a and b) will be repeated for that person.

In the event of any Sub-Committee Chairperson ceasing to be the Chair an EGM of Service-ICAR will be called to remove them from the Board of Service-ICAR and replace them with the new Chairperson.

6 Financial

6.1 3rd Quarter Actuals and Forecast to Year-end 2014

The financial report to the end of the 3rd quarter (September 30th, 2014) is attached as appendix 1. The report includes a year-end forecast based on current knowledge.

6.2 2015 Budget

The budget for 2015 was approved at the General Assembly in Berlin. However, with the strategic priority discussions planned it is proposed that the 2015 budget be reviewed, and if necessary amended, to incorporate changes resulting. It is proposed that the revised budget for 2015 will be presented to the January 2015 meeting of the ICAR Board for adoption. If changes are required then the ICAR membership will need to be notified and their approval obtained.

6.3 Investments

In their report to the ICAR Board dated 26th February 2014 the ICAR Inspectors (Kucera and Petreny) made the following comments:

1.1. The investment through Deutsche Bank Italia (DBI) has been reported at market value as recommended in 2012.

1.2. *Because the return of the DBI investment is below the expected 3.25% annual return (the return is currently about 0.75 % less 1 600 € administration fee) the auditors suggest that the board consider selling the investment by the Deutsch Bank prior to maturity if there is no conflict with the investment contract and there is no risk of any kind of penalty.*

A review of investment options has identified the need for greater flexibility in accessing funds and for achieving market rates while ensuring security of the funds. Currently the amount of cash not required for normal operations is some €500,000 across ICAR and Service-ICAR.

It is recommended that the DBI investment[1] be terminated and that the surplus cash, that is cash not required for normal operations, held by ICAR and Service-ICAR be placed on rolling six month term deposits a market rates.

6.4 ICAR and Service-ICAR

A meeting with ICAR's accountant, Patrizia Milano, during the recent visit to Rome by the President and myself and more recent correspondence, clarified a number of important financial questions including the following:

No.	Question:	Answer:
1	Why does ICAR have to pay VAT on invoices from supplier issued in Italy or other EU countries?	• ICAR is not registered for VAT in Italy and is thus treated as a "EU citizen". • Under EU law companies registered for VAT in a member state must include VAT in their invoices to EU citizens.
2	Why does ICAR not pay tax on annual surpluses?	It is registered under Italian law as a non-profit organisation.
3	What other taxes must ICAR pay?	• There are a number of taxes related to staff employed, which amount to some 28% of the salary agreed with the employee. • ICAR must retain an amount equal to some 8% of the agreed salary, which is paid to the employee on termination of employment. This is not a tax in that it is retained by the employer and paid to the employee on termination of employment.

[1] Currently valued at €242,494 – refer to Financial Report (Appendix 1) balance sheet.

4	How is Service-ICAR different from ICAR?	Service-ICAR is registered as a commercial company under Italian law and is VAT registered.
5	What are the VAT implications for Service-ICAR?	• Very little of Service-ICAR's income incurs VAT since most of the services are to either VAT registered entities in other EU countries or to entities outside the EU. • Very little of Service-ICAR's expenditure incurs VAT since most of its suppliers are either VAT registered entities in other EU countries or are entities outside the EU.
6	What is the tax rate on Service-ICAR profits?	• It depends on a number of different factors but averages about 25%.
7	Does Service-ICAR pay the same tax on salaries, as does ICAR?	Not quite but the difference is small.
8	What happens if Service-ICAR makes a loss?	• The company tax is zero. • The loss is funded from the balance sheet. • ICAR can strengthen the balance sheet of ICAR by increasing the capital in Service-ICAR. Funds transferred in this way from ICAR to Service-ICAR do not incur tax for ICAR or Service-ICAR. • ICAR currently has €191,000 in cash reserves on its balance sheet.
9	Which is the best option for funding the financial contribution towards the cost of developing the GENOEX PSE service by Interbull?	• Provide the funds from Service-ICAR as a pre-tax expense based on an annual invoice from SLU. • Compared with providing the funds from ICAR this saves VAT (25% for Sweden) and reduces the tax liability for Service-ICAR. • The decision to provide the funds in this way needs to be supported by a resolution of the Service-ICAR Board.

7 Risks and Insurance

I have been in contact with Rome based agents for two international insurance companies AON[2] and CHUBB[3] seeking quotations for appropriate cover for ICAR and Service-ICAR.

CHUBB have since advised that they only deal with customers through brokers and advised that we contact a broker.

I met with a representative of AON recently in Rome. AON is an insurance broker with worldwide coverage. They have been appointed, initially for a 12-month period to provide insurance brokerage services to ICAR and Service-ICAR.

Proposals for reducing risk for ICAR and Service-ICAR are currently being developed by AON.

8 Legal Advice

As part of our initiative to reduce risks for ICAR and Service-ICAR the legal firm Agathemis (http://www.agathemis-studiolegaleassociato.it) have been appointed to:

a) Review our website (www.icar.org) and identify steps we should take to minimise risks, and

b) Review our current agreements with Service Users and Service Providers to ensure they contain adequate disclaimers and protection against risks.

During our recent visit to Rome the President and I met with Ms Plantade the founding partner of Agathemis. She provided advice to ICAR during the transfer of Service-ICAR from France to Italy some years ago.

9 Staffing

9.1 Milan Zalic

Milan works on the basis of an annual contract with ICAR. Either party, on two months notice, can terminate the contract. He is paid on the basis of time worked. The current contract expires at the end of 2014.

Milan is providing support for the current review of Statutes & Bylaws and the ICAR Newsletter. The Statutes & Bylaws review will be completed with amendments being adopted at the Krakow meeting in 2015.

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[2] AON plc is a British multinational corporation headquartered in London, England, that provides risk management, insurance and reinsurance brokerage, human resource solutions and outsourcing services. Aon has approximately 500 offices worldwide, serving 120 countries with 65,000 employees.

[3] CHUBB. The Chubb Corporation was formed in 1967 and was listed on the New York Stock Exchange in 1984. With approximately 10,100 employees throughout North America, Europe, South America, and the Pacific Rim, Chubb serves property and casualty customers from some 120 offices in 27 countries around the globe. Chubb works with 8,500 independent agents and brokers worldwide.

Under my contract for services with ICAR I do not have the authority to employ or dismiss staff or contractors.

It is my recommendation to the Board that the contract with Milan Zalic be renewed for 2015 on the same basis as for 2014.

10 Animal Welfare Recording Working Group (AWR-WG)

10.1 Report

The AWR-WG have completed a cross-analysis of ICAR and OIE interests in animal welfare. Their report is attached at appendix 2.

It is recommended that the Board endorse the report of the AWR-WG and request that their suggestions be acted on by the Secretariat in collaboration with the relevant ICAR Groups.

10.2 Chairperson

Pierre-Louis Gastinel has been convening the AWR-WG since its creation in November 2013. He has indicated that he now wishes to stand-down from this work.

I have sought suggestions from the members of the Group. They have identified Linsday Mathews who is a New Zealander currently based in Germany at Muenster University, Muenster (Germany). His CV shows a strong link to New Zealand and Australia and particular expertise in the field of animal welfare. I have written to New Zealand (DairyNZ) and Australia (DairyAustralia) to see if they are prepared to provide financial support for his continued participation on the AWR-WG and am currently awaiting a response.

Recommendation: That the Board endorse the appointment of Lindsay Mathews as Chairperson of the AWR-WG subject to satisfactory support from ICAR members in New Zealand and or Australia.

11 Milk Analysis Sub-Committee (MA-SC)

11.1 Revised Terms of Reference (ToR)

Since the last Board meeting I have met (by telephone conference) with the current members of the MA-SC and developed ToR. I have also consulted with IDF on these to ensure compatibility with their efforts in this field. The revised ToR for the MA-SC are attached as appendix 2.

It is recommended that the Board approve the revised terms of reference for the MA-SC and to now seek a suitable candidate to Chair the MA-SC.

11.2 Nomination to Accuracy Task Force

The MA-SC has proposed Harrie van den Bijgaart as a member of the Accuracy Task Force. This proposal has been accepted.

12 Accuracy Task Force

The first meeting of the Accuracy Task Force was held on 5th November. A plan of work has been agreed and the next meeting will be on December 9th. The Task Force is scheduled to report to the ICAR Board in June 2015. Members of the Task Force are:

ICAR Accuracy Task Force - Name, Country and Expertise
Martin Burke, Ireland, milk recording, recording devices and quality systems
Kees de Koning, Netherlands, recording device testing, and statistical systems.
Albert De Vries, USA, precision systems, research and management information
Bevin Harris, New Zealand, statistics, animal breeding and recording systems
Esa Mäntysaari, Finland, statistics, animal breeding and research
Filippo Miglior, Canada, milk recording, research and animal breeding
Franz Schallerl, Austria, milk recording, quality assurance and practical application
Harrie van den Bijgaart, Netherlands, milk analysis, milk recording and analytical systems
Joel Weller, Israel, statistics, economics, research and animal breeding
Brian Wickham, Ireland, Convenor

13 Statutes and Byelaws

During the discussion which took place at the September 30th ICAR Board a question was raised in relation to Article 2.1 of the Statutes for which "*The new proposal introduces the involvement of ICAR in identification, recording and evaluation of characteristics of production systems and their bearing on animal health, welfare, productivity, food safety and the environment as new fields of activity of ICAR Members.*

The following justification is given for this proposal.

Recording and evaluation of characteristics of production systems represent new challenges and opportunities for expansion of services that ICAR Members provide and offer to their clients. The proposal is based on:

- developments in programs and activities of a number of ICAR Members in the field of animal health and functional traits recording,

- very good and encouraging activities of the ICAR WG Functional Traits, and
- the establishment of the WG Animal Welfare.
- It fits well within the image and the role of ICAR, whose members are global providers of information for business decisions related to genetic improvement and farm/herd management.
- Potential fields for further expansion could be the recording of green house gases (GHG) and nitrogen emissions.

Recommendation: that the ICAR Staff Team prepare a finalised draft of the proposed amendments with explanations, along the lines outlined to the Board, for consideration by the ICAR Board at its January 2015 meeting.

14 Strategic Options and Priorities

In preparation for the workshop on ICAR strategy a summary of current priorities has been prepared. The most recent draft is attached as appendix 3.

15 EAAP Cattle Commission – Joint Session with ICAR

Christa Egger-Danner, Chair of the ICAR Functional Traits WG has been appointed as co-chair for a joint ICAR and EAAP Cattle Commission session with the title "*New sources of phenotypes in cattle production*", to be held on Thursday, September 3rd 2015 in Warsaw during the next EAAP Conference.

16 Membership

16.1 DairyNZ

An application for full membership has been received from DairyNZ. They are responsible for dairy cattle genetic evaluations in New Zealand.

It is recommended the DairyNZ be granted full membership of ICAR.

16.2 Department of Animal Science, Agricultural Faculty, University of Novi Sad, Serbia.

We have received confirmation that Department carries out milk recording in a limited number of farms and that they plan to establish a milk analysis lab.

They thus qualify for full membership.

It is recommended full membership of ICAR be granted to the Department of Animal Science, Agricultural Faculty, University of Novi Sad, Serbia.

17 Future Meetings

17.1 FAO/ICAR Identification Workshop – 13th to 15th April in South Africa

Planning is proceeding.

17.2 Technical Meeting - Krakow, May 2015

Planning is proceeding according to the agreed timetable.

17.3 2017 and 2018

No proposals have been received yet.

18 Future ICAR Board Meetings

18.1 Meeting Schedule

The following table is the updated schedule of meetings for the ICAR Board and the Council of Service ICAR. Please note the amended times for January 2015 meetings. I have not changed the February meetings – hopefully the new CE will be in place by then.

Table 1. Future Meetings.

Org'n	Meeting	Date	Start-finish (CET)	Venue	Notes
Service ICAR	Board	Tuesday 20/01/2015	20:00 - 21:00	Telephone Conference	NZ Time 8:00 - 9:00 AM Wed 21st Jan Madison USA: 13:00 to 14:00
ICAR	Board	Tuesday 27/01/2015	20:00 - 21:00	Telephone Conference	NZ Time 8:00 - 9:00 AM Wed 28th Jan Madison USA: 13:00 to 14:00
ICAR	Board	Tuesday 24/02/2015	7.30-8.30	Telephone Conference	
Service ICAR	Board	Tuesday 24/03/2015	16:00 - 17:00	Telephone Conference	
ICAR	Board	Tuesday 31/03/2015	7.30-8.30	Telephone Conference	
FAO & ICAR	ID Workshop	13/4 - 15/4, 2015	8.00-18.00	Pretoria	ICAR Board not meeting unless the need arises.
ICAR	Board	Tuesday 28/04/2015	7.30-8.30	Telephone Conference	
Service ICAR	Board	Tuesday 19/05/2015	16:00 - 17:00	Telephone Conference	
ICAR	Board	Tuesday 26/05/2015	7.30-8.30	Telephone Conference	
ICAR	Board	Monday 8/06/2015	8:00-12:00	Krakow	
ICAR	Board	Wednesday 10/06/2015	10:00-10:30	Krakow	Post AGM/EGM Meeting

Brian Wickham

Acting Secretary General

Date 11th November 2014.

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19 Appendix 1 – Financial Report

20 Appendix 2 – Report of Animal Welfare Working Group

21 Appendix 3 – Revised Terms of Reference for Milk Analysis Sub-Committee

22 Appendix 4 – Current Priorities