

GARDINER 
FOUNDATION

Annual Report 2014

Investing for a vibrant dairy future



GEOFFREY GARDINER DAIRY FOUNDATION LIMITED

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**His Excellency the Honourable
Alex Chernov AC QC**

Governor of Victoria

Patron of the Gardiner Foundation





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CHAIRMAN'S REVIEW

The Gardiner Dairy Foundation was established in 2000 by the Victorian Government, in partnership with Victorian farmer, processor and manufacturer groups. The Foundation's remit is established via legislation in Section 65 of the Dairy Act 2000. Since its establishment, the Gardiner Dairy Foundation has made a significant contribution to the Victorian Dairy Industry and is globally unique in its position as an independent funder within a dairy industry. I have been privileged to lead the Foundation, as its Chairman, since November 2010.

A principal responsibility is stewardship of the original corpus of \$62m, which at the end of financial year 2014, through capital growth, has achieved a value in excess of \$99m. During the Foundation's first decade of operation, the corpus produced income which supported Gardiner's investments in a valuable portfolio of projects benefiting the Victorian Dairy Industry, contributing in excess of \$50m, before leverage, to RD&E and Community and People activities.

Following the appointment of Chief Executive Mary Harney in September 2012, the Foundation initiated a review of its priorities, costs and organisational structure, including a review of the prior 5-7 years of project investment. This was undertaken with a view to determining future strategic directions and has resulted in the adoption by the Board in June 2014 of a refreshed Strategic Direction 2015-17.

As the dairy industry emerges from a decade of challenging times, various components of the industry are energised around a profitable growth agenda, in some instances setting actual growth targets. Gardiner's investment in RD&E is aligned with the national RD&E Strategy, Dairy Moving Forward, and we are committed to responding to the challenge of the 'profitable growth agenda' and targets currently forming part of industry thinking.

Gardiner Foundation's five principal responsibilities, as defined by the Constitution, revolve around:

- Prudent management of the Gardiner corpus: undertaken since 2005 by ANZ Trustees in accordance with an Investment Management Agreement defining the manner in which the corpus should be invested and performance expectations. The Foundation has initiated a second triennial review of fund performance to be undertaken later in 2014.
- Industry Support: by funding activities that have the potential to enable change and industry improvement.
- Funding of RD&E: that improves industry productivity and profitability pre- and post-farmgate.
- People Development: through a range of investments aimed at filling gaps in the industry's

- human resource capability as well as support and development of Victorian dairy industry leaders.
- Community Development: through local support programs for dairy communities.

At the 2014 Annual General Meeting, two members of the Gardiner Board will complete their service with the Foundation and I wish to acknowledge and sincerely thank both Distinguished Professor Paul Moughan and Tyran Jones.

Paul joined in 2000 as a member of the Inaugural Board and has made a truly significant contribution to the Foundation's work, particularly in the scientific field. He is known globally for his research in nutritional and health promoting properties of milk components and milk products and leads New Zealand's Riddet Centre.

Tyran leaves the Foundation's Board, having taken up the strategically important role of President of the United Dairyfarmers of Victoria. Tyran is a structural design engineer who returned to dairy farming in 1996 and has served the Victorian Dairy Industry in a number of key roles, bringing to them broad industry knowledge, particularly on pre-farmgate issues and the RD&E environment.

I wish to acknowledge and thank the many dairy industry stakeholders with whom the Gardiner Dairy Foundation works throughout the year. In particular, I would like to express appreciation to our Patron, H.E. The Hon. Alex Chernov AC QC Governor of Victoria, who graciously hosted a reception for industry stakeholders at Government House in December 2013 to launch Gardiner's new Australian Dairy Leadership Alumni initiative.

Special thanks are extended to the Minister for Agriculture and Food Security, The Hon. Peter Walsh, MLA, for his strong and supportive relationship with the Foundation. I must also mention the excellent collaborative working relationship enjoyed between Gardiner Dairy Foundation and the Minister's Department, the Department of Environment and Primary Industries.

Finally, sincere appreciation to the Chief Executive, Mary Harney for her leadership through this period of consolidation and development of refreshed strategic directions, and to her small and effective team.

MICHAEL J TAYLOR AO
Chairman



CHIEF EXECUTIVE'S REPORT

2013/14 has generally been a more positive year for the Victorian Dairy Industry, with improved farmgate milk prices, strong export markets and less challenging seasonal conditions contributing to increased confidence in the industry.

To take advantage of the increasing numbers of consumers with discretionary income, particularly in Asia, the Victorian Government has committed to doubling production of farm produce by 2030 through its Growing Food and Fibre initiative, and to maximising the advantage in export markets of Victoria's reputation for safe, high-quality products through its Food to Asia Action Plan.

My first year with the Foundation was strongly focussed on engaging with dairy industry stakeholders and building relationships and networks. Another priority was to review the previous 5-7 years of Gardiner project investment with a view to informing future strategic directions. Gardiner's approach is to align with industry priorities as defined by key industry stakeholders such as the Victorian Government, Dairy Australia, and the Dairy Moving Forward national RD&E strategy.

Working in close collaboration with the Gardiner Foundation Board, a refreshed Strategic Direction 2015/17 has been developed to define our future investment focus.

The approach will be to provide a larger investment quantum for fewer, but larger, well-targeted projects, generally as a co-investor, in order to maximise investment critical mass. The Foundation will continue to invest across the dairy value chain, in five targeted areas:

- Industry Support Activities
- Pre-farmgate Innovation
- Post-farmgate Innovation
- People Development
- Community Development

In line with Strategic Direction 2015/17, planning is well under way to deliver two pre-farmgate RD&E Challenge Rounds each for \$1.5m over three years. These will be conducted in areas articulated in the Dairy Moving Forward national RD&E strategy as Animal Performance (to be launched in August 2014) and Feedbase & Nutrition (to be launched in December 2014) with specific challenge targets.

Work is also well progressed toward another major initiative defined in Strategic Directions 2015/17 for a significant post-farmgate Dairy Manufacturing Science and Engineering Collaboration.

In 2013/14, while continuing investment in on-going projects, the Foundation has committed new funding for:

- The Australian Dairy Leadership Alumni
- Regional Community Leadership Programs: through the Victorian Regional Community Leadership

Programs Secretariat which is funding up to 10 places per year over 3 years, with 2 places each offered to: Alpine Valleys Community Leadership Program; Community Leadership Loddon Murray; Fairley Leadership (Goulburn Murray Leadership Program); Gippsland Community Leadership Program; and Leadership Great South Coast

- Nuffield Australia Farming Scholarship: for a Victorian dairy farmer
- United Dairyfarmers of Victoria New Zealand Study Tour
- Gardiner Tertiary Scholarships: to support the development of professional skills and essential services in the dairy industry and dairy communities
- Working in Dairy Communities Small Grants Program: \$100,000 of new funding from Gardiner Foundation for the program delivered by the Foundation for Rural and Regional Renewal (FRRR).

I have had the opportunity to work closely with the Victorian Government, through the Foundation's relationship with the Minister for Agriculture and Food Security, The Hon. Peter Walsh MLA and the Department of Environment and Primary Industries (DEPI), and was privileged to serve as a Member of the Industry Roundtable on Dairy.

I also participated in several Victorian Government trade missions to key international markets such as Asia and the Middle East, with the objective of understanding the drivers and impediments to international dairy trade. These and other international linkages with Wageningen University in The Netherlands, and key dairy industry bodies in pasture-based dairy farming countries such as the United Kingdom and Ireland, have served to reinforce how unique the Gardiner Foundation is, both in terms of remit, autonomy and as an independent funding model.

Finally, I would like to acknowledge the valued collaborative relationships established with key industry stakeholders such as dairy farm business operators, Dairy Australia and the Regional Development Programs, Australian Dairy Farmers, United Dairyfarmers of Victoria, dairy processors and manufacturers, and the numerous organisations and their personnel delivering outcomes from our project investments.

My sincere appreciation to our Chairman, Mike Taylor AO and Directors, for their leadership and support, and to the team at Gardiner Foundation for their commitment and hard work.

MARY HARNEY
Chief Executive

A MESSAGE FROM THE MINISTER FOR AGRICULTURE AND FOOD SECURITY



The Victorian Government is proud of its continued support of the Gardiner Foundation. Since its incorporation in October 2000, the Foundation has worked collaboratively with the Victorian government in undertaking vital dairy research and development – creating new science, technology, processes and services. Most importantly, the Foundation's whole of supply chain approach and its strong links to industry and government have ensured that the research work it undertakes is seamlessly linked with "adoption" and delivers demonstrable outcomes at the farm, factory, consumer or community level.

The dairy industry is the largest rural industry in Victoria and is an important contributor to the State's economy. Innovation and productivity are key to remaining competitive and the Foundation's work is critical to ensuring continued productivity growth and profitability in the dairy industry along the value chain.

When the Gardiner Foundation was formed, the dairy industry was dealing with a newly deregulated environment and the industry was going through a contractionary period. Today, the Victorian dairy industry is in an era of rapid expansion into new markets in China and South East Asia and there are significant growth opportunities for the dairy industry in these markets. Victoria's world leading dairy research and development, on-farm practices, quality assurance programs and food safety standards enable our dairy producers to capitalise on this increasing demand and there is a lot to be optimistic about.

The Victorian Government released its Food to Asia Action Plan in March 2014 which states the Victorian government's support for developing research, development and extension capabilities with a strong focus on growing Asian markets and meeting Asian consumer demand. The Plan also notes the government will work with the dairy industry to explore the next generation of milk components that will help to convert milk from a commodity to higher value products for Asian markets. In addition, the Victorian Government has actively been pursuing key markets for dairy products in Asia, India and the Middle East through trade missions.

In the past 12 months I was pleased to see that the Foundation undertook a review of its research priorities, costs, operations and adopted a refreshed Strategic Direction 2015-17. I also welcomed the Foundation's continued involvement with the Department of Environment and Primary Industries on a number of key initiatives, including:

- Australian Dairy Leadership Alumni
- Feeding systems for higher value milk
- Feed conversion efficiency and lifetime profitability
- Dairy nitrogen for greater profit project
- FarmWeb 2.0: Web-based nutrient topic packages for the Victorian dairy industry project

The future success of the Gardiner Foundation will assist the continued strength and prosperity of the dairy industry which is a key interest of the Victorian Government.

THE HON. PETER WALSH MLA
Minister for Agriculture and Food Security

KEY HIGHLIGHTS 2013/14

Australian Dairy Leadership Alumni, Launched At Government House, December 2013

A new approach to developing leadership in the dairy industry was launched in Melbourne in December 2013 by His Excellency the Honorable Alex Chernov AC QC, Governor of Victoria and Patron of the Gardiner Foundation. The first summit of the Australian Dairy Leadership Alumni brought together 50 people with an active industry connection who are graduates of one of four executive leadership programs – the Australian Rural Leadership Program (ARLP), Nuffield Australia Farming Scholarships, Rabobank Executive Development Program and Horizon 2020.

The Alumni gives the industry a way to build on its significant investment in these rural leadership programs over more than 20 years, linking, for the first time, graduates across four programs and harnessing their potential for the Australian Dairy Industry.

The Australian Dairy Leadership Alumni is an initiative of the Gardiner Foundation, Dairy Australia and the Department of Environment and Primary Industries (DEPI). The secretariat is housed at the Gardiner Foundation, providing a central point to facilitate connection between alumni across the years.

AUSTRALIAN DAIRY LEADERS LUNCHEON, FEBRUARY 2014

This is a significant annual event hosted on behalf of the Gardiner Foundation by the Minister for Agriculture and Food Security, The Hon. Peter Walsh MLA. It brings together 150 leaders of the Victorian dairy industry, representing the dairy farming sector, the Victorian Government, dairy industry organisations, dairy processors and manufacturers, and research organisations.



PROFESSOR LINDSAY GRAYSON
Director of Infectious Diseases
and Microbiology, Austin Health

ONE HEALTH: COMBATING THE SUPERBUG TSUNAMI

'The rise of antibiotic resistant superbugs is a tsunami on the horizon which will take us back to the pre-antibiotic era unless urgent action is taken', Professor Grayson warned the audience at the Dairy Leaders luncheon. He outlined how a 'One Health' approach – which connects antibiotic use in humans, animals, food production and the environment – could reduce the superbug risk. He also recommended two practical pathways to implement a 'One Health' approach – reduce the use of antibiotics in Australian farming systems and lower drug residues and superbugs in overseas food imports.



DR JAKOB MALMO, MARY HARNEY AND PARTICIPANTS OF THE DAIRY
RESIDENT TRAINING PROGRAM

GARDINER TERTIARY SCHOLARSHIPS

Also at the luncheon, Chairman, Mike Taylor AO announced a Tertiary Scholarship in honour of Dr Jakob Malmo.

Dr Malmo graduated from The University of Sydney in 1961 with a B Vet Sc (Hons) and in 2001 was awarded Doctor of Veterinary Science (honoris causa) from The University of Melbourne. After graduation, Jakob became an Associate, and later Partner, at the Maffra Veterinary Centre. From 1978 he was Director of the University of Melbourne Rural Veterinary Centre at Maffra, and was a senior academic associate and tutor at the University's School of Veterinary Science. In 1994 he received an Order of Australia (AO) 'For service to veterinary science and education, and to the dairy industry' and in 2013 was appointed an Honorary Professorial Fellow at Melbourne University.

Jakob owns and manages two dairy farms in the Macalister Irrigation District, milking more than 1100 cows.

In 2013 Mr Taylor, honoured two inspirational dairy leaders for their significant leadership contributions to the dairy industry with Tertiary Scholarships established in their names. **Bill Pyle AM** has been a driving force in the dairy industry at both state and national levels and was the inaugural President of the United Dairyfarmers of Victoria. While **Doug Weir** led the Victorian Dairy Industry Authority from 1986 to 1995 after a long and distinguished career in the private business sector.

2014 TERTIARY SCHOLARSHIP AWARDS:

Inaugural Dr Jakob Malmo Dairy Scholarship 2014 was awarded to Mitchell Dodds to undertake a Bachelor of Science/Doctor of Veterinary Medicine at The University of Melbourne.

Bill Pyle AM Dairy Scholarship 2014 was awarded to Hayden Jones to undertake a Bachelor of Medicine and Bachelor of Surgery at Monash University.

Doug Weir Dairy Scholarship 2014 was awarded to Liana Collins to undertake a Bachelor of Nursing/ Psychological Science at Deakin University.



THE BOARD

Mike Taylor AO, BAg Sc, Dip.Ag.Econ., CHAIRMAN

Mike Taylor was first appointed Chairman of the Gardiner Foundation in November 2010. He brings broad experience in management, marketing, economic policy and planning to the role. He has a deep commitment to the dairy industry and is widely respected for his leadership of the Australian Dairy Industry Council in the early 90's, continuing through a long and distinguished career in the Victorian State and Commonwealth public service, particularly in his roles as Secretary to the Victorian State, and later Federal Departments of Agriculture.

SPECIAL RESPONSIBILITIES:

Member: Finance, Investment and Audit Committee

Member: Community and People Development Committee

Member: HR and Governance Committee

Michael Carroll, BAg Sc, MBA, FAIDC

Mike Carroll joined the Gardiner Board in November 2010 and chairs the Finance, Investment and Audit Committee. He brings to the Board broad experience from executive and non-executive roles in food and agribusiness. Current board roles include Queensland Sugar, Select Harvests, Tassal and Rural Funds Management. Previous board roles include Warrnambool Cheese and Butter, the Australian Farm Institute and Meat and Livestock Australia. During his executive career he established and led the NAB's agribusiness division with earlier senior executive roles including marketing, investment banking and corporate advisory services. He also has experience of agricultural research and product development. His family has been involved in agriculture for over 130 years and he has a strong personal commitment to Australian agriculture.

SPECIAL RESPONSIBILITIES:

Chairman: Finance, Investment and Audit Committee

Professor Robert Clark AM, BAg Sc (Hons), PhD, FAIST

Rob Clark has been an independent director since 2009 and brings to the Gardiner Foundation Board insight into the transfer of science and technology to real outcomes at farm, factory, consumer and community level. He is recognised for his leadership in establishing the Tasmanian Institute of Agricultural Research (TIAR) and his director roles in Rural Research Corporations and the Federal Minister for Agriculture's National R&D Council.

SPECIAL RESPONSIBILITIES:

Member: Innovation Committee

Barry Irvin AM

Barry Irvin joined the Gardiner Board in November 2010. As Executive Chairman of Bega Cheese and a director of other prominent dairy industry organisations, he brings broad dairy industry knowledge to his role on the Gardiner Foundation Board, including expertise in financial and investment management. Barry has firsthand experience of the philanthropic sector, chairing the Board of Giant Steps Sydney, which caters for children and young adults with autism.

SPECIAL RESPONSIBILITIES:

Chairman: Community and People Development Committee

Chairman: HR and Governance Committee

Member: Finance, Investment and Audit Committee

Tyran Jones, B.Eng, AAICD

Tyran Jones joined the Gardiner Board in October 2011. After five years as a structural design engineer, he returned full time to the family dairy farm in 1996. He has served seven years on the GippsDairy Board, including four as Chair. He was Chair of the Project 3030 Steering Committee and is a member of the Dairy Moving Forward Steering Committee. He brings a comprehensive understanding of the pre-farmgate issues and the RD&E environment. Key interests include the dairy farm feed base and profit drivers across the supply chain. In March 2014 he became President of United Dairyfarmers of Victoria.

SPECIAL RESPONSIBILITIES:

Member: Innovation Committee

Distinguished Professor Paul Moughan, BAg Sc (Hons), PhD, D.Sc, FRSNZ, FRSC

An independent director since 2000, Paul is a globally pre-eminent dairy scientist in nutritional and health promoting properties of milk components and milk products. His input to Board deliberations ensures scientific excellence in projects funded by the Gardiner Foundation. He is a co-director of the Riddet Institute at Massey University in New Zealand and in 2011 was admitted as a Fellow of the Royal Society of Chemistry, based in Cambridge, England. He was recently appointed Chair of the FAO Expert Consultation to review recommendations on the characterisation of dietary protein quality in humans. In 2012 Paul was the co-recipient of the prestigious New Zealand Prime Minister's Science Prize. In 2014 he was given an honorary doctorate by the University of Guelph, Canada in recognition of his exceptional scientific contributions in the fields of food and agriculture.

SPECIAL RESPONSIBILITIES:

Chairman: Innovation Committee



THE TEAM

Mary Harney, BSc, BA, MAICD
CHIEF EXECUTIVE

Prior to commencing her role as Chief Executive of the Gardiner Foundation, Mary had 35 years post graduate experience across a broad range of executive management areas in the health and agricultural sectors. She has held executive research management roles in a variety of listed and unlisted pharmaceutical biotechnology companies (human and animal health) and spent 17 years in diagnostic and research roles in the public health sector.

Jainesh Lal, CPA, B.Com (Acctg and Finance)
FINANCE MANAGER

Jainesh was appointed to the role of Finance Manager in May 2014. Jainesh possesses over 13 years of experience in various Finance and Accounting roles in a myriad of industries, of which the past 8 years have been in the Not for Profit sector. Jainesh's notable roles include Program Finance Manager at the United Nations Development Program based in Fiji, and most recently as the Finance Manager at the Nossal Institute for Global Health, a subsidiary company of the University of Melbourne.

Jenny Walsh
OFFICE MANAGER

Having an extensive background in the dairy industry, Jenny joined the Gardiner Foundation in June 2007 and is responsible for the office management, administrative, financial and team support functions. She also provides executive support to the Chairman and Chief Executive.

Aaron Gosling, BSc (Hons), PhD
PROGRAM MANAGER INNOVATION

Aaron was appointed as Program Manager Innovation in May 2011. He has a strong background in biochemistry research, focusing on milk processing, authoring articles on enzymatic lactose conversion that have been widely cited in scientific literature. His practical approach is helping guide projects to deliver a real world outcome for the Victorian dairy industry.

Rikki Andrews, BSc, G.Cert. Env.Mgt, MSocSc (Philanthropy and Social Investment)
PROGRAM MANAGER, COMMUNITY AND PEOPLE DEVELOPMENT (PART-TIME)

Rikki was appointed as Program Manager, Community and People Development, in August, 2013. Rikki has an extensive background in the philanthropic sector having worked for a number of foundations and trustee companies. Most recently she has undertaken roles in Masters-level lecturing in philanthropy and conducting professional development workshops for both community organisations and philanthropists. Rikki's background enables her to bring investment into dairying communities to a wider audience.

Cynthia Mrigate
MANAGER, STAKEHOLDER ENGAGEMENT

Cynthia joined the Gardiner Foundation as an inaugural team member in 2000 and administers the Foundation's program of engagement with the industry's stakeholders. To undertake this role Cynthia draws on her experience working in program administration for the Parliament of Victoria, the Victorian State Government and United Nations specialist agencies.

PERFORMANCE OF THE GARDINER FOUNDATION INVESTMENT PORTFOLIO

MANAGED BY ANZ TRUSTEES

The Gardiner Foundation Board has the responsibility of investing the funds entrusted to it so that it can, in turn, re-invest the earnings back into the Victorian Dairy Industry.

The Constitution provides guidance on how the funds, which we refer to as the corpus, are to be invested. The Board must:

- a) invest the income and capital of the Company in investments that are prudent and not speculative
- b) diversify the investments
- c) have regard to the need to maintain the real value of capital and the risk of capital loss or depreciation
- d) have regard to the liquidity and marketability of the proposed investment.

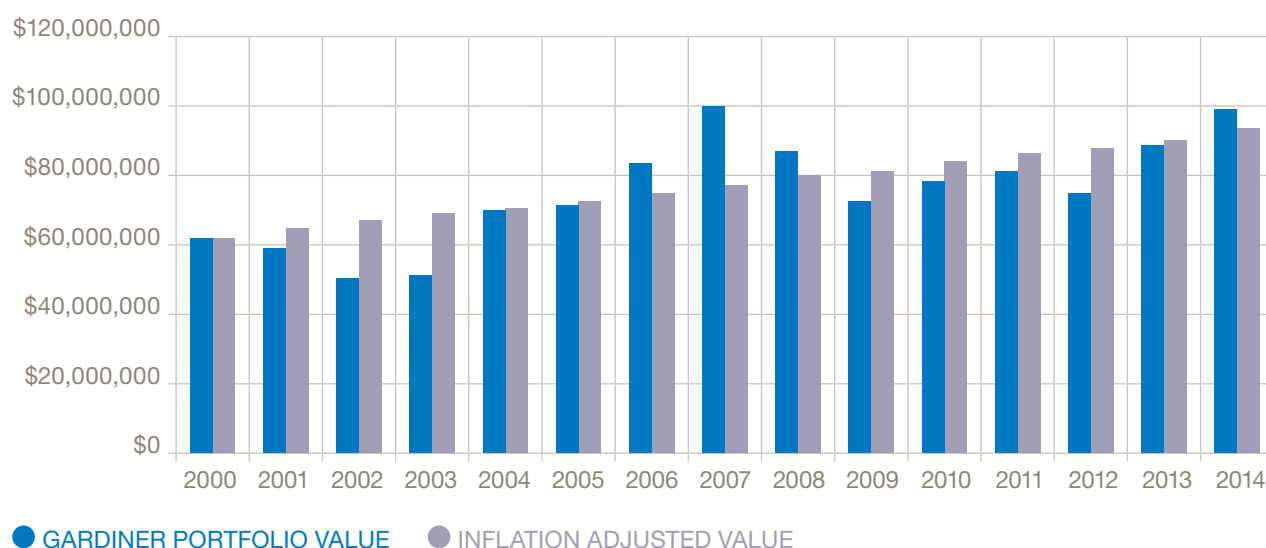
To pursue these objectives, ANZ Trustees were engaged in 2005 to manage the Gardiner Foundation corpus. An Investment Management Agreement between the Gardiner Foundation and ANZ Trustees specifies the manner in which the corpus should be invested and the performance expectations. On 7 July 2014 ANZ Trustees, including the key people managing the relationship with the Gardiner Foundation, transitioned

to Equity Trustees Limited following ANZ's sale of the business. As a result of this transition, the relationship is now between the Foundation and Equity Trustees.

Over the twelve months to 30 June 2014 the Australian sharemarket has returned 12.5% (excluding dividends). This return has benefited the Foundation due to the portfolio's significant exposure to 'blue chip' high yielding shares. These assets provide consistently high, stable and growing income, in addition to long term capital growth. The positive return evident in the sharemarket over the past 12 months saw the Foundation's portfolio increase from \$90m at the start of the year to \$99m at 30 June 2014.

The performance of the Gardiner Foundation's portfolio since 2006 is shown in **Figure 1**. Applying indexation to the original corpus value of \$63m in 2000 means that the portfolio would need to reach a value of \$93m to maintain its real value. As a result of above average market returns during 2013/14, the actual portfolio value finished the year at \$99m, thereby exceeding the inflation adjusted value required to maintain the real value of the original corpus.

FIGURE 1: INFLATION ADJUSTED VALUE OF THE PORTFOLIO VERSUS ACTUAL VALUE



ANZ Trustees places significant emphasis on wealth preservation when constructing and managing the investment portfolio. While prices of Australian shares are inherently volatile over the short term, ANZ Trustees takes a long term view when selecting quality companies in which to invest. Furthermore, the prudential overlay applied by ANZ Trustees provides additional protection for the portfolio, by ensuring poor quality or underperforming investments are avoided or removed should circumstances change.

a. Income Objective

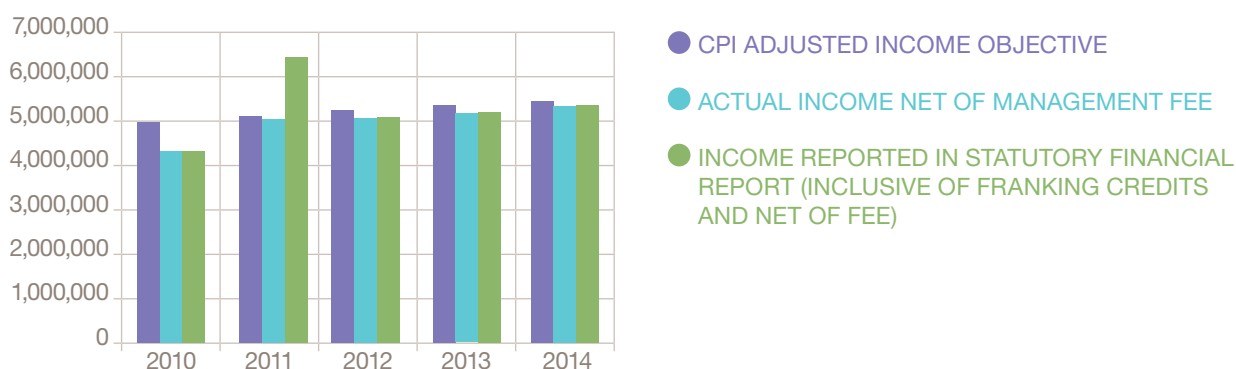
The income objective for the Gardiner Foundation in the ANZ Trustees Investment mandate (revised in May 2009) is:

"To invest the capital of the Gardiner Foundation in a diversified manner so as to achieve a gross income of not less than \$5m per annum (including franking credits and after management fees), and to grow the income of the fund, by at least the rate of inflation as measured by the Consumer Price Index (CPI) over a rolling 2 year period."

The portfolio has successfully produced income of \$5.4m for the 2013/14 year. While share prices tend to fluctuate, income from the underlying company dividends and franking credits tend to be relatively reliable and stable.

The Gardiner Foundation portfolio income has been measured against the CPI Adjusted Income objective and is set out in **Figure 2** below (albeit not on a rolling 2 year basis). The portfolio has maintained income growth in line with inflation as measured by the CPI and has benefited from the earnings growth from underlying shareholdings in Australian companies.

FIGURE 2: CPI ADJUSTED INCOME VERSUS ACTUAL INCOME VERSUS INCOME REPORTED IN STATUTORY FINANCIAL REPORT



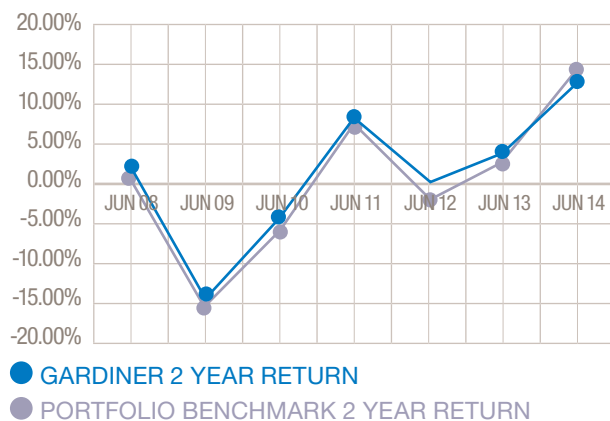
b. Capital Growth Objective

The second objective under the ANZ Trustees Investment mandate is:

"To achieve a capital growth in excess of 90% of the S&P/ASX 100 Price index over a rolling 2 year period."

Figure 3 compares the rolling two year capital return of the Gardiner Foundation's portfolio against the rolling two year portfolio benchmark of 90% of the S&P/ASX 100 Price Index. The portfolio experienced strong growth of 12.6% for the two years to 30 June 2014. Despite slightly underperforming the benchmark in 2013/14, the portfolio has consistently outperformed its benchmark over the prior five years and is well ahead on a cumulative basis.

FIGURE 3: ROLLING 2 YEAR CAPITAL RETURN VERSUS PORTFOLIO BENCHMARK



In summary, the portfolio has performed strongly against the investment objectives set out in the Foundation's Constitution. After a difficult period on the equity markets, where the corpus value fell short of maintaining its real value, at the end of 2013/14 it is close to \$5m ahead of this objective.

GARDINER FOUNDATION FUNDING PORTFOLIOS

The Constitution of the Gardiner Foundation provides a remit to “manage the investment of funds to maximize the benefits to all sectors of the Victorian Dairy Industry and to Victorian Dairy Communities.”

Since inception in 2000, the Foundation has contributed over \$50m toward 702 projects having a total value of \$157m including cash and in-kind contributions from all partners. These investments supported Dairy Industry Development activities and projects that involved research, development, technology transfer, people and community development.

During 2013/14 the Gardiner Foundation has continued to invest in the dairy industry through funding of its portfolio of on-going projects in the Innovation and Community and People Development portfolios and industry wide support projects such as Dairy Moving Forward. Total project investment during the financial year amounted to \$2.3m. During that period, and following a 5-7 year review of its funding portfolios, the Foundation has developed a refreshed *Strategic Direction 2015/17* to direct future funding strategies.

Innovation Portfolio

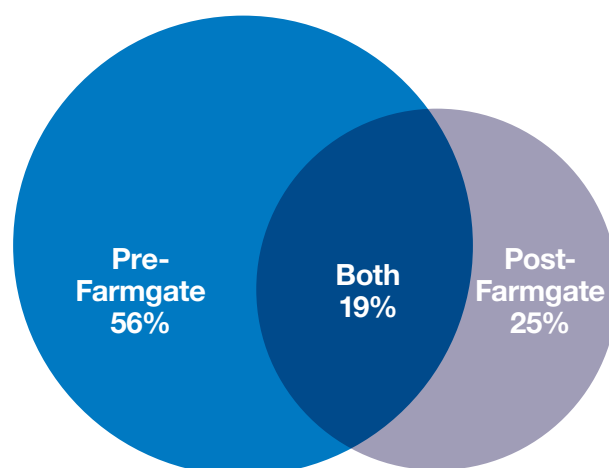
The purpose of the Innovation Portfolio is to fund Victorian Dairy Industry development activities, defined as:

- (i) The gathering, analysis and dissemination of information relating to the Victorian Dairy Industry
- (ii) Research, development and technology transfer activities relating to the Victorian Dairy Industry
- (iii) Education and training activities where benefits will accrue to the Victorian Dairy Industry as a whole
- (iv) Management of intellectual property developed from activities referred to in paragraph (ii).

During 2013/14, in the Innovation Portfolio:

- 19 projects were supported with financial year payments of \$1.5m, and total Gardiner Foundation funding of \$2.5m over the lifetime of the projects.
- Each Gardiner Foundation dollar leveraged \$2.7 of cash and in-kind contributions from all project partners across the 19 projects.
- The majority of funding clearly addressed pre-farmgate research objectives, with a small number aiming to impact across the supply chain (**Figure 4**).
- All projects could be categorised to align with either the Dairy Moving Forward (DMF) or Dairy Innovation Australia (DIAL) priority areas (**Figures 5 and 6**).
- The projects in the portfolio have become fewer, but larger, with the average total funding for projects active during 2013/14 (\$339,705) higher than the average between 2006/12 (\$226,000).

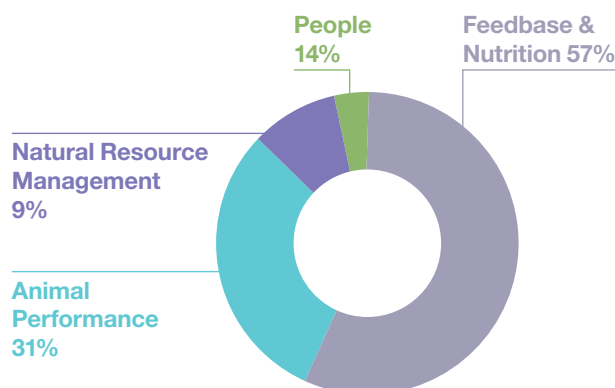
FIGURE 4: DAIRY SUPPLY CHAIN ALLOCATION OF GARDINER INVESTMENT 2013/14



Pre-Farmgate Investment 2013/14

In 2010, the initiative Dairy Moving Forward was introduced as the national strategic framework for pre-farmgate RD&E with five priority areas for research programs. These included the areas of: Feedbase & Animal Nutrition, Animal Performance, Natural Resource Management & Climate Change, Farm Business Management and People. The Gardiner Foundation project spending was categorised against this framework. The Innovation Portfolio projects aligned strongly with the national framework in four of the five categories. Of the projects that have been active in 2013/14, almost 57% of the investment was in the Feedbase & Nutrition and Animal Performance categories (**Figure 5**).

FIGURE 5: PERCENTAGE OF GARDINER FOUNDATION FUNDING 2013/14 – PRE-FARMGATE AREAS ALIGNED WITH DMF PRIORITY AREAS.

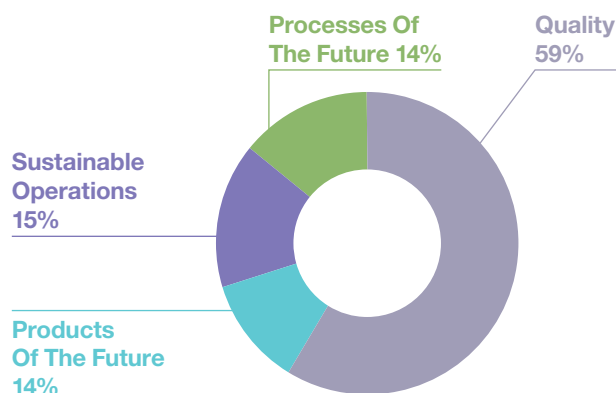


Post-Farmgate Funding

The Dairy Innovation Australia Limited (DIAL) cluster structure was utilised for categorising Gardiner Foundation investment with industry priorities in the post-farmgate sector of the supply chain. The DIAL clusters are: Quality, Cultured Products, Resources, Processes of the Future, Powder Processing and Products of the Future. Cultured Products is a significant component of DIAL's activity however is not research based and is therefore excluded from the analysis as not applicable. The allocation of Gardiner investment relative to the remaining 5 cluster areas is shown above (**Figure 6**). The majority of the activity has been aligned with the Quality Cluster with projects addressing challenges such as increasing the microbial safety of dairy products or increasing the functionality of dairy powders.



FIGURE 6: PERCENTAGE OF GARDINER FOUNDATION FUNDING 2013/14 – POST-FARMGATE AREAS CATEGORISED INTO DIAL CLUSTERS.



Innovation Portfolio – Projects Completed In 2013/14

CSIRO ANIMAL, FOOD & HEALTH SCIENCES, DR MARY ANN AUGUSTIN

NOVEL BUTTERMILK INGREDIENTS – UNLOCKING BUTTERMILK'S POTENTIAL FOR ENCAPSULATING BIOACTIVES

Partner organisations: Tatura Milk Industries, Warrnambool Cheese and Butter Factory, Moorepark Food Research Centre, Ireland (Teagasc).

There is potential for buttermilk to be a lower-cost option for manufacturers to encapsulate and protect bioactive ingredients. Buttermilk was used to produce stable omega-3 oil emulsions – with varied pH, protein to carbohydrate ratio, and temperature. Compared to the commercial gold standard encapsulant, MicroMAX, buttermilk encapsulated powders had similar amounts of free fat, protected the fish oils from oxidation to the same extent under accelerated aging conditions (as measured by Oxipres induction time), as well as having the same percentage of DHA remaining after 26 days storage at 40°C.

CSIRO ANIMAL, FOOD & HEALTH SCIENCES, DR HEATHER CRAVEN/DR GEOFF KNIGHT

OPTIMISATION OF ENVIRONMENTAL HYGIENE IN DAIRY FACTORIES

Partner organisation: Department of Environment and Primary Industries.

Dairy factories strive to continuously improve their operational, cleaning and sanitation practices to maintain their control of the pathogens *Listeria monocytogenes* and *Cronobacter* spp. In many conditions both pathogens remain viable for up to 4 weeks, even after applying a cleaning product. Increasing the concentration of product is more effective for reducing bacterial numbers than increasing the application time. Protofoam is the most effective sanitiser. The type of surface affects both the growth of bacteria and the ease of their removal by cleaning or sanitation. Scrubbing does not reduce pathogen numbers.

**CSIRO ANIMAL, FOOD & HEALTH SCIENCES,
DR RODERICK WILLIAMS**

**BACK TO THE FARM: UNDERSTANDING
MILK STRUCTURE FOR BETTER PROCESSING**

Partner organisation: Department of Environment and Primary Industries.

Targeting milks for certain dairy products, based on variation in milk micelle size, will increase processor efficiency and maximise product quality. Low heat-treated milk (72°C) with large micelles can be evaporated to higher total solids with lower viscosities than milk with small micelles. At a high viscosity of 100mPa.s, a concentrate made from large micelles will have 4% higher concentration than one made from small micelles. Based on published modelling (Fox et al. 2010), an increase of 4% in the level of solids in the dryer could equate to a 10-12% saving in energy requirements for spray drying milk powder. Small micelle milks have been found to have superior heat stability and renneting characteristics.

DAIRY FUTURES CRC, DR BEN HAYES
**IMPROVING FEED CONVERSION EFFICIENCY
AND LIFETIME PROFITABILITY OF THE AUSTRALIAN
DAIRY HERD THROUGH GENETIC MARKERS
AND BIOMARKERS**

Partner organisation: Department of Environment and Primary Industries.

Feed conversion efficiency (FCE) refers to the amount of pasture, grain or supplement the dairy cow converts to milk. This research has indicated that FCE is linked to dairy cow genetics, with efficient and inefficient growing heifers becoming efficient and inefficient lactating cows. Selection for efficiency appears to lower cow methane emissions, with more efficient cows producing up to 0.33g less methane per litre of milk.

However, selecting for FCE may negatively impact fertility, therefore, when breeding for efficiency, the trait should be included in a balanced selection goal including traits such as production, fertility and survival in the herd. Modelling (through ADHIS) has estimated a potential \$25m benefit to industry from genomic breeding for FCE. The Australian Profit Ranking, which aims to improve the profitability of dairy farming, does not currently address FCE.

**DAIRY INNOVATION AUSTRALIA LIMITED,
DR IAN POWELL**

**UNDERSTANDING SPORE-FORMING
BACTERIA IN AUSTRALIAN DAIRY PRODUCTS**

Partner organisations: The University of Queensland, University of Tasmania, CSIRO Animal, Food & Health Sciences.

Specific species of bacteria can form spores, which are resistant to pasteurisation. Rarely constituting a health risk, spores may however cause product downgrades and shelf-life issues. This project filled a number of knowledge gaps that can limit dairy manufacturers' ability to manage spore-forming bacteria. New technology was developed to more cheaply and rapidly identify which spore-former was causing problems. More than 60 different tests are used commercially to enumerate spore-forming bacteria

in product, so critical variables of these tests were compared to propose a single, best practise method. The growth characteristics of problematic spore-formers were measured and modelled mathematically, allowing prediction of their behaviour. These technologies are already proving useful for dairy exporters striving to capture the value of Australia's hard won reputation for premium quality dairy products.

**DEPARTMENT OF ENVIRONMENT AND
PRIMARY INDUSTRIES, DR MARTIN AULDIST**
FEEDING SYSTEMS FOR HIGHER VALUE MILK

Partner organisations: Dairy Australia, Victoria University School of Biomedical & Health Sciences, CSIRO Animal, Food & Health Sciences.

When fed mixed rations containing maize grain, cows were able to produce milk with substantially higher concentrations of fat than when fed cereal grain in the dairy. This manifested as a substantially higher yield of cheese per kilogram of milk – greater than 10% – and the cheese was of an equally high quality. Overall it was found that milk fat concentration and composition were more easily changed via nutritional means than protein. Milk from cows fed maize grain and canola meal consistently contained higher fat concentrations than milk from cows fed cereal grain in the dairy.

GIPPSDAIRY, DR DANIELLE AULDIST
COWS, COCKIES AND COCKCHAFERS

Partner organisation: Department of Environment and Primary Industries.

The larvae of redheaded cockchafer beetles (RHC) are estimated to cause pasture damage on around 15-20% of dryland dairy farms, and cause up to \$200,000 in lost production per year on heavily affected farms. This project aimed to decrease the economic impact of pasture infestation by assisting farmers to correctly identify RHC, allowing for correct management. Simple field guides were published and service providers were trained. Research on the fundamental biology of RHC has also yielded a "best bet" guide to where to look for RHC before pasture is damaged.

HARRIS PARK GROUP, DR PAULINE BRIGHTLING
THE AUSTRALIAN MILK QUALITY STEERING GROUP

Partner organisation: Dairy Australia.

The Australian Milk Quality Steering Group (AMQSG) assists both farmers and manufacturers receive a quality premium for their products by minimising mastitis, reducing microbial contamination and keeping antibiotics from entering the supply chain. AMQSG operates as a part of the national strategic framework of *Dairy Moving Forward* and is composed of expert representatives of dairy manufacturers, farmers, milking machine companies, vets and industry organisations. It aims to maximise value from RD&E funding through a process of setting industry-level targets that maintain and improve Australia's important competitive advantage in milk quality, and then identifying RD&E that gives the best Cost / Benefit ratios for meeting those targets.

HARRIS PARK GROUP PTY LTD, DAIRY AUSTRALIA (COUNTDOWN), DR PAULINE BRIGHTLING, DR JOHN PENRY
ADDRESSING NEW MASTITIS RESEARCH AND EXTENSION NEEDS IN AUSTRALIA

MODULE 1: REDUCING STREP UBERIS MASTITIS RISK BY IMPROVING PRE-MILKING HYGIENE.

Project Manager, Dr Jakob Malmo.

Research has demonstrated that pre-milking hygiene treatments are cost effective when there are wet conditions during calving or early lactation. However, washing and disinfecting of cows' teats pre-milking does not offer substantial benefits when the conditions are dry and pose a low *Streptococcus uberis* mastitis risk. The hygiene treatment displayed other benefits including: reducing the milking time per cow, increasing the average milk flow rate, and improving teat condition.

MODULE 2: MAXIMISING BENEFITS OF MOLECULAR MASTITIS TESTING FOR FARMERS AND PROCESSORS

Project Manager, Dr John Penry.

Partner organisations (Module 2): Dairy Technical Services Ltd, The University of Sydney, Dairy Australia (Countdown).

The data output from molecular test results for mastitis pathogens is challenging for vets and farmers to decipher, so this project developed user-friendly instructions for understanding the results. The molecular testing system, which tests for multiple mastitis pathogens in a single sample, is both faster and more specific, meaning that vets and farmers are now able to make more rapid decisions in managing and treating mastitis.

HICO AUSTRALIA/HERD HEALTH, DR RICHARD SHEPHARD
IDENTIFYING PREDICTORS OF CONCEPTION FROM ADMINISTRATION OF GnRH BEFORE AI

Partner organisation: Department of Environment and Primary Industries.

Artificial insemination (AI) conception rates are declining and delayed ovulation is occurring more often in high producing dairy cows. The use of Gonadotropin-releasing hormone (GnRH) when used as part of a controlled program, such as Ovsynch or GPG, is proven to work. But when GnRH is administered alone at artificial insemination (i.e. not as part of a program with other reproductive drugs) it is only beneficial to about 10 % of the herd and could in fact be harmful to the majority of cows.

THE UNIVERSITY OF ADELAIDE, DR JEREMY THOMPSON
IMPROVING THE FERTILITY OF HIGH PERFORMANCE HOLSTEIN COWS DURING EARLY LACTATION

Partner organisation: IVP International Pty Ltd.

There has been a steady decline in the fertility of high milk yielding Holstein cows during early lactation. This early research has found that high NEFA (non-esterified fatty acids) levels in dairy cows affects their fertility, however the effects of high NEFAs on oocyte health can be reversed using salubral therapeutics (inhibitor of ER-stress). Initial research suggests that with in vitro embryo production therapeutics could potentially be applied prior to embryo transfer.

THE UNIVERSITY OF MELBOURNE, PROFESSOR KEN HINCHCLIFF AND DR MICHAEL PYMAN (PHASE 1)
A RURAL TRAINING PROGRAM: UP-SCALING VETERINARY CAPACITY THROUGH DAIRY PRACTICE-BASED RESEARCH, KNOWLEDGE TRANSFER AND GRADUATE TRAINING

Partner organisations: Dairy Australia, The Vet Group (Timboon), Maffra Veterinary Centre, Warrnambool Veterinary Clinic.

The Dairy Residents Program enabled practicing vets to undertake a Masters Degree in Veterinary Studies at The University of Melbourne, and to undertake research in the field, while working and teaching in one of three veterinary clinics in Victoria's dairy regions. The program is helping to attract and retain mid-career vets in rural areas while giving farmers access to expert dairy advice. The second phase of funding has allowed the program to be refined and expanded to the four major dairy regions in Victoria.



Innovation Portfolio – Ongoing Projects

**THE UNIVERSITY OF MELBOURNE,
PROFESSOR KEN HINCHCLIFF,
DR MICHAEL PYMAN (PHASE 2)**
DAIRY RESIDENT TRAINING PROGRAM –
INCREASING VETERINARY EXPERTISE,
CAPACITY AND RESEARCH

Partner organisations: Dairy Australia, The Vet Group (Timboon), Maffra Veterinary Centre, Warrnambool Veterinary Clinic, Rochester Veterinary Clinic (Phase 2 only).

The Dairy Resident Training Program was expanded into a second phase to include northern Victoria. In this phase, four more Veterinary Residents are participating, ensuring a supply of competent, well-trained professionals with skills that can improve farm productivity, ensure industry awareness of animal welfare issues and manage farm biosecurity issues.

**DEPARTMENT OF ENVIRONMENT AND PRIMARY
INDUSTRIES, DR CAMERON GOURLEY**
DAIRY NITROGEN FOR GREATER PROFIT

Partner organisations: Tasmanian Institute of Agriculture, Department of Agriculture and Food WA, Murray Goulburn Co-operative, Fonterra Australia.

This project will deliver knowledge, training and tools needed to increase farm profit through better decisions on nitrogen fertiliser applications on dairy farms.

**DEPARTMENT OF ENVIRONMENT AND
PRIMARY INDUSTRIES, DR ANDY MCALLISTER**
FARM WEB 2.0: A WEB-BASED NUTRIENT TOPIC
PACKAGE FOR THE VICTORIAN DAIRY INDUSTRY

Partner organisations: Murray Goulburn Co-operative, University of Missouri.

This project focuses on helping the industry to improve and demonstrate more efficient use of nutrient inputs through innovative mapping technologies.

**MONASH UNIVERSITY,
PROFESSOR MARGARET ALSTON OAM**
SOCIAL SUSTAINABILITY IN DAIRYING COMMUNITIES
IMPACTED BY THE MURRAY-DARLING BASIN PLAN

Partner organisation: Australian Research Council.

Through research with people in dairy communities in the proposed Murray-Darling Basin Plan, this project will closely examine social sustainability and identify social supports to enhance positive adaptation and individual and community resilience in the Murray-Darling Basin.

**SWINBURNE UNIVERSITY OF TECHNOLOGY,
DR RICHARD MANASSEH**
ULTRASONIC PRODUCTION OF SKIM MILK

Partner organisations: Australian Research Council, CSIRO Animal, Food & Health Sciences.

This project aims to determine which parameters are important for the design of an ultrasonic milk separator, build a prototype, and optimise its operation, while also performing research to understand the fundamental phenomena at play.

Dairy Health and Nutrition Consortium (DHNC)

The Gardiner Foundation played a significant role in the establishment of the Dairy Health and Nutrition Consortium (DHNC) and has continued to help support and contribute to the ongoing success of DHNC. The DHNC is a national Australian dairy industry initiative launched in 2008 comprising the following membership: Bega Cheese/Tatura Milk Industries, Fonterra Australia, Lion Dairy & Drinks, Murray Goulburn Co-operative, Parmalat Australia, Warrnambool Cheese and Butter, Gardiner Foundation, Dairy Australia and Dairy Innovation Australia. The DHNC vision is to enhance the commercial value proposition of dairy products by demonstrating related consumer health and nutritional benefits. DHNC consists of a smaller cohort of projects: 13 in total (11 completed, 2 ongoing) supported by \$2.58 from the Gardiner Foundation over the life of the consortium with \$5.86m of cash and in-kind contributions from project partners.

All of these projects are categorised as post-farmgate, aligning with the 'Products of the Future' DIAL Cluster. The majority of the funding has been awarded to large projects performed by research institutes or universities.

DHNC – Ongoing projects

**AUSTRALIAN CATHOLIC UNIVERSITY,
PROFESSOR JOHN HAWLEY**
EFFECT OF DAIRY-BASED HIGH-PROTEIN,
VARIABLE-CARBOHYDRATE DIETS AND EXERCISE
ON MUSCLE MAINTENANCE AND MOVEMENT

Partner organisations: Australian Institute of Sport, MacMasters University.

**UNIVERSITY OF SOUTH AUSTRALIA, PROFESSOR
JON BUCKLEY**

Increased dairy intake improves muscle mass and strength in older adults.

Partner organisations: CSIRO.

COMMUNITY AND PEOPLE DEVELOPMENT PORTFOLIO

During 2013/14 the Community and People Development Portfolio supported 29 projects with financial year payments of \$668k, with total Gardiner Foundation funding of \$1.5k over the lifetime of the projects.

Leadership

The Executive and Board have endorsed a strategy for the Gardiner Foundation of supporting and developing skills for the stakeholders of the Victorian Dairy Industry and in particular developing the leaders of the future via a range of programs and activities. This strategy is aligned with the founding constitution of the Gardiner Foundation. The strategy involving an enhanced approach to people and leadership development was finalised in 2013 and will be fully implemented in 2014.

The Community and People Development Program focuses on Leadership for the Victorian Dairy Industry. Ongoing and future projects will align to one of the following Leadership Streams:

- Industry Leadership: projects that support outstanding individuals on their leadership path.
- Knowledge Leadership: projects that support early-entry leaders in their education and training.
- Community Leadership: projects that highlight the unique role of the Gardiner Foundation in supporting projects of significance and value to rural communities.
- Philanthropic Leadership: projects that highlight the ability of the Gardiner Foundation to lead and encourage rural philanthropy.

Australian Dairy Leadership Alumni

The Australian Dairy Leadership Alumni is an initiative of the Gardiner Foundation, Dairy Australia and the Department of Environment and Primary Industries. The Australian Dairy Leadership Alumni was drawn from graduates of Executive Leadership programs offered by the following; Australian Rural Leadership Program (ARLP), Nuffield Farming Scholarships, Rabobank Executive Development Program and Horizon2020. Many of the graduates currently hold

senior positions within industry, agriculture and politics – others are on a clear path for taking on such roles. It is expected that the networking, mentoring and connection that the development of the Alumni brings will enhance the leadership pathway and ensure that investment in such leadership programs has the optimum outcome.

The Australian Dairy Leadership Alumni Summit was developed with the guidance of the Inaugural Steering Committee, representing each of the founding leadership programs.

Participant numbers: Interest and participation in the inaugural Australian Dairy Leadership Alumni Summit was extremely positive and far higher than anticipated. The four founding leadership programs identified a total number of potential attendees as 95. The Summit was attended by 40-45 eligible participants.

The Summit consisted of a number of events. The Alumni broke into groups for the afternoon forum where they discussed key issues under the facilitation of the Hay Group. The topics included:

- Looking In:
 - Greenfields: identifying the opportunities for dairy including the optimal agri-political structure.
 - Productivity optimisation in the dairy industry
- Looking Out:
 - Social licence to operate for the dairy industry
 - Promoting and respecting the dairy industry

Each group was led by experienced industry members acting as an 'agent provocateur' to challenge the participants during the discussion.

- Next Steps for 2014

The Gardiner Foundation is committed to secretariat support for the Alumni until 2017.



LISA DWYER



MIKE TAYLOR & MICK HARVEY



THE HON. PETER WALSH, MLA

Community Leadership Program

In April 2014 Gardiner Foundation signed a 3-year Memorandum of Understanding with the Victorian Regional Community Leadership Program Secretariat to provide up to ten scholarships per year in five of the Community Leadership Program (CLP) regions. The scholarships will be awarded to at least one dairy farmer plus other dairy industry representative per region. This agreement provides the opportunity for emerging dairy leaders to develop leadership skills and networks. CLP programs are a valuable step for Tier 1 and 2 leaders as noted in the Dairy Leadership Industry Blueprint 2010-15.

The 2014 Scholars are:

Alpine Valleys Community Leadership Program
To be awarded in August.

Community Leadership Loddon-Murray
Glenys Broad

Fairley Leadership
Lisa Birrell, Max Furlanetto

Gippsland Community Leadership Program
Lauren Finger, Peter Fort

Leadership Great South Coast
Glenn Britnell, Helen Chenoweth

2014 Nuffield Farming Scholarship for a Victorian Dairy Farmer

Aubrey Pellett, from Hillend in Victoria, was awarded a Nuffield Scholarship, fully sponsored by the Gardiner Foundation, to study productivity gain for dairy farming over the next 20-30 years, particularly opportunities that will deliver more from less for the industry. *"I'd like to identify how dairy businesses will profit long term from the opportunity to feed a larger, wealthier population but with greater scrutiny on inputs and environmental performance."* The scholarship involves group travel on the Global Focus Program, visiting destinations important to agriculture, including China, Europe and the USA. Scholars then travel individually to destinations relevant to their topic.

Gardiner Foundation/United Dairyfarmers of Victoria New Zealand Study Tour 2014

The GF/UDV New Zealand Study Tour provides the opportunity for a group of young dairy farming workers, students or employees to attend an 8 day study tour taking in a range of aspects of the New Zealand dairy industry including farms, processing companies, research and extension facilities, plus visits with farmer groups and networks. The 2014 Study Tour, funded for the sixth year by the Gardiner Foundation, was conducted in February 2014 on the North Island of New Zealand.

The 2014 participants were:

Tim Leahy
UDV Policy Councillor and dairy farmer from Girgarre

Susanne Milne
NCDEA Industry Trainer

Yaelle Caspi
UDV Project and Policy Officer

Katherine Snell
Veterinarian (Maffra)

Chris Potts
Fonterra Area Manager (Darnum)

Thomas Lindsay
On farm and student (Picola)

Kallan Young
On farm and student (Leongatha)

Bradley Missen
Farm manager (Denison)

Tour participants delivered their findings to senior members of the dairy industry on topics of their particular interest, presenting messages on industry pathways, growth in equity and pasture management.



CHRIS POTTS, KALLAN YOUNG, THOMAS LINDSAY, KATHERINE SNELL, BRADLEY MISSEN, WILL RYAN

Gardiner Foundation Tertiary Scholarships

Assisting rural people to undertake tertiary study, Gardiner Foundation awarded three new scholarships in 2013/14 in this successful program, which also continues to fund four existing scholars.

Hayden Jones of Lima South was awarded the Bill Pyle Dairy Scholarship 2014 and enrolled in a Bachelor of Medicine/Bachelor of Surgery at Monash University.

Liana Collins of Lorne was awarded the Doug Weir Dairy Scholarship 2014 and enrolled in a Bachelor of Nursing/ Psychology Science at Deakin University.

Mitchell Dodds of Boolarra was awarded the Inaugural Jakob Malmo Dairy Scholarship and enrolled in a Bachelor of Science/Doctor of Veterinary Medicine at The University of Melbourne.

Matthew De Cicco of Merrigum was awarded the Bill Pyle Dairy Scholarship 2013 and is undertaking a Bachelor of Veterinary Biology/Bachelor of Veterinary Science at Charles Sturt University, Wagga Wagga.

Monique McMahon-Hide of Wallington was awarded the Doug Weir Dairy Scholarship 2013 and is undertaking a Bachelor of Animal and Veterinary Bioscience at La Trobe University, Bundoora.

Rebecca Littler of Wodonga was awarded a Gardiner Foundation Tertiary Scholarship in 2012 and is undertaking a Bachelor of Science in Environmental Management and Ecology at La Trobe University, Albury/Wodonga.

Erin Taylor of Timboon was awarded a Gardiner Foundation Tertiary Scholarship in 2012 and is undertaking a Bachelor of Veterinary Biology/Bachelor of Veterinary Science at Charles Sturt University, Wagga Wagga.

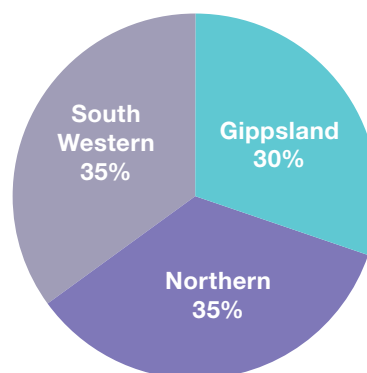
Gardiner Foundation/ Foundation for Rural and Regional Renewal Small Grants Program

The Gardiner Foundation is committed to strengthening dairy communities. In 2014, the Gardiner Foundation continues to partner with FRRR to deliver its Small Grants Program to fund worthwhile projects in Victorian dairy communities with small populations. A total of \$100,000 is provided by the Gardiner Foundation to fund grants for innovative, community-driven projects. These grants of up to \$5,000 aim to strengthen small Victorian dairy communities, help build their capacity to deal with local issues and enhance existing community infrastructure.

31 successful community organisations were awarded grants totaling \$100,000, announced at a Grants Presentation event at Parliament House in July 2014.

Funding has been confirmed for another round of Small Grants Funding in 2014/15.

DISTRIBUTION AND PERCENTAGE OF SUCCESSFUL GRANT APPLICATIONS BY DAIRY REGION:



GEOGRAPHIC DISTRIBUTION OF GRANTS ACROSS THE THREE VICTORIAN DAIRYING REGIONS:



Grants in the Gippsland Dairy Region – 9 grants totaling \$31,233

GORMANDALE RECREATION RESERVE COMMITTEE INC.

Gormy's Happy Healthy Community Kitchen

Kitchen refurbishment to OHS standards for the only registered community kitchen in the region.

GROW LIGHTLY CONNECT LTD, KORUMBURRA

South Gippsland Feeding South Gippsland

Equipment and renovations to facilitate storeroom and distribution hub for local food enterprise.

KONGWAK PUBLIC HALL INC.

A Jump Starter for Kongwak

Semi-automatic defibrillator accessible to all community hall users.

LINDENOW & DISTRICT PRESCHOOL INC.

Occasional Care

New educational age-appropriate outdoor equipment for combined community Kindergarten and Childcare service.

LOCH PUBLIC HALL INC.

Make the Loch Hall Warm in Winter and Cool in Summer

Heating and cooling infrastructure update for well used community hall.

MIRBOO & DISTRICT HISTORICAL SOCIETY INC., MIRBOO NORTH

Modern Filing System

Update to office supplies to enable use of modern filing systems.

CFA POUND CREEK RURAL BRIGADE

Pound Creek Heart Beat

Automatic External Defibrillator, accessors and training, for station and accessible to all.

ROTARY CLUB OF TRAFALGAR

Trafalgar Community Garden

Workshop, garden tools and infrastructure to establish community garden.

SOUTH GIPPSLAND HOSPITAL

Hearing Off 'At Risk' Youth Through HEEADSSS, Foster

Development of program specific assessment tools and techniques for early intervention and support for youth mental health.

Grants in the Northern Dairy Region – 11 grants totaling \$32,260

CORRYONG MEN'S SHED INC.

Supporting Each Other

A Mitre Saw to enable Men's Shed members to safely and efficiently building wooden furniture.

GIRGARRE COMMUNITY GROUP INC.

Quilts for Kids

Advanced tutoring, equipment and materials for quilting group which produces quilts for charitable appeals.

GIRGARRE DEVELOPMENT GROUP INC.

Walk the Line

Development of a section of the region's Rail Trail which will eventually connect to Rushworth.

KIEWA CATCHMENT LANDCARE GROUP KIEWA, KERGUNYAH, GUNDOWRING, DEDERANG, RUNNING CREEK, KANCOONA AND TAWONGA

Learning from our Elders – Recording the Environmental History of the Kiewa Valley

Documenting stories of older farmers' experience of landscape change and vegetation management.

LIONS CLUB OF TONGALA INC.

Upgrade Walking Track

New picnic facilities, resurfacing walking track and revegetation of the precinct to enhance Reserve use by locals and tourists.

MITTA VALLEY MULTI-PURPOSE CHILDREN'S ASSOCIATION INC., MITTA MITTA

Keeping Current for the Kids

New furniture for kindergarten, childcare and playgroup.

MOUNT BEAUTY BASKETBALL ASSOCIATION INC.

Stadium Air

Cooling system for stadium which is the safe meeting place in the event of emergency.

NUMURKAH & DISTRICT TOURISM ASSOCIATION INC.

Numurkah Foodbowl Festival

Support for operational costs of local food festival in the establishment and growth phase.

ROCHESTER CHAMBER OF COMMERCE & INDUSTRY INC.

KidZcapers

Support for operational costs of local children's festival in the establishment and growth phase.

STANHOPE & DISTRICT MEN'S SHED INC.

Tapping into New Potential

Provision and installation of hot water systems for Men's Shed.

TATURA CHILDREN'S CENTRE INC.

Alive & Cooking with Kids

New kitchenette suitable for use by children, so the curriculum can include cooking activities.

Grants in the Western Dairy Region – 11 grants totaling \$36,510

ALVIE CONSOLIDATED SCHOOL

Enhancing Play & Performances at Alvie and across the District

Resources for school Lego Club which provides co-socialisation for the region's autistic children.

HEYWOOD DISTRICT SECONDARY COLLEGE

Rearing to Grow

Calf rearing shed to expand the school's farm and support curriculum extension activities.

KIRKSTALL RECREATION COMMITTEE

Kirkstall Kreative Play-scape

Support for planning and installation of community led playground development.

PANMURE ACTION GROUP INC.

Fencing for Fun

Playground fencing to ensure children's safety from passing traffic on the Princes Highway.

PORT FAIRY CONSOLIDATED SCHOOL

Kids Cooking with Dairy-e experience

Field trips to dairy production sites, dairy cooking demonstrations at local shows and production of a dairy cookbook and launch day.

RED ROCK DISTRICT PROGRESS ASSOCIATION INC., COROROOKE & CORAGULAC

Linking Our Community

A track to create a safe walking and bike route between Cororooke and Coragulac.

RED ROCK REGIONAL THEATRE AND GALLERY INC., COROROOKE

Upgrading the Gallery

Outdoor blinds to assist with climate control and increase hanging space in community gallery.

RIDING FOR THE DISABLED ASSOCIATION OF VICTORIA, TERANG BRANCH

"Wheels of Ability" – a custom-built dual-purpose horse carriage

Equipment to enable an increase in the numbers and ability ranges of participants in the riding program.

TERANG & DISTRICT LIONS CLUB INC.

Walk Track

Resurfacing walking track and revegetation of precinct to increase use of Reserve by locals and tourists and improve biodiversity connectivity.

TIMBOON & DISTRICT KINDERGARTEN INC.

Fencing for the Future

Fencing to enable extension of playground for community kindergarten.

WIRIDJIL RECREATION RESERVE INC.

The Kitchen's Where The Heart (Community) Is At

Refurbishment of hall kitchen and provision for new outdoor BBQ shelter and tables.

Strengthening Small Dairy Communities

Recognising the importance to dairy farming and dairy manufacturing of the small communities in dairy regions across Victoria, the Gardiner Foundation introduced a Strengthening Small Dairy Communities (SSDC) program in 2011. The program aimed to support the development of resilience in small communities, assist them to plan for the future, develop skills required to identify and implement priority projects and support the development of viable and sustainable business, social and cultural networks within their regions.

Pilot program – Lower Tarwin Valley

The project aimed to develop a cluster of resilient small communities in the Lower Tarwin Valley (LTV) that can support an ongoing and viable dairying industry in South Gippsland. It has helped the eight small communities in the LTV district enhance their skills in planning for

the future, winning grants, and planning and managing projects independently. It has supported the development of practical partnerships between volunteer groups and across town boundaries that will continue to benefit the communities long after the funded project has been completed. It has also developed a framework for future dairy community strengthening projects, and produced a 'Toolkit' of resources and information for volunteer groups and community leaders.

Pilot program – Mitta Valley

In the Mitta Valley community engagement is progressing well with key local organisations and leaders. The Our Valley Our Future Plan www.ourvalley.com.au/news/25-the-our-valley-our-future-plan has been completed and was endorsed by the community in October 2013, defining clear priorities for project development and investment in 2014 and beyond. Seven community working groups have been developed to drive the development of detailed action plans. Lessons learned from the South Gippsland project have informed this project's development and implementation, contributing to its strong establishment and positive progress to date.

Lasting legacies of the Strengthening Small Dairy Communities Program

SSDC Toolkit

The Strengthening Small Dairy Communities Toolkit has been produced to support people who are participating in the Strengthening Small Dairy Communities program. It is full of practical tips, techniques, templates and further sources of information that draw on Our Community's 10+ years of experience in assisting communities all over Australia.



Download the Toolkit online:
www.gardinerfoundation.com.au

Community Skills Development

Gardiner Foundation coordinated a Community Grants Workshop at Warragul on 20 February 2014. The session included presentations from 5 other major funders of rural and regional projects: Myer Foundation, Ian Potter Foundation, FRRR, Mirboo North Community Foundation and the Bass Coast Community Foundation. Over 40 not-for-profit representatives attended the workshop in addition to staff from Dairy Australia and GippsDairy. One of the attendees was the Grants Only Group.

Grants Only Group

This volunteer group was created during the early stages of the Lower Tarwin Valley Project. The Grants Only Group attended other grant writing courses held at Tarwin Lower and Meeniyan. The knowledge and guidance given to this group of volunteers has enabled them to be greatly instrumental in securing grants to the total of \$167,000 for various community groups within their area. Their greatest single success was the amount of \$60,000 for a Men's Shed to build a new facility.

Community and People Development Portfolio – Projects completed in 2013/14

DAIRY AUSTRALIA, SHANE HELLWEGE
Scholarships to support continuing learning within the Australian dairy industry
Partner organisation: National Centre for Dairy Education Australia (NCDEA).

DAIRY INDUSTRY ASSOCIATION OF AUSTRALIA, DOUG EDDY
Australian Dairy Manufacturing Scholarships

GARDINER FOUNDATION/STRENGTHENING SMALL DAIRY COMMUNITIES
Lower Tarwin Valley Project
Partner organisations: South Gippsland Shire Council, GippsDairy.

GARDINER FOUNDATION / FOUNDATION FOR RURAL AND REGIONAL RENEWAL
Working in Dairy Communities Grants Program 2014

GARDINER FOUNDATION/UNITED DAIRYFARMERS OF VICTORIA, VIN DELAHUNTY
New Zealand Study Tour 2014
Partner organisations: DairyNZ and NCDE.

MACALISTER DEMONSTRATION FARM, SANDIE BROWN
Effective Demonstration Farms Extension Project

MONASH UNIVERSITY GIPPSLAND, A/PROFESSOR PAMELA WOOD
Resilience and Transformation in Maffra
Partner organisation: Maffra Area International.

NATIONAL CENTRE FOR DAIRY EDUCATION AUSTRALIA (NCDEA), TONY SEYMOUR
Scholarships to support continued learning in the Australian Dairy Industry

WESTVIC DAIRY, ROBYN VALE
Timboon P-12 Agriculture Scoping Project (TASP)
Partner organisations: Timboon P-12 School, numerous local dairy farmers and businesses.

Community and People Development portfolio – ongoing projects

AUSTRALIAN DAIRY LEADERSHIP ALUMNI
Partner organisations: Dairy Australia, Department of Environment and Primary Industries

GARDINER FOUNDATION/FOUNDATION FOR RURAL AND REGIONAL RENEWAL
Working in Dairy Communities Grants Program 2015

GARDINER FOUNDATION, STRENGTHENING SMALL DAIRY COMMUNITIES
Mitta Valley – Our Valley Our Future
Partner organisations: Mitta Valley Advancement Group, Towong Shire Council.

NUFFIELD AUSTRALIA, JIM GELTCH
2014 Nuffield Farming Scholarship for a Victorian Dairy Farmer
Awarded to Aubrey Pellett, dairyfarmer from Hillend.

NUFFIELD AUSTRALIA, JIM GELTCH
2015 Nuffield Farming Scholarship for a Victorian Dairy Farmer
To be announced September 2014.

UNITED DAIRYFARMERS OF VICTORIA, VIN DELAHUNTY
New Zealand Study Tour 2015
Partner organisations: DairyNZ and National Centre for Dairy Education Australia.

VICTORIAN REGIONAL COMMUNITY LEADERSHIP PROGRAM 2014/16
Funding of up to 10 places per year for 3 years for Community Leadership Programs (CLP), with 2 places offered to each of the following:

- Alpine Valleys Community Leadership Program
- Community Leadership Loddon Murray
- Fairley Leadership (Goulburn Murray Leadership Program)
- Gippsland Community Leadership Program
- Leadership Great South Coast

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