



Australian Holistic Management
Co-operative Limited

Annual Report

23 September 2022



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This annual report has been prepared by the Directors of the Australian Holistic Management Co-operative Limited for the financial year 1 July 2021 to 30 June 2022.

It is submitted to the 2022 Annual General Meeting of the Co-operative to be held at 8:00am (AEST) on Thursday, 23 November 2022, as per the requirement of Rule 5.3 Business of the annual general meeting, 1.b.ii a report on the state of affairs of the co-operative.

This report includes the following elements:

- Our Purpose
- What we have achieved
- Individual Director Perspectives
- Performance Metrics: financial; governance
- Financial Statements
- Lean Canvass of Member Value Proposition

Attachments

- Holistic Context

Tony Hill
Director
Executive Chair

Chris Main
Director
Secretary & Treasurer

Ian Chapman
Director

Rebecca Gorman
Director

Brian Wehlburg
Director



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Our Purpose

Statement of Purpose:

To build recognition of our brand and our quality assurance scheme in Australia for products from regenerative agriculture and land management.

[See attached Holistic Context and Lean Canvass summary of the Co-op value proposition and business concept]

Rationale

Ecological Outcome Verification (EOV) is the monitoring tool that will drive Australian agricultural land health improvement and it has been at the core of our activities again this financial year. This robust measurement approach is outcomes based, so farmers can use whatever management approaches that suit them to improve nature's resilience. If they wish, farmers in the Co-op can use the Australian Holistic Management Co-op logo to show that they're on the journey of ecological health, while in the future they can use the EOV seal to prove they are achieving positive ecological change.

During 2021-22 as we have progressed in the roll out of EOV and Land to Market Australia, we have realised that while the brand opportunities for producers could be enormous, the immediate need for both farmers and the agriculture industry is thorough monitoring and verification that we offer through EOV. This means that we have focused on supporting farmers to establish their baseline sites and conduct annual monitoring to collect robust data, as well as assisting farmers to use the monitoring data to support management decisions. We believe that this emphasis on baselines and monitoring data will attract both commodity producers as well as those engaged in direct marketing.

The results of our efforts are substantial. As of 30 September 2022, all 19 of the farms where we sought verification, have received it from the Savory Institute EOV Quality Assurance team (same number as 2021). Our verifier team decided to wait till further data from next year on another one. We have yet to complete monitoring on another two farms for the current year of verification. This means that of the eligible farms in 2022, more than 95% have received verification for 2021!

What have we achieved

Key achievements during 2020-21 include:

Co-operative

- Continued effective operation of the Australian Holistic Management Co-operative Limited
- The financial year of 2021-22 resulted in a nearly stable level of turnover compared to the previous financial year, \$265,050.20 compared with \$255,238.98. The budget projected for 2022-23, as approved by the board, shows a substantial increase by 400% to more than \$1.2 million.
- Co-op Membership as at 30 June 2022 – 57 members (compared to 43 at the previous June)
- Further development of relationship with Holistic Management accredited educators in Australia
- Many thanks to Chris Main, director and treasurer since establishment of the Co-op, retiring this year

Ecological Outcome Verification (EOV)

- Continued delivery of Ecological Outcome Verification, including update of Australian field guides in line with EOV 3.0, to be considered by 2022 Annual General Meeting
- Growth in demand for EOV services has revealed a shortage of resources for EOV delivery, with substantial delays in delivery of 2021-22 monitoring reports to members.
- Nearing completion of the 2021-22 Australian EOV monitoring season and reporting planned for 30 September 2022 – monitoring or baseline of 56 farms representing 80,365ha (compared to last year 43 farms representing 57,369ha)
- 19 EOV certificates issued for the 2021 monitoring season, with licensing of the EOV seal being made available to these landbases

- Continuing participation in regular contact with Savory Institute EOV for update workshops, and other specific topic workshops and discussions
- Participation commenced with year 1 of the Savory Institute project for EOV monitoring of 1 million acres over five years, with funding from the US based Deckers company.
- EOV capacity building:
 - two new verifier accreditation applications
 - two new monitor accreditation applications
 - three new EOV monitors being trained in Western Australia (September 2022)
 - 13 new potential EOV monitors trained in the first face to face course (October 2022)

Brand

- Savory Institute has decided to restructure Land to Market worldwide as a separate corporate entity under the Savory structure, and we hosted a visit from the Land to Market team to Australia in July 2022. This approach will give more effective engagement with businesses and international supply chains.
- Land to Market Australia brand now being integrated into the new corporate structure of Land to Market worldwide
- Continued support for Co-op members to use of the Land to Market brand and seal where Land to Market eligibility requirements are met
- Continuing relations with 10 Australian Market Partners, to be linked into Land to Market worldwide

Farming Matters Conference

- Planning proceeding for Farming Matters 2023 conference to be held on 3, 4 and 5 May, with the theme of 'what regeneration can deliver' – focused on the revolution occurring in markets for ecological assured products, with growing consumer demand, government policy and regulator engagement to avoid 'greenwashing'
- 2023 Farming Matters conference will build on 2021 attendance of more than 370 delegates and speakers

Profile, Projects and Future Plans

- Lismore City Council -Landscape Hydration Index development (Project B) – funding received \$100,000.00 – final report submitted in March 2022
- Deckers sheep producers project year 1 – Savory Institute funding of \$150,000 with monitoring of 31 landbases with an area of more than 60,000ha, with possible extension of another 6 farms and 14,000ha
- Deckers sheep producers project year 2 – currently under negotiation with a budget of around \$500,000, and extended remit beyond EOV monitoring and verification, to include capacity building, Holistic Management training and Holistic Management support
- Dawson Catchment Coordination – project proposal for implementation of Landscape Hydration Index, including an EOV monitoring component with funding of around \$160,000



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Individual Director Perspectives

Ian Chapman

The last twelve months has been another period of great work and achievements, including activities not specifically mentioned here that are laying the ground work for the future. I want to thank the members and my fellow board directors for the generosity of their time and effort, which has produced quite amazing results in a short time.

Apart from regular co-op management, we are constantly looking for projects and directions that will significantly improve our land, and for the benefit of members. This includes a wide range of areas, such as liaison and negotiations with The Savory Institute and Market Partners, our Conference in 2023, EOV monitoring and reporting (along with quality improvement, increasing capacity etc.), business planning and strategising, liaising with stakeholders and groups expressing interest to collaborate with L2M and use EOV (such as LLS, Councils, farming organisations, regenerative ag' organisations, etc.), along with seeking selected opportunities for political engagement.

The prospects are many and varied, and at this stage we need to continue to explore and consider, but there is now a steady stream of interested parties coming to us, and some with considerable funds attached.

Gradually we are able to pay for more essential services, such as project and EOV co-ordination, financial support and social media activities, and so spreading the workload somewhat, and increasing the expertise. I hope this can continue, and again this year I encourage members to nominate if you are able to contribute.

One area of concern is that our success in winning contracts may outstrip our capacity to properly service and complete projects that we take on. We really need to attract more EOV monitors, verifiers, and capable support providers. Another is the efficacy of all of our efforts, without sound political support at the highest level.

So much to progress.

Rebecca Gorman

Another year of Land to Market and both the Land and the Market are expanding. With support from the Savory Institute linking Land to Market wool producers into the global Ugg Boot market, we have expanded our hectares under EOV monitoring considerably. At the same time there is growing demand from consumers to influence how products are grown. A rigorous process of ecological monitoring is the only way to know if your farming management is leading to improved environments. Coming up to the 5th monitoring on our own property, I have found the results at times encouraging and exciting, sometimes surprising and concerning: either way essential information for making decisions. As we know, there are no independent variables when working with nature - everything has an impact on everything else, so the more information that we can gather from the land, the better. With a keen new group of trainees starting out their monitoring career, and improved systems in place for managing the daily work schedule, Land to Market remains a lean organisation. Of course there is much to be done to keep Ecological Outcome Verification positioned correctly within the growing Ecosystem Services market. I believe it remains the most robust feedback and measuring tool available with the highest integrity. I look forward to being involved in another exciting year of progress.

Chris Main

It has been another great year for both the Co-op and Regenerative Agriculture in general. It is pleasing to see the continued growth in membership and financial strength of the Co-op, and it is great to see growing



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awareness of Regenerative Agriculture in the community, both among farmers and consumers, and it is expected that this trend will continue. This is my last Annual Report as a Director of the Co-op, I have greatly enjoyed my time being involved with Land to Market and I wish all members and the Co-op all the best for the future.

Brian Wehlburg

An exciting year to report on. For me the highlight is the Deckers Project - an absolute win, win, win for our members and participants. They continue to do the good work they are doing, the scientifically rigorous, globally accepted monitoring of their land is paid for, and our farmers get a world recognised verification seal to put on their products to boost sales and profitability, all at no cost or effort to participants. This is what we dreamed of! And the project is growing, more acres and more benefits for producers in terms of funding for training and upskilling. Hats off to the team for the negotiations, the prep and the training and facilitation for the required increased numbers of monitors and verifiers.

A second, possibly huge opportunity for our Co-op is to provide monitoring for the various carbon contracts to help ensure that, through the annual EOY monitoring, producers are actually on track to increase their carbon storage between the expensive carbon measurements every 5 or 10 years.

My biggest disappointment is again the slow uptake of monitoring by farmers. With average land values for Australian farms sitting between \$3 000 and \$13 000 per ha ([Ref1](#)) and soaring, our land is often our most expensive asset. Why are land owners, regardless of size, not all having their land independently monitored? Cost? With the average Australian spending around \$3 000 a year on coffee ([Ref2](#)) and a similar figure for Alcohol ([Ref3](#)), I struggle to comprehend the resistance to taking on board an annual expense of just \$1650 (lite) to have your land independently monitored even if you only have a hectare. With this seen as as being too expensive, I'm thinking we don't have our priorities right!

Ref 1

<https://www.commercialrealestate.com.au/news/australian-farmland-prices-soar-in-every-state-during-covid-19-report-finds-1050267/>

Ref 2

<https://www.bing.com/search?q=what+does+the+average+australian+spend+on+coffee+a+year&cvid=f5d7a8e0c9bb413f8628d90328bd84c1&aqs=edge..69i57.16705j0j1&pglt=2083&FORM=ANNTA1&PC=U531&ntref=1>

Ref 3

<https://www.news.com.au/lifestyle/health/alcohol-rising-australians-drink-about-680-bottles-of-beer-a-year/news-story/9a73d22ba74c02ea576a78dc16e7c060>

Performance Metrics

Financial 2021-22

Cash at bank 30 June 2022: \$126,965.53

Income:	\$265,020.50	Assets:	\$161,125.53
Expenses:	\$207,292.90	Liabilities	\$51,982.00
Tax paid:	\$13,627.50	Net assets	\$109,143.53
Net income:	\$44,100.10		

See attached detailed financial statement.

Notes:

- For a co-operative, payments for member shares must be treated as a liability, so liabilities quoted above include a provision for repayment of \$39,800 in member shares, should memberships be discontinued. As a distributing Co-op, members are entitled to receive their share of any distributions according to their holding of member shares.
- Part of expenses has been spent on building the profile of the Co-operative through attendance at key events and creation of the website.
- Assets and liabilities are both inclusive of amounts held in relation to the conference.

Governance 2021-22

Ordinary Board Meetings

Director	Elected	5/7	26/7	30/8	21/9	22/9	27/9	25/10	29/11	3/1	7/2	16/2	7/3	2/5	6/6
Tony Hill, Executive Chair	2021	y	y	y	y	y	y	y	y	y	y	y	y	y	y
Chris Main, Secretary & Treasurer	2020	y	y	A	y	y	y	y	y	y	y	y	y	y	y
Ian Chapman	2020	y	y	y	y	y	y	y	y	y	y	y	y	y	y
Brian Wehlburg	2019	y	y	y	y	y	y	y	y	y	y	y	y	y	y
Rebecca Gorman	2020	y	y	y	y	y	y	y	y	y	y	y	y	y	y

Note: y = attended, A = apology, R = resigned, n/a = not available

Board Strategy Meetings 2021-22

August 2022, September 2022 (3), October 2022

Financial Statements to 30 June 2022

Income & Expense statement	30 Jun 2022	30 Jun 2021
Income		
Member Fees - Joining	\$1,380.00	\$1,300.00
Member Fees - Annual	\$34,200.00	\$40,372.73
Monitoring Services	\$51,990.00	\$24,750.00
Soil Testing		\$1,360.00
Interest	\$50.45	\$117.38
Other - expense reimbursement	\$122.84	\$1,741.60
Other - conference		\$182,238.72
Other - book sales		\$358.55
Other - Murraylands & Riverland Landscape Board	\$5,000.00	\$3,000.00
Other - Landscape Rehydration Project	\$100,000.00	
Other - Deckers Project	\$72,277.21	
Total Income	\$265,020.50	\$255,238.98
Expenses		
Bank Fees	-\$32.70	-\$32.00
Bookkeeping Services	-\$541.78	-\$523.68
Communications expense		
Conferences		-\$109,498.29
Cost of Sales - books		-\$318.50
Deckers Project Expenses	-\$7,302.38	
Equipment Purchase		
Event Sponsorship	-\$12,050.30	
Expense Reimbursement - Directors	-\$3,113.44	-\$32,089.86
Expense Reimbursement - Other		-\$1,349.09
Insurance	-\$3,100.30	-\$1,034.27
Landscape Rehydration Project Expenses	-\$97,390.43	
Marketing	-\$8,000.00	
Memberships	-\$153.00	-\$55.00
Monitoring expenses	-\$60,394.42	-\$45,746.86
Other expenses	-\$1,430.00	
Savory Hub Fee	-\$2,796.99	-\$2,230.50
Share Registry	-\$1,140.00	
Software	-\$6,260.00	
Soil Testing Expenses		-\$6,800.00
Website & design	-\$3,587.16	-\$4,023.72
Total Expenses	-\$207,292.90	-\$203,701.77
Tax Paid & Payable	-\$13,627.50	-\$9,917.70
Net Income	\$44,100.10	\$41,619.51

Balance Sheet	30 Jun 2022	30 Jun 2021
Assets		
Cash	\$126,965.53	\$65,646.28
Receivables	\$34,160.00	\$12,188.00
Total Assets	\$161,125.53	\$77,834.28
Liabilities		
Payables	-\$12,182.00	-\$3,385.89
Share reserves	-\$39,800.00	-\$27,600.00
Total Liabilities	-\$51,982.00	-\$30,985.89
Net Assets (Liabilities)	\$109,143.53	\$46,848.39

Cash Flow Statement	\$44,742.00	30 Jun 2021
Cash Flows from Operating Activities		
Receipts from Customers	\$291,464.77	\$158,475.42
Payments to Suppliers	-\$223,814.57	-\$223,351.45
Interest Received	\$51,990.00	\$24,750.00
Net Operating Cashflow	\$119,640.20	-\$40,126.03
Finance Cost	-\$32.70	-\$32.00
BAS Refunds	\$1,198.00	\$2,652.00
BAS & PAYG Payments	-\$19,546.70	-\$3,229.00
Net cash inflow (outflow) from operating activities	\$101,258.80	-\$40,735.03
Cash Flows from Investing Activities		
Payments for PPE & other assets	\$0.00	\$0.00
Proceeds from sale of PPE	\$0.00	\$0.00
Net cash inflow (outflow) from investing activities	\$0.00	\$0.00
Cash Flows from Financing Activities		
Proceeds from share issues	\$12,600.00	\$8,200.00
Cost of share redemptions	-\$600.00	\$0.00
Net cash inflow (outflow) from financing activities	\$12,000.00	\$8,200.00
Cash at beginning of year	-\$32,535.03	\$0.00
Net increase/(decrease) in cash held	\$119,258.80	-\$32,535.03
Cash at the end of the year	\$80,723.77	-\$32,535.03

Statement of Changes in Equity	30 Jun 2022	30 Jun 2021
Contributed Equity	\$40,400.00	\$28,400.00
Retained Earnings	\$23,073.24	\$23,073.24
Total Equity	\$63,473.24	\$51,473.24

Lean Canvas for Co-operative Business Model

<p>Purpose</p> <p>Mission: To improve the recognition of, and support for, the efforts of producers to regenerate agricultural land in the community and throughout the food and fibre supply chain by creating a recognisable brand and quality assurance (QA) scheme for Australian regenerative agriculture (including Holistic Management) practitioners and their products.</p> <p>Members made up of: Producers willing to monitor ecological health of their landscape.</p> <p>Key Resources</p> <p>Core Competencies</p> <ul style="list-style-type: none"> • Delivery of EOV • Brand management • Membership relations • International relations • Stakeholder engagement (community, market partners and others) • Lean management team - capable and informed <p>Financial Resources</p> <ul style="list-style-type: none"> • Stable financing of EOV • Generate sufficient surplus for brand development finance and fixed costs • Efficient, effective, low cost organisation 	<p>Key Processes</p> <p>Ecological Outcomes Verified (EOV):</p> <ul style="list-style-type: none"> • Consistent and robust application of EOV program (and branding) in Australia • Monitoring (incl. audit and data management) • EOV training • Participatory Guarantee Scheme (PGS) with audit & quality controls. • Verifiers • EOV seal approval and other licensing requirements <p>Marketing</p> <ul style="list-style-type: none"> • Strategic management of brand: Land to Market Australia • Website and other social media • Communications <p>Member & Stakeholder Relations</p> <ul style="list-style-type: none"> • Deliver on, and build, member value proposition (MVP) over time <p>Administrative:</p> <ul style="list-style-type: none"> • Compliance and Governance • Finance Control (banking, accounting and book-keeping, online commerce, insurance) • People resources (employees and contractors) • Rules, policies and metrics 	<p>Member Value Proposition</p> <p>We benefit members through four roles.</p> <p>As Patrons: Access to a unique EOV and supporting services</p> <ul style="list-style-type: none"> • Verify ecological outcomes • Possible rebates for fees from surplus • License to use Land to Market Australia Brand & EOV seal • Raise producer's profile • Potential price premiums as brand goods <p>As Investors:</p> <ul style="list-style-type: none"> • Build a valuable brand asset: Land to Market Australia and EOV • Potential dividends <p>As Owners: Retain control</p> <ul style="list-style-type: none"> • One vote per member. • A say in the design and development of the brand. <p>As Members of Community:</p> <ul style="list-style-type: none"> • Part of a learning community • Supporting each other to build resilience • Improving ecosystem services for Australians 	<p>Governance</p> <p>Board:</p> <ul style="list-style-type: none"> • 1 x Chair • 4 x Directors • Aim to be remunerated <p>Executive/ Administration</p> <ul style="list-style-type: none"> • Current aim 1 x 0.6 full time equivalent (paid) • Secretary appointed by Board <p>Membership & Community</p> <ul style="list-style-type: none"> • Open membership • Equal share rights <p>Meet the Active Member Test:</p> <ul style="list-style-type: none"> • Pay member fees (~\$1,000 pa) and purchase shares (min. 3 @ \$200 ea) • Actively support: the co-operative; brand and abide by its underlying values (including preferential supply to market partners when in the members interest) <p>And, either</p> <ul style="list-style-type: none"> • Participate in the QA program; or • Support the conduct of the QA program. 	<p>Share Structure</p> <p>Type of Co-op:</p> <ul style="list-style-type: none"> • Distributing (ie dividends payable from surplus) • To be registered in NSW under Co-operative National Law <p>Share Ownership Rights</p> <ul style="list-style-type: none"> • Restricted to members • Voting rights associated with membership not shares <p>Share Capital</p> <ul style="list-style-type: none"> • Redeemable on resignation. • Up to 20% as maximum share holding • Transferable with some conditions • Not convertible to tradeable stock • Other provisions and limits as per the Rules.
<p>Economic, Social and Environmental Performance</p> <ul style="list-style-type: none"> • MVP has continuing value due to EOV • Member economic value with business/patronage value and investor returns • Social capital benefits through resilient farmers and communities with better mental health • Improved ecosystem services for farming systems and behalf of all Australians <p style="text-align: right;">After: Clark, Mazzarol, Reboud & Limnios (2014)</p>		<p>Dividend Policy</p> <ul style="list-style-type: none"> • Member shares set percent of profit • Share reinvestment in lieu of dividend • Share re-valuation annually • Rates for above subject to member vote. 	<p>Profit Formula</p> <p>Products</p> <ul style="list-style-type: none"> • Robust EOV • Marketing <p>Pricing Strategy</p> <ul style="list-style-type: none"> • Low cost service delivery • Potential rebates 	