

Investing for a Vibrant Dairy Future

Annual Report 2020





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 AC

Governor of Victoria
Patron of Gardiner Dairy Foundation



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Chairman's Review

Progressive improvement in dairy farm operating conditions, primarily increased rainfall, higher farm gate milk prices and declines in bought-in feed costs have seen welcome improvements in dairy farmer confidence and state milk production. However, our dairy sector faces considerable uncertainty, particularly with the evolving impact of the COVID-19 pandemic on global markets and the volatility of trade relationships.

Our dairy industry, right along the value chain, is no stranger to uncertain and volatile conditions. Over the years the industry has shown remarkable resilience, commonly with collaborative and collective actions by industry participants, from owners and operators through to the industry's service organisations. Whilst 2019/20 has seen some positive signs returning for the dairy value chain, continuing uncertainty and volatility has emphasised the need for the industry to come together to chart the way forward. Hence the time has been right to establish, with wide industry consultation, the Australian Dairy Plan. Gardiner Dairy Foundation is proud to have been an active supporter and contributor to the development of the Plan. Extensive consultation has highlighted industry's views on the most important issues to address in order to establish a profitable, confident and united industry.

The Australian Dairy Plan is a unique opportunity. It has seen, for the first time in the industry's history, partner organisations from across the dairy value chain come together to deliver a single plan with a single set of priorities for the dairy industry. It has also seen the widest degree of industry consultation take place to identify the priorities. The Dairy Plan provides a pathway to a more profitable, confident and united future, however, it is important to recognise that no single commitment or action within the plan will be a 'silver bullet' and that success will require collective and collaborative effort.

The commitments, priorities and initiative actions in the Dairy Plan will guide the corporate strategies of the dairy industry's major service organisations. In early 2020/21 Gardiner Dairy Foundation will review its forward strategy to align with and proactively contribute to the Dairy Plan's goals and priorities.

Gardiner's current Corporate Strategy 2018 – 2021 emphasises a focus on our constitutional purpose to "Maximise benefits to all sectors of the Victorian dairy industry and to Victorian dairy communities." In this Annual Report there is extensive coverage of the range and scale of effort we have undertaken during 2019/20 to achieve our purpose through our Research, Development and Extension; People and Community Development; and Industry Engagement and Strategic Support programs.

Consistent with Gardiner's emphasis on leadership development, in 2020 we have partnered with the Melbourne Observership Program to include a young, developing leader as an Observer at Board meetings. We are pleased

to welcome Dale McKie as our Observer for 2020. Dale grew up on a dairy farm in western Victoria, received a Gardiner Tertiary Scholarship in 2009 and is currently an Associate Director at EY.

As experienced by everyone, the COVID-19 pandemic required the Gardiner team and our collaborators to adapt to a new way of conducting business and delivering many of our programs. I am pleased to report that while a small number of our project activities needed to be postponed or delivered remotely, we have been able to sustain all our industry support and delivery activities with minimal disruption. I and the Gardiner Board are particularly grateful to the Gardiner staff for their adaptability and strong commitment to the Foundation and the industry that we serve. We are also very grateful to our industry partners who worked with us to achieve this outcome.

A critical governance role for the Gardiner Board is to prudently manage our asset base. The COVID-19 pandemic impact on the financial markets generated some unforeseen challenges to our asset base but I am pleased to report that our diversified investment allocation approach, under the significant watchful eye of the Foundation's Finance, Audit, Investment and Risk Committee (FAIR), has ensured that our asset base remains very sound and capable of maximising available funds for project investments.

2019/20 is my last full year as Chairman of Gardiner Dairy Foundation, with my term ending at the October 2020 Annual General Meeting. It has been a privilege to work with stakeholders from across the dairy industry and dairy communities, as well as with the staff and directors of the Foundation. In November 2019, the Foundation's members appointed Dr Len Stephens to the Board, with Len identified as the chair-elect. Len will be formally appointed as Chair of the Foundation at the October AGM. He brings a wealth of experience in corporate governance and leadership, science, stakeholder engagement and project management. Len also has a long history of working for and with Australian agricultural industries. He is a very welcome addition to the Gardiner Board and I am sure he will provide excellent leadership to the Foundation and in our interactions with the dairy industry.

In conclusion, 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 outstanding commitment and support for the Foundation and the Victorian dairy industry.

Dr Bruce Kefford
Chairman





Chief Executive's Report

The past year has truly been a period of new opportunities and new challenges for our dairy industry and communities, together with how we work and live. A gradual easing in drought conditions and feed shortages, together with improved milk prices provided for improved confidence and scope for improved business returns and production. However, as the year moved into the second half, devastating bushfires and the COVID-19 pandemic created new challenges and demands on the resilience and adaptability of our businesses, supply chains and services to industry. Throughout this period the national dairy industry has been actively engaging in the development of the Australian Dairy Plan to set the desired future directions and priorities for the industry.

Throughout this unique year, I am pleased to report that Gardiner Dairy Foundation has been able to both sustain our broad range of services to the Victorian dairy sector and communities, as well as being a proactive contributor to new initiatives and support actions. Additionally, we have sustained a sound financial position for the Foundation, despite significant volatility across the financial sector.

Our service and support programs have continued to be aligned with our current 2018-2021 Gardiner Strategy, whilst incorporating a level of flexibility and agility to begin responding to industry needs arising from the development phase of the Australian Dairy Plan.

In our RD&E program, the DairyBio and Dairy Feedbase partnerships with Agriculture Victoria and Dairy Australia have continued to perform strongly with several new key discoveries together with the delivery of a number of past discoveries to industry. New ryegrass cultivars are several steps closer to commercial release and are displaying some exciting yield improvements. Several new animal trait breeding values have been released and rapidly incorporated into new genetic herd improvement services to dairy farmers. In addition, in the past year Gardiner invested in a new project with DairyBio to accelerate improvements in fertility breeding values, a high priority of dairy farmers.

Through our People and Community Development program we have continued our support for a broad range of workshops, scholarships, grants and study tours addressing areas of leadership, career development, attracting new people to the industry and building business management capability. The importance of leadership development and opportunities was highlighted in industry consultation for the Australian Dairy Plan and Gardiner has increased our contribution to the development of a new Dairy Leadership Strategy. This strategy will emphasise that leadership is not only for those people in formal roles and that leadership encompasses mindsets and behaviours as well as skills and knowledge.

We have again undertaken a unique aspect of Gardiner's role in supporting small Victorian dairy communities through our partnership with the Foundation for Rural and Regional Renewal. Our 'Working in Dairy Communities – Small Grants Program,' provided over \$121,000 in 2019/20 to projects across Victoria's dairy regions.

Our third program of Industry Engagement and Strategic Support has been a particular focus over the past year. In addition to our thought leadership events and further support to Dairy Australia's Feed Shortage program, Gardiner Foundation has been highly engaged in providing considerable financial, operational and governance support to the development of the Australian Dairy Plan.

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. The Foundation's investment strategy for its asset base is based on a diversified Strategic Asset Allocation (SAA), encompassing Australian and International Equities, Property, Infrastructure and Cash. This diversified SAA enabled our investment portfolio to withstand much of the negative impacts of the market volatility arising as a result of the COVID-19 pandemic. The 30 June 2020 value of our corpus (\$127.8 million) remains at almost \$16 million above the inflation adjusted value required to maintain the real value of the original investment. The Foundation, therefore, remains in a sound financial position to provide on-going support to the dairy industry and dairy communities of Victoria.

During 2019/20 we have continued our program of identifying internal efficiencies to enhance the way we work both internally and in our delivery of services. The past year has included new initiatives to expand our knowledge and information sharing through an improved website and new social media strategy and practices. Further improvements in business continuity and disaster recovery as well as corporate data and information security have delivered administrative and operational efficiencies. I am particularly grateful to Gardiner staff for their valuable assistance in these improvements.

In 2019/20 we farewelled Caitlin Scholfield from our team. Caitlin was a very valuable contributor to our programs, particularly in a range of People and Community Development projects. Caitlin and her family have moved to regional Victoria to start a new venture and we wish them the very best.

We welcomed Amabel Grinter to the Gardiner team contributing to our People and Community Development and Industry Engagement programs. With her agriculture degree and dairy farm background, together with vast amounts of enthusiasm and can-do attitude, Amabel has been a great addition to the team.

In a year that has presented some new challenges how we live and work, 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 continue to provide services to the Victorian dairy sector.

Dr Clive Noble
Chief Executive Officer





Message from the Minister for Agriculture, Resources and Regional Development

Victoria is the heartland of dairy in Australia and our dairy farmers, manufacturers and communities are vital to our state's future.

The past year has been one of complexity for the dairy industry. Droughts, bushfires and high input costs have challenged many dairy regions. Fortunately, early and sustained seasonal rainfall in 2020, together with higher farmgate milk prices, have resulted in a welcome upswing in milk production and industry confidence.

The COVID-19 pandemic has brought new challenges to all of us. As governments, businesses and the community adapt to and recover from the pandemic, our agriculture sector and the people who drive it will be critical for our future wellbeing and prosperity.

Victoria's dairy industry, with support from government and industry service organisations like Gardiner Foundation, is well placed to be a leader in our recovery from the pandemic. There is strong demand for our dairy products domestically and internationally, and Australian dairy products are viewed as premium quality. We also have many very efficient farmers, a competitive dairy manufacturing base, and world class RD&E to support the delivery of new innovations. Most importantly, the people in our dairy industry are resilient, with a drive to succeed.

Attracting and developing people in the dairy industry is a high priority identified in the Australian Dairy Plan. Key ingredients for a strong dairy industry include awareness of the many different dairy roles and career opportunities, supporting young people from dairy communities, and building leadership skills, behaviours and opportunities at all levels across the industry. Gardiner Foundation's Tertiary Scholarships, Leadership Development programs, community grants and experiential work and study projects for young people are continuing to provide wonderful opportunities to address the needs of the industry and our dairy communities.

In these complex and volatile times, building and supporting the business management skills of our dairy producers is a key to profitability and risk management. The new 'Our Farm, Our Plan' program, jointly developed by Gardiner Foundation and Dairy Australia, will be a cornerstone for achieving an Australian Dairy Plan aim of supporting all dairy farm businesses to develop a long-term business plan to achieve goals and manage risk. The Victorian Government's Business Planning and Management Support for Farmers program will also contribute towards this impressive target.

New knowledge and technologies drive the innovations that will ensure a sustainable, productive and profitable Victorian dairy industry. I have been delighted to see the progress of new innovations arising from the DairyBio and Dairy Feedbase initiatives involving a partnership between Agriculture Victoria, Dairy Australia and Gardiner Foundation. Both these initiatives are utilising largescale, world leading, integrated research that is already delivering significant on-farm benefits in areas such as pasture and animal performance and farm management practices. These major partnerships between government and industry ensure important innovations are delivered faster to farmers.

I would like to acknowledge Dr Bruce Kefford's significant contribution as Chair of the Gardiner Foundation since 2015. Dr Kefford has been instrumental to the success of the Gardiner Foundation and is a great champion of the Victorian dairy industry.

Despite the uncertainties arising from the COVID-19 pandemic, I am confident that Victoria's dairy industry will be at the forefront of our economic and community recovery. I look forward to working with the dairy industry and industry service organisations such as Gardiner Foundation in securing our future.

The Hon. Jacyn Symes
Minister for Agriculture, Resources
and Regional Development



Gardiner Dairy Foundation Strategy 2018–2021

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.

Following the release of the Australian Dairy Plan in mid-2020, the Gardiner Board will review the Foundation's Strategy to align with and actively contribute to the goals of the Dairy Plan.

Our Purpose

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

Our Objective

To support the dairy industry, 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.

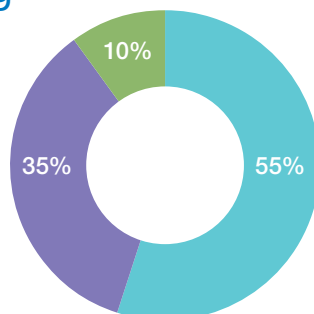
Our Programs

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



Dr Len Stephens

Dip Agr Sci, BVSc, MSc, PhD, GAICD

Len Stephens joined the Gardiner Dairy Foundation Board in October 2019 as the Chairman Elect. Following retirement of the incumbent Chairman at the AGM in October 2020, Len will be appointed as the Chairman. Len is a veterinarian, with specialist expertise in research management. He also has extensive experience in governance and operations of industry owned rural R&D corporations. In his early years Len worked with the Victorian Department of Agriculture, servicing the dairy industry in Gippsland, where he also has family connections to dairy farming. He moved from Gippsland to become the inaugural director of the Victorian Institute of Animal Science. Len is currently Chairman of Australian Seafood Industries Pty Ltd, Chairman of Oysters Australia Ltd and a Director of Animal Health Australia Ltd. His previous positions include Managing Director of the Seafood CRC Company Ltd, Director Agrifutures Australia, Director Dairy Australia Ltd, Chief Executive Officer – Australian Wool Innovation Ltd, and General Manager – Meat & Livestock Australia. He also runs a small consultancy business.

Special Responsibilities

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



René Dedoncker

René Dedoncker joined the Gardiner Dairy Foundation Board in 2017. He joined Fonterra Co-operative, a global dairy nutrition company, in 2006, and is currently the Managing Director of Fonterra Australia. René has held global leadership roles with responsibility for managing businesses and customers in over 50 countries, including successfully leading Fonterra's global foodservice business to double digit growth using world-leading technology, innovative products and a breakthrough business model.

Special Responsibilities

Member: Finance, Audit, Investment and Risk Committee



Andrew Maughan

BSc, LLB, MBA, FFinia, 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 and funds management firm Somerset Capital and is Chairman of food and agriculture companies, AgLink Australia, Langdon Group and AGnVET Services. Andrew has previously been a Director and Investment Committee Member of the Norman Beischer Medical Research Foundation, Chairman of Pastoral Pork Company and an Independent Director of the Pork CRC and 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. Andrew grew up on a dairy farm in Tongala.

Special Responsibilities

Chairman: Finance, Audit, Investment and Risk 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 fourteen years' experience on government boards, previously Glenelg Hopkins Catchment Management Authority and 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 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) (Currently on maternity leave)

People & Community Development
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 first exposed Ashley to regional Australia and New Zealand working with agricultural and machinery clients. She has also worked with motoring and machinery dealers with one of Australia's leading media publications. Working with the PCD program, Ashley has been able to develop strong relationships across the dairy supply chain as well as successfully planning and implementing our events.



Amabel Grinter

People & Community Development
Projects Coordinator

Amabel was appointed in September 2019. She holds a Bachelor of Agricultural Sciences from La Trobe University. Having grown up on a family dairy farm in northern Victoria and been active in young dairy networks, she brings a knowledge of the many challenges currently facing dairy farmers. She has also spent time visiting farms in the UK, USA and NZ which has given her exposure to the world dairy industry and Victoria's place in it. Working with the PCD program, Amabel aims to share her passion for community and personal development with others across the dairy supply chain.



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 has 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

People & Community Development
Program Manager

Richard was appointed as Program Manager in July 2018. He 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 and relationship building. 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.



Jenny Walsh

Office Manager

Having an extensive background in the dairy industry, Jenny joined 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.



Caitlin Scholfield

B. Bus (Ag)

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. *Caitlin resigned from the Foundation in September 2019 to relocate to regional Victoria.*



Thought Leadership

Gardiner Dairy Foundation was delighted to welcome Melbourne based 'people whisperer' and leadership specialist, Anneli Blundell, to the 2020 Australian Dairy Leaders Luncheon in February.

Ms Blundell's chosen theme was 'Difficult Conversations', a theme that resonated with the 100 plus audience, many of whom are engaged in one way or another with 'difficult conversations' taking place across the industry, particularly around major changes mooted in the Australian Dairy Plan.

Difficult conversations are critical for industries and people to grow, Ms Blundell said, and she challenged those at the luncheon to not shy away from conversations that were needed for the industry to create a brighter future.

"People can handle the truth we don't want to give them," she said.

But it was critical to ensure the message was delivered in the right way and by the right people. Ms Blundell said teaching people how to have critical conversations was one of the biggest areas in leadership training.

Avoiding these conversations meant people didn't develop skills in how to conduct them. They developed intriguing ways of getting around a problem that needed to be addressed. Some hoped that in time the problem would simply take care of itself or that somebody else would deal with it. But if people avoided difficult conversations, they were prioritising present comfort over potential conflict.

Being effective relied on there being a level of trust and respect, otherwise there was the danger of bruising relationships.

Difficult conversations needed to occur at the boundary between support and challenge, because that was where growth occurred. Too much support – "everyone gets a trophy" – did not build resilience, but if there was too much

challenge, people lacked perseverance and they gave up. The path in the middle was where growth occurred – but this was different for everyone, so the key was to work out the zone for different people.

Ms Blundell warned that the harder the conversation and the challenges faced, the more important it was to get the process right. It was vital all voices were heard. To do this, leaders needed to slow down the process and create space.

"The harder the message, the slower you need to go; people need time to absorb and respond," she said.

Learn To Sit In The Discomfort

To "sit in the discomfort" gives people time to process and come back into the conversation. "So, don't be too quick to pull out of that conversation," she said.

Leaders needed to ensure that they were showing up in service and that what they were doing was for the good of the industry. "Sometimes the most important conversations we need to have, the hardest conversations you'll ever have, will be the ones you have with yourself," she said. "Have I done the right thing? Am I really showing up in this conversation? Do I care enough to create discomfort?"

Ms Blundell also warned that sometimes there was no point in flogging a dead horse.

"Focus on the people who will get you there," she said. "If you spend all your time with the few dissenters, and they are loud and they have media people and big reputations, and you have a whole lot of your time invested here, you are going to ignore all these people here who can actually do something about the change."

"So spend the time where you are going to get the best return for that time. Not everyone is going to come with you."



Our Farm, Our Plan

With the increasingly volatile conditions experienced by our dairy farmers, it is vital that we enable and support them to clarify their strategic long-term goals, identify and prioritise actions needed, manage uncertainty, mitigate risks and capture opportunities when they present. This will be essential for delivering more profit consistently and achieving long-term business and personal goals.

It is in this context that the Our Farm, Our Plan program has been developed over the last 18 months. The development and piloting of the program has been a joint investment by Gardiner Dairy Foundation and Dairy Australia, with support from DairyNZ and Dairy Regional Development Programs (RDPs).

The program's development has drawn on the experiences and evaluation of previous projects such as Plan2Dairy and Dairy Business Focus, learnings from DairyNZ and has involved farmer focus groups and extensive piloting with RDPs and farm advisors.

This first stage of Our Farm, Our Plan has involved:

- The development and piloting the delivery of a high touch supported change learning model, with a component of one-to-one delivery, adequate duration, and follow-up to provide accountability and support designed to embed practice change in relation to business planning and risk.
- Four pilot groups established involving 28 farm businesses (one in each Victorian RDP and one with DairyNSW).



The design of Our Farm, Our Plan includes multiple opportunities and pathways for farmers to engage, a degree of flexibility in how plans are constructed, and varying levels of sophistication of plans depending on farmers' experience, capability and needs. It also provides a platform that links to a range of existing farm support resources, such as those available to address business, people and feed management.

Through Our Farm, Our Plan, an increased uptake of planning will result in more dairy farmers being in a better

- The development of a range of paper based and digital stand-alone resources to equip farmers and their advisers to document a farm plan that captures business and personal goals.
- Collaboration and partnership with key stakeholders to establish a 'whole of industry' approach that will develop a more proactive planning culture.
- Farmer oriented marketing and communications to address the 'why' and articulate the benefits of planning and having a documented business plan.

The key outputs from the development and piloting stage have included:

- The Our Farm, Our Plan resources kit, including:
 - Quickplan workbook
 - Farm Business Fitness Checklist workbook
 - Plan on a Page
 - Risk Register
- The Our Farm, Our Plan supported change model and resources to support group-based activity.
- The Our Farm, Our Plan trainer guide and resources (pilot).
- Training for deliverers – RDP staff and private providers.
- On-line information and resources, including a digital version of the 'Farm Business Checklist' and on-line workshops.
- Annual business plan review process and resources.



position with their business. Benefits also include a planning process that involves all the decision-makers in a farm business, a result that is widely owned within the business and farmers able to share their plans with others, within and outside their business.

The development and pilot stage is now completed, feedback from the pilots being very positive. It has generated the required resources and delivery capability required to meet demand from 2020/21 onwards.

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.

Consistent with this, Gardiner Dairy Foundation and its investment advisor have developed an investment strategy that recognises the Foundation's Not-For-Profit status and perpetual investment horizon. The strategy aims for capital growth of at least the Consumer Price Index (CPI), through the economic cycles, and to deliver a stable and growing income stream from interest, distributions, dividends and franking credits. In addition to the requirement to maintain the real value of the portfolio, Gardiner Dairy Foundation's investment returns are invested back into the Victorian dairy industry and its communities.

Gardiner Dairy Foundation's investment strategy is expressed in the Strategic Asset Allocation (SAA), that has evolved over time and is summarised as follows:

Period	Investment Manager(s)	Approach	Strategic Asset Allocation	
June 2001 to Nov 2004	State Trustees	Manager of Managers with funds invested in various BT, Merrill Lynch and State Trustees funds	Australian Equity	35%
			International Equity	25%
			Property	10%
			Fixed Interest	15%
			Cash	10%
Dec 2004 to May 2009	ANZ Trustees	Direct active Stock Selection	Australian Equity	75%
			Listed Property	5%
			Debt Securities	20%
May 2009 to Oct 2017	Equity Trustees	Direct active Stock Selection	Australian Equity & Listed Property	< 90%
			Debt Securities & Cash	> 10%
Nov 2017 to date	Outsourced to external investment management companies (refer table 3)	Investments are held in asset class specific unit trusts	No change in FY20 ¹	
			Australian Equities	55%
			International Equities	20%
			Property (Unlisted)	10%
			Infrastructure (Unlisted)	10%
			Cash	5%

The Foundation's 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.

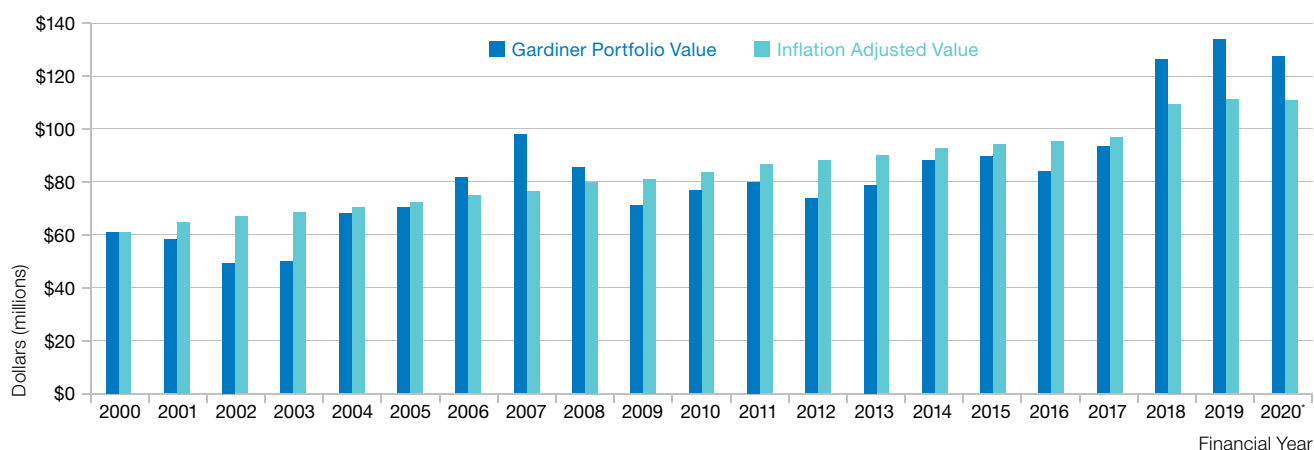
Figure 1 shows the growth of Gardiner Dairy Foundation's investment portfolio from the starting value of \$62.13 million in 2000 through to the closing value of \$127.79 million² at 30 June 2020. The chart also shows the inflation adjusted value required to maintain the real value of the original investment which at 30 June 2020 was calculated to be \$111.94 million. At 30 June 2020 the portfolio value was \$15.85 million or 14.16% more than the inflation adjusted value of the corpus including the Niel Black bequest.

¹The Foundation's investment advisor regularly reviews the Foundation's Strategic Asset Allocation (SAA) and may recommend to change the asset allocation weighting according to their view of financial market conditions.

²The value of the corpus includes the Niel Black bequest which at the time of full receipt (November 2017) was \$10.14m and, represents 8.35% of the total corpus at that time.



Figure 1: Inflation Adjusted Value of the Investment Portfolio versus Actual Value³



*Please note that the 30 June 2020 portfolio value and inflation adjusted value include the Niel Black bequest of \$10.14 million

Investment Objective and Strategic Asset Allocation Review

On a triennial basis, the Gardiner Dairy Foundation's investment portfolio and investment managers' performances are reviewed by an external and independent party. Mercer completed the independent review in 2011 and 2014. In 2017, following a competitive tender process, 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, 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 4.50% 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
Total	100	

Implementation of the new Strategic Asset Allocation

The Foundation commenced implementation of the newly adopted SAA from November 2017. The SAA is reviewed annually. The deployed asset classes of the new SAA as at 30 June 2020 are presented in Table 2. It should be noted that cash has been accumulated in advance of capital calls by infrastructure fund managers, hence the overweight allocation to cash and underweight allocation to infrastructure.

Table 2: Asset classes deployed as at 30 June 2020

Asset Class	Fund Manager and Product	Current Asset Allocation %	Strategic Asset Allocation %	Variance %	Valuation \$
Australian Cash	IFM Investors Australian Transaction Cash Fund	18.17	5	13.17	23,215,599
Australian Property	AMP Diversified Property Fund	11.29	10	1.29	14,430,541
Australian Equity	Plato Australian Shares Tax Exempt Strategy	52.25	55	-2.75	66,768,331
International Equity	BlackRock Wholesale Indexed International Equity Fund (Unhedged Currency)	16.92	20	-3.08	21,621,927
Infrastructure	First Sentier Infrastructure Fund*	1.38	10	-8.62	1,758,271
Total		100	100	0	127,794,669

*It should be noted that investment in the Infrastructure asset class may take more than a year to implement depending on the fund manager's investment commitments and need to draw down undrawn funding commitments.

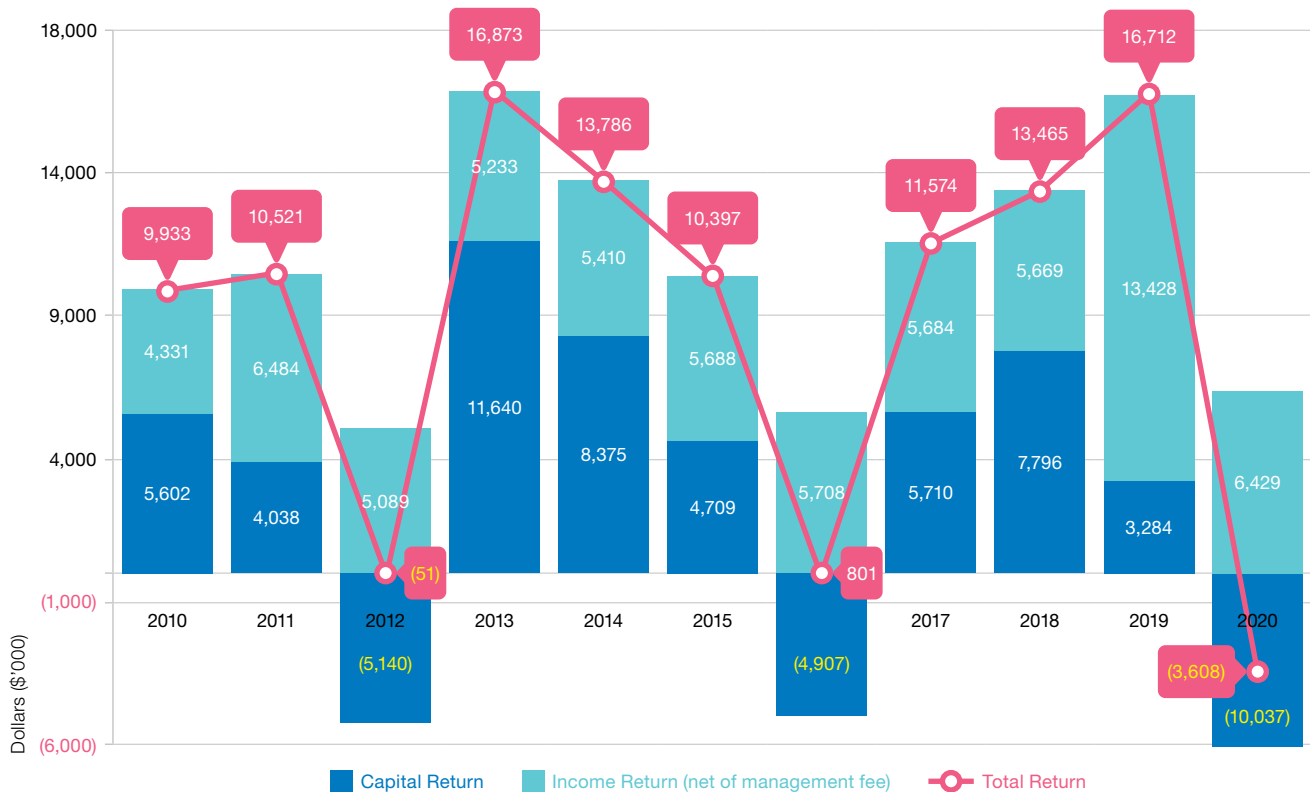
³Note the CPI figure used for the year ended 30 June 2020 is sourced from <https://www.rba.gov.au/statistics/tables/xls/g01hist.xls>



Investment Returns

The financial year ended 30 June 2020 after fee investment returns for the Foundation in its second 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 Ended 30 June 2020 Assessment

The Gardiner Dairy Foundation's investment objective is to achieve an after fee return equivalent to inflation plus 4.50% per annum over a rolling 10-year period whilst accepting the chance of a negative return in any financial year being less than one in five years. For the financial year ended 30 June 2020, the Foundation's composite after fee return on investment was -2.62%. CPI (-0.35%) + 4.50% for the financial year ended 30 June 2020 was 4.15%. For the same period the ASX200 delivered a return of -7.68%. The rolling two-year return of the portfolio to 30 June 2020 under the current strategic asset (SAA) allocation was 4.72%. CPI + 4.50% for those two years was 5.37%.

In dollar terms, the Foundation experienced a negative total return of \$3.61 million over the financial year, of which \$6.43 million was income returns from interest, distributions, dividends and franking credits (net of management fees) and -\$10.04 million represents the decline in capital value as reflected in Figure 2.

The Foundation corpus in FY2019/20 was impacted negatively by the decline in Australian equities and some write-downs of assets within the domestic property asset class, primarily as a result of the COVID-19 pandemic. The international equities and cash asset classes both delivered positive returns. While the portfolio return was negative in absolute terms for the year (-2.62%) it was well above the ASX 200 index of -7.68%. The Foundation's more diversified SAA enabled the investment Portfolio to withstand some of the negative impacts of the market volatility through investments in property, infrastructure and international equities asset classes. Foreign currency exposure, which is obtained through the international equity's asset class, also assisted in dampening drawdowns during the recent COVID-19 pandemic.



Gardiner Dairy Foundation Program Funding

Since its inception in 2000, Gardiner Dairy Foundation has contributed over \$75m 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, 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 national 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 upon 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 people 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. When drought and feed shortages impact Victoria's dairy regions, the Gardiner Dairy Foundation actively engages in the design of response programs together with contributing significant funding to assist farm response and recovery actions.

Consistent with its purpose, the 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 more effectively with a common goal and approach. Gardiner Dairy Foundation has partnered with other peak dairy industry organisations to develop the Australian Dairy Plan, aiming for a whole-of-industry vision and priorities to take the industry forward over the next five years and beyond.

Since its inception in 2000, Gardiner Dairy Foundation has contributed over \$75m towards projects to support Victoria's dairy industry and dairy communities.



Research Development and Extension Program

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. 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 innovation 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 upon 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 Dairy Feedbase and DairyBio large partnerships results in efficient transaction costs to deliver high impact innovations to the dairy industry.



DairyBio Initiative

DairyBio is a major collaboration between Gardiner Foundation, Dairy Australia and Agriculture Victoria over a five-year period. Commencing in 2016, the DairyBio initiative is to generate large-scale impacts for Australian dairy farmers through the advanced and industrial-scale application of advanced biological sciences.

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

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.

The DairyBio Animal Program is targeting additional value in Australian dairy herds by 2030 through genetic improvement, lower costs by enabling selection for health traits and developing improved breeding management tools.

The DairyBio Forage Program is developing technologies and capabilities that will transform commercial breeding of pasture plants, generating plants with higher yield, higher energy and higher persistence.

As in many parts of industry and the economy, DairyBio faced restrictions in 2019/20 due to the COVID-19 pandemic and required government and industry response. Plans were effectively established to deliver the core outputs of DairyBio while being able to comply with government's health directives. A priority in the plans has been not to compromise valuable materials, infrastructure, animal health and welfare, and capability.

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

In a breakthrough, the DairyBio Animal Program has identified that milk mid-infrared data can be used to predict and manage individual cow fertility. To support further advances in the reliability of fertility breeding values, Gardiner Foundation is investing an additional \$150,000 a year, commencing 2019/20 for a new project on 'Improved Prediction of the Daughter Fertility Breeding Value' to deliver the next generation of fertility ABVs including a biologically more precise genomic breeding value of fertility.

There has been progress in adoption of research outputs working closely with DataGene which has introduced eight new or revised Australian Breeding Values from DairyBio with their improved genetic evaluation service. Heat tolerance is now an established trait, and genomic calving ease and

gestation length traits have been implemented and made available to farmers. Mastitis resistance has been introduced for the first time using a model that combines clinical disease records, somatic cell count and udder depth. Improvements to established traits and breeding values have been delivered and progress on crossbreed breeding values is being made leveraging international partnerships.

Two critical innovations in forages put into practice working with commercial partners include genomic selection and hybrid breeding. Genomic selection in ryegrass is delivering a significant boost to genetic gain and is now implemented in commercial breeding programs. This work has demonstrated the power of these technologies and gives confidence to all investors that the DairyBio Forage Program is on track to deliver forecast impacts with new cultivars to be released commercially.

Project Highlights

Highlights of activities in 2019/20 that show the range of advances in DairyBio include:

- Implementation of genomic selection into the Barenbrug Agriseeds breeding program for four successive years of breeding with outstanding results in increasing the rate of genetic gain in yield.
- Validation of F1 Hybrid breeding technology is relevant to short term ryegrass and generation of parental pools to evaluate potential gains.
- Demonstration from multiple Barenbrug Group field trials in New Zealand and Australia of F1 Hybrids that expected levels of heterosis are present in new hybrid experimental varieties with resultant elite performance.
- Creation of the first genome edited ryegrass plants with improved quality traits being crossed into elite germplasm.
- Delivery to market of new traits such as mastitis resistance, genomic calving ease, gestation length, and improvements to existing breeding values such as conformation traits.
- A method to predict the fertility of cows using early herd-test data including mid-infrared spectroscopy.
- 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.
- Expanded datasets and computational approaches improving accuracy of genomic prediction for a range of traits.
- 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 2017/18 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

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.

DairyFeedbase Initiative

Improved on-farm agronomy decisions

More confident selection of pasture cultivars

More profitable individual cow performance from increased feed intake and peak milk yields

More effective allocation of existing farm resources (feed)

Reduced economic impact from hot weather

People and Community Development Program

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

In the final quarter of this financial year our engagement with stakeholders in dairy communities has been severely disrupted by the Covid-19 pandemic. We are fortunate that we have communications technology that has enabled Gardiner to maintain contact with the organisations that deliver our programs and with the recipients of Gardiner grants and sponsorships.

Gardiner's people and community development initiatives are broadly focused to capture opportunities for a wide range of dairy stakeholders to participate in their areas of professional development and personal growth. These programs complement the support we provide to major dairy research and development projects.

Over the past 12 months, Gardiner has continued to play a key role in the development of the Dairy Industry Leadership Strategy which will be completed in late 2020. This is an exciting development which will enable dairy organisations and individuals to undertake and support leadership development with a common purpose. Leadership development is seen as a key enabling mechanism for a shift in industry culture towards a more unified, confident, and profitable future. Gardiner has been a core member of the ADIC endorsed Leadership Steering Group and has also provided secretariat services to the group.

In addition, Gardiner has provided advice and support to Australian Dairy Farmers in the delivery of the dairy leadership development program under the Commonwealth Leadership in Agricultural Industries Fund.

Gardiner continues to support leadership development in the dairy industry through offering opportunities to participate in leadership development programs delivered by the Australian Rural Leadership Foundation (ARLF), Nuffield Australia and Regional Leadership Australia (formerly Victorian Regional Community Leadership Program). These

opportunities ensure industry people develop leadership knowledge and skills to perform more effectively on their farms, in their communities and in the dairy industry.

The annual New Zealand study tour, which Gardiner sponsors each year, in partnership with United Dairy Farmers of Victoria, takes a group of young dairy farmers and service providers on an intensive 10 day dairy immersion experience. It is a key commitment to the education and development of our young dairy cohort, encouraging them in their endeavours and broadening their knowledge of the world of dairy. Unfortunately, the NZ study tour was cancelled this year due to Covid-19 but will be resumed in early 2021.

Our partnership with Monash University's Industry Teams Initiative (MITI) aims to attract the next generation of dairy manufacturing professionals by offering them opportunities, early in their career, to gain industry experience. MITI gives dairy companies and industry service organisations an opportunity to engage postgraduate students in short term projects. The students get an opportunity to apply their academic studies to real world problems, often bringing innovative approaches to solving existing problems.

Our Tertiary Scholarship Program offers financial support to seven new students each year, who are starting out on their university and college studies and who are required to live away from home. The Tertiary Scholarships, which are available for up to three years of study, are highly prized and attract a wide range of applicants from along the dairy value chain. The program encourages students to return to Victoria's dairy regions on graduating, or after gaining further work experience, to ensure a diverse range of essential skills within these regions.

Strong communities are vital to support the dairy industry. Gardiner Dairy Foundation partners with the Foundation for Rural and Regional Renewal (FRRR) to offer the Working in Dairy Communities Small Grants Program. The WiDC program is designed to strengthen Victorian dairy communities by assisting them to build local infrastructure, engagement and access to support that is a catalyst for community resilience, growth and well-being.



Dairy Leadership Strategy

The development of the Dairy Industry Leadership Strategy has been a work in progress since August 2018 when Australian Dairy Farmers established a Leadership Taskforce to progress the recommendations of the Industry Leadership Blueprint (2011 and 2017). The taskforce steering group consists of representatives from ADF (chair), Dairy Australia, United Dairyfarmers of Victoria (UDV) and Gardiner Dairy Foundation. As a member of the Taskforce Steering Group, Gardiner Dairy Foundation has taken a key role in the development of the national dairy industry leadership strategy and has provided secretariat support for the project.

Over the past 12 months, the Steering Group has undertaken a multi-industry background scan of leadership development programs in both agricultural and non-agricultural industries. The Insights report from that work has provided substantial guidance in developing the industry leadership strategy, in alignment with the delivery of the Australian Dairy Plan.

Global Leadership Foundation has been engaged to prepare the Dairy Industry Leadership Strategy which is expected to be delivered in late 2020. 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.

Australian Rural Leadership Program

Gardiner continues to offer funding for one dairy recipient to join the Australian Rural Leadership Program (ARLP) each year. Eligibility to apply for the program has been expanded in recent years to include farm managers, employees and contractors, as well as farm owners.

Gardiner's 2019 ARLP recipient, Stuart Crosthwaite, will complete his program in early 2020. Stuart is a dairy farm owner/manager from North East Victoria and chairman of the Mountain Milk Cooperative.

Ross Anderson is the 2020 Gardiner Foundation ARLP recipient. Ross is a dairy farmer/share farmer at Anderlea Pastoral Company in East Gippsland, a director of Gippsdairy Board and Chairman of HICO Australia. For the last decade he has managed his family dairy farming business.

Regional Leadership Australia

Up to 10 places in the Regional Leadership Australia (formerly Victorian Regional Community Leadership Program) community leadership program are offered by Gardiner each year to regionally based people working on Victorian dairy farms, in dairy processing or as service providers.

RLA allows recipients to join a regional cohort of leadership development aspirants, made up of participants from all walks of life. The program runs over nine months and attracts a wide range of applicants, many of whom have gone on to contribute to the dairy industry and dairy communities. They have, in their own words, "become more confident, inclusive and collaborative in their leadership." They have built active networks and continue to contribute to dairy and community projects.

Warrnambool agribusiness banker Rhonda Henry undertook the Leadership Great South Coast (LGSC) program, sponsored by Gardiner Dairy Foundation. The impact was immediate: during the program, Rhonda joined WestVic Dairy board, and went on to the executive committee as treasurer. She has also chaired WestVic Dairy's Risk and Audit Committee.

RLA Recipients

Alpine Valleys Community Leadership

2019 Laura Sutherland (dairy farmer). Glenn Allan (dairy farmer).

2020 No program due to Covid-19.

Fairley Community Leadership

2019 John Geddes (farm manager, Dookie). Greg Brookes (dairy farmer).

2020 Roison Powles (dairy farmer). Lisa Menhennet (dairy extension officer).

Gippsland Community Leadership

2019 Daniel Wilson (production manager).

2020 Jonathan Webb (production manager).

Leadership Great South Coast

2019 Rebecca James (agribusiness manager, Westpac). Brad Collins (dairy farmer).

2020 Dominic Conheady (dairy farmer). Joy Coulson (farm services advisor).

Loddon Murray Community Leadership

2019 Robyn Parker (dairy farmer). Jordi Gradon (dairy farmer).

2020 Suzie Jacobs (community worker, student). Jo Holloway (accounts manager, dairy).



Nuffield Farming Scholarship

The Nuffield Farming Scholarship is an opportunity for a Victorian dairy farmer to gain a global perspective on agriculture and food and fibre production. Scholars choose to study a topic that has relevance for their sector and may offer them learnings they can apply on their own farm. There is a further obligation for Nuffield scholars to share more widely with other producers on completion of their scholarship and to write a detailed report on their project.

Gardiner Dairy Foundation has partnered with Nuffield Australia for many years to provide a Victorian dairy farmer with a Nuffield Farming Scholarship.

There were no successful dairy applicants for the 2019 and 2020 Nuffield Scholarship program.



Current Nuffield Scholar

Shannon Notter

Our 2018 Scholar, Shannon Notter from Carlisle River, will finalise her Nuffield project in 2020. Shannon 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 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 dairy farms, ranging from 200 cow family farms doing 'valueadd' drinking yoghurt in Wisconsin; to 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.

Leadership in Agricultural Industries Fund

The Leadership in Agricultural Industries Fund (LiAIF) project is an initiative of Australian Dairy Farmers, funded by the Australian Government, to train agricultural leaders who are progressing into higher levels of industry leadership.

Approximately 35 dairy leaders, with state and national level leadership experience have been able to participate in a nine-month program to prepare themselves for higher level

leadership in the industry and community. The program was delivered by Global Leadership Foundation.

Gardiner has played a support and advisory role in the dairy LiAIF project due to our key responsibility for the Dairy Industry Leadership Strategy and associated leadership development projects.



Monash Industry Team Initiative

Having completed our seventh year partnering with Monash University and Victoria's larger dairy manufacturers, the Monash Industry Team Initiative (MITI) truly encapsulates Gardiner's commitment to industry partnering and leveraging funds and resources to benefit all sectors of the Victorian dairy industry.

In 2019-20, for 12 weeks over the Christmas – New Year period, 20 Monash University students from a variety of study disciplines worked on projects with five dairy manufacturers.

MITI introduces students to the dairy industry, most for the first time in their lives; demonstrating the manufacturing career opportunities the industry has to offer and giving them a taste of rural life in regional Victoria.

The extra work created for the host company by an influx of students is offset by the acknowledged benefits that accrue to both parties. The students take on supervised projects that often fill a resourcing gap or bring a manufacturing project forward. Senior factory staff guide and mentor the students. Without exception all participants express their enthusiasm for the program and admiration for the quality of work and commitment displayed by the students. The final presentation of the students work to their hosts, Monash and Gardiner staff and wider industry stakeholders, is a much anticipated highlight at the completion of their placement.

The experience of working in a dairy factory and of putting their studies into practices are acknowledged benefits for the students. The success of the programs in initiating full time work in the industry is not considered the ultimate measure of success, although the numbers entering the industry following their MITI program have been building up over the years.



MITI Teams

Bega

Thomas Haycock (MIT), Camilla Maulidina (MDataSci), Anirudh Mattoo (MAdvReSusEng) and Lucy Nothrop (BChemEng).

Burra Foods

Thomas O'Donnell (BChemEng/BCom), Thomas Stevenson (BChemEng/BBiomedSci), Isabella Li (BChemEng/BPharmSci), Emma Selwood (BChemEng/BPharmSci).

Fonterra

Bharath Kartha (BmechEng/BCom), Lasal Pushpitha Ranasinghe (MDataSci), Wan Yin Tan (BChemEng) and Benson Pazhoor Thomas (MAdvReSusEng).

Lactalis

Mario Asaad (BChemEng/BPharmSci), Rachel Lee (BChemEng/BPharmSci), Riduvarshini Dharmaraj (MBIS) and Rifat Ahmed Bin Zakir (MBIS).

Saputo Dairy Aust.

Anjali Sharma (MAdvEng), Jing Heng Tan (BChemEng/BCom), Paul Michalski (BChemEng) and Tran Gia Han Nong (BChemEng/BCom).

Gardiner – UDV People Development Collaboration

Gardiner Dairy Foundation and the United Dairyfarmers of Victoria (UDV) are collaborating to utilise the UDV's unique industry position and resources as a conduit for increasing industry wide knowledge and information sharing and to increase the skills and capabilities of dairy leaders who contribute to the industry and local dairy communities through multiple organisations and roles.

In 2019/20 the project focussed on:

- Increasing the governance and leadership skills of dairy industry and dairy community leaders by sponsoring two recently elected farm directors to enhance their leadership and governance skills through the AICD Company Directors program.
- Increasing the awareness of dairy farmers and farm workers of skill development opportunities and benefits.
- Facilitating the engagement of all dairy farmers in Victoria in the latest information sharing and priority setting of current dairy farm issues through a contribution to the UDV's monthly newsletter, Hotline.
- In addition, we have extended our contribution to the annual UDV Conference.

Tertiary Scholarships

Gardiner Dairy Foundation awarded seven new tertiary scholarships in 2020 to assist students living in Victorian dairy communities to undertake tertiary study. Each scholarship recipient receives \$10,000 annually for up to three years to contribute towards costs associated with their studies and to overcome some of the barriers to obtaining a tertiary education, such as travel and accommodation.

Tertiary Scholarships are awarded to students who are undertaking studies that have the potential to benefit the Victorian dairy industry and dairy communities. The program encourages students to return to Victoria's dairy regions on graduating, or after gaining further work experience, to ensure a diverse range of essential skills within these regions.

The scholarships are named in recognition of the significant contribution to the dairy industry made by Shirley Harlock, Jakob Malmo, Bill Pyle, Doug Weir and the late Niel Black.



Shirley Harlock is a dairy farmer from south west Victoria who has contributed to the industry over many years in numerous roles. She was Vice-President of the UDV from 1996-2005, Chair of Dairy Food Safety Victoria for 10 years and Chair of FutureDairy R&D

program at University of Sydney's Camden campus. In 2015, Shirley received the ADIC Outstanding Service Award for "demonstrating leadership, dedication, commitment and providing outstanding service to the benefit of our industry."

Shirley's most recent contribution has been as Chair of the Australian Dairy Plan Joint Transition Team. In an informal capacity, Shirley is a dedicated mentor of young people. Her personal philosophy is, 'If you are not involved – you are part of the problem.'



Jakob Malmo is a vet and dairy farmer in the Macalister Irrigation District, with a passion for his local community. Jakob's life work in veterinary science began in the 1960s at the University of Melbourne. Since then over 1600 students have passed through the

Rural Veterinary Unit he and Professor Doug Blood established at Maffra in 1978. During that time, Jakob has co-authored many textbooks including "Diseases of Cattle in Australasia," which is among the definitive textbooks on the subject in Australia and New Zealand. Jakob Malmo gave his last lecture as a University of Melbourne professor in 2016 and now describes himself as "full-time dairy farmer and part-time vet".



Bill Pyle was born and bred on a dairy farm in Gippsland. During his career Bill has held many leadership positions in the dairy industry. He was the inaugural President of United Dairyfarmers of Victoria as well as Deputy Chair of the Australian Dairy Corporation. He was

the first Chair of the Australian Dairy Herd Improvement Scheme and a strong advocate for dairy research.

Bill placed great emphasis on the profitability of the family farm and improving profitability through improving market access, increasing marketing and promotion, effective research and development and education and extension of technological improvements. Bill has been an extremely passionate and active worker for unity across the dairy industry.



Doug Weir is a long term, passionate advocate and supporter of the dairy industry and has applied his extensive business skills for the betterment of the industry. Doug is also a passionate advocate for a good education and research. He recognised the value of

intellectual property in research and sought to ensure that it was legally protected and commercially viable for the industry.

From 1986 to 1995 Doug led the Victorian Dairy Industry Authority (VDIA). Under Doug's management at the time of dairy deregulation in 2000, the sale of VDIA's assets, among them specialty milk brands Big M and Rev, provided the bulk of the \$62.1 million funds for the establishment of Gardiner Dairy Foundation.



Niel Black (1935 – 2012) was involved in almost every aspect of the Australian Dairy Industry. Inspired by his studies into artificial breeding in the USA, Niel became a pioneer of herd improvement in Australia. He was a founding partner of the DemoDAIRY research centre in

Terang and was President of the Noorat Show committee for 11 years. He was also an advocate and supporter of United Dairyfarmers of Victoria for over 50 years.

On a personal level, Niel 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. Niel always generously shared his knowledge with newcomers, actively supported the development of young people and throughout his life was engaged with and supported the dairy industry state-wide.

Gardiner Dairy Foundation is extremely grateful to have received a bequest from Niel Black, part of which is utilized to support three tertiary scholars each year from Victoria's three major dairy regions.



GARDINER DAIRY FOUNDATION PEOPLE & COMMUNITY DEVELOPMENT

2020 Tertiary Scholars

Max Bond (Niel Black Scholarship) Advanced Diploma of Agribusiness Management/Diploma of Agronomy, Longerenong College.

Olivia Henzen (Jakob Malmo Scholarship) Bachelor of Agricultural Science, Charles Sturt University.

Chelsea Hicks (Niel Black Scholarship) Bachelor of Nursing/Bachelor of Midwifery, La Trobe University.

Emily Robins (Doug Weir Scholarship) Bachelor of Agricultural Science/Bachelor of Commerce, La Trobe University.

Grace Thulborn (Shirley Harlock Scholarship) Bachelor of Nursing/Bachelor of Psychological Science, Deakin University.

Kaitlyn Wishart (Bill Pyle Scholarship) Bachelor of Agribusiness, La Trobe University.

Courtney Zuidema (Niel Black Scholarship) Bachelor of Education (Honours) Health and Physical Education, Deakin University.



Ongoing Tertiary Scholars

Amber Angel (Jakob Malmo Scholarship) Bachelor of Nursing, La Trobe University.

Olivia Betts (Niel Black Scholarship) Bachelor of Agricultural/Bachelor of Commerce, La Trobe University.

Lauren Brewer (Doug Weir Scholarship) Bachelor of Paramedicine, Monash University.

Samantha Conn (Jakob Malmo Scholarship) Bachelor of Commerce, Deakin University.

Mitchell Dodds (Jakob Malmo Scholarship) Bachelor of Science/Doctor of Veterinary Medicine, the University of Melbourne.

Carley Einsiedel (Bill Pyle Scholarship) Advanced Diploma of Agribusiness Management, Longerenong College.

Madison Gallagher (Bill Pyle Scholarship) Bachelor of Commerce/Bachelor of Agricultural Sciences, La Trobe University.

Liam Groves (Bill Pyle Scholarship) Bachelor of Civil Engineering (Honours), La Trobe University.

Sharna Hagendoorn (Niel Black Scholarship) Bachelor of Science, University of Melbourne.

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

Hayden Jones (Bill Pyle Scholarship) Bachelor of Medicine/Bachelor of Surgery, Monash University.

Georgia Luckin (Shirley Harlock Scholarship) Bachelor of Nursing, Australian Catholic University.

Jessica Mattern (Jakob Malmo Scholarship) Bachelor of Science, La Trobe University.

Isabella McCluggage (Niel Black Scholarship) Bachelor of Occupational Therapy, Australian Catholic University.

Lauren McIlveen (Jakob Malmo Scholarship) Bachelor of Animal Science, Charles Sturt University.

Jasmine McJames-Court (Shirley Harlock Scholarship) Bachelor of Nursing, Victoria University.

Eliza Osborn (Jakob Malmo Scholarship) Bachelor of Applied Science/Master of Physiotherapy Practice, La Trobe University.

Matthew Roache (Shirley Harlock Scholarship) Bachelor of Agricultural Science, Charles Sturt University.

Hannah Thorson (Bill Pyle Scholarship) Bachelor of Agricultural Science, La Trobe University.

Julia Twigg (Doug Weir Scholarship) Bachelor of Exercise Science/Master of Exercise Physiology, La Trobe University.



Our Farm, Our Plan

With the completion of the development and pilot stage of 'Our Farm, Our Plan' in 2019/20, the Steering Committee (comprising representatives from Dairy Australia, Gardiner Dairy Foundation, United Dairy Farmers of Victoria, Australian Dairy Farmers and Regional Development Programs) focussed upon the national roll out of the program and its contribution to the goals of the Australian Dairy Plan.

The Our Farm, Our Plan Steering Committee has overseen the development of a plan that scopes the approach and resources required to achieve the following goal in alignment with the Australian Dairy Plan: "By June 2025, all dairy farm businesses are equipped and supported to develop a documented long-term plan and review their progress, at least, annually."

Commencing July 2020 it is proposed to run a 3-year project to deliver a rapid expansion of services to increase farm business skills. Through 'Our Farm, Our Plan' this will build required capability in the Australian dairy industry, create motivation to participate in the program and deliver extension that achieves adoption and practice change through group-based and individual engagement, online resources and stand-alone resources that farmers can use independently or with the assistance of a trusted third-party.

New Generation Skills for the Dairy Industry

The dairy sector requires people with skills across a range of disciplines, including IT, finance, engineering and agriculture. People with or acquiring these skills are accessed through multiple different education and employer training programs. A key to having people with the required skills is having training courses available, making students and people aware of the courses and aware of the range of employment opportunities in the dairy industry.

Commenced in July 2019, 'New generation skills for the dairy industry' is a three year project funded through the regional skills fund from the Victorian government department of Regional Development Victoria, together with contributing funds from Dairy Australia, Gardiner Dairy Foundation and the three Victorian Regional Development Programs (RDPs) of Murray Dairy, GippsDairy and WestVic Dairy.

The investment provides funds for Careers Development Coordinators to work with the education sector to attract and increase the uptake of training for a skilled workforce able to meet the future needs of the dairy industry.

The project will be delivered in each of the three Victorian Regional Development Program regions.

Young Dairy Farmers New Zealand Study Tour

The 2020 Gardiner Foundation – United Dairy Farmers of Victoria New Zealand study tour, which was scheduled to take place in February, was initially postponed this year because UDV personnel were contributing to the Victorian Farmers Federation Bushfire response. The study tour was later cancelled following the onset of the COVID-19 pandemic. It is planned to offer the selected 2020 applicants the opportunity to take part in the tour in 2021.

The New Zealand study tour is a long-standing collaboration between Gardiner Dairy Foundation and United Dairyfarmers of Victoria, which gives passionate, young people in the industry an opportunity for personal and professional development. Many participants have gone on to fulfil local and state level leadership roles, including UDV Policy Councillors, agricultural show organising committees and local sporting clubs.

Each year a group of 8-10 young dairy farm workers and industry employees are selected to go on an 8-day study tour of New Zealand dairy farming regions. They visit a range of farms utilising different systems and technologies. They

tour dairy research and processing facilities and visit the Federated Farmers of NZ to learn about industry issues and advocacy work. They also meet like-minded young people with a passion for the dairy industry.

The New Zealand Study Tour is a highly valued experience for young, career minded Victorian dairy representatives as they gain first-hand insights into a wide range of aspects of the New Zealand dairy industry. The knowledge they gain assists them to initiate positive changes in the Australian dairy industry. Delegates present their key learnings from the tour at the annual UDV conference.

2020 Selected Participants

Melanie Ackerley, Larpent.
Ashlee Buckley, Willow Grove.
Kristen Davis, Badger Creek.
Marc Johnston, Larpent.
Miranda Knight, Jindivick.
Callum Moscript, Leongatha South.
Nathan Mugavin, Traralgon.
William Rea, Allansford.



Working in Dairy Communities Small Grants Program

In 2020, Gardiner Dairy Foundation funded 38 small grants, totalling \$121,584, in Victorian dairy communities. On average every dollar invested by Gardiner Dairy Foundation received an additional leverage of 94 cents in cash or in-kind contributions from community, government or private sources.

The Working in Dairy Communities Small Grants Program forms part of Gardiner Dairy Foundation's commitment to strengthening dairy communities, by helping to build their capacity to deal with local issues and enhance community infrastructure.

For the past eighteen years, Gardiner Dairy Foundation has partnered with the Foundation for Rural and Regional Renewal (FRRR) to deliver grants of up to \$5000 not for profit organisations in Victorian dairy communities.

Since 2016, Gardiner and FRRR have run grant seeker workshops in Victorian dairy communities prior to grant applications opening. These workshops raise awareness of the program and provide guidance to community groups on writing a successful grant application.

Each year the workshops are held in different small towns in each of the three Victorian dairy regions. In 2020, we presented at Foster, Peterborough and Numurkah. In total 32 community representatives attended these workshops. Participants were most appreciative of the face-to-face meeting opportunity in their respective communities.

While visiting the regions, the Gardiner and FRRR team also took the opportunity to meet with and observe the outputs from previously supported projects. These meetings enabled us to witness the passion which drives volunteers in rural communities and to discuss future planned developments and opportunities. The Grant Seeker Workshop tour provides a great opportunity to enhance our connections with Victorian dairy regions.



Gippsland Region \$39,045

Project Grants

Trafalgar: Anglican Trusts Corporation of the Diocese of Gippsland

Mow, Mow, Mow Your Lawn: Improve volunteer support and the upkeep of a community gathering space through the purchase of a ride on Lawnmower.

Boisdale: Boisdale-Briagolong Football Club Inc
Re-development of Boisdale Recreation Reserve's Outdoor Entertainment Area: Strengthen community connectivity by enhancing the amenity of a venue where locals and visitors can gather for celebrations, recreation, and social interactions.

Foster: Foster Primary School

Phone System Upgrade: Ensure children's well-being and improve the amenity of the Foster Primary School through the purchase and installation of a new phone system.

Tarwin Lower: Grants Only Group Inc

Better Communication Sounds Good: Strengthen community connectivity and engagement through the purchase of a new sound system.

Leongatha: Leongatha Community Pre School Centres Inc
All Weather Screens – Hassett St Kindergarten: Upgrade the amenity of the kindergarten's learning environment by replacing worn out and damaged outdoor blinds.

Foster: Manna Gum Community House Inc

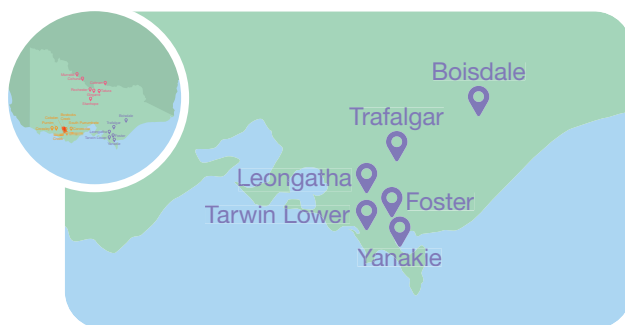
Manna Gum Gathering Place – Stage 2: Strengthen educational and social outcomes through equipping a space that is safe and welcoming and can be used for relevant programs and activities.

Tarwin Lower: Venus Bay Tarwin Lower and District Mens Shed Inc

Tarwin District Auto Festival 2020: Increase community engagement and strengthen social outcomes for volunteers through the delivery of childrens activities at an annual festival.

Yanakie: Yanakie Recreation Reserve and Public Hall Reserve

Yanakie Community Movies: Increase community engagement and the long-term sustainability of the Yanakie Public Hall.



Northern Region \$43,739

Project Grants

Stanhope: Campaspe Shire Council

Grow and Share Together: Support community engagement and participation through the creation of a sensory garden.

Cobram: Cobram Community Cinema Inc

Cobram Community Cinema Kitchen Project: Improve the future employment prospects of young people and increase community engagement through the purchase of kitchen appliances for a community cinema.

Cobram: Cobram District Children's Services Inc

Eileen Taylor – Outdoor & Imaginative Play Promotion: Improve educational and health outcomes for pre-school children by upgrading the Punt Rd Kindergarten's outdoor play area.

Cobram: Cobram District Children's Services Inc

Punt Rd Kinder & Childcare – Outdoor Play Enhancement: Support children's learning and development through the purchase of outdoor play equipment.

Cohuna: Gannawarra Shire Council

Supporting Gannawarra: Women Take a Well-Being Vacation! Improve health and welfare of women through the delivery of a workshop during Women's Health Week.

Girgarre: Girgarre Community Group Inc

Books Bringing People Together: Improve the organisational capacity and increase community participation through the purchase of furniture.

Girgarre: Girgarre Development Group Inc – Girgarre Hall Committee

Warmer Winters: Strengthen community connectivity and engagement through installation of a heating system.

Tatura: Kindred Spirits Tatura Co-Operative Limited

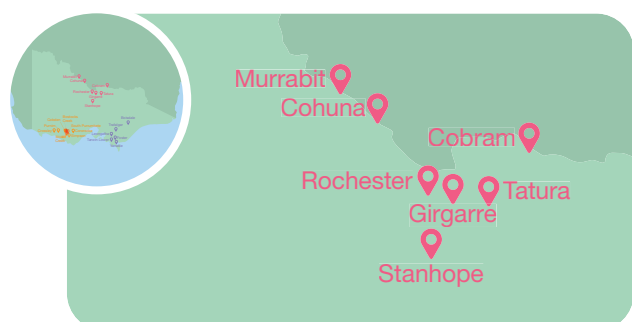
Opera at the Dairy Farm: Strengthen local culture and increase community engagement through the presentation of Opera at the Dairy Farm.

Murrabit: Murrabit Promotions Committee Inc

Murrabit – Colour our Town! Drive local tourism and strengthen community connection through the delivery of a community-based street beautification project.

Rochester: Rochester Secondary College

The Resilience Project: Increase the well-being of children and young people in the community through the delivery of a resilience program.



South Western Region \$38,800

Project Grants

Bostocks Creek: Bostocks Creek Public Hall

Building a New Kitchen: Increase community engagement and financial sustainability by conducting maintenance on a public building creating a secure hospitable meeting space.

Cororooke: Coragulac & District Kindergarten Inc

Create an Indigenous Mural/Artwork 'Our land/One Community': Strengthen childhood education and community identity through the creation of a mural that will extend understanding of local culture.

Crossley: Friends of St Brigid's Association

Installing a Ceiling in our Undercover Area: Build community connectivity and capacity through the replacement of an outdoor covering, creating a secure hospitable meeting space.

Purnim: Purnim Mechanics Institute

Lighting up the Purnim Township: Contribute to the cultural vibrancy of Purnim township through the purchase and installation of a solar light system.

Scotts Creek: Scotts Creek Mechanics Institute and Free Library Reserve

Disabled Ramp and Toilet: Enhance community well-being and connectedness and improve the amenity of a community hall through the installation of an all ability access ramp and toilet.

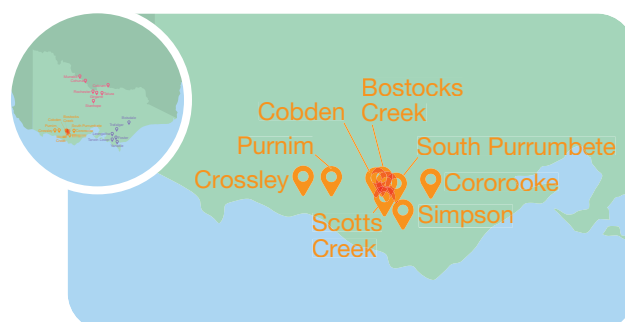
Simpson: Simpson & District Community Centre Inc

Fun without the Sun: Strengthen community connectivity and engagement through the purchase and installation of seats and tables in a public park, creating a comfortable, year-round gathering space.

South Purumbete: South Purumbete Recreation Reserve
Reconnection to Community Project Stage 1 – Restoring Power: Increase community participation through the improvement of a Recreation Reserve.

Cobden: South Western District Restoration Group

Library Extension: Strengthen organisation capacity and social outcomes through equipping a space that is safe and welcoming and can be used for relevant programs and activities.



Industry Engagement and Support Program

Engagement with industry stakeholders is a fundamental enabler in Gardiner Dairy Foundation's RD&E and People and Community Development programs. In addition, the Foundation strategically invests in a number of short term and on-going projects and activities that support the interactions of people across the dairy value chain. These activities address emerging issues and needs of the dairy industry and dairy communities. This approach gives the Foundation a high level of agility, enabling us to support immediate issues and to influence our longer term, ongoing investments.

Gardiner funds Thought Leadership events to stimulate discussion and debate on contemporary industry issues. Each year Gardiner hosts the Dairy Leaders Luncheon, an occasion for a broad cross-section of industry people to gather to share knowledge and ideas. This year Melbourne based 'people whisperer' and leadership specialist, Anneli Blundell, was our guest speaker on the topic of 'Difficult Conversations', a theme that stimulated considerable discussion.

The luncheon was also an opportunity to highlight the importance of strengthening business planning on dairy farms. Gardiner Nuffield Scholar, Brendan Hehir, shared his learnings about international approaches to farm planning, while a panel of dairy farmers and advisors detailed the value of equipping dairy farms to get their vision, goals and actions down on paper through the new Our Farm, Our Plan program.

The Foundation's post Annual General Meeting reception took the opportunity to hear from a range of young industry people on the opportunities and challenges of early career pathways into the dairy industry. Our panellists included people who have entered the industry both pre and post the farm gate. Their stories and views provided fascinating insights into these important areas for the industry's future development.

Our contribution to dairy thought leadership was extended during the year with the development of a digital marketing plan through which Gardiner is sharing posts and stories about a range of current industry topics including leadership, young dairy people, business planning and research and development priorities.

During the year Gardiner Dairy Foundation again supported local dairy activities that engage dairy's people in areas such as attracting, developing and retaining young people, leadership development opportunities, business skill development and local and national conference attendance. Our support for these activities was in collaboration with the Victorian industry's Regional Development Programs (Murray Dairy, Gipps Dairy and WestVic Dairy) and through our occasional sponsorship support.

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. The 'Feed Shortage' and 'Development of the Australian Dairy Plan' were priorities in 2019/20.

Assisting Dairy Australia to complete the Feed Shortage project, commenced in 2018, was a focus and provided valuable assistance to many farmers across the state, as well as providing valuable insights for the development of the 'Our Farm, Our Plan' initiative.

The development of the Australian Dairy Plan has been a high priority initiative of the Australian dairy industry throughout 2019/20 and Gardiner Dairy Foundation has been an active contributor, particularly through the provision of substantial financial support and in lead roles of the planning and governance of the development of the plan. The Australian Dairy Plan has involved extensive industry consultation across the dairy supply chain, together with detailed consideration of new initiatives and approaches to meet the goals and aspirations identified as priorities by industry stakeholders. Completion and release of the Australian Dairy Plan will occur in early 2020/21 and will provide a clear vision and path forward for the industry over the next five years and beyond. Gardiner Dairy Foundation is committed to aligning its strategy and priorities with the Dairy Plan and to being a proactive contributor to the successful implementation of the plan.

Sponsorships 2019/20

Gardiner provided the following sponsorships in 2019/20, however, the onset of the COVID-19 pandemic led to the postponement or cancellation of several industry events and awards.

[The Crawford Fund](#)

2019 Parliamentary Conference Scholarship.
Recipients: Natasha de Bondi and Josephine Ginty

[Great South West Dairy Awards \(postponed\)](#)

Young Dairy Leader

[United Dairyfarmers of Victoria \(postponed\)](#)

2020 UDV Conference.

[WestVic Dairy \(postponed\)](#)

2020 Ladies Luncheon.

[Nuffield Australia \(postponed\)](#)

2019 National Conference.

[Australian Dairy Team \(cancelled\)](#)

European Young Breeders School 2020.



Geoffrey Gardiner Dairy Foundation Limited

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

Annual Financial Report

Year Ended 30 June 2020



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Corporate Directory

Directors	B. Kefford – Chairman A. Maughan N. Pye R. Dedoncker J. Slocombe L. Stephens
Chief Executive	C. Noble
Company Secretary	J. Lal
Registered Office	Suite 3, Level 9, 470 Collins Street, Melbourne VIC 3000
Telephone	(03) 8621 2900
Email	info@gardinerfoundation.com.au
Website	www.gardinerfoundation.com.au
Auditors	Grant Thornton Australia Pty Ltd
Solicitors	FAL Lawyers
Bankers	ANZ Business Bank
Investment Advisor	Frontier Advisors Pty Ltd
Investment Portfolio Managers	Plato Investments – Australian Equity Asset Class BlackRock Investments – International Equity Asset Class AMP Property – Property Asset Class IFM Investors – Cash Asset Class First Sentier Investors – Infrastructure Fund Asset Class
Investment Portfolio Custodian	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 2020.

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
- Mrs Naomi Pye
- Dr Judith Slocombe
- Mr René Dedoncker
- Dr Leonard Stephens (appointed October 2019)

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 and 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 9¹. This is reflected in the deficit for the year line in the Statement of Profit and Loss and Other Comprehensive Income below.

The Gardiner Dairy Foundation's investment objective is to achieve an after fee return equivalent to inflation plus 4.50% per annum over a rolling 10-year period whilst accepting the chance of a negative return in any financial year being less than one in five years. For the financial year ended 30 June 2020, the Foundation's composite after fee return on investment was -2.62%. CPI (-0.35%) + 4.50% for the financial year ended 30 June 2020 was 4.15%. For the same period the ASX200 delivered a return of -7.68%. The rolling two-year return of the portfolio to 30 June 2020 under the current strategic asset (SAA) allocation was 4.72%. CPI + 4.50% for those two years was 5.37%.

In dollar terms, the Foundation experienced a negative total return of \$3.61 million over the financial year, of which \$6.43² million was income returns from interest, distributions, dividends and franking credits (net of management fees) and - \$10.04³ million represents the decline in capital value. The closing value of the corpus⁴ being \$127.8 million at 30 June 2020, was above the inflation adjusted value. The inflation adjusted value required to maintain the real value of the original investment⁵ (including the Niel Black bequest) at 30 June 2020 was \$111.94 million (as per clause 29(4) of the Gardiner Dairy Foundation Constitution).

The Foundation corpus in FY2019/20 was impacted negatively by the decline in Australian equities and some write-downs of assets within the domestic property asset class, primarily as a result of the COVID-19 pandemic. The international equities and cash asset classes both delivered positive returns. While the portfolio return was negative in absolute terms for the year (-2.62%) it was well above the ASX 200 index of -7.68%. The Foundation's more diversified SAA enabled the investment portfolio to withstand some of the negative impacts of the market volatility through investments in property, infrastructure and international equities asset classes. Foreign currency exposure, which is obtained through the international equity's asset class, also assisted in dampening drawdowns during the recent COVID-19 pandemic.

Total project funding expensed during the year ended 30 June 2020 was \$4.94 million and from inception of the Foundation to 30 June 2020 is in excess of \$75 million.

¹Please refer to disclosure note 1 of the Annual Financial Report for further explanation and the applicable accounting standard.

²Total revenue posted during the 2020 financial year was \$6.49 million, which constitutes of net investment revenue (\$6.43 million) and other income (\$0.06 million). This is further explained in note 3 of the Annual Financial Report.

³Total Decline in capital value during the 2020 financial year was \$10.04 million, which constitutes of net unrealised loss (\$8.09 million) and net realised loss (\$1.95 million) as reflected in the Statement of profit and loss and other comprehensive income.

⁴The Gardiner Dairy Foundation's investment portfolio includes Australian Equities, International Equities, Unlisted Property, Unlisted Infrastructure and Cash is represented as Financial Assets in the Statement of Financial Position under the Non-Current Assets category (\$127.8 million).

⁵Funds received at inception of Gardiner Dairy Foundation in the year 2000 was \$62 million.



Directors' Report

Financial Overview

Revenue	\$
Investment revenue	
– Dividend revenue	5,015,236
– Franking credit revenue	1,454,480
– Interest revenue	121,102
– Other fund revenue	392,296
– Less management fee	(553,932)
– Other income	59,582
Total revenue	6,488,764
Project payments and other expenses	
Project payments	(4,940,986)
Other expenses	(534,401)
Finance costs	(2,779)
Total operating expenses	(5,478,166)
Operating surplus for the year	
Total revenue	6,488,764
Total operating expenses	(5,478,166)
Operating surplus for the year	1,010,598
Deficit for the year	
Operating surplus for the year	1,010,598
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	(8,087,783)
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	(1,948,947)
Deficit for the year	(9,026,132)

Directors' Report

Meetings of Directors

The number of meetings of the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation")'s Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

Directors	Full Boad	Full Board	Finance, Audit, Investment and Risk Committee		Human Resources and Governance Committee	
	Attended	Held	Attended	Held	Attended	Held
B Kefford	5	5	7	7	3	3
A Maughan	5	5	7	7	3	3
N Pye	5	5	–	–	3	3
J Slocombe	5	5	–	–	3	3
R Dedoncker	5	5	6	7	3	3
L Stephens	4	4	4	4	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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



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

28 August 2020



Directors' Declaration

The Directors of Gardiner Dairy Foundation declare that:

- The attached financial statements and notes are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, comply with the Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.
- The attached financial statements and notes give a true and fair view of the Geoffrey Gardiner Dairy Foundation

Limited ("Gardiner Dairy Foundation")'s financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- There are reasonable grounds to believe that the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation") will be able to pay its debts as and when they become due and payable.

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



B Kefford
Chairman

28 August 2020



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

Statement of Profit or Loss and Other Comprehensive Income

	Note	2020 \$	2019 \$
Revenue			
Investment revenue		6,983,114	13,914,310
Less: Management fees		(553,932)	(486,075)
Net investment revenue	3	6,429,182	13,428,235
Other income	3	59,582	139,594
		6,488,764	13,567,829
Project Payments and Other Expenses			
Project payments	4	(4,940,986)	(5,324,233)
Other expenses	5	(534,401)	(498,649)
Finance costs		(2,779)	–
Operating surplus		1,010,598	7,744,947
Net unrealised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		(8,087,783)	1,664,186
Net realised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		(1,948,947)	1,619,751
Surplus/(deficit) for the year		(9,026,132)	11,028,884
Other comprehensive income for the year		–	–
Total comprehensive income for the year		(9,026,132)	11,028,884

Refer to note 2 for detailed information on Restatement of comparatives.

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	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	140,309	209,790
Receivables	7	3,293,247	5,580,194
Total current assets		3,433,556	5,789,984
Non-current assets			
Plant and equipment	8	15,617	28,516
Right-of-use assets	9	28,266	–
Financial assets at fair value through profit or loss	10	127,794,669	134,522,154
Total non-current assets		127,838,552	134,550,670
Total assets		131,272,108	140,340,654
Liabilities			
Current liabilities			
Payables	11	232,432	369,818
Lease liabilities	12	22,417	–
Provisions	13	103,316	35,763
Total current liabilities		358,165	405,581
Non-current liabilities			
Lease liabilities	12	6,551	–
Provisions	13	8,601	10,150
Total non-current liabilities		15,152	10,150
Total liabilities		373,317	415,731
Net assets		130,898,791	139,924,923
Equity			
Issued capital		62,126,314	62,126,314
Retained earnings		68,772,477	77,798,609
Total equity		130,898,791	139,924,923

Refer to note 2 for detailed information on Restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts in the course of operations includes			
– Dividends and franking credits		3,895,194	9,643,561
– Interest received		–	105,846
– Rebates received		147,056	–
– Other income		157,336	571,853
Payments in the course of operations			
– Primarily includes project payments		(5,438,206)	(7,415,893)
– Management fees paid		(137,860)	(486,075)
– Interest paid		(2,779)	–
Net cash from/(used in) operating activities		(1,379,259)	2,419,292
Cash flows from investing activities			
Payments for investments		(28,831,573)	(14,638,674)
Purchase of plant and equipment		(2,845)	(9,283)
Proceeds from investments		30,220,000	11,710,000
Net cash from/(used in) investing activities		1,385,582	(2,937,957)
Cash flows from financing activities			
Repayment of lease liabilities		(75,804)	–
Net cash used in financing activities		(75,804)	–
Net decrease in cash and cash equivalents		(69,481)	(518,665)
Cash and cash equivalents at the beginning of the financial year		209,790	728,455
Cash and cash equivalents at the end of the financial year	6	140,309	209,790

The above statement of cash flows should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

Refer to note 2 for detailed information on Restatement of comparatives.

	Capital contribution \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018	62,126,314	66,769,725	128,896,039
Operating surplus for the year	–	7,744,947	7,744,947
Net unrealised gains on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	1,664,186	1,664,186
Net realised gains on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	1,619,751	1,619,751
Balance at 30 June 2019	62,126,314	77,798,609	139,924,923
	Capital contribution \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019	62,126,314	77,798,609	139,924,923
Operating surplus for the year	–	1,010,598	1,010,598
Net unrealised losses on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	(8,087,783)	(8,087,783)
Net realised losses on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	(1,948,947)	(1,948,947)
Balance at 30 June 2020	62,126,314	68,772,477	130,898,791

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 16 Leases

The entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The company has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparative for the 30 June 2019 reporting period. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 July 2019. The new accounting policies for right-of-use assets and lease liabilities are disclosed within the below accounting policies.

In applying AASB 16 for the first time, the company has used the following practical expedients permitted by the standard:

- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of Liabilities on Transition

Operating lease commitments as 30 June 2019	108,278
Less: adjustments for discounting using lessee's incremental borrowing rate at date of initial application	(3,506)
Opening lease liability at 1 July 2019	104,772

Going Concern

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused volatility in Australian and international markets. There is uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. We cannot reasonably estimate the length or severity of this pandemic, but the company has already experienced some impact of this volatility on the value of their investment portfolio in the financial year 2020 and are unable to determine if it will have a further impact to operations in the future.



Notes to the Financial Statements

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.

Revenue

The entity recognises revenue as follows:

Investment Income

Investment income derived from the investment portfolio includes interest, dividend and franking credit income recognised on an accruals basis as follows:

- 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.

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.

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

Right-Of-Use Assets (Applicable to Current Period Commencing 1 July 2019)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Lease Liabilities (Applicable to Current Period Commencing 1 July 2019)

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

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.

Leases (Applicable to Prior Period Commencing 1 July 2018)

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.



Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

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.

Comparative Figures

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

Critical Accounting Estimates & 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 2018 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 Other Comprehensive Income, 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.

Fair Value Measurement Hierarchy

The entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.



Notes to the Financial Statements

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.

Note 2. Restatement of Comparatives

Correction of Error

Balances were required to be adjusted in the comparative period in relation to the treatment of distributions earned and management fees incurred on investments. The impact of the restatement on the comparative balances is summarised below.

Statement of profit or loss and other comprehensive income:

Extract	2019 \$ Reported	\$ Adjustment	2019 \$ Restated
Operating surplus	7,744,947	–	7,744,947
Net unrealised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)	2,827,909	(1,163,723)	1,664,186
Surplus for the year	12,192,607	(1,163,723)	11,028,884
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	12,192,607	(1,163,723)	11,028,884

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2018. However, as there were no adjustments made as at 1 July 2018, the entity has elected not to show the 1 July 2018 statement of financial position.

Notes to the Financial Statements

Statement of financial position at the end of the earliest comparative period

Extract	2019 \$ Reported	\$ Adjustment	2019 \$ Restated
Assets			
Current assets			
Receivables	6,314,130	(733,936)	5,580,194
Total current assets	6,523,920	(733,936)	5,789,984
Non-current assets			
Financial assets at fair value through profit or loss	135,124,354	(602,200)	134,522,154
Total non-current assets	135,152,870	(602,200)	134,550,670
Total assets	141,676,790	(1,336,136)	140,340,654
Liabilities			
Current liabilities			
Payables	542,231	(172,413)	369,818
Total current liabilities	577,994	(172,413)	405,581
Total liabilities	588,144	(172,413)	415,731
Net assets	141,088,646	(1,163,723)	139,924,923
Equity			
Retained surpluses	78,962,332	(1,163,723)	77,798,609
Total equity	141,088,646	(1,163,723)	139,924,923

Note 3. Revenue

	2020 \$	2019 \$
Investment revenue		
Dividend revenue	5,015,236	9,818,036
Franking credit revenue	1,454,480	3,420,982
Interest revenue	121,102	76,789
Other fund income	392,296	598,503
Less: Management fees	(553,932)	(486,075)
Total Investment revenue	6,429,182	13,428,235
	2020	2019
Other income		
Other revenue	59,582	139,594



Notes to the Financial Statements

Note 4. Project Payments

	2020 \$	2019 \$
Research, development and extension	2,841,831	2,680,058
Community and people development	1,375,509	1,430,130
Industry engagement and support	723,646	1,214,045
Total project payments	4,940,986	5,324,233

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 development of the Australian Dairy Plan.

Note 5. Other Expenses

	2020 \$	2019 \$
Occupancy expenses	2,987	19,469
Depreciation expense	32,786	21,911
Rental expenses on operating leases	–	1,076
Remuneration of auditor – audit fees	30,274	31,000
Consultants fees	6,437	18,522
Legal fees	319	2,112
Insurance	1,202	4,159
Record management	1,258	1,274
Director's costs	71,932	51,923
Employment expense	325,785	299,936
Other administration expense	61,421	47,267
Total other expenses	534,401	498,649

Project related employee expenses are allocated to the project for which they have been incurred. Administration employment expenses are included in "Other expenses" above.	2020 \$	2019 \$
Employee expenses	787,204	703,143
Superannuation	66,043	62,650
Total employee expense	853,247	765,793

Notes to the Financial Statements

Note 6. Cash and Cash Equivalents

	2020 \$	2019 \$
Current assets		
Cash at bank and on hand	33,408	102,889
Includes capital cash held	-	1
Project bank account	106,901	106,900
Total cash and cash equivalents	140,309	209,790

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 10.

Note 7. Receivables

	2020 \$	2019 \$
Current assets		
Income accrued	2,986,044	5,151,077
Sundry debtors including GST and other taxes receivable	307,203	429,117
Total receivables	3,293,247	5,580,194

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 balance of accrued income at 30 June 2019 includes \$3.4M of franking credits earned during the year.

Note 8. Plant and Equipment

	2020 \$	2019 \$
Non-current assets		
Leasehold improvements – at cost	77,908	77,908
Less: Accumulated depreciation	(77,320)	(70,474)
	588	7,434
Plant and equipment – at cost	69,521	82,152
Less: Accumulated depreciation	(54,492)	(61,070)
	15,029	21,082
	15,617	28,516



Notes to the Financial Statements

Note 8. Plant and equipment

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:

	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Balance at 1 July 2019	21,082	7,434	28,516
Additions	2,845	–	2,845
Depreciation expense	(8,898)	(6,846)	(15,744)
Balance at 30 June 2020	15,029	588	15,617

Note 9. Right-Of-Use Assets

	2020	2019
	\$	\$
Non-current assets		
Land and buildings – right-of-use	104,772	–
Less: Accumulated depreciation	(76,506)	–
	28,266	–

Note 10. Financial Assets at Fair Value Through Profit or Loss

	2020	2019
	\$	\$
Non-current assets		
Australian equities	66,768,331	79,849,978
International equities	21,621,927	34,113,662
Unlisted property	14,430,541	15,159,784
Cash	23,215,599	5,398,730
Unlisted infrastructure	1,758,271	–
	127,794,669	134,522,154

Notes to the Financial Statements

Note 11. Payables

	2020 \$	2019 \$
Current liabilities		
Trade and other payables	191,932	318,797
Accrued expenses	40,500	51,021
Total payables	232,432	369,818

The balance of trade and other payables at 30 June 2020 includes \$66K of funds received from Dairy Australia and Australian Dairy Farmers for the administration of the Dairy Leadership Strategy Development project. Services in relation to this project are being provided by The Gardiner Foundation free of charge as part of its commitment to the dairy industry, and therefore this \$66K will not form part of their profit or loss in the current or future periods.

Note 12. Lease Liabilities

	2020 \$	2019 \$
Current liabilities		
Lease liability	22,417	–
Non-current liabilities		
Lease liability	6,551	–
	28,968	–

Note 13. Provisions

	2020 \$	2019 \$
Current liabilities		
Employee expense	109,280	43,763
Other provisions	(5,964)	(8,000)
Total current provisions	103,316	35,763
Non-current liabilities		
Employee expense	8,601	10,150
	111,917	45,913

Employee provisions

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.



Notes to the Financial Statements

Note 14. Commitments

	2020 \$	2019 \$
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	–	78,593
One to five years	–	29,685
	<u>–</u>	<u>108,278</u>
Project expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,895,015	4,163,640
One to five years	3,351,412	6,005,000
	<u>6,246,427</u>	<u>10,168,640</u>

Lease commitments – operating

Refer to note 1 'Summary of significant accounting policies' for transition of lease commitments to liabilities on adoption of AASB 16: Leases at 1 July 2019.

Note 15. Events After the Reporting Period

No matter or circumstance has arisen since 30 June 2020 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 16. Related Party Transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 17.

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.

Notes to the Financial Statements

Note 17. 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:

	2020 \$	2019 \$
Directors and key management personnel compensation	628,952	623,521

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.

Note 18. Financial Risk Management

	2020 \$	2019 \$
Financial Assets		
Cash and cash equivalents	140,309	209,790
Receivables	3,293,247	5,580,194
Financial assets at fair value by asset class:		
Australian equities	66,768,331	79,849,978
International equities	21,621,927	34,113,662
Unlisted property	14,430,541	15,159,784
Cash	23,215,599	5,398,730
Unlisted infrastructure	1,758,271	–
Total financial assets:	131,228,225	140,312,138
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	191,932	318,797

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 in note 1 'Summary of significant accounting policies'.



Notes to the Financial Statements

Note 19. Fair Value Hierarchy

The following tables detail the Geoffrey Gardiner Dairy Foundation Limited ("Gardiner Dairy Foundation")'s assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Australian equities	66,768,331	–	–	66,768,331
International equities	21,621,927	–	–	21,621,927
Unlisted property	–	14,430,541	–	14,430,541
Cash	–	23,215,599	–	23,215,599
Unlisted infrastructure	–	1,758,271	–	1,758,271
Total assets	88,390,258	39,404,411	–	127,794,669

2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Australian equities	79,849,978	–	–	79,849,978
International equities	31,113,662	–	–	31,113,662
Unlisted property	–	15,159,784	–	15,159,784
Cash	–	5,398,730	–	5,398,730
Total assets	110,963,640	20,558,514	–	131,522,154

There were no transfers between levels during the financial year.

Notes to the Financial Statements

Note 20. 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.

An agreement was reached between the Trustees and the Foundation for the Trustees to set aside out of the estate the sum of \$1.0 million (Trustees funds) to fulfil the maintenance obligations for the Homestead property.

In the event that the Trustees funds for the maintenance obligation is insufficient under a deed between the Trustees and the Foundation, the Foundation will be required to make a payment or payments to the Trustees up to a maximum amount in aggregate of \$1.0m to enable the Trustees to fulfil the maintenance obligations.

In the event that the life tenant vacates the Homestead property, the balance of the Trustees funds will be made available to the Foundation.

Note 21. General Information

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

Geoffrey Gardiner Dairy Foundation Limited 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 28 August 2020.



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 financial report of Geoffrey Gardiner Dairy Foundation (the "Foundation"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other 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 accompanying financial report of the 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 presents fairly, in all material respects, the Foundation's financial position as at 30 June 2020 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for 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 opinion.

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Independent Auditor's Report



Information other than the financial report and auditor's report thereon

The Directors is responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 30 June 2020, 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 and those charged with governance 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. This 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 management either intends to liquidate the Foundation or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

A stylized signature of T S Jackman, written in a cursive script.

T S Jackman
Partner – Audit & Assurance
Melbourne, 28th of August, 2020



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 2020, 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 signature of the Grant Thornton firm.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature of T S Jackman.

T S Jackman
Partner - Audit & Assurance

Melbourne, 28 August 2020

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