

# Investing for a Vibrant Dairy Future

## Annual Report 2019





## GEOFFREY GARDINER

(1950 – 1999)

“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.”

— **MAX FEHRING** —

Past President of the United Dairyfarmers of Victoria (UDV) and Dairy Farmer

The Gardiner Dairy Foundation was established via legislation under Section 65 of the Dairy Act 2000, in partnership with Victorian farmer, processor and manufacturer groups and the Victorian Government, to increase the international competitiveness of the Victorian dairy industry.

The Foundation was created with \$62m in funding from the sale of assets including milk brands, as part of deregulation of the dairy industry. The Foundation was named to honour the memory of Geoffrey Gardiner and the outstanding leadership contribution he made to the Victorian dairy industry and dairy communities.

The Foundation's purpose is to 'maximise benefits to the Victorian dairy industry and dairy communities'. The Foundation achieves this purpose by investing in a range of RD&E, People and Community Development projects together with enabling industry engagement across the value chain.

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## Her Excellency the Honourable Linda Dessau AM

Governor of Victoria  
Patron of the Gardiner Dairy Foundation



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## Chairman's Review

The 2018/19 year has seen challenging conditions for the dairy industry, although the year ended with some increasing optimism. Drier than normal conditions affected all dairy regions and resulted in feed supply shortages and higher feed costs. East Gippsland was particularly impacted by drought while the Murray region also had to contend with record high irrigation water prices. Milk production volumes fell, affecting not only farm incomes but also the operations of the processing sector.

Although these challenges continue, global demand for dairy exports and domestic consumption of dairy products is continuing to grow, and the latter part of 2018/19 saw rains return and an increase in milk prices.

To deliver on Gardiner Foundation's purpose, the Foundation's strategy emphasises our intent to be agile in response to industry's needs. As a result, early in 2018/19 the Foundation partnered with Dairy Australia to jointly plan and resource a comprehensive industry support initiative, Feed Shortage, to support all Victorian dairy farmers faced with low rainfall and feed supplies and high water and feed prices. Our support for this initiative came from redirected and additional operational expenditure, together with extensive management support. Feed Shortage operated throughout 2018/19 and Gardiner Foundation is committed to further support as may be required by our farmers.

The recent weather and feed supply challenges have come on top of several years of dry seasonal conditions, lower milk prices, high water prices and general uncertainty. I have been very encouraged by the recognition and commitment from across the industry supply chain in 2018/19 of the need to collaboratively develop a comprehensive plan to take the industry forward over the next five years. From the beginning of 2019 the Gardiner Foundation has partnered with Dairy Australia, Australian Dairy Farmers and Australian Dairy Processors Federation to develop the Australian Dairy Plan and achieve a "Profitable, Confident and United" dairy sector. The Plan, involving extensive industry consultation and seeking transformational change, will be completed in late 2019. Gardiner in 2018/19 has contributed significant financial support together with extensive executive management engagement.

Gardiner's Corporate Strategy 2018 – 2020 emphasises a focus on our constitutional purpose to "Maximise benefits

to all sectors of the Victorian dairy industry and to Victorian dairy communities." As described in this Annual Report, I am delighted to report that across our three programs of investment, covering Research, Development and Extension; People and Community Development; and Industry Engagement and Strategic Support, we have been able to take new actions for delivering benefits to the industry and communities. In addition to the Feed Shortage campaign and the Australian Dairy Plan, Gardiner has entered into a partnership with Dairy Australia and Agriculture Victoria for the world-class DairyBio initiative; has provided a lead role in the funding and planning of a new Dairy Leadership Development Strategy, and established three new tertiary scholarships in honour of the late Niel Black. All these new activities emphasise strong industry engagement, co-investing with other organisations and being agile in responding to the industry's needs.

Our Corporate Strategy notes that we will ensure that our program investments align with the national dairy strategy and Victoria's priorities. With the completion of the Australian Dairy Plan scheduled for late 2019, the Gardiner Board and management are planning a comprehensive review of our strategy in 2019/20 to ensure that the Gardiner Foundation's investments align and make positive contributions to the new national dairy plan and the priorities important to Victoria.

In 2017/18, the Board implemented a new asset investment framework involving a more diversified investment allocation designed to manage risk while maximising available funds for project investments. I am pleased to report in 2018/19 this investment framework has continued to demonstrate prudent management of our asset base.

I would like to sincerely thank all our industry partners whose collaborations with us are fundamental for Gardiner achieving its purpose. I am also extremely grateful to the Gardiner Board of Directors and Gardiner management and staff for their continued commitment and support for the Foundation and the Victorian dairy industry.

**Dr Bruce Kefford**  
Chairman







# Chief Executive's Report

In 2018/19 we have sustained a range of important industry programs, whilst implementing several new initiatives to support our 2018–2020 corporate strategy and thereby the delivery of benefits to the industry and dairy communities.

In our RD&E program, the Dairy Feedbase partnership with Agriculture Victoria and Dairy Australia has started generating some exciting outputs that will improve the cost competitiveness and productivity of our feedbase and enable more profitable individual cow performance. Early results are showing the way to greater individual cow production through changed feed allocation, feed mixes and farm management practices, with its information already being made available to farmers through the industry extension network. Studies on the use of automated sensors for measuring pasture dry matter yield and predicting pasture performance are progressing rapidly and show great promise in making feedbase management easier, more efficient and more productive.

To Dairy Feedbase, in 2018/19 Gardiner joined the DairyBio partnership with Agriculture Victoria and Dairy Australia. DairyBio, a major five year initiative, focuses on improvements in the genetics of pasture cultivars and dairy cattle, utilising world leading bioscience capability. Dairy Feedbase and DairyBio are highly interactive, such as DairyBio generated new cultivars being field tested and incorporated into the Dairy Feedbase evaluations and agronomic practice studies. Dairy Feedbase and DairyBio are also strongly collaborative with Datagene P/L in the delivery of new genetic herd improvement services to industry, including those from Gardiner's former 'Improving Herds' project.

The investments in Dairy Feedbase and DairyBio are consistent with our strategic RD&E approach of focusing upon collaborative partnerships in a small number of large investments in strategically important industry priorities.

Our People and Community Development program operates across Victoria to build a resilient and vibrant dairy industry. In 2018/19 we have continued our support for a range of workshops, mentoring, scholarships, grants and study tours addressing areas of leadership, career development, attracting new people to the industry and exposure to broader agriculture and global perspectives. New activities in 2018/19 have included additional tertiary scholarships for rural youth, a lead role in the development of a new Dairy Leadership Strategy and initiating a new partnership with Dairy Australia and other industry players to lift farm business management capability across Victoria.

Supporting small Victorian dairy communities is a unique aspect of Gardiner's role. The well being and vibrancy of local communities is vital for our dairy industry, particularly

during challenging times. Our 'Working in Dairy Communities – Small Grants Program,' delivered as a partnership with the Foundation for Rural and Regional Renewal, provided over \$120,000 in 2018/19 to projects across Victoria's dairy regions. Many of these projects focussed on bringing communities together and providing local access to well-being support services and activities.

Our third program of Industry Engagement and Strategic Support has been particularly active over the past year. In addition to several thought leadership events, Gardiner Foundation has been quick to address emerging issues affecting the dairy sector. Significant resources, both financial and operational, have been directed into campaigns and projects to address drought and dry conditions response and recovery, the development of an Australian Dairy Plan, and facilitating industry wide discussions on the impact of seasonal milk production models on farm returns.

A key responsibility of the Foundation is to prudently manage our asset base, thereby enabling our on-going capacity to undertake projects that deliver benefits to Victoria's dairy industry and dairy communities. Our asset investment portfolio has the objective of achieving a return equivalent to inflation plus 5% per annum over a rolling 10 year period. For 2018/19 a favourable result has again been achieved, with a return on our investment portfolio of 12.1% compared with our objective for the year that equated to 6.7%. The Foundation continues to be well placed to provide on-going support to the dairy industry and dairy communities of Victoria.

To enhance our internal efficiencies the past year has included new initiatives in areas such as business continuity and disaster recovery, corporate governance, our communication strategy and practices, and a number of web based collaborative platforms to deliver administrative and operational efficiencies. I thank the staff for their valuable assistance in these improvements.

In 2018/19 we welcomed Richard Meredith to the Gardiner Team. Richard has brought valuable experience particularly in industry leadership development and in strengthening our stakeholder engagement and communication.

I would particularly like to thank the Board and staff as well as our partners and industry stakeholders for their support in enabling the Foundation to achieve its purpose.

**Dr Clive Noble**  
Chief Executive Officer





# Message from the Minister for Agriculture, Resources and Regional Development

Dairy makes an enormous contribution to Victorian agriculture and the economy – it's critical that we have a healthy and resilient industry.

Consumer demand for our high quality dairy products – both domestically and internationally – is strong, thanks to the hard work, skill and knowledge of our world leading dairy farmers, manufacturers and researchers.

However, we know the sector is facing significant challenges like dry seasonal conditions, rising input costs and a changing market.

It's important that the industry leads the way in responding to challenges and is able to capitalise on opportunities, with support from Government – I work with industry leaders including the Gardiner Foundation, Dairy Australia, Australian Dairy Farmers and United Dairyfarmers of Victoria (UDV) in this regard.

In the past year, our government has provided over \$50 million in drought support – including initiatives dedicated to assisting dairy farmers.

Support from the industry has been crucial, such as the feed planning response led by the Gardiner Foundation and Dairy Australia, which was invaluable to many dairy farmers across Victoria.

I am incredibly grateful for the Gardiner Foundation's ongoing commitment to training through scholarships, leadership and business management training and study tours. This helps equip the next generation of farmers and agricultural leaders with the skills they need to continue to make dairy an attractive, rewarding and profitable industry.

One of the best parts of being the minister is getting on farm and I love dairy farms. I know it's hard work, 365 days, no matter the day or weather. The people I've met on dairy

farms are passionate about their business, their beautiful cows and their milk being the best quality possible.

I've also met many enterprising and innovative young farmers, including those who participated in the Gardiner Foundation and UDV's New Zealand study tour – and it seems to me the future of the dairy sector is in very safe hands!

Building skills in the industry is vital to ensure its success for many years to come. Earlier this year I was delighted to, as a co-investment with the Gardiner Foundation, the Victorian Dairy Regional Development Programs and Dairy Australia, support a grant from our Regional Skills Fund for the 'Defining future dairy industry service sector skills project' to boost local skills and resilience, and grow jobs in dairy.

We also worked with the Gardiner Foundation and Dairy Australia to develop innovative projects like Dairy Feedbase and DairyBio, initiatives which will make sure new technology is delivered to farmers faster.

These initiatives are utilising large scale, world leading, integrated research that will provide significant on-farm benefits in areas such as pasture and animal performance and sustainable farm management practices, all leading to big boosts in farm operating margins.

Dairy is an amazing industry, so integral to our society and full of great people dedicated to providing nutritious products from the land and feeding our country and the world – I look forward to supporting the dairy industry and communities through further partnerships with the Gardiner Foundation and the industry more broadly.

**The Hon. Jacyn Symes**

Minister for Agriculture, Resources  
and Regional Development



# Gardiner Dairy Foundation Strategy 2018–2021

The Gardiner Dairy Foundation was established via legislation under Section 65 of the Dairy Act 2000, in partnership with Victorian farmer, processor and manufacturer groups and the Victorian Government, to increase the international competitiveness of the Victorian dairy industry.

Gardiner was created with \$62m in funding from the sale of assets, including milk brands, as part of deregulation of the dairy industry. Prudent management of the funds is an ongoing priority with the income produced supporting Gardiner's annual investment in key industry projects. The fund now has \$135m including bequests under management and has invested \$71m to 2019 in projects for the benefit of the industry.

## Our Purpose

Maximise benefits to all sectors of the Victorian dairy industry and dairy communities.

## Our Objective

To support the dairy industry vision of 'prosperous, trusted, world renowned nutrition', we fund and promote RD&E, people and community development, and industry support activities that will benefit all sectors of the Victorian Dairy Industry and Victorian Dairy Communities.

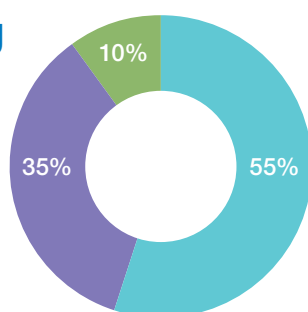
## Our Programs

To deliver on our purpose we fund projects in:

1. Research, Development and Extension
2. People and Community Development
3. Industry Engagement and Support

## Program funding

- Research, Development and Extension
- People and community development
- Industry engagement and support



## How we work

### 1. Prudent Stewardship

Funds are managed to best practice standards with a risk managed, long-term investment strategy.

### 2. Outcome Driven

Project investments that align with our Purpose and Strategic Plan, are chosen using robust selection processes to deliver high impact.

### 3. Collaborate

We work cooperatively with industry organisations, government and stakeholders, co-investing to optimise the impact of investments.

### 4. Agility

We are alert and respond quickly to dairy industry and dairy community support needs.

### 5. Industry Engagement

We respect the contributions of our stakeholders and value processes and behaviours that provide a sound basis for trust, transparency and the delivery of value consistent with our Purpose.

### 6. Strategic Thought Leadership

We facilitate strategic discussions in the dairy industry and its communities to share new knowledge, encourage new ways of thinking and to promote innovation.

# The Board



## Dr Bruce Kefford PSM

B. Sc (Hons), PhD, GAICD, GAGSM, FIPAA

### Chairman

Bruce Kefford joined the Gardiner Dairy Foundation Board in November 2014. Bruce was appointed Chairman at the AGM in October 2015. An experienced strategic leader with an in-depth knowledge of the food and agriculture sectors, and the dairy industry in particular, he is passionate about the application of innovation and science to improve industry competitiveness and sustainability. He is recognised nationally and internationally as a thought leader in the reshaping of the national primary industries innovation system. Until July 2013, Bruce was Deputy Secretary with the Department of Environment and Primary Industries, fulfilling senior advisory roles to industry, State and National governments. Bruce also has a deep understanding of the investment, evaluation and delivery of research, development and extension, extensive relevant board experience as well as a track record of brokering significant partnerships and joint ventures.

### Special Responsibilities

Member: Finance, Audit, Investment & Risk Committee  
Member: Human Resources and Governance Committee



## René Dedoncker

René Dedoncker is the Managing Director of Fonterra Australia – one of Australia's largest dairy companies, collecting around 18 per cent of Australia's milk from around 1,000 dairy farmers and processing this milk at one of Fonterra's seven factories into dairy foods for customers in Australia and around the world. Since joining Fonterra Co-operative in 2006 René has taken on global leadership roles managing businesses and customers in over 50 countries, and before taking the reins at Fonterra Australia, René led the strategic agenda for Fonterra's Global Brands, Research & Development, and Food Safety & Quality. His passion for innovation in products and technology coupled with his strategic business insights drove Fonterra's global foodservice business to double digit growth. He is particularly passionate about driving positive change and empowering leaders to grow. Before joining Fonterra René worked in senior sales, marketing and operations positions with the Mars Corporation. René holds a Bachelor of Business (Marketing) from Charles Sturt University, NSW, Australia. He has served as non-executive Director on the Riddet Institute Board since March, 2016; is on the Gardiner Dairy Foundation Board as the manufacturers representative Director; and is on Monash University's Food and Agriculture Initiative Advisory Board. Born in Belgium and raised in Orange NSW, René lives in Melbourne with his wife Janine and two children. When he's not working, you can find René keeping active – rowing on the Yarra with daughter Isabel or on the bike with son Matt. He's a motoring enthusiast, making the trip to Bathurst with friends each year, and loves hitting the road with the family, exploring Australia with the camper trailer in tow.

### Special Responsibilities

Member: Finance, Audit, Investment and Risk Committee  
Member: Human Resources and Governance Committee



## Andrew Maughan

BSc, LLB, MBA, FFinsia, FAICD

Andrew Maughan joined the Gardiner Dairy Foundation Board in October 2015 and chairs the Finance, Audit, Investment and Risk Committee. Andrew is a lawyer, corporate advisor and experienced company director. His background spans international trade and agriculture, strategy and risk management, corporate finance and investment management. He is currently Managing Director of corporate advisory firm Somerset Capital Pty Ltd and is Chairman of food and agriculture companies, AgLink Australia, Langdon Group, AGnVET Rural and AGnVET Agribusiness Services. He is the President of the Old Melburnians Society. Andrew has previously been an Independent Director of the Pork CRC and a Director of the Mt Hotham Alpine Resort. Before founding Somerset Capital in 1999, Andrew worked for Cargill (USA, Canada and Australia), Hudson Conway Limited and legal firm Herbert Smith Freehills.

### Special Responsibilities

Chairman: Finance, Audit, Investment and Risk Committee  
Member: Human Resources and Governance Committee



## Naomi Pye

DipT.P, AdvDipAg., GAICD

Naomi Pye joined the Gardiner Dairy Foundation Board in June 2016. Naomi is a Director and Manager of Boldrewood Dairies Pty Ltd, a multi-generational family dairy farm. She holds qualifications and experience in education and agriculture. Naomi has been an active member of the dairy industry for over 20 years through roles with United Dairyfarmers of Victoria, Victorian Farmers Federation, Australian Dairy Farmers Federation and WestVic Dairy. She has ten years' experience on government boards, previously Glenelg Hopkins Catchment Management Authority and currently Southern Rural Water. Naomi is a graduate, and member, of the Australian Institute of Company Directors.

### Special Responsibilities

Member: Human Resources and Governance Committee



## Dr Judith Slocombe AM

BVSc, MRCVS, MBA, FAICD, FAIM

Judith Slocombe was appointed as a Director of the Gardiner Dairy Foundation Board at the AGM in October 2015. From entrepreneurial beginnings in the business of Veterinary Pathology to senior executive roles, Judith's extensive board experience covers the corporate, government and not-for-profit sectors. Judith is the former Chief Executive Officer of the not-for-profit community organisation, Alannah and Madeline Foundation and Chair of the Consumer Advisory Panel at Walter + Eliza Hall Institute. She also holds directorships with the Fight MND Foundation, Children's Rights International and Leadership Victoria. Judith was named the Telstra Australian Business Woman of the Year in 2001 and was awarded the Centenary Medal for service to Australian Society in Business Leadership in 2003 and a Member (AM) of the Order of Australia in 2018.

### Special Responsibilities

Chairman: Human Resources and Governance Committee





# The Team



## Dr Clive Noble PSM

B. Agr. Sci. (Hons), PhD, GAICD, FIPAA

### Chief Executive Officer

Clive was appointed Chief Executive of the Gardiner Dairy Foundation in February 2018. A former public sector senior executive with a strong background in science and research, strategy and thought leadership, Clive has also been a senior executive consultant to government, agricultural industry, agribusiness and university sectors in governance reviews, strategy development, technology commercialisation, partnerships and joint ventures, capability development and performance evaluation. He has a deep understanding of national agriculture RD&E, combined with his leadership and understanding of innovation systems. Clive has extensive relationships across stakeholders of the Australian dairy industry and has utilised his industry relationships to enable him to create an extensive range of collaborations and partnerships to achieve joint benefits for parties.



## Ashley Eldridge

B.Comm (PR)

### Community & People Development (CPD) Projects Coordinator

Ashley was appointed as People and Community Development (PCD) Projects Coordinator in August 2017. She holds a Bachelor of Communications (Public Relations) from RMIT and has a strong background in media, advertising, marketing and stakeholder management. Her previous experience working in a creative advertising agency equipped Ashley with a proficient level of exposure to regional Australia and New Zealand working with Agricultural and Machinery clients. She has also worked in one of Australia's leading media publications where she worked with motoring and machinery dealer associates. Working with the PCD program, Ashley has been able to develop strong relationships across the dairy supply chain as well as successfully plan and implement our events since commencing her role with the Gardiner Dairy Foundation.



## Jainesh Lal

B.Com (Acctg and Finance), FGIA, FCIS, CPA

### Finance Manager & Company Secretary

Jainesh was appointed as Finance Manager and Company Secretary in May 2014. Jainesh possesses over 16 years of experience in various Finance and Accounting roles held over a range of industries, of which the previous ten 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.



## Richard Meredith

(Commenced July 2018)

### People Development & Stakeholder Engagement Program Manager

Richard Meredith has led organisations and teams as founder and managing director of a communication/marketing consultancy for 15 years; director and chair of not for profit, arts and tourism organisations; managing editor, writer and reporter and corporate affairs executive. He has worked in the agricultural sector, particularly dairy, for over 30 years and brings a broad range of skills and a depth of experience in organisational leadership, relationship building and enabling teams and individuals to perform beyond their boundaries. He is very experienced in project design, strategy and brand management with added strengths in collaborative project work and in personal communication, writing and editing.



## Caitlin Scholfield

B. Bus (Ag) (Maternity leave)

### Business Manager

Caitlin was appointed as Business Manager in February 2015. She was the Chair of the Young Farmer Ministerial Advisory Council from 2015–2018. She is a former director of the Future Farmers Network Board and spent almost three years as Industry Development Manager with the Australian Fodder Industry Association. In 2012 Caitlin started a networking group for Melbourne based agribusiness professionals called AgNext which operated for two years. She has social media, sales and marketing experience in the agricultural space and spent a year in Scotland as a farm based exchange student.



## Jenny Walsh

### Office Manager

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



## Thought Leadership

Gardiner Dairy Foundation engaged Australian expat and leadership expert Margie Warrell to speak at the annual Dairy Leaders Luncheon in February.

Margie's presentation, 'Leading through change: Creating a stronger future together' was both timely and relevant with work underway on the development of the Australian Dairy Plan and the dairy industry leadership strategy.

We now live in a VUCA (Volatile, Uncertain, Complex, Ambiguous) world, Margie told the luncheon audience of dairy leaders. Leadership is challenging in this environment. "Step outside of your comfort zone and be courageous to help tackle the industry's problems," she said.

Brought up as one of seven children on an East Gippsland dairy farm, Margie is now an international thought leader in human potential who is passionate about empowering people to engage in bigger conversations, take braver risks and lead more purposeful lives.

"Leadership is at the heart of all positive change in the world," she said. "Anybody can effect positive change and be a leader, regardless of their position, formal authority, title or age. It takes courage and courage starts from the inside out."

Leadership happens on three levels. The first was dealing with what was happening right now – and that needed to come from a position of listening. "Good leaders take time to try to understand what is going on for those around them, and that's listening for both what's being said and also what's not being said," Margie said.

The next level was the future. People needed to lift their eyes beyond the immediate "default future", one, two or five years from now, to the "invented future" or what might be possible in 10, 15, 20 or 25 years. "The default future, that's what's probable, if you keep going on with the ways things were happening before," she said. "But really to create the change and to be able to find the opportunities in the changes that are afoot comes from what's the invented future we want to create."

"A leader who cannot inspire people with a vision that gets people on board towards something that they feel excited about is like a river without water – dry and depressing."

Leaders also needed to embrace the discomfort of change. "All of us have a set of mental maps about how to get from point A to point B," Margie said. "And it is based on assumptions and beliefs and past experiences and your own stories about what can and can't be done and your own biases."

"We are wired to always look for evidence that supports our way of seeing things and likewise we are wired to defend our way of seeing things."

People needed to get comfortable with challenging how they saw things and become willing to take risks, even if they did not think it was going to work. "The more often we do things that are uncomfortable for us, the less uncomfortable they become," she said.

"So take a step back and say what is another way I can look at this because the story you are telling yourself about the problem may actually be the biggest part of that problem." She encouraged those in the room to think about what they could do individually and collectively to create change.

*Adapted from the Australian Dairy Farmer Magazine.*



## Niel Black Tertiary Scholarships

Gardiner Dairy Foundation continues to invest in emerging people capability by supporting rural students beginning tertiary study.

The Victorian dairy industry offers a multitude of career opportunities, employing over 42,000 people in diverse jobs ranging from engineering to international trade. Scholarships play a vital role in supporting rural students to gain skills that will contribute to driving the industry forward and making their communities vibrant places to live.

In 2019 Gardiner increased the number of Tertiary Scholarships it awards annually from four to seven.

Three new scholarships in honour of the late Niel Black have been awarded to a student from each of the major Victorian dairy regions. The four other scholarships are named in recognition of services to the dairy industry by Shirley Harlock, Jakob Malmo, Bill Pyle and Doug Weir.

Niel Black left a bequest to the Gardiner Dairy Foundation. He was involved in most aspects of the dairy industry. After studying artificial breeding in the US, he became a pioneer of the herd improvement industry and was a founding partner of DemoDAIRY research centre in Terang. He was an advocate and supporter of the United Dairy Farmers of Victoria for more than 50 years.

"Niel always generously shared his knowledge with newcomers and actively supported the development of young people," said Gardiner Dairy Foundation Chief Executive Officer, Dr Clive Noble.

Scholarships were awarded to students who commenced tertiary studies in 2019. The first three recipients of the Niel Black Scholarship are:

### Northern Victoria – Sharna Hagendoorn

Sharna is studying a Bachelor of Science at Melbourne University and plans to transfer into a doctorate of Veterinary Medicine after completing her 3-year undergraduate degree.

"The Gardiner Foundation scholarship will help with my costs, particularly with accommodation in Melbourne, which is very expensive," she said. "It will definitely ease the financial pressure on me and I am very thankful to the Gardiner Foundation for this scholarship."

### South West Victoria – Isabella McCluggage

Isabella is studying a Bachelor of Occupational Therapy at Australian Catholic University in Melbourne.

"The Gardiner Foundation scholarship will provide me with extra support in covering the expenses in moving away from home, like uni fees, living costs and accommodation," she said.

"I feel very privileged as a third-generation dairy farmer to be accepted for this scholarship. I am looking forward to bringing the skills I learn back to south-west Victoria when I graduate."

### Gippsland – Olivia Betts

Olivia is studying a Bachelor of Agricultural Sciences and Commerce at La Trobe University Bundoora.

"The Gardiner Dairy Foundation scholarship will help cover the cost of my accommodation and living expenses on campus," she said. "The scholarship will make such a difference to allow me to start university without having to worry about money, easing the stress and making my university experience more enjoyable."





# Performance of Gardiner Dairy Foundation Investment Portfolio

Gardiner Dairy Foundation is responsible for prudent management of the Foundation's investment portfolio. This responsibility is guided by Gardiner Dairy Foundation's Constitution which requires the Foundation to:

- Invest the income and capital of the Company in investments that are prudent and not speculative.
- Diversify the investments.
- Have regard to the need to maintain the real value of capital and the risk of capital loss or depreciation.
- Have regard to the liquidity and marketability of the proposed investment.

The Foundation seeks to provide best practice stewardship of the Corpus with the establishment of contemporary Investment Objectives and a Strategic Asset Allocation.

The Foundation independently reviews the Corpus management at least every three years. In 2017, asset consultant Frontier Advisors were engaged to undertake a comprehensive review of the Foundation's investment

objectives and strategy. Following the review, Frontier Advisors recommended a revised investment objective and Strategic Asset Allocation (SAA), that the Foundation Board approved and adopted:

The investment objective adopted is as follows:

To maximise the long-term investment performance of the Portfolio, subject to:

- *A reasonable (approximately two thirds) probability of achieving a return equivalent to inflation (as measured by the change in CPI) plus 5.0% p.a. over rolling 10 year periods, on an after-fees basis; and*
- *The chance of a negative return in any financial year being less than one in five years.*

To enable the Foundation to achieve its investment objective regarding risk and return, the Foundation adopted the following SAA:

Table 1: Strategic Asset Allocation (SAA) adopted

Asset Class Strategic	Strategic Asset Allocation (%)	Asset Class Ranges (%)
Australian Equities	55	40 – 75
International Equities (Unhedged)	20	10 – 35
Property (Unlisted)	10	0 – 20
Infrastructure (Unlisted)	10	0 – 20
Cash	5	0 – 15
<b>Total</b>	<b>100</b>	





## PERFORMANCE OF GARDINER DAIRY FOUNDATION INVESTMENT PORTFOLIO

The Foundation commenced implementation of the new SAA from November 2017.

The deployed asset classes of the SAA as at 30 June 2019 are presented in Table 2:

Table 2: Asset classes deployed as at 30 June 2019

Asset Class	Fund Manager and Product	Current Asset Allocation %	Strategic Asset Allocation %	Variance %	Valuation \$
Australian Cash	IFM Investors Australian Transaction Cash Fund	4.00	5.00	-1.00	5,398,730
Australian Property	AMP Diversified Property Fund	11.77	10.00	1.77	15,908,564
Australian Equity	Plato Australian Shares Tax Exempt Strategy	58.99	55.00	3.99	79,703,398
International Equity	BlackRock Wholesale Indexed International Equity Fund (Unhedged Currency)	25.25	20.00	5.25	34,113,662
Infrastructure	IFM Australian Infrastructure Fund*	0.00	10.00	-10.00	-
<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>135,124,354</b>

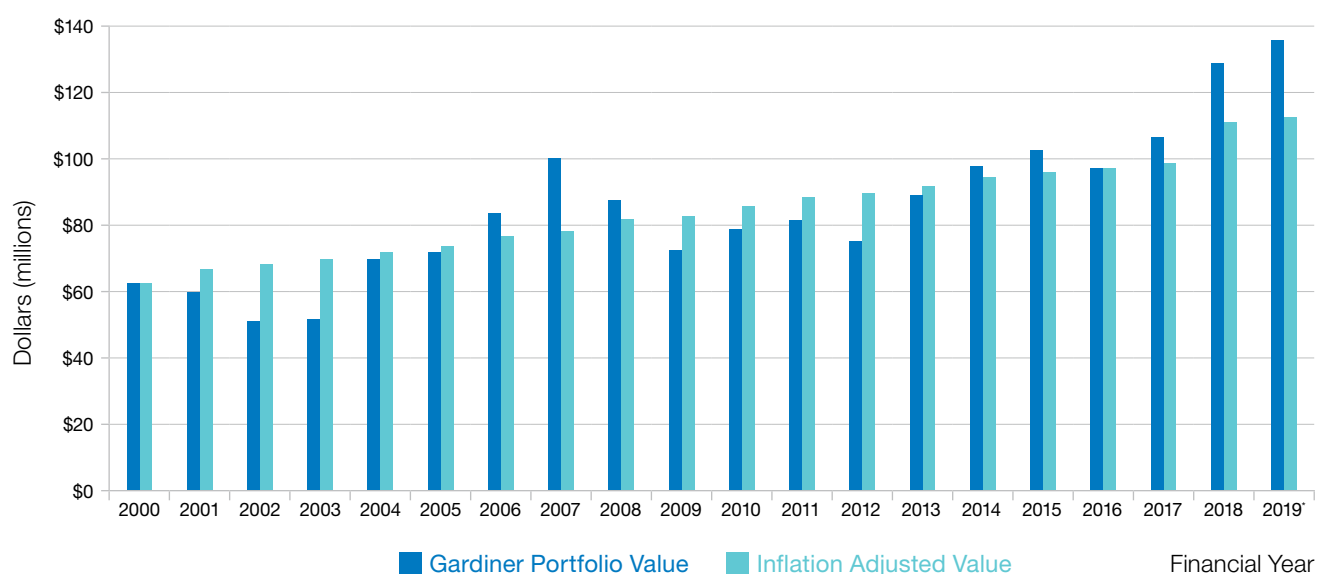
\*It should be noted that investment in the Infrastructure asset class may take a significant period to implement as there is an investor applicant queue.

Since the Foundation's establishment in 2000 the SAA has delivered a relatively stable and growing income stream. Whilst there has been some volatility in the capital value of the investment portfolio since inception, its real value has been maintained throughout economic cycles.

Figure 1 shows the growth of Gardiner Dairy Foundation's investment portfolio from the starting value of \$62.13m

in 2000 through to the closing value of \$135.12m at the end of the 2018/2019 financial year. The chart also shows the inflation adjusted value required to maintain the real value of the original investment (including the Niel Black bequest) which at the end of the 2018/2019 financial year was \$112.08m. The portfolio value is 20.56% more than the inflation adjusted value.

Figure 1: Inflation Adjusted Value of the Investment Portfolio versus Actual Value<sup>1</sup>



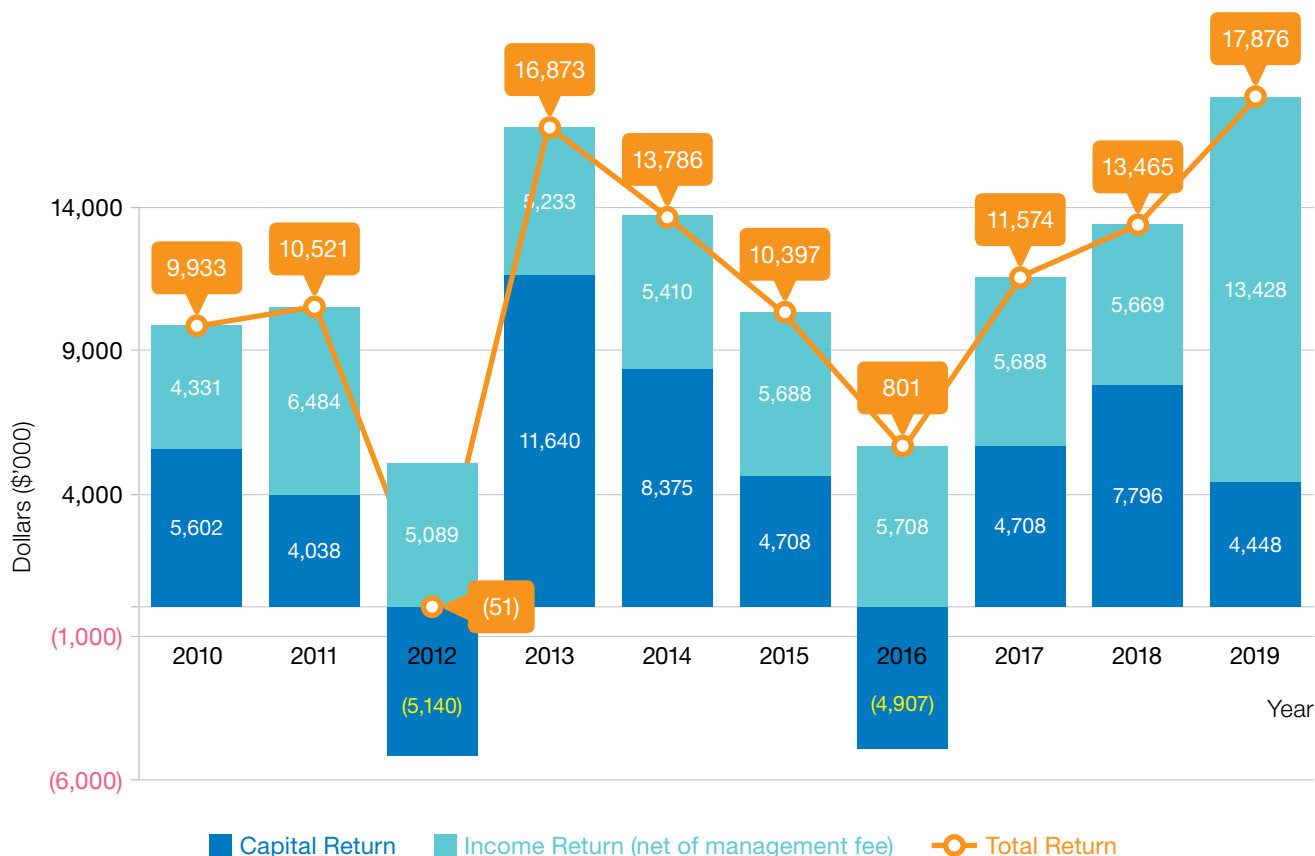
<sup>1</sup>Please note that the 2018 Portfolio value and inflation Adjusted Value include the Niel Black bequest of \$10.14m.

<sup>1</sup>Note the CPI figure used for 2018/2019 is sourced from [www.rba.gov.au/statistics/tables/xls/g01hist.xls](http://www.rba.gov.au/statistics/tables/xls/g01hist.xls)

## Investment Returns

The 2018/19 financial year investment returns for the Foundation under a full year of the newly adopted multi-asset class (and Investment Managers) investment strategy is reflected in Figure 2.

Figure 2: Capital return, income return (net of management fee) and total return



## Financial Year 2018/19 Assessment

The Gardiner Dairy Foundation's investment objective is to achieve a return equivalent to inflation plus 5.0% per annum over a rolling 10 year period. For the 2019 financial year, the Foundation achieved a return on investment of 12.1% against its investment objective of 6.6%, thereby exceeding its investment objective by 5.5%.

In absolute dollar terms, the total return was \$17.88m, of which \$13.43m was income returns from interest, dividends and franking credits (net of management fee) and \$4.45m represents capital growth as reflected in Figure 2.

The Foundation corpus performance in FY2018/19 was primarily due to Australian and International equities that both posted strong returns.



# Gardiner Dairy Foundation

## Program Funding

Since its inception in 2000, Gardiner Dairy Foundation has contributed over \$71m towards projects to support Victoria's dairy industry and dairy communities.

Gardiner Dairy Foundation works cooperatively across the supply chain and with the advocacy and support network of the dairy industry, providing valuable funding to short, medium and long term industry priorities while maintaining the flexibility to adapt to changing circumstances and to respond to critical events that impact the industry.

In accordance with the Gardiner Dairy Foundation Strategy 2018-2021, there are three program areas of strategic investment: RD&E, People and Community Development, and Industry Engagement and Support.

Since 2010, the Dairy Moving Forward (DMF) initiative has been the national strategic framework for pre-farm gate RD&E for the dairy industry. Gardiner Dairy Foundation has prioritised its pre-farm gate RD&E investments to align with the priorities of Dairy Moving Forward and this is reflected in project investments in our RD&E program where the focus is on the DMF categories of Animal Performance and Feedbase & Animal Nutrition.

Our major support for the manufacturing sector is in partnership with Monash University and the award-winning Monash Industry Team Initiative (MITI).

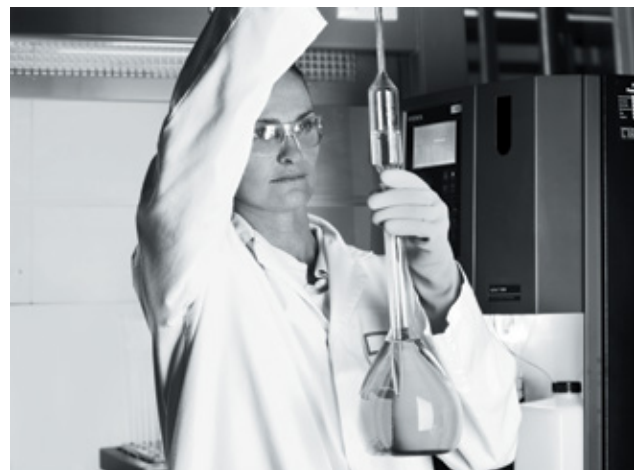
Our investment in People Development aligns with the People category of Dairy Moving Forward and also the priorities of the Dairy Industry People Development Council and the Australian Dairy Industry Council's leadership blueprint. Our investments particularly support building knowledge and leadership capability, business management skills and attracting young professionals to the dairy industry.

A unique role of Gardiner Dairy Foundation continues to be investing to strengthen dairy communities, via a partnership with the Foundation for Rural and Regional Renewal (FRRR) delivering small grants to support community initiatives. Our tertiary scholarships also support regional dairy communities to develop and retain their young people with skills across a wide range of professional disciplines.

To strengthen interactions and collaborations across the dairy industry, Gardiner Dairy Foundation invests in a number of industry engagement and thought leadership events and presentations. These activities encourage insightful knowledge sharing and debate on industry challenges and opportunities, together with contributing to stronger relationships across the value chain. Our events include leadership development, international speakers and support for regional recognition of industry excellence.

Where critical events impact the dairy farming sector, Gardiner Dairy Foundation is quick to support response and recovery efforts in partnership with other dairy organisations and government. Drought and feed shortages have impacted much of Victoria's dairy regions and the Gardiner Dairy Foundation has actively engaged in the design of response programs together with contributing significant funding to assist farm response and recovery actions.

Consistent with its purpose, Gardiner Dairy Foundation provides strategic support to issues of importance across the entire dairy value chain. With the Australian dairy industry operating in a rapidly changing and challenging environment, farmers, processors and the broader dairy community have recognized the need to work together and speak with one voice. Gardiner Dairy Foundation has partnered with other peak dairy industry organisations to develop the Australian Dairy Plan, aiming to rally the industry to set a clear vision and purpose for the next five years and beyond.



# Research Development & Extension Program

The Gardiner Dairy Foundation's Strategy 2018-2021 includes the Research, Development and Extension program that focuses on the development and application of innovations to improve the profitability, sustainability and growth of Victoria's dairy industry. The approach is to invest a meaningful amount into a small number of well-targeted, large projects, in strategically important industry priorities.

Dairy Moving Forward (DMF) is the National Dairy Pre-farmgate RD&E Strategy under the National Primary Industries RD&E Framework. The Gardiner Foundation has committed to the DMF Strategy and has a seat on the DMF Steering Committee (chaired by the President of ADF).

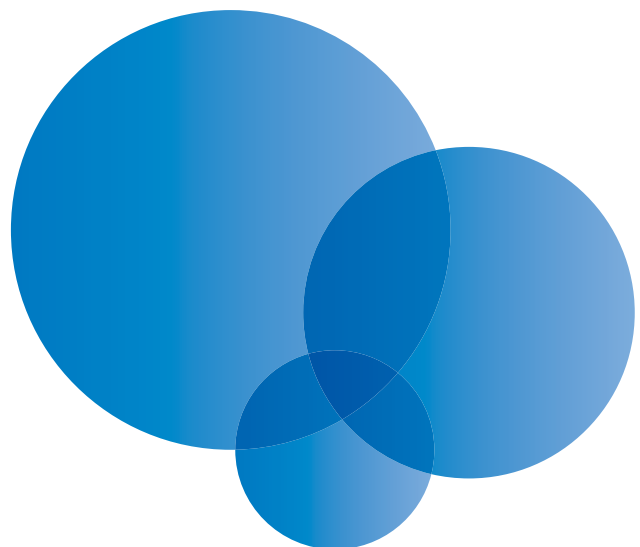
DMF has identified genetic improvements of pastures and animals, as well as improvements in feedbase production, management and utilisation, as the highest priority R&D fields for generating sustained increases in productivity and profitability for the dairy industry.

In line with the industry priority focus on the feedbase and the Gardiner Dairy Foundation Strategy, in early 2018 the Foundation partnered with Dairy Australia and Agriculture Victoria to establish the 'DairyFeedbase' initiative. This initiative supports the delivery of high impact innovations to the dairy industry by bringing together large-scale integrated research using cutting-edge agricultural technologies to improve pasture performance, animal nutrition and the cost-competitiveness of the feedbase. Gardiner Dairy Foundation is contributing \$1.5m per annum over six years, as part of the total initiative.

In 2016, Dairy Australia and Agriculture Victoria established the DairyBio initiative. DairyBio focuses on improvements in the genetics of pasture cultivars and dairy cattle, utilising bioscience capability that is recognised by industry and the scientific community as the pre-eminent source and resource for studies associated with plant and animal genetic improvement for the dairy industry.

In 2018 Gardiner Dairy Foundation was invited to become a formal joint partner in the DairyBio initiative. The invitation was accepted by Gardiner Foundation as involvement is consistent with our strategy, objectives and approach to RD&E; builds on Gardiner's prior investment in Improving Herds, and would demonstrably accelerate and enhance the objectives of the DairyBio initiative and its delivery of benefits to dairy farmers. Gardiner Dairy Foundation is contributing \$1.0m per annum over the next three years, as part of the total initiative.

Investment in both the DairyFeedbase and DairyBio large partnerships results in efficient transaction costs to deliver high impact innovations to the dairy industry.





## DairyBio Initiative

DairyBio is a five-year initiative established in 2016 as a major investment in dairy bioscience. The core investment proposition is to generate large-scale impacts for Australian dairy farmers through the advanced and industrial-scale application of biological sciences.

DairyBio focuses upon improvements in the genetics of pasture cultivars and dairy cattle, utilising bioscience capability that is recognised internationally as world-leading.

In 2018 Gardiner Dairy Foundation became a formal partner in the initiative, joining Dairy Australia and Agriculture Victoria. The increased investment from Gardiner Foundation in DairyBio will bring forward outcomes of existing projects, ensure science capacity is retained and delivers ongoing value from legacy activities of the previous Gardiner investment in the Improving Herds project.

The goal of DairyBio is to improve the cost-competitiveness of the dairy industry by improving pasture productivity by \$800 per hectare per year and improving animal productivity by \$350 per cow per year by 2030. This scale of impact is major and will assist the dairy industry to remain strong and better handle significant challenges over the next two decades.

In 2018/19 many innovations were developed to the stage where assessment of their future impact is more robust and indicate DairyBio is on track to deliver the projected productivity improvements. One of the most critical innovations is hybrid breeding, with a target of improving yields of pasture by 20%. Ongoing work has demonstrated the power of this technology with significant gains in yield obtained in commercial breeding operations and gives confidence to all investors that the project is on track to deliver its impact with new cultivars produced by 2023/24. Based on this success and broader Australian industry requirements, additional focus has now been placed on short term ryegrass F1 development. Developments in phenotyping in the field are progressing rapidly, allowing plant performance over time to be monitored providing benefits to the forage improvement projects. Genomic selection in ryegrass is delivering a significant boost to genetic gain (3X) and is now implemented in commercial breeding programs.

Animal improvement impacts are underway, and economic analysis on farm has demonstrated that genomic technology tools already provide significant benefits and with further improvements is on track to deliver \$350 per cow per year by 2030. There has been progress in implementation

of research outputs such as new traits working closely with DataGene who have introduced a modern operating environment for genetic evaluation services. Heat tolerance is now an established trait, and calving ease and gestation length traits are ready to implement. Improvements to many established traits and breeding values have been delivered. Recent results indicate milk mid-infrared data can be used to improve breeding selections, but also predict and manage individual cow fertility. Progress on crossbreed breeding values is being made.

It is fully expected that by 2021 technologies will be available and transferred to next users that will allow profitability on farm through improved pasture and animal selection and management.

Highlights of activities in 2018-19 that show the range of advances in DairyBio include:

- Demonstration from multiple field trials of F1 Hybrids that expected levels of heterosis are present in new hybrid experimental varieties with resultant elite performance.
- Implementation of genomic selection into a commercial breeding program for 3 successive years of breeding.
- Validation of F1 Hybrid breeding technology is relevant to short term ryegrass and generation of parental pools to evaluate potential gains.
- Sowed Australia's first GMO ryegrass in-field seed multiplication trial.
- New capability for genome editing ryegrass that has led to creation of the first genome edited plants with improved quality traits.
- Delivery of new traits such as calving ease, calving interval, and improvements to existing breeding values such as fertility.
- New methods under development for genomic selection of cattle on an across-breed basis.
- Commercial data that clearly demonstrates the value of genetic improvement and herd testing.
- The 1000 Bull Genomes project led internationally now contains whole genome sequences of over 4,000 animals improving accuracy of genomic prediction.
- New prospective technology applications in other forage species including microbiome and other species.
- Breakthroughs in high throughput phenomics for pasture plants, endophytes and animals facilitating a new wave of innovation.

## DairyBio Vision and Goals

### DairyBio – Better Pastures

**\$800/HA p.a.**

**3X**

Progress  
in Pasture  
Breeding

(eg 21 years of genetic gain  
delivered in 7 years)

**20% Boost**

in yield through hybrid vigour



**+2 Megajoules**

High energy pastures



**+3 Years**

A longer productive life



**Delivered into existing seed market**  
with no new regulation and with improved QA

### DairyBio – Better Cattle

**\$350/Cow p.a.**



**+50%**

Genetic gain

From 80% reliable  
genomic breeding values,  
3 generations in 6 years  
of c.f. 9 years

**+\$80/Cow**

via DNA based targeted  
cow management tools



**10% Lower  
health cost**

selection for health traits



**Delivered into existing H.I. market**  
with a new focus on cow performance

## DairyFeedbase Initiative

DairyFeedbase is a five year initiative established in 2017 with a goal to improve the cost-competitiveness of the dairy industry by developing management tools that improve productivity in the paddock and develop tools, technologies and systems that enable smarter allocation of feed at a herd and cow level.

DairyFeedbase is a collaborative initiative of Gardiner Dairy Foundation, Agriculture Victoria and Dairy Australia, with Gardiner Dairy Foundation contributing \$9 million over 6 years.

The goals are to increase pasture productivity, to deliver a 20% increase in pasture utilisation for at least 40% of farmers, an additional \$120 per cow from more effective feed allocation and to reduce the economic impact of hot weather by 50% through innovative diets.

In addition, through increasing feed intake in early lactation the target is to lift the average lactation value by \$300 per cow and reduce health costs per cow by \$50.

Results to date have shown the ability to increase individual cow production by up to 5 litres per day through changing feed allocation and farm management practices.

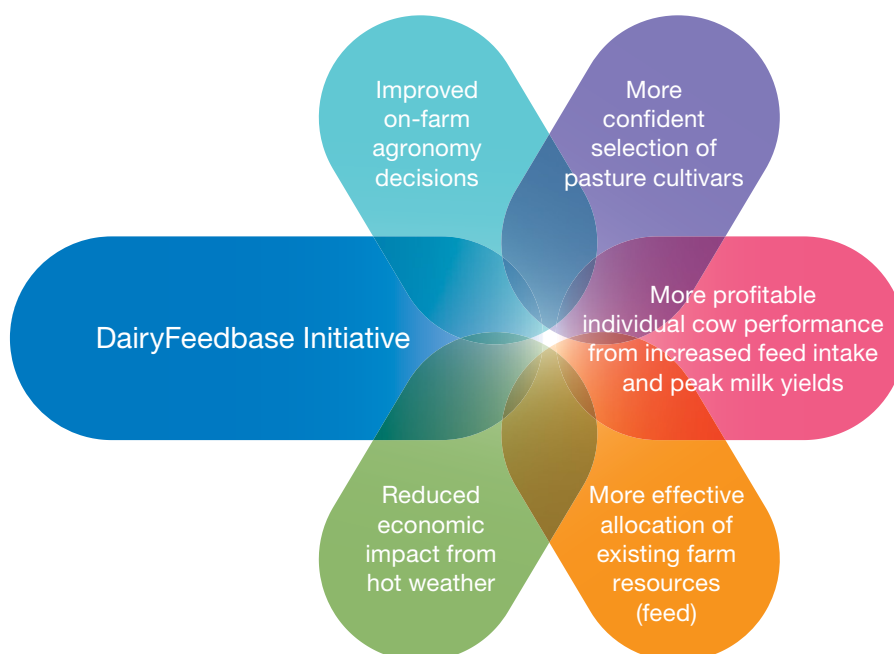
Major outcomes of the initiative's nutrition work which improves the use of partial mixed rations, formulated grain mixes, and use of key supplements such as canola and maize has already been made available to farmers via distribution through the extension network.

## Project highlights from the year

All five projects associated with Dairy Feedbase have achieved milestones and delivered a range of exciting new innovations. Critical activities that have been achieved include:

- Completed defining experiments at Ellinbank for the Smart Feeding, Feeding Cool Cows and First 100 Days projects.
- Reviews to identify the best approach for pasture forecasting and modelling activities.
- Evaluation of the use of automated sensors (e.g. drones and satellites) for measuring dry matter yield.
- Establishment of sentinel paddocks for predicting pasture performance.
- Implementation of non-destructive pasture measurements on partner farms.
- Establishment of pasture persistence experiments.
- Experimental work to understand the different feed on offer to the first and last cows to return to the paddock to graze.
- Fast-tracking the ability to perform sensor-based estimations of pasture dry-matter yield.
- Production of Forage Value Index results for 2019, including a parallel assessment of new sensor technology that can provide more efficient future methods of varietal assessments.

Dairy Feedbase is interactive with the DairyBio initiative. New cultivars produced with bioscience innovations (like hybrids and genome edited breeding lines) will be field-tested to maximise the quantity and quality of pasture consumed as well as validated for use with the Forage Value Index.



# People and Community Development Program

Gardiner Dairy Foundation invests in projects that foster and support the development of the people and communities that are vital to building a resilient dairy industry in Victoria.

Our people and community development initiatives aim to:

- Ensure industry people have the required leadership, knowledge and skills to perform effectively on their farms, in their communities and in the dairy industry.
- Support and encourage new, emerging and existing leaders to continue on their professional development pathways through workshops, mentoring and coaching.
- Provide dairy companies and industry service organisations access to postgraduate students who can bring innovative approaches to solving existing problems.
- Attract and retain the next generation of dairy professionals by offering them opportunities early in their career, to gain experience in the industry.
- Support prospective students from dairy communities to undertake tertiary studies in Melbourne and other urban centres.
- Expand young dairy farmers' horizons through learning from leading agriculturalists around the world.

Gardiner continues to sponsor dairy people to undertake leadership development programs delivered by the Australian Rural Leadership Program (ARLP), Nuffield and the Victorian Regional Community Leadership Program (VRCLP). These programs attract a wide range of applicants from along the dairy value chain, who are committed to contributing to their industry and community. They undertake programs that enable them to understand themselves better and to adapt their leadership styles to work more openly, inclusively and collaboratively with others.

To further develop leadership and business management skills we have provided scholarships to attend the Rabobank Executive Development Program or the Australia Owner Manager Program.

The Dairy program within the Monash Industry Team Initiative (MITI) enables multi-disciplinary teams of Monash students to work with dairy manufacturers on 'real' projects through which they obtain invaluable experience, build professional relationships and achieve outcomes which assist their host companies. They gain an understanding of the opportunities available in the dairy industry.

Gardiner Tertiary Scholarships assist rural students to overcome barriers to participation in higher education.

Additionally, Gardiner partners with the United Dairyfarmers of Victoria each year, to undertake a New Zealand Dairy Study Tour which expands young dairy people's knowledge and horizons and broadens their industry experience.

Strong local communities are fundamental to support our dairy industry. The Gardiner Dairy Foundation partnership with the Foundation for Rural and Regional Renewal (FRRR) provides the 'Working in Dairy Communities' Small Grants Program, which is designed to strengthen Victorian dairy communities. This program assists them to build local infrastructure, engagement and access to support that is a catalyst for community resilience, growth and well-being.





## Dairy Leadership Strategy

Gardiner Dairy Foundation has taken a key role in the development of the national dairy industry leadership strategy.

Building on the Industry Leadership Blueprint (2011 and 2017), a leadership taskforce was convened by Australian Dairy Farmers (ADF) and endorsed by Australian Dairy Industry Council (ADIC) in August 2018 to develop an industry leadership strategy.

The taskforce steering group consists of representatives from ADF (chair), Dairy Australia, United Dairyfarmers of Victoria (UDV) and Gardiner Foundation.

The task of this group is to steer the development of an industry leadership strategy by working with industry to identify and describe leadership needs and obstacles to achieving this; the potential enablers and what actions, by both people and organisations, are needed to support the development of leaders the industry needs.

Several workshops have been undertaken with State Dairy Farmer Organisation (SDFO) leaders, processor representatives, Dairy Australia and Gardiner Dairy Foundation directors, Regional Development Programs leaders, Young Dairy Network members, and leadership development graduates.

The development of the leadership strategy will continue in parallel with the development of the Australian Dairy Plan and will incorporate learnings from it.

When completed the Australia Dairy Industry Leadership Strategy will inform the Dairy Moving Forward People strategy and associated operational activities.



## Skills Development 2018/19

To support the broader industry, Gardiner Dairy Foundation offered Scholarships in 2018/19 to develop business and leadership development for farmers.

In 2018/19 these scholarships saw farmers participate in the Australian Rural Leadership Program; Australian Owner Manager Program; and Rabobank Executive Development Program.

Gardiner Dairy Foundation has supported over 70 dairy industry scholars through five Regional Community Leadership Programs, since 2004. Our aim is to support emerging leaders by giving them access to professional development training that is based in, and focused on, their region and local communities.

These Victorian Rural Community Leadership (VRCLP) Scholarships are awarded to a combination of dairy farmers and industry service providers across dairying regions.

### Development Scholars 2018/19

Scholarship and recipient listed below

#### Australian Rural Leadership Program

##### Course 26

Stuart Crosthwaite.

#### Australian Owner Manager Program

Markus Lang.

#### Rabobank Executive Development Program

Paul Mundy, Bonita Koch, Paul Moloney.

#### Alpine Valleys Community Leadership Program

Leon Carter.

#### Fairley Leadership Program

Ash Gabler, Liz Byrne.

#### Leadership Great South Coast

Lauren Peterson, Peter Gaffy.

#### Loddon Murray Community Leadership Program

Genevieve Policarpio, Emma Dotollo.

## Monash Industry Team Initiative (MITI)

The Monash Industry Team Initiative (MITI) program places small multi-disciplinary teams of students within an industry organisation over a 12-week period during the university summer break. The program provides students with first-hand experience of sophisticated dairy processing facilities, an appreciation of what it's like to live and work in rural Victoria, and an opportunity to gain practical experience working within the industry. Dairy companies and organisations have the opportunity to consider students as potential new employees, and to experiment with the alternative skill sets they may need in the future.

Based on the organisational challenge identified by participating organisations, Monash University selects a multi-disciplinary team of students at differing stages in their post-graduate studies to work with the company or organisation to create a solution to the challenge.

### Project Organisations & Partners 2018/19 and Participants

Listed below

#### Bega Cheese

Ali Rizvi (MDataSc), Danielle Jackson (BChemEng/BCom), Fahad Mubashshir (BChemEng) and Keyura Shah (BChemEng).

#### Burra Foods

Harishankar Iyer (MBis), Spardha Gautam (MBis), Ivy Phan (BChemEng/BPharmSci) and Wess Fernandez (BChemEng/BPharmSci).

#### Joint Venture Department of Jobs Precincts and Resources (DJPR)/Bega/Fonterra/Burra Foods

Andrew Tran (BChemEng. (Hons)/PharmSci), Yirong Rosalie Fang (BChemEng. (Hons)/PharmSci) and Sandeep Nimmakayulu (M.MatSci).

#### Fonterra

Qian Li (BEnvEng), Divyansh Tripathi (MMechEng), Nicholas Tay (BChemEng/BCom) and Sally Yang (BChemEng/BPharmSci).

#### Warrnambool Cheese and Butter

Glenn Dias (BChemEng/BPharmSci), Madeleine Barnewall (BMechEng/DipLang), Mei Shien Chew (BChemEng/MIB) and Rachel Lee (BChemEng/BPharmSci).

## Nuffield Farming Scholarship

The Gardiner Dairy Foundation has partnered with Nuffield Australia each year to provide a Victorian dairy farmer with a Nuffield Farming Scholarship. This scholarship is a unique opportunity for a Victorian dairy farmer to experience agriculture from a global perspective, investigate their chosen agricultural topic, and innovate on their own farms and within their dairy communities.

Successful applicants spend a total of 16 weeks travelling the world – including 6 weeks of group travel through the global powerhouses of agriculture, in countries such as China, India, Brazil, USA, Canada and throughout Europe. Scholars then travel for a further 10 weeks by themselves, tapping into Nuffield's global network of farming scholars to drill down into a research topic of interest to them and of value to the industry. Importantly, they then become part of a powerful alumni network of scholars right around the world, providing life-long opportunities for further learning and friendship.

### Nuffield Farming Scholarship

Current recipients and project listed below

Despite advertising and promotion for a 2019 Scholar there were no successful dairy applicants for the 2019 program.

#### Brendan Hehir

Our 2017 Scholar, Brendan Hehir from Wyuna, investigated how to maximise the spread between the price paid for milk and the cost of milk production. He presented his findings at the 2018 Nuffield Conference in Melbourne.

#### Shannon Notter

Our 2018 Scholar, Shannon Notter from Carlisle River, is investigating the key factors affecting farmer uptake of information to maintain a profitable dairy business, in an environment characterised by variations in price, climate and cost of production. In June/July 2018 she spent four weeks in Europe travelling to England, Germany, Netherlands, Northern Ireland and Ireland. She was able to also attend the Global Dairy Farmers Congress. In February 2019 Shannon also spent four weeks in the US visiting a range of dairy farms, from 200 cow family farms doing, 'value-add' drinking yoghurt in Wisconsin; a family operation in Kansas with eight farms around the country; a husband and wife team in Texas milking 4,000 cows, as well as owning a 9,600 dairy in Kansas and a 15,000 head heifer ranch.



## Tertiary Scholarships

The Gardiner Dairy Foundation has recognised that the dairy industry needs to attract, retain and develop young talented people with the potential to make an impact on the future of the dairy industry and its communities.

Gardiner Dairy Foundation awarded seven new tertiary scholarships in 2019 to assist rural people to undertake tertiary study and continues to fund seventeen ongoing scholars. The scholarships are named to honor significant contributors to the industry.

In 2018/19 three new scholarships we announced in honour of the late Niel Black to award a student from each of the major Victorian dairy regions.

### New 2019 Scholars

Recipient and course listed below

#### Carley Einsiedel

Bill Pyle Tertiary Scholarship, Advanced Diploma of Agribusiness Management, Longernong College.

#### Isabella McCluggage

Niel Black Tertiary Scholarship, Bachelor of Occupational Therapy, Australian Catholic University.

#### Jasmine McJames-Court

Shirley Harlock Tertiary Scholarship, Bachelor of Nursing, Victoria University.

#### Lauren Brewer

Doug Weir Tertiary Scholarship, Bachelor of Paramedicine, Monash University.

#### Lauren McIlveen

Jakob Malmo Tertiary Scholarship, Bachelor of Animal Science, Charles Sturt University.

#### Olivia Betts

Niel Black Tertiary Scholarship, Bachelor of Agricultural Science and Commerce, La Trobe University.

#### Sharna Hagendoorn

Niel Black Tertiary Scholarship, Bachelor of Science, University of Melbourne.

### Ongoing 2018/19 Tertiary Scholars

Recipient and course listed below

#### Amber Angel

Jakob Malmo Tertiary Scholarship, Bachelor of Nursing, La Trobe University.

#### Samantha Conn

Jakob Malmo Tertiary Scholarship, Bachelor of Commerce, Deakin University.

#### Owen Cumming

Bill Pyle Tertiary Scholarship, Bachelor of Environmental Engineering (Honours)/Science, Monash University.

#### Matthew De Cicco

Bill Pyle Tertiary Scholarship, Bachelor of Veterinary Biology/ Bachelor of Veterinary Science, Charles Sturt University.

#### Mitchell Dodds

Jakob Malmo Tertiary Scholarship, Bachelor of Science/ Doctor of Veterinary Medicine, the University of Melbourne.

#### Madison Gallagher

Bill Pyle Tertiary Scholarship, Bachelor of Commerce/ Bachelor of Agricultural Sciences, La Trobe University.

#### Liam Groves

Bill Pyle Tertiary Scholarship, Bachelor of Civil Engineering Honours, La Trobe University.

#### Georgia Luckin

Shirley Harlock Tertiary Scholarship, Bachelor of Nursing, Australian Catholic University.

#### Caitlyn Hocking

Doug Weir Tertiary Scholarship, Bachelor of Business (Accounting), La Trobe University.

#### Hayden Jones

Bill Pyle Tertiary Scholarship, Bachelor of Medicine/ Bachelor of Surgery, Monash University.

#### Jessica Mattern

Jakob Malmo Tertiary Scholarship, Bachelor of Science, La Trobe University.

#### Eliza Osborn

Jakob Malmo Tertiary Scholarship, Bachelor of Applied Science/Master of Physiotherapy Practice, La Trobe University.

#### Kyrra Rea

Shirley Harlock Tertiary Scholarship, Bachelor of Agriculture, the University of Melbourne.

#### Matthew Roache

Shirley Harlock Tertiary Scholarship, Bachelor of Agricultural Science, Charles Sturt University.

#### Erin Taylor

Bachelor of Veterinary Biology/Bachelor of Veterinary Science, Charles Sturt University.

#### Julia Twigg

Doug Weir Tertiary Scholarship, Bachelor of Exercise Science/Master of Exercise Physiology, La Trobe University.

#### Hannah Thorson

Bill Pyle Tertiary Scholarship, Bachelor of Agricultural Science, La Trobe University.



## New Zealand Study Tour 2019

Expanding knowledge horizons and broadening personal industry experiences are essential elements in growing leaders in the dairy industry.

To support such leadership growth, Gardiner Dairy Foundation – United Dairyfarmers of Victoria (UDV) New Zealand Study Tour selects a group of young dairy farm workers, students or industry employees to attend an 8-day study tour of New Zealand dairy farming regions. Delegates visit dairy farms that are utilising a variety of farm systems and technologies. They tour dairy research and processing facilities, and they visit the Federated Farmers of NZ to learn about industry issues and advocacy work. They also visit agricultural sites and meet like-minded young people with a passion for the dairy industry.

The Study Tour is a long-standing collaboration between the Gardiner Dairy Foundation and United Dairyfarmers of Victoria. It was first established as an apprenticeship tour and was part of the Victorian Farmers Federation annual Apprentice of the Year Awards. The purpose of the tour was the same as today – to give an opportunity for personal and professional development of passionate, young people in the industry. The tour has existed in its current form since 2012. Participants in this time have gone on to fulfil many local and state level leadership roles, including UDV Policy Councillors, agricultural show organising committees and local sporting clubs.

The New Zealand Study Tour is highly valuable for young, career minded Victorian dairy representatives as they can witness first-hand the most impressive elements of the New Zealand dairy industry. The knowledge they gain will assist them to initiate positive changes in the Australian dairy industry. Delegates present their key learnings from the tour at the annual UDV conference.

### New Zealand Study Tour 2019 Participants

Amabel Grinter, Muckatah.

Danielle Walker, Panmure.

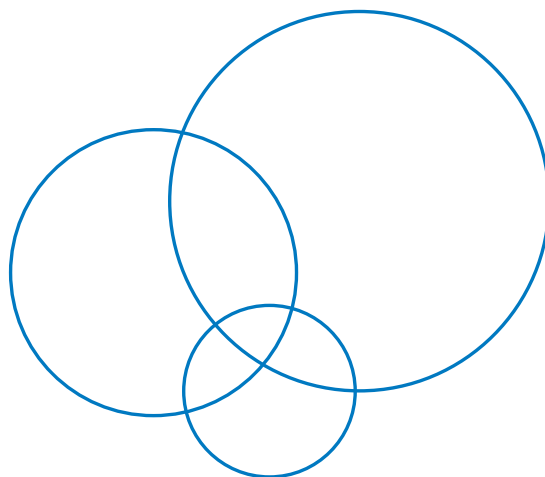
Leica Manners, Denison.

Majella Ryan, Grassmere.

Rachael McGrath, Orford.

Thomas Ryan, Birregurra.

Thomas Stuart, Dixie.



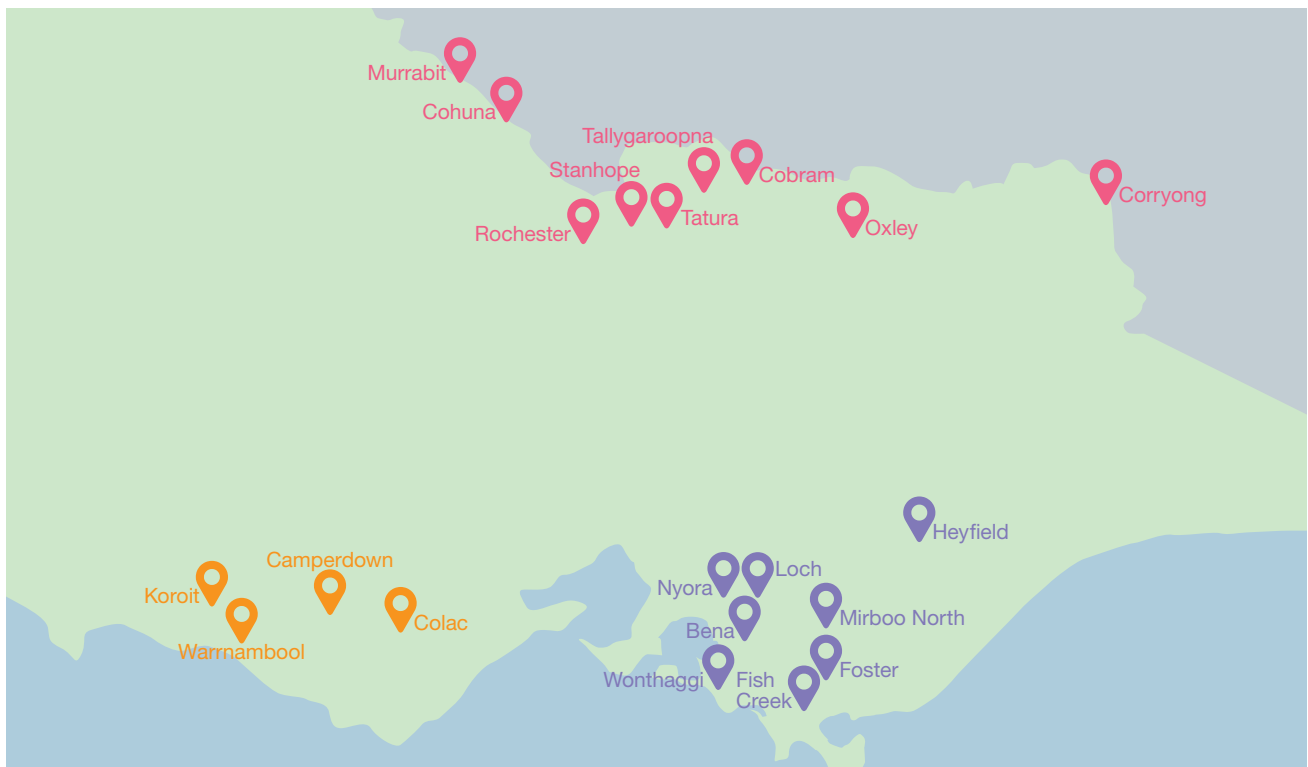


## Working in Dairy Communities – Small Grants Program 2019

For seventeen years, Gardiner Dairy Foundation has partnered with the Foundation for Rural and Regional Renewal (FRRR) to deliver the 'Working in Dairy Communities' – Small Grants Program. The aim of this program is to strengthen small Victorian dairy communities by helping build their capacity to deal with local issues and enhance existing community infrastructure.

Since it began in 2003, \$1,641,703 has been successfully funded to 423 grants across small dairying communities in Victoria. On average every \$1 invested by Gardiner Dairy Foundation receives additional leverage of \$2.02 in cash or in-kind contributions.

In 2018/19 Gardiner Dairy Foundation was able to increase its funding for this program and funded twenty-six small grants, totaling \$120,326.



## Dairy Communities Small Grants Program 2019, Gippsland Region \$45,067

Organisation, project and location listed below

### Bena Public Hall Inc

**Upgrade of the toilet/bathroom facilities of the Bena Hall:** Strengthen community engagement and participation through an upgrade of facilities at the community hall.

Bena

### Fish Creek Community Garden

**"The train is a-coming" – Art installation:** Contribute to the cultural vibrancy of Fish Creek by commissioning and installing a new artwork at the community garden, linking it to the rest of the town and engaging local residents and tourists.

Fish Creek

### Foster Primary School

**Pavilion Enhancement Project:** Improve the educational and social outcomes for students at Foster Primary School by upgrading the amenity of a multi-purpose space through improved storage.

Foster

### Friends of the Lyre Bird Forest Walk Inc

**Purchase a newer second hand twin cab utility:** Improve stewardship of the local environment through the purchase of a vehicle for use by volunteers maintaining significant natural resources.

Mirboo North

### Heyfield Tennis Club

**Sound proofing the club room:** Build community resilience by upgrading the acoustics at the Heyfield Tennis Club clubrooms and ensuring the community has access to a fit for purpose venue for meetings, events and activities.

Heyfield

### Loch Memorial Reserve Inc

**Mower Purchase:** Building community resilience by investing in equipment to support volunteers maintaining the local reserve.

Loch

### Mirboo North Playgroup and Toy Library Inc

**Introducing Aboriginal cultural experiences through play:** Strengthen educational outcomes and raise cultural awareness by introducing toys and equipment to playgroup that reflect Aboriginal culture and traditions.

Mirboo North

### Nyora Cricket Club Inc

**Canteen – refurbishment project:** Build community resilience by upgrading the kitchen at the local cricket club ensuring it provides appropriate facilities to community users.

Nyora

### Prom Coast Centres for Children Inc

**Outside play Everyday "Rain or Shine":** Improve educational outcomes and social inclusion through the purchase of wet weather gear for children attending Prom Coast Centres for Children programs in South Gippsland.

Foster

### State Coal Mine – Rescue Station Arts Inc

**Artworks: Building confidence and connection with youth through art:** Build organisational and community resilience through delivery of a youth focussed art program at the State Coal Mine – Rescue Station Arts facility.

Wonthaggi

## Dairy Communities Small Grants Program 2019, Northern Region \$41,245

Organisation, project and location listed below

### Cobram District Childrens Services Inc

**Increasing Outdoor Play Opportunities:** Improve educational, physical and social outcomes for pre-school children through the purchase of equipment designed to encourage outdoor play.

Cobram

### Cohuna and District Progress Association Inc

**Big Cohuna Festival:** Increase community wellbeing and engagement by delivering a vibrant and accessible community-based festival.

Cohuna

### Corryong and District Memorial Public Hall Inc

**Slap it on:** Improve community infrastructure and civic pride by painting the front exterior of the Corryong Memorial Hall.

Corryong

### Greater Shepparton City Council

**Mental Health Accredited First Aid Training for Rural Communities:** Build community resilience through delivery of mental health first aid training in the communities of Tatura and Tallygaroopna.

Tallygaroopna

### Greta Valley Landcare Group

**Raising Future Conservationists – Bringing awareness of local threatened species their habitat needs to our schools:** Improve environmental outcomes and community awareness of challenges through delivery of a series of educational workshops in four local primary schools.

Oxley

### Murrabit Men's Shed Inc

**Murrabit Men's Shed – Watch This Space!** Reduce social isolation and improve health and wellbeing by extending the workshop capacity of the Murrabit Men's Shed.

Murrabit

### Rochester Community House Inc

**Seats for All:** Upgrade the amenity of the old Shire Hall for community members and groups through the purchase of new chairs.

Rochester

### Stanhope & District Development Committee Inc

**Historic Mural:** Strengthen community identity and civic pride by creating a mural celebrating Stanhope's history and its association with the dairy industry.

Stanhope

### Tatura Civic Halls Committee Inc

**Kitchen catch-up:** Strengthen community capacity, engagement and connectivity by replacing kitchen equipment that is no longer working or in a suitable condition.

Tatura



GARDINER FOUNDATION

Investing for a Vibrant Dairy Future



www.gardinerfoundation.com.au  
@gardinerfoundation

Gardiner Dairy Foundation Investing for a Vibrant Dairy Future Annual Report 2019

FRRR  
Foundation for Rural  
& Regional Renewal

Connecting rural,  
regional and  
remote Australia  
with philanthropy  
government &  
business



## Dairy Communities Small Grants Program 2019, South Western Region \$34,014

Organisation, project and location listed below

### Anam Cara House Colac Inc

**Carers and Chronic Illness:** Navigating services to support those managing a Chronic Illness: Build local capacity and understanding of managing chronic illness through delivery of three focussed information sessions to community members affected or caring for those affected by life-limiting conditions.

Colac

### Camperdown & District Community House

**Camperdown Men's Shed storage expansion project:** Improve the wellbeing and engagement of local men, by increasing the capacity of the Men's Shed to attract new members and undertake more activities through the acquisition of an external storage unit.

Camperdown

### Colac Otway Residents Action Group Inc

**Providing public Access AED's into areas of Colac:** Strengthen community resilience and capacity to respond to health emergencies by purchasing three Automated External Defibrillators (AED) units for installation in public places.

Colac

### Emmanuel College Inc

**Exploring New Worlds:** Improve educational outcomes for students by purchasing virtual reality equipment and providing digital technology based learning opportunities that are not currently available.

Warrnambool

### Port Fairy to Warrnambool Rail Trail Committee

**Keeping Koroit Fit:** Build community resilience and improve health outcomes by developing an outdoor exercise fitness circuit in the Koroit railway precinct.

Koroit

### South West Community Energy

**Renewable Energy Education Van:** Strengthen environmental awareness and education outcomes by fitting out a renewable energy education van.

Warrnambool

### The Courthouse Camperdown Inc

**Small infrastructure improvements for big community & cultural gains:** Strengthen community resilience and capacity by upgrading the amenity of the community-run hub at the Camperdown Courthouse.

Camperdown





# Industry Engagement and Support Program

Gardiner Dairy Foundation strategically invests in projects and activities to encourage and support the engagement of people across the dairy value chain. Such engagement enables the sharing of knowledge and ideas and fosters stronger relationships that can support individuals and industry groups in the good times and challenging times.

Through the Industry Engagement and Support program, Gardiner funds Thought Leadership events to stimulate discussion and debate on a wide range of industry related issues. The key thought leadership event for 2019 was the annual Dairy Leaders Luncheon, held in February at the State Investment Centre in Melbourne.

Gardiner engaged Australian expat and leadership expert Margie Warrell to speak at the luncheon. Her presentation, 'Leading through change: Creating a stronger future together' was both timely and relevant with work underway on the development of the Australian Dairy Plan and the dairy industry leadership strategy. The Leadership Luncheon and the Foundation's post AGM reception were also used to highlight the results from a number of current and past Gardiner projects.

The Gardiner Dairy Foundation works collaboratively with the Victorian industry's Regional Development Programs (RDPs – Murray Dairy, Gipps Dairy and WestVic Dairy) to support local dairy activities that engage the sector in areas such as the application of new technologies, leadership development opportunities and business management skill development.

In a similar vein, Gardiner has created partnership projects with United Dairyfarmers of Victoria (UDV) to support leadership and governance skills development of current and emerging industry leaders.

Strategic industry support is provided by assisting industry to address critical events, such as drought and feed shortages, and issues, such as the industry's future direction and priorities. In 2018/19 the Feed Shortage Campaign and the development of the Australian Dairy Plan were major focus areas for Gardiner's strategic support efforts.



## Feed Shortage

In July/August 2018 it was recognised that dry seasonal conditions, both to date and predicted for the following Spring and Summer, represented a significant and growing challenge for dairy farmers across Victoria and nationally. While the direct impact of low rainfall would seriously affect many farmers, the broader impact of hay, grain and water availability and pricing would impact all dairy farmers. It was critical that farmers needed to understand their situation, plan ahead and act quickly.

The Feed Shortage 2018 campaign was initiated by Dairy Australia in August 2018 and the Gardiner Dairy Foundation, consistent with its purpose and approach of having an 'agile response to emerging industry issues or opportunities', immediately partnered with Dairy Australia for the delivery of the campaign to Victoria's dairy farmers. The Gardiner Foundation participated in the executive oversight of the campaign and provided extraordinary funding to Dairy Australia for the purposes of delivering an effective industry response.

The overarching objective of the Feed Shortage 2018 campaign was to enhance the decision-making of dairy farmers, especially under conditions of reduced fodder and water availability. The program provided farmers with management and technical (nutritional and animal health) information to help them to better assess their current position, explore feasible options and develop and implement action plans using suitable decision support processes and tools.

The Regional Development Programs (WestVic Dairy, Gipps Dairy and Murray Dairy) were the primary regional connection for dairy farmers; supported by suitably trained service providers.

The campaign was structured around seven components:

- **Seasonal Update Information Sessions:** provide the highest quality and latest information on water situation and policies, weather outlook, feed price and availability forecasts, milk price and market, and farm business scenarios.
- **Feed Budgeting & Purchasing Risk Management:** a series of workshops to build capability in constructing a feed budget and provision of a tailored individual feed budget for a farm business.

- **Dairy Discussion Groups:** work with groups of farmers to assist them to independently work through the prevailing conditions and be set up for the season ahead.
- **Engagement & Signposting:** implementation of phone and 1:1 contact via RDPs, milk processors and other industry participants to reach as many affected farmers as possible.
- **Regional Planning, Coordination & Communication:** the campaign was delivered by working in collaboration with existing regional service delivery networks to ensure initiatives were tailored to meet specific regional needs.
- **Taking Stock:** a tried and tested process to review how well the physical, financial and people aspects of the business are performing and to develop a series of preferred options to confidently manage on-farm performance. Taking Stock 1:1 was offered to all dairy farmers.
- **Access to Feedstuffs:** activities to support the timely imports of feedstuffs if required, and provision of information on managing the implications and risks of different feeds.

The campaign roll-out was by necessity graduated, depending on the severity of the dry seasonal conditions, water and feed prices and feed shortage, with the timing and content of delivery tailored to meet regional and sub-regional requirements

While many Victorian farmers ultimately experienced a better than average spring with rain and cool conditions through November and into December, overall, there were highly variable conditions across and within regions. East Gippsland continued to experience drought conditions and Murray irrigators continued to work with high temporary water prices. All Victorian farmers continued to be impacted by high grain costs and relatively high hay costs.

The regional delivery of activity was significant. To June 2019 the Victorian campaign delivered around 90 seasonal update sessions and 70 discussion group events, over 1700 direct phone calls and around 700 farmers took up the offered Taking Stock 1:1. Feedback from farmers who accessed Taking Stock was very positive.

The Feed Shortage campaign has become the Feed Planning campaign into 2019/20, with the form and scale of effort to be dependent on future seasonal conditions, water and feed availability and prices.



## Australian Dairy Plan

The dairy industry is a cornerstone agriculture and food industry, with unique and valuable characteristics that benefit Australian society. This is particularly the case for Victoria, with over 60% of national milk production. Recent challenges for the industry have been significant with dry seasonal conditions, high water prices, feed shortages, volatility in market conditions and milk price all resulting in declining milk production and higher production costs for farmers and processors, and impacts on the confidence of industry participants.

Despite the current challenges there is a strongly held view that there will continue to be a profitable dairy industry in all regions and the prospects for positive progress are significant. A path to a better future will however require concerted and sustained collective industry action.

To facilitate this collective industry action four key dairy industry organisations – Dairy Australia, Australian Dairy Farmers, Australian Dairy Products Federation, and the Gardiner Foundation – have identified the need and the opportunity for a new whole of dairy industry strategic plan; the Australian Dairy Plan (Plan). These partner organisations came together in 2018/19 to support buy-in and accountability from all parts of the supply chain.

The outcome of the Plan is to deliver fundamental change, which will build a more profitable, confident and united dairy industry:

- **Profitable:** Financially sustainable and profitable across the entire supply chain.
- **Confident:** A sense of confidence relating to future success is felt throughout the industry, including competitiveness in domestic and export markets. as well as potential for growth.
- **United:** The industry is influential with key stakeholders as it speaks with one voice.

The Plan will set out key priorities for the industry for the period July 2020 to June 2025 as well as describe ongoing priorities and major opportunities that continue beyond five years. It will also include a consistent, national narrative about future positioning of the Australian dairy industry. The Plan will include sufficient detail to ensure that progress can be monitored and all responsible organisations are accountable.

To create a high level of engagement across the supply chain, the plan is being developed in a way that allows every person in the dairy industry to have had multiple opportunities to contribute to the development of the Plan.

An Australian Dairy Plan committee was created, comprising of the Chairs and senior leadership of the partner organisations plus an independent chair, to oversight the development of the Plan and ensure accountability.

Development of the Plan commenced in early 2019 with the release of a detailed Australian Dairy Situation Analysis, together with extensive whole-of-supply chain consultation with on-line platforms and over 24 regional consultation workshops across Australia.

In early 2019/20 a national workshop will draw on insights from the regional consultation activities, considered implications for the whole supply chain, and to develop the focus areas for the next 5+ years. A draft Australian Dairy Plan is to be released for comment towards the end of 2019.

Aside from directly sponsoring and contributing to the development of the Australian Dairy Plan, the Gardiner Dairy Foundation is committed to actively addressing the priorities of the Plan. To this end, following the completion of the Plan, the Gardiner Foundation will review its corporate strategy and investments to ensure alignment with the Plan consistent with Gardiner's constitutional role and purpose.



# Sponsorships 2018/19

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## The Crawford Fund

2018 Parliamentary Conference Scholarship.  
Recipients: Kiana Barrie-Gresham and Tim Luke.

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## Great South West Dairy NiteMoooves

Past Honor Board Recipient.

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## United Dairyfarmers of Victoria

2019 UDV Conference.

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## WestVic Dairy

2018 Ladies Luncheon.

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## La Trobe University – Agriculture Teams

2019 Intercollegiate Meat Judging Competition  
and the National Merino Challenge.

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## Nuffield Australia

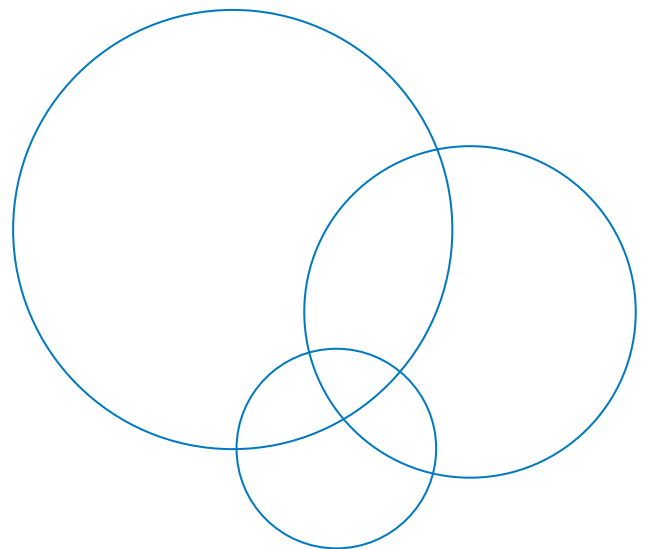
2018 National Conference.

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## Australian Dairy Team

European Young Breeders School 2019.

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# Geoffrey Gardiner Dairy Foundation Limited

(Limited by Guarantee) **A.C.N.** 094 733 418

## Annual Financial Report Year Ended 30 June 2019



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## Corporate Directory

<b>Directors</b>	B. Kefford – Chairman A. Maughan N. Pye R. Dedoncker J. Slocombe
<b>Chief Executive</b>	C. Noble
<b>Company Secretary</b>	J. Lal
<b>Registered Office</b>	Suite 3, Level 9, 470 Collins Street, Melbourne VIC 3000
<b>Telephone</b>	(03) 8621 2900
<b>Email</b>	info@gardinerfoundation.com.au
<b>Website</b>	www.gardinerfoundation.com.au
<b>Auditors</b>	Grant Thornton Australia Pty Ltd
<b>Solicitors</b>	FAL Lawyers
<b>Bankers</b>	ANZ Business Bank
<b>Investment Advisor</b>	Frontier Advisors Pty Ltd
<b>Investment Portfolio Managers</b>	Plato Investments – Australian Equity Asset Class BlackRock Investments – International Equity Asset Class AMP Property – Property Asset Class IFM Investors – Cash Asset Class
<b>Investment Portfolio Custodian</b>	Pitcher Partners Investment Services Pty Ltd



# Directors' Report

The directors present their report, together with the financial statements, on the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation") for the year ended 30 June 2019.

## Director details

The following persons were directors of the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation") during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Dr Bruce Kefford
- Mr Andrew Maughan
- Ms Naomi Pye
- Dr Judith Slocombe
- Mr René Dedoncker
- Company Secretary

Mr Jainesh Lal was appointed to the role of Company Secretary of the Gardiner Dairy Foundation at the November 2014 Annual General Meeting.

## Entity

Gardiner Dairy Foundation is a public company, limited by guarantee and does not have share capital. The company is incorporated in Australia.

## Principal Activity

Gardiner Dairy Foundation's principal activity is to manage the investment of funds to maximise the benefits to all sectors of the Victorian Dairy Industry and Victorian Dairy Communities, in accordance with section 65 of the Dairy Act 2000.

There were no significant changes in the nature of Gardiner Dairy Foundation's principal activities during the financial year.

## Strategy

Our strategic objective is to support the dairy industry vision of 'prosperous, trusted, world renowned nutrition', by funding and promoting RD&E, people and community development, and industry engagement and support activities that will benefit all sectors of the Victorian Dairy Industry and Victorian Dairy Communities.

Gardiner Dairy Foundation is embedded across the Victorian dairy value chain. The Foundation invests a 'meaningful' amount into a small number of well targeted projects, commonly as a co-investor to maximise the investment's critical mass and focus on innovative outcomes for end users. The Foundation has the ability to be agile and flexible in its response to emerging industry priorities. Our strategic project investments are categorised into three programs:

### 1. Research, Development & Extension:

The development and application of innovations to improve the profitability, sustainability and growth of Victoria's dairy industry, with a focus upon a small number of large investments in strategically important priorities.

### 2. People and Community Development:

Our strategic approach is for building the capacity and capability of the Victorian dairy industry's people resources, with a focus on leadership and priority skill development, and the strengthening of dairy communities. Initiatives include small infrastructure grants to community groups and scholarships.

### 3. Industry Engagement and Support:

Our strategy is to proactively achieve wide industry engagement, together with the provision of strategic thought leadership and tactical projects to respond to emerging industry needs and opportunities.





# Directors' Report

## Financial Key Performance Measures

The Gardiner Dairy Foundation measures its performance through the use of both quantitative and qualitative benchmarks. These benchmarks are used by the Directors to assess the financial sustainability of the company and whether the company's short term and long-term objectives are being met.

With respect to the Gardiner Dairy Foundation's investment portfolio, following a comprehensive review of the Foundation's investment objective and strategy in financial year 2017, a new investment objective and strategy was adopted. During the 2018 financial year, the Foundation commenced implementation of the new investment strategy via an indirect pooled unit trust structure. Formerly, the Foundation managed its investment strategy through a direct Australian equities mandate. Under the new investment structure, any market or fair valuation movement in financial assets is recognised through profit and loss rather than Other Comprehensive Income, in line with Australian accounting standard AASB 9<sup>1</sup>. This is reflected below the operating surplus for the year line in the Statement of Profit and Loss and Other Comprehensive Income.

The Gardiner Dairy Foundation's investment objective is to achieve a return equivalent to inflation plus 5.0% per annum over a rolling 10 year period. For the 2019 financial year, the Foundation achieved a return on investment of 12.1% against its investment objective of 6.6%, hence exceeding its investment objective by 5.5% in the 2019 financial year.

The Gardiner Dairy Foundation's investment portfolio<sup>2</sup>, over the twelve months to 30 June 2019 performed well, mainly in the Australian and International equities asset classes. The inflation adjusted value required to maintain the real value of the original investment<sup>3</sup> (including the Niel Black bequest) at the end of the 2018/2019 financial year was \$112.08m (as per clause 29(4) of the Gardiner Dairy Foundation Constitution). The closing value of the corpus was \$135.12m at the end of the 2018/2019 financial year.

Income earned from investments (net of management fee) at the end of 30 June 2019 was \$13.4m, which higher than 30 June 2018 investment income of \$5.7m (net of management fees)<sup>4</sup>, primarily due to Australian and International Equity asset classes posting strong returns. Total project funding expensed from inception to 30 June 2019 is in excess of \$71m.

<sup>1</sup>Please refer to disclosure Notes 1(h) of the Annual Financial Report for further explanation and the applicable accounting standard.

<sup>2</sup> The Gardiner Dairy Foundation's investment portfolio includes Australian Equities, International Equities, Unlisted Property and Cash is represented as Financial Assets in the Statement of Financial Position under the Non-Current Assets category (\$135.1m).

<sup>3</sup>Funds received at inception of Gardiner Dairy Foundation in the year 2000 was \$62m.

<sup>4</sup>Total Revenue posted during the 2018/19 financial year was \$13.57m, which consists of Net Investment Revenue (\$13.43m) and Other Income (\$0.14m). This is further explained in Note 2 of the Annual Financial Report.

## Directors' Report

## Financial Overview

	2019
	\$
Revenue	
Investment revenue:	
Interest revenue	675,292
Dividend revenue	9,818,036
Franking credit revenue	3,420,982
Less management fee	(486,075)
Other income	139,594
<b>Total revenue</b>	<b>13,567,829</b>
Project payments and other expenses	
Project payments	(5,324,233)
Other expenses	(498,649)
<b>Total operating expenses</b>	<b>(5,822,882)</b>
Operating surplus for the year	
Total revenue	13,567,829
Total operating expenses	(5,822,882)
<b>Operating surplus for the year</b>	<b>7,744,947</b>
Net surplus for the year	
Operating surplus for the year	7,744,947
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	2,827,909
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	1,619,751
<b>Net surplus for the year</b>	<b>12,192,607</b>



## Directors' Report

### Meetings of Directors

The number of Board and Board Committee meeting held during the year ended 30 June 2019, and Director attendance:

Directors	Board A	Board B	FAIR A	FAIR B	HR & Gov A	HR & Gov B
B Kefford	6	6	4	4	3	3
A Maughan	6	6	4	4	3	3
N Pye	6	6	–	–	3	3
R Dedoncker	6	6	4	4	3	3
J Slocombe	6	6	–	–	3	3

A: Number of meetings attended

B: Meetings held or entitled to attend

#### Index to Committees

FAIR: Finance, Audit, Investment and Risk Committee

HR & Gov: Human Resources and Governance Committee

#### Retirement, election and continuation in office of Directors

No changes to the Board during the 2018-19 financial year.

#### Members Guarantee

The Gardiner Dairy Foundation is incorporated under the Corporations Act 2001 and is limited by guarantee. If the Gardiner Dairy Foundation is wound up, the Constitution states that each member is required to contribute an amount not exceeding \$10 towards meeting the liabilities and obligations of the Gardiner Dairy Foundation. At 30 June 2019, there were 3 Members. The total amount that members of the company are liable to contribute if the company is wound up is \$30 (2018: \$30).

## Directors' Declaration

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is attached to the annual financial report.

This Directors Declaration is made in accordance with a resolution of the Board of Directors.



B Kefford  
Chairman

22 August 2019



A Maughan  
Chairman: Finance, Audit, Investment & Risk Committee

## Statement of Profit or Loss and Other Comprehensive Income

	Note	2019 \$	2018 \$
Revenue			
Investment revenue		13,914,310	6,192,473
Less: Management fees		(486,075)	(523,881)
Net investment revenue	2	13,428,235	5,668,592
Other Income	2	139,594	557,252
Project payments and other expenses			
Project payments	3(a)	(5,324,233)	(4,522,666)
Other expenses	3(b)	(498,649)	(439,496)
<b>Operating surplus</b>		<b>7,744,947</b>	<b>1,263,682</b>
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)		2,827,909	5,173,381
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)		1,619,751	204,292
<b>Surplus for the year</b>		<b>12,192,607</b>	<b>6,641,355</b>
Other comprehensive income			
Net realised gains/(losses) on disposal of financial assets at fair value through Other Comprehensive Income (Direct Australian Equities mandate)		-	2,418,650
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>2,418,650</b>
<b>Total comprehensive income for the year</b>		<b>12,192,607</b>	<b>9,060,005</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.





## Statement of Financial Position

	Note	2019	2018
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	209,790	728,455
Receivables	5	6,314,130	2,497,292
<b>Total current assets</b>		<b>6,523,920</b>	<b>3,225,747</b>
<b>Non-current assets</b>			
Financial assets at FVTPL	6	135,124,354	127,748,020
Plant and equipment	7	28,516	41,143
<b>Total non-current assets</b>		<b>135,152,870</b>	<b>127,789,163</b>
<b>Total assets</b>		<b>141,676,790</b>	<b>131,014,910</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	8	542,231	2,080,258
Provisions	9	35,763	32,910
<b>Total current liabilities</b>		<b>577,994</b>	<b>2,113,168</b>
<b>Non-current liabilities</b>			
Provisions	10	10,150	5,703
<b>Total non-current liabilities</b>		<b>10,150</b>	<b>5,703</b>
<b>Total liabilities</b>		<b>588,144</b>	<b>2,118,871</b>
<b>Net assets</b>		<b>141,088,646</b>	<b>128,896,039</b>
<b>Equity</b>			
Issued capital		62,126,314	62,126,314
Retained earnings		78,962,332	66,769,725
<b>Total equity</b>		<b>141,088,646</b>	<b>128,896,039</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

	Note	2019	2018
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations includes			
– dividends and franking credits		9,643,561	6,223,011
– interest received		105,846	317,137
– bequest received		–	300,000
– other income		571,853	559,923
Payments in the course of operations			
– primarily includes project payments		(7,415,893)	(3,296,608)
– management fees paid		(486,075)	(523,881)
Net cash from operating activities		<b>2,419,292</b>	<b>3,579,582</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(9,283)	(8,218)
Proceeds from sale of available for sale financial assets at fair value		11,710,000	138,030,679
Purchase of financial assets at fair value		(14,638,674)	(163,499,228)
Net cash used in investing activities		<b>(2,937,957)</b>	<b>(25,476,767)</b>
Net decrease in cash and cash equivalents		(518,665)	(21,897,185)
Cash and cash equivalents at the beginning of the financial year		728,455	22,625,640
Cash and cash equivalents at the end of the financial year	4	<b>209,790</b>	<b>728,455</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

	Capital Contribution	Financial Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 30 June 2017	62,126,314	26,205,299	31,504,421	119,836,034
Operating Surplus for the year	–	–	1,263,682	1,263,682
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	–	–	5,173,381	5,173,381
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	–	–	204,292	204,292
Transfer of accumulated realised gains to retained earnings	–	(26,205,299)	26,205,299	–
Net realised gain/(loss) on disposal of financial assets at fair value through Other Comprehensive Income (Direct Australian Equities mandate)	–	–	2,418,650	2,418,650
<b>Balance at 30 June 2018</b>	<b>62,126,314</b>	<b>–</b>	<b>66,769,725</b>	<b>128,896,039</b>
	Capital Contribution	Financial Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 30 June 2018	62,126,314	–	66,769,725	128,896,039
Operating Surplus for the year	–	–	7,744,947	7,744,947
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	–	–	2,827,909	2,827,909
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	–	–	1,619,751	1,619,751
<b>Balance at 30 June 2019</b>	<b>62,126,314</b>	<b>–</b>	<b>78,962,332</b>	<b>141,088,646</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Basis of preparation

The financial statements of Gardiner Dairy Foundation (the "Foundation") are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### (a) Revenue

The entity recognises revenue as follows:

#### Investment income

- Investment income derived from the investment portfolio includes interest, dividend and franking credit income on an accruals basis.
- Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.
- Dividend revenue is recognised when the right to receive a dividend has been established.
- Franking credits are recognised when the right to the franking credit arises, which is at the same time when the right to receive a dividend has been established.

All revenue is stated net of amount of goods and services tax (GST).

#### Royalty income

Royalty income is recognised on an accrual basis in the period which the income relates to.

#### Will and bequests income

Bequeathed items are recognised as income when the entity has obtained a present legal right to, and therefore control of, the bequeathed items. This occurs when probate has been granted and the period for challenging the Will has expired and or the Will has been challenged and it is legally determined that the entity is entitled to particular assets or amounts.

#### Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

### (b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (c) Property, plant and equipment

Plant and equipment are measured on cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvement.

The depreciation rates used for each class of depreciable asset are:

- Plant and equipment: 3 – 5 years
- Leasehold improvements: 4 – 5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.





## Notes to the Financial Statements

### (d) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### (e) Provisions

Provisions are recognised when Gardiner Dairy Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (f) Employee expenses

Provision is made for Gardiner Dairy Foundation's liability for employee expenses arising from services rendered by employees to the end of the reporting period. Employee expenses that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee expenses payable later than one year have been measured at the present value of the estimated future cash outflows. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Gardiner Dairy Foundation does not expect the full annual leave balance to be settled within 12 months, however, as the Gardiner Dairy Foundation does not have an unconditional right of deferral, the full balance is presented as a current liability.

### (g) Leases

#### Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of a lease term.

### (h) Financial instruments

The Foundation adopted the Australian Accounting Standard AASB 9 Financial Instruments in the 2014 financial year.

AASB 9 Financial Instruments requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

AASB 9 Financial Instruments does not affect the Foundation's accounting for its financial liabilities, as the requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Foundation does not have any such liabilities.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when Gardiner Dairy Foundation becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Foundation commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments are classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## Notes to the Financial Statements

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Until 31 October 2017, Gardiner Foundation held investments in form of direct Australian Equities. In 2015, the following the early adoption AASB 9, these assets were treated as fair value through Other Comprehensive Income.

Following a triennial review of the Foundation's investment performance in early 2017, the Foundation adopted a new investment objective and strategic asset allocation (SAA). In 2018 financial the Foundation commenced implementation of the new diversified SAA via an indirect pooled unit trust structure. Formerly, the Foundation's investment corpus was managed through a direct Australian Equities mandate.

Hence under the new investment structure, any market or fair valuation movement in financial assets will be recognised through profit and loss, which is reflected below the operating surplus line in the Statement of Profit and Loss and Other Comprehensive Income.

### Transfer of accumulated realised gains to retained earnings

Under the Direct Australian Equities mandate, any realised gains/losses through change in fair value of the financial assets was recognised through asset revaluation reserve under the Equity section of the Statement of Financial Position. Following transition to the pooled unit trust structure any realised gains/losses through change in fair value of the financial assets will be recognised through retained earnings under the Equity section of the Statement of Financial Position.

### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

### Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby Gardiner Dairy Foundation no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### (i) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

### (j) Income Tax

Gardiner Dairy Foundation is exempt from income tax and is an endorsed income tax exempt entity pursuant to Item 8.2 of Section 50–40 of the Income Tax Assessment Act 1997. The Foundation receives dividend and share buy-back franking credits in respect of investment activities from the Australian Taxation Office.

### (k) Comparative Figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.



## Notes to the Financial Statements

### (l) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### Key Judgements – Financial Assets

During the previous financial year, the Foundation adopted a new diversified SAA implemented via an indirect pooled unit trust investment structure where any gain or loss on financial assets held at fair value is recognised through profit and loss as disclosed above. On disposal of financial instruments with Fair Value through OCI, the asset revaluation reserve and any gain/loss on disposal was transferred to retained earnings.

The Directors, with the assistance of investment advisor Frontier Advisors, periodically review and adjust the SAA.

#### Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### (m) Equity

The Gardiner Dairy Foundation is limited by guarantee and does not have share capital. The Foundation was formed for the purpose of managing the investment of funds to be used to benefit all sectors of the Victorian Dairy Industry and Communities in accordance with Section 65 of the Dairy Act 2000.

The Foundation is prohibited by the Constitution from making distributions to its members. In the event of winding up, the assets of Gardiner Dairy Foundation shall be applied in satisfaction of its debts and liabilities and any surplus after such application shall be given or transferred to one or more bodies ("Successor Body(s)") having objectives consistent with the objects of the Foundation. The allocation of the surplus between Successor Body(s) must be approved by unanimous resolution of each class of member and by the Minister of the Victorian Government whose portfolio or responsibilities include agriculture. If the Successor Body(s) fail to meet the objectives and surplus approval criteria by the date Gardiner Dairy Foundation is wound up, any surplus will be transferred to the Minister on behalf of the State of Victoria.

Under the Direct Australian Equities mandate, any realised gains/losses through change in fair value of the financial assets was recognised through asset revaluation reserve. Following transition to the pooled unit trust structure any realised gains/losses through change in fair value of the financial assets is recognised through retained earnings.

## Notes to the Financial Statements

<b>Note 2. Revenue</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Investment Revenue		
Interest revenue	675,292	380,037
Dividend revenue	9,818,036	4,742,782
Franking credit revenue	3,420,982	1,069,654
Less: Management fees	(486,075)	(523,881)
<b>Total Investment Revenue</b>	<b>13,428,235</b>	<b>5,668,592</b>
Other Income		
Bequest income	–	402,764
Other revenue	139,594	154,488
<b>Total Other Income</b>	<b>139,594</b>	<b>557,252</b>

Other Revenue relates to Recalcent Royalty income received from Dairy Australia

**Note 3. Project Payments and Other Expenses****(a) Project payments**

Research, Development and Extension	2,680,058	2,648,425
Community and People Development	1,430,130	1,452,381
Industry Support	1,214,045	421,860
<b>Total project payments</b>	<b>5,324,233</b>	<b>4,522,666</b>





## Notes to the Financial Statements

## Note 3 Project Payments and Other Expenses (con't)

**Research, Development & Extension (RD&E)**

The RD&E projects support the development and application of innovations to improve the profitability, sustainability and growth of Victoria's dairy industry, with a focus upon a small number of large investments in strategically important priorities. Projects in this category include the Dairy Feedbase and DairyBio Joint Venture programs.

**People and Community Development (PCD)**

The PCD projects support building the capacity and capability of the Victorian dairy industry's people resources, with a focus on leadership and priority skill development, and the strengthening of dairy communities. Projects in this category include the Small Grants program administered via the Foundation for Rural & Regional Renewal (FRRR),

the Victorian Rural Community Leadership Programs and Tertiary Scholarships, Nuffield, Monash Industry Team Initiative Program and Farm Business Management scholarships.

**Industry Engagement and Support:**

Supports wide industry engagement, together with the provision of strategic thought leadership and tactical projects to respond to emerging industry needs and opportunities such as funding the Dairy Australia Feedbase Shortage 2018 Program and co-funding the development of the Australian Dairy Plan.

Project payments comprise direct project payments to third parties plus Gardiner Foundation employee expenses that are directly attributable to project conduct and delivery.

	2019	2018
	\$	\$
(b) Other Expenses		
Occupancy expenses	19,469	17,565
Depreciation expense	21,911	24,197
Rental expenses on operating leases	1,076	985
Remuneration of auditor – audit fees	31,000	25,000
Consultants fees	18,522	43,828
Legal fees	2,112	5,221
Insurance	4,159	3,313
Record management	1,274	1,101
Director's costs	51,923	57,426
Employee administration expenses*	299,936	194,500
Other administration expense	47,267	66,360
<b>Total other expenses</b>	<b>498,649</b>	<b>439,496</b>

\*Employee expenses attributed to administrative aspect of conducting Gardiner Dairy Foundation business.

## Notes to the Financial Statements

<b>Note 3 Project Payments and Other Expenses (con't)</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(c) Total Gardiner Dairy Foundation employee expenses consists of both Project and Administration employee expenses		
Employee expenses	703,143	659,762
Superannuation	62,650	61,693
<b>Total employee expense</b>	<b>765,793</b>	<b>721,455</b>

**Note 4. Cash and cash equivalents**

Cash at bank and on hand	102,889	621,555
Includes capital cash held	1	–
Project Bank Account	106,900	106,900
<b>Total cash and cash equivalents</b>	<b>209,790</b>	<b>728,455</b>

The Foundation holds units under the Cash asset class. Given, the Cash asset holding is periodically revalued, it is disclosed as financial asset under Note 6: Financial assets at FVTPL.

<b>Note 5. Receivables</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Income accrued	5,885,013	2,289,606
Sundry debtors including GST and other taxes receivable	429,117	207,686
<b>Total receivables</b>	<b>6,314,130</b>	<b>2,497,292</b>

Income accrued includes dividends owed but not received, franking credits on dividends received and franking credits earned on dividends accrued. Franking credits are claimed from the Australian Taxation Office after the year end.

The increase in accrued income from prior year is attributed to \$3.4 million of franking credits earned during the 2018–19 financial year due to participation in an off-market share buy-back.



## Notes to the Financial Statements

**Note 6. Financial assets at FVTPL**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Australian Equities	79,703,398	80,644,697
International Equities	34,113,662	28,802,476
Unlisted Property	15,908,564	15,199,334
Cash	5,398,730	3,101,513
<b>Total financial assets at fair value</b>	<b>135,124,354</b>	<b>127,748,020</b>

**Note 7. Plant and equipment**

Leasehold improvements – at cost	77,908	77,908
Less: Accumulated depreciation	(70,474)	(57,491)
Leasehold improvements – at carrying amount	<b>7,434</b>	<b>20,417</b>
Plant and equipment – at cost	82,152	83,951
Less: Accumulated depreciation	(61,070)	(63,225)
Plant and equipment – at carrying amount	<b>21,082</b>	<b>20,726</b>
<b>Total fixed assets – at carrying amount 30 June 2019</b>	<b>28,516</b>	<b>41,143</b>

## Notes to the Financial Statements

**Note 7. Plant and equipment (continued)****Movements in carrying amounts**

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	<b>Plant and Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	20,726	20,417	41,143
Additions	9,283	–	9,283
Depreciation expense	(8,928)	(12,982)	(21,910)
<b>Balance at 30 June 2019</b>	<b>21,081</b>	<b>7,435</b>	<b>28,516</b>

**Note 8. Payables**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	318,797	1,792,145
Accrued expenses	223,434	288,113
<b>Total payables</b>	<b>542,231</b>	<b>2,080,258</b>

2018: Trade and other payables include \$1.65m relating to Dairy feedbase joint venture program.

**Note 9. Current provisions**

Employee expense	43,763	37,190
Other provisions	(8,000)	(4,280)
<b>Total current provisions</b>	<b>35,763</b>	<b>32,910</b>





## Notes to the Financial Statements

<b>Note 10. Non-current provisions</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Employee expense	10,150	3,743
Rent free provision	–	1,960
<b>Total non-current provisions</b>	<b>10,150</b>	<b>5,703</b>

**Provision for long-term employee expenses**

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of leave, the probability of leave being taken is based on estimates and judgements. The measurement and recognition criteria relating to employee expenses have been included in Note 1 to these financial statements.

**Other provisions**

Other Provisions consists of Fringe Benefit Tax Payable for 2018/19 and rent-free provision has been recognised for straight line annual rental increases over the duration of the lease (five years).

**Note 11. Capital and leasing commitments**

The project expenditure commitments below include both contractual obligations for projects supported by Gardiner Dairy Foundation and other costs associated with servicing the contractual obligations.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating lease commitments</b>		
Non-cancellable operating leases contracted but not capitalised in the financial statements:		
Payable – minimum lease payments		
• Not later than 1 year	78,593	80,729
• Later than 1 year but not later than 5 years	29,685	27,697
	<b>108,278</b>	<b>108,426</b>
<b>(b) Project expenditure commitments</b>		
The following funding commitments for projects existed at 30 June:		
• Payable not later than 1 year	4,163,640	3,733,887
• Later than 1 year but not later than 5 years	6,005,000	8,000,000
	<b>10,168,640</b>	<b>11,733,887</b>

## Notes to the Financial Statements

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

**Note 13. Related party transactions****Key management personnel**

Disclosures relating to key management personnel are set out in note 15.

**Transactions with related parties**

There were no transactions with related parties during the current and previous financial year.

**Receivable from and payable to related parties**

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

**Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

**Note 14. Directors and key management personnel compensation****Compensation**

The aggregate compensation made to directors and other members of key management personnel of the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation") is set out below:

	2019	2018
	\$	\$
Directors and key management personnel compensation	623,521	603,215

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly, including any Director (whether executive or otherwise) is considered key

management personnel. Key management personnel compensation includes Directors fees, and compensation paid to the CEO and Company Secretary.



## Notes to the Financial Statements

	2019	2018
	\$	\$
<b>Note 15. Financial risk management</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	209,790	728,455
Receivables	6,314,130	2,497,291
Financial assets at fair value by asset class:		
Australian Equities	79,703,398	80,644,697
International Equities	34,113,662	28,802,476
Unlisted Property	15,908,564	15,199,334
Cash	5,398,730	3,101,513
<b>Total financial assets</b>	<b>141,648,274</b>	<b>130,973,766</b>
<b>Financial Liabilities</b>		
Trade and other payables	318,797	1,792,145
<b>Total financial liabilities</b>	<b>318,797</b>	<b>1,792,145</b>

Previously financial assets comprised of equity instruments designated as financial assets at fair value through other comprehensive income. Following transition to a pooled unit trust investment structure during the prior year, movement in equity instrument is as reflected as net realised gains/(losses) and net unrealised gains/losses through profit and loss as per disclosure notes 1(h).

**Note 16. Contingent liabilities and contingent assets**

In February 2014, the Gardiner Dairy Foundation (the Foundation) was advised by the executors of the Estate of Niel Black, that the Foundation is one of a number a beneficiaries of the late Mr Black's estate in accordance with his Will (the Will). The late Mr Black bequeathed a significant portion (the residuary estate) of his estate to the Foundation.

One of the conditions stipulated in the Will was that the Trustees of the estate will service and maintain Mr Black's Mt Noorat Homestead property (Homestead property), currently occupied by Mr Black's widow Mrs Eve Marie Black (life tenant). The Will however did not specify the amount to be set aside for the service and maintenance

of the Homestead property. The maintenance obligation amongst other things include repairs, insuring the Homestead property against loss and damage by fire, keeping the house, garden and grounds in good order and condition and pay and discharge all rates, taxes and other outgoings while the life tenant resides at the property.

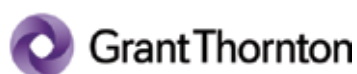
**Note 17. General information**

The financial statements cover Geoffrey Gardiner Dairy Foundation Limited (Limited by Guarantee) as an individual entity. The financial statements are presented in Australian dollars, which is Geoffrey Gardiner Dairy Foundation Limited (Limited by Guarantee)'s functional and presentation currency.

Geoffrey Gardiner Dairy Foundation Limited (Limited by Guarantee) is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2019. The directors have the power to amend and reissue the financial statements.

## Independent Auditor's Report



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## Independent Auditor's Report

To the Members of Geoffrey Gardiner Dairy Foundation Limited

### Report on the audit of the financial report

#### Opinion

We have audited the accompanying financial report of Geoffrey Gardiner Dairy Foundation Limited (the "Foundation"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration of the Foundation.

In our opinion, the financial report of Geoffrey Gardiner Dairy Foundation Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for Auditor's opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Foundation in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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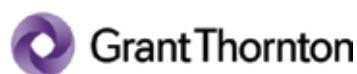
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# Independent Auditor's Report



### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The Directors of the Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Foundation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. A description of our responsibilities can be found on the Auditing and Assurance Standards Board website <http://www.auasb.gov.au/Home.aspx> (ref: para. Aus A57.1).

A stylized signature of the Grant Thornton firm, written in a cursive script.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature of T S Jackman, written in dark ink.

T S Jackman  
Partner – Audit & Assurance

Melbourne, 22 August 2019

## Auditor's Independence Declaration



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### Auditor's Independence Declaration

#### To the Directors of Geoffrey Gardiner Dairy Foundation Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Geoffrey Gardiner Dairy Foundation Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in dark ink, appearing to read "Grant Thornton".

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A stylized, handwritten signature in dark ink, appearing to read "T S Jackman".

T S Jackman  
Partner - Audit & Assurance

Melbourne, 22 August 2019

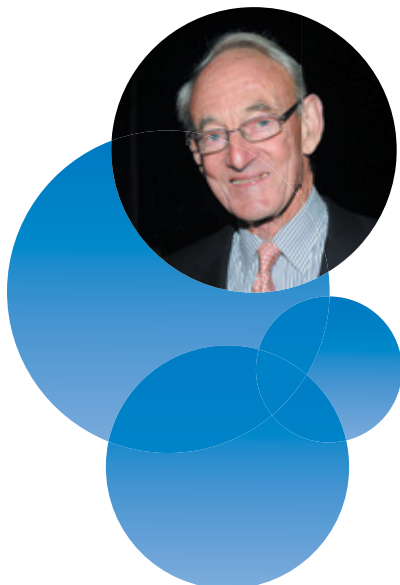
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## NIEL BLACK

(1935–2012)

“Niel has made an enormous impact on the dairy industry, he has implemented innovation and change, improved process by sharing knowledge and has left a lasting legacy.”

— NOEL CAMPBELL —

Past President of Australian Dairy Farmers and Dairy Farmer

Niel Black was involved in almost every aspect of the Australian Dairy Industry. His contribution towards herd improvement made him a pioneer of the industry.

He's best known for his founding partnership of the DemoDAIRY research centre in Terang, Victoria and being the President of the Noorat Show committee for 11 years. He was also an advocate and supporter of United Dairy Farmers of Victoria for over 50 years.

A forward thinker, Niel Black was never afraid of a challenge that would in turn benefit the overall dairy industry. His inquisitive nature knew no boundaries, he studied artificial breeding in the USA and applied his knowledge back in Australia to achieve a thorough understanding in herd improvement.

On a personal level, he was a modest quiet achiever who never sought personal glory but this didn't prevent many accolades being bestowed upon him. In 2012 he was inducted onto the Western Victorian Dairy Industry honour roll. Mr Black always generously shared his knowledge with newcomers and he was an experienced farmer who kept active on his own farm throughout his life.

Mr Black was an advocate of the Gardiner Dairy Foundation and he made a considerable bequest to the foundation in his will. The Gardiner Dairy Foundation will use these funds to honour Neil's legacy.

His generous donation will go towards supporting the entire Victorian dairy industry through the programs of the Gardiner Dairy Foundation.



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