

GARDINER FOUNDATION



Statement of Strategic Intent

2011 – 2012

CONTENT

	Page
PREAMBLE	3
STRATEGIC INTENT	4
Gardiner Foundation at a glance	4
Engaging key dairy stakeholders	4
Innovation across the dairy value chain	4
Foundation funding programs	5
○ Building science capability	5
○ Innovation	5
○ Community and People Development	5
○ Breakthrough Projects	6
Strategic Planning Framework	6
Aligning dairy's priority issues and avoiding duplicated investment	7
Funding processes	7
Capturing and responding to "lessons learned"	9

PREAMBLE

This document has been prepared in two parts:

Part 1 – Strategic Intent

This section of the plan is presented with a 3 to 5 year time horizon in mind. It is robust from year to year and is visionary, conceptual and directional in nature. The statement of Strategic Intent is designed to;

- Explain the Foundation's operations to others in order to inform, motivate & involve others
- Serve as a framework for decisions or for securing support/approval
- Provide the basis for more detailed planning
- Assist benchmarking & performance measurement; and
- Stimulate change and become a building block for the next plan

STRATEGIC INTENT

Gardiner Foundation at a glance

The Geoffrey Gardiner Dairy Foundation is a proactive investor in projects that have significant impact for the Victorian dairy industry and the wider community.

The Victorian Dairy Act 2000 created the Foundation with \$62m in seed funding from sale of milk brands as part of deregulation of the industry. It is the Foundation policy to maintain the current real value of this legacy. As at mid 2011 an investment portfolio of \$87m is invested by a reputable fund manager and the income produced supports the Foundation's funding programs.

The Foundation was named in honour of the late Geoffrey Gardiner an inspirational dairy leader of his time. Max Fehring, Past President of United Dairyfarmers of Victoria said *"Geoffrey Gardiner was a man who started out living an ordinary life but then made an extraordinary contribution to the dairy industry and wider community"*.

Headquartered in the Melbourne CBD the Foundation is structured as a company limited by guarantee and led by a well-networked, multi-skilled Board of six industry leaders. The Foundation employs a small team of people who are extensively networked across the dairy value chain.

Philanthropy Australia listed the Foundation as the fourth largest philanthropic organisation in Australia in the 2009-2010 Financial Year

Since 2000 the Foundation has invested in excess of \$35m in cash contributions to over 500 projects. With partner co-funding this represents \$150m in new investment across the dairy value chain. At any one time the Foundation typically has a portfolio of 90 active projects which, with partner investments, represents around \$25 million worth of ongoing investment in innovation.

Engaging key dairy stakeholders

Both the Foundation Directors and staff are deeply embedded in dairy industry boards and committees that identify priority issues and respond with investments across the value chain. In a typical year Directors and team members attend in excess of 300 key stakeholder meetings.

Perceptions of key stakeholders are regularly and independently surveyed. Stakeholders hold the Foundation in high regard. Key reasons stakeholders identified for the past successes of the Foundation included:

- *"The organisation is quick and responsive to changing industry needs";*
- *"The Foundation fills in the gaps where other organisations can't or don't fund";*
- *"The Foundation is willing to fund smaller projects";*
- *"The Foundation has a strong connection with producers";*
- *"Projects are clearly aligned with industry needs".*

Stakeholders value their strong personal relationships and direct interaction with the Foundation; team members are accessible; the organisation has a genuine desire to engage and listen to new ideas; staff are open, straight forward and transparent in their dealings and are professional and strategic in their approach.

Innovation across the dairy value chain

For the Foundation “innovation” means a single process whereby the “*research and development*” needed to create new science, technology, processes or services is seamlessly linked with “*adoption*” of that R&D delivering demonstrable outcomes at farm, factory, consumer or community level.

Applicants for Foundation funding are encouraged to submit a compelling business case which incorporates both elements in the project plan.

Foundation funding programs

Building science capability

This program builds capabilities that underpin science, technology and services to create a highly agile and responsive infrastructure providing relevant and timely support to the Victorian dairy industry on priority issues for public good.

Since 2000, the Foundation has invested in individual capability building projects aligned with the dairy industry Cooperative Research Centre, co-funded pasture development projects at the Molecular Plant Breeding CRC, was an inaugural member of Dairy Innovation Australia Limited and created the \$12.5 million Dairy Health and Nutrition Consortium.

Innovation

This program creates a portfolio of projects based around one or more of the following activities:

- the design and adoption of new science, technology, products or services and production or processing techniques
- the adaptation of dairy production or processing technologies developed overseas for use in the Victorian dairy industry
- the innovative redesign of existing production / processing technologies to improve efficiencies and productivity across the dairy value chain

Innovative projects funded in conjunction with other industry organisations have resulted in the extended lactation of dairy cows, improved potable water utilisation and reduced effluent in dairy processing, and used ultrasonics and pulsed field electrical treatment as novel processing techniques.

Community and People Development

This program responds to demographic data showing the Australian workforce is shrinking for the first time in 60 years. An imperative for the dairy industry is to ensure it competes with other sectors to “attract, retain and develop” talented people.

The same demographic data shows that of 100 000 people who work in the Australian dairy industry 60 000 live in, and contribute to small rural communities of less than 5000 people. Strengthening these communities that support dairy is a defining issue for the industry.

The Foundation has a proud track record of pioneering new initiatives in community and people development. Recent investments include: the Cows Create Careers project which provides Year 8&9 students with a first taste of dairy and now runs nationally; building the Young Dairy Development Program to a Statewide program with 1000 members; building the Sustainable Dairy Farm Families initiative now operating under the National Centre for Farmer Health; developing a Volunteerism in Small Communities project now run across South Western Victoria; pioneering the

DairySage Mentoring Program; and, a range of leadership programs that have helped develop current and future dairy leaders.

Breakthrough Projects

The Gardiner Foundation has the flexibility to identify gaps in capability across the dairy demand chain and to take a leadership position to address that gap where there is an industry and public benefit.

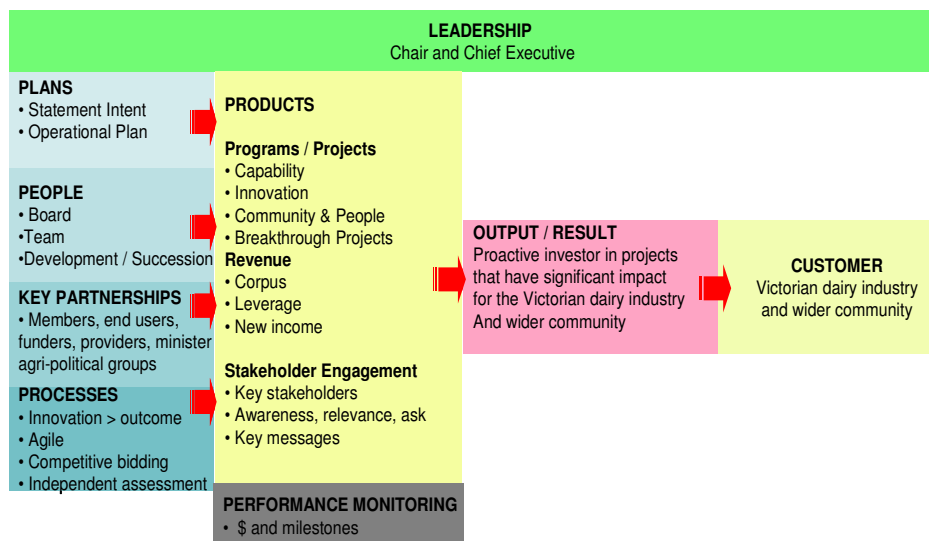
All of these investments, whether targeted to deliver impact across the industry, on the farm, attract, retain and develop dairy people or strengthen small dairy communities, are driven by end user steering committees and are aligned with agreed industry priorities.

Most importantly however, the core program areas are agile and responsive to changing industry needs and have the ability to fund both large cross-sector, multi-player projects as well as equally important small community grants which form the backbone of ongoing community development. Many of the projects – after initial seed funding from the Foundation – have evolved across the Australian dairy sector, providing an ever-increasing return on investment.

The Foundation contributes to the Victorian dairy industry in a unique way because its independent structure means it can respond quickly to emerging issues like drought or flood and it invests across the dairy value chain in areas where other major funding bodies may be limited by their mandate or funding guidelines.

Strategic Planning Framework

To continually align its operations with emerging priority issues for the Victorian dairy industry the Foundation has adopted the following strategic planning framework:



- The Foundation’s key customer is the Victorian dairy industry and the associated wider community
- The Foundation’s business is to act as an independent and proactive investor in projects that have a significant impact for the Victorian dairy industry and the wider community

- The Foundation is positioned to identify gaps in capability across the dairy demand chain and to take a leadership position in addressing that gap where there is an industry and public benefit.
- The Foundation's Board annually approves a Statement of Strategic Intent which is presented with a 3 to 5 year time horizon in mind. It is robust from year to year and is visionary, conceptual and directional in nature. The Board also approves a detailed yearly Operational Plan & Budget
- The Foundation is structured as a company limited by guarantee and led by a well-networked, multi-skilled Board of six industry leaders. The Foundation employs a small team of people who are equally well networked and multi-skilled.
- The Board and Foundation team are deeply embedded in boards and committees that identify priority issues and respond with investment in innovation across the dairy value chain. Key partnerships include members, end users, funding partners, science providers, the Victorian Minister for Agriculture and agri-political organisations.
- The Foundation's operational processes are based on agility, innovation focused on outcomes for end users, competitive bidding processes undertaken by dairy industry leaders with diverse skills, and project monitoring and progress payments based on performance against milestones.

Aligning dairy's priority issues and avoiding duplicated investment

Dairy Australia provides the industry with an annual Situation and Outlook Report. In periods of rapid change in the operating environment, for example changes in climatic conditions or market returns, Dairy Australia provides additional reports to a wide range of industry stakeholders. The Foundation encourages applicants for funding to be aware of the latest Dairy Australia Situation and Outlook Reports and to ensure their proposed project is aligned with the industry's priority issues.

Of particular value is Dairy Australia's description of the dairy value chain. This analysis gives applicants for Foundation funding a very sound understanding of where their proposed project makes an impact in that chain and who the suppliers and customers may be when the project is commercialised. Details of the latest Dairy Australia reports can be found at www.dairyaustralia.com.au

There are many organisations funding projects across the dairy value chain. The Foundation has built into its assessment processes checks to avoid overlap and duplication of funding to individual projects. Applicants must establish that their project is "unique". Dairy Australia is provided with a list of applications by title, project description and funds requested. Dairy Australia feedback is a double check that the project applications are aligned with industry priority issues and that there is no duplication of funding.

Funding processes

The Foundation's funding programs are highly competitive and merit based with assessment processes designed to ensure only the highest quality, most relevant and timely projects are funded.

Applicants are requested to submit a compelling business case based on four selection criteria:

- What is the unique proposition being developed?

- What is the impact of the project at farm, factory, consumer or community level?
- A detailed project plan that demonstrates how the project will deliver impact for the Victorian dairy industry.
- The skill balance and track record of the project team to deliver the stated outcome.

The Foundation works cooperatively with applicants providing feedback on drafts to ensure each project has every opportunity for success.

The Foundation deploys independent multi-skilled teams of industry leaders to independently then collectively assess funding applications against each of the four selection criteria. The assessors recommendations are endorsed by the Foundation's Board before an offer of funding is made.

The Foundation does not expect to be a sole funder. Applicants are encouraged to seek additional funds from other sources. In-kind contributions can be valued and included in the project budget.

To be eligible for funding the applicant must:

- have an Australian Business Number,
- be financially sound, with a demonstrable and established track record,
- demonstrate the ability to fund, or secure third party funds for the project costs:
and,
- demonstrate commitment to and capacity for resolving the project challenge/s and delivering outcomes and impacts which benefit at least one sector of the Victorian dairy value chain.

The Foundation considers eligible activities for funding to include development related activities, as well as costs directly associated with delivering impact at farm, factory, consumer or community level. It is expected that activities funded by the Gardiner Foundation would be predominantly undertaken within Victoria and would demonstrably benefit the Victorian dairy industry.

Foundation funding is not available for:

- ongoing commercial activity
- purchase of land or building expenditure other than minor maintenance of community facilities
- remuneration and related costs of personnel not directly engaged in project activity
- formal education courses
- salary, overheads or other costs of government funded agencies (except where a fee for service is normally charged)
- projects seeking funding of a recurrent nature
- individual welfare projects

Applicants are provided with feedback on the assessment of their application. Resubmissions of unsuccessful applications that have been improved by the feedback process are encouraged. These resubmissions are processed in the next available round of funding.

The Foundation has developed a "boiler plate" contractual agreement as part of the application process. Details of the "boilerplate" agreement are provided on the Foundation's website. Applicants are asked to attest on the application to the fact that, if offered funding, they will accept the boilerplate agreement as the basis for the

contract between the Foundation and provider. This process has radically shortened the timeframes between application and actual funding.

Capturing and responding to “lessons learned”

The Foundation manages an active communications program to raise the awareness and relevance of its operations. Activities include iconic events to celebrate the commencement of new projects and targeted briefings for key industry personnel to engage them in responses to priority issues. A website is continuously updated to raise awareness of the Foundation’s activities and to provide those seeking to apply for funding with the background briefings that that would maximise their chances of success. The Foundation produces an Annual Review which is circulated to members, the Victorian Minister for Agriculture, Parliamentarians and wide range of industry stakeholders.