

GARDINER
FOUNDATION

Annual Report 2021

Investing
for a vibrant
dairy future





Geoffrey Gardiner

(1950—1999)

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.

“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

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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

In November 2020 I was delighted to be appointed as Gardiner Dairy Foundation's Chair and with that role the opportunity it brings to work with Victoria's dairy industry and dairy communities.

Over the last year we have seen a progressive improvement in dairy farm operating conditions with much better seasonal conditions, reduced feed costs and favourable milk prices. However, COVID-19 has brought profound world-wide changes with dramatic impacts on people's lives and businesses locally and on many global markets. Thus, despite improved conditions for dairy, there remain many challenges.

Having worked with a broad range of agriculture industries over the years I have learned that the ability of an industry to work together effectively to respond constructively to change is vital. I believe dairy has responded to past challenges and opportunities in this way on many occasions and so I am confident that the industry-wide collaborative effort that resulted in the Australian Dairy Plan, launched in late 2020, will result in the industry working together to improve the profitability, confidence and unity of the Dairy industry. It is important to recognize, however, that this plan will only achieve its potential if everyone in the industry contributes to its delivery.

Gardiner is proud to have been an active contributor to the development of the Dairy Plan and will be proactive in its implementation. For me, I am delighted to be the Chair of the Australian Dairy Plan Committee for 2021 and will strive to bring partners together and to report to the industry on our progress.

In 2020 the Gardiner Board welcomed Dale McKie as an Observer to Board meetings, in line with our collaboration with the Observership Program. This program assists the next generation of leaders by placing talented, motivated professionals with not-for-profit boards for 12 months. The Board was delighted with Dale's observations and thoughtful enquiry during the year and wish him well in his future endeavours. In 2021 the Board welcomed Shishir Pandit as our next Observer. Shishir is an independent management consultant with not-for-profit and entrepreneur experience. Recently Shishir had the role of Secretary and Project Manager for the Australian Dairy Plan Committee.

Gardiner's Corporate Strategy emphasises a focus on our constitutional purpose, to "Maximise benefits to all sectors of the Victorian dairy industry and to Victorian dairy

communities", as well as aligning our services to the Dairy Plan's vision and priorities. In this Annual Report there is wide coverage of the range and scale of effort we have undertaken during the past year to achieve our Strategy through our Research, Development and Extension; People and Community Development; and Industry Engagement and Strategic Support programs.

Given the challenges and restrictions imposed by the COVID-19 pandemic throughout the year, I am very grateful to the Gardiner staff, Board and our collaborators for their flexibility and adaptability in how we plan and deliver our many programs and activities. This has enabled us to maintain a high level of industry support with minimal disruption.

Ensuring we prudently manage our asset base is a fundamental governance criteria. Despite the volatility in financial markets, particularly early in the year, it is pleasing that our diversified investment allocation approach has insured that our asset base remains very sound.

While the 2020 Gardiner AGM represented the start of my tenure as Gardiner Chair, it also marked the conclusion of my predecessor's term. I would like to sincerely thank Bruce Kefford for his exceptional contributions to the Foundation. Strategy and Leadership are two stand-out characteristics of Bruce. Over his two terms as Chair, Bruce was instrumental in the Foundation's strategic direction. He is also highly respected for his many contributions to over-all improvement of the industry and his personal guidance to so many. Thank you Bruce, you have left a solid platform for Gardiner and an enduring impact on our dairy industry.

In conclusion, I want to express my gratitude to our industry partners whose collaboration is essential for us to achieve our purpose for Victoria's dairy industry and dairy communities. I am also extremely grateful to the Gardiner Board and Gardiner management and staff for their exceptional commitment to the Foundation and the Victorian dairy industry.

Dr Len Stephens
Chairman



Chief Executive's Report

The 2020/21 year has certainly been one of new challenges and opportunities. Good seasonal conditions for most regions, favourable milk prices and sustained domestic and international demand for dairy has created brighter business conditions leading to greater confidence, improved financial returns, new investment opportunities and enhanced attractiveness of the industry.

The Australian Dairy Plan, launched in September 2020, has provided for a whole-of-industry approach to achieve a profitable, confident and united dairy industry, with a collective commitment from organisations across the supply chain to work together to achieve the Dairy Plan's vision.

On the flip-side, the COVID-19 pandemic throughout the year created several challenges, particularly impacting on the availability of farm labour and the ability of industry service organisations to directly provide many traditional services to farmers.

Throughout this year, I am pleased to report that Gardiner Dairy Foundation has been able to be flexible and proactive to sustain our broad range of services to the Victorian dairy sector and communities, as well as contribute to new initiatives and delivery approaches. We have also been able to maintain a sound financial position for the Foundation, despite volatility across the financial sector.

Recognising the Australian Dairy Plan, we have comprehensively reviewed our corporate strategy and associated investment programs to ensure our services are aligned with and make meaningful contributions to achieving the Dairy Plan's vision.

In our **RD&E program**, the DairyBio and DairyFeedbase initiatives, undertaken in partnership with Agriculture Victoria and Dairy Australia, have continued to be our focus. DairyFeedbase has generated an extensive range of new information for the Forage Value Index, thereby enabling farmers to access a wider and more detailed suite of information to make informed seed purchasing decisions. Another DairyFeedbase highlight is the development of an AgriTech application that provides the opportunity for farmers to record a range of farm activity information (such as grazing, pasture renovations, fertiliser applications, irrigation and pasture composition) and subsequently receive information relating to pasture availability across the farm.

The first five years of the DairyBio initiative concluded on 30th June 2021 and pleasingly the partners have committed to a further five years to ensure dairy farmers reap the benefits of the research. For example, DairyBio has new F1 hybrid perennial ryegrass varieties, offering significant yield increases, entering commercialisation. The world's first gene edited ryegrass plants are undergoing field evaluation and an extensive range of new animal breeding values were released in 2020/21. Over the next five years DairyBio will further expand into new forage species and new animal breeding values to enable improved profitability, climate adaptation and risk resilience in the decades ahead.

Gardiner's **People and Community Development** program has utilised a broad range of workshops, scholarships, grants and study tours to address priority areas of people development identified in the Dairy Plan, specifically in the areas of leadership, career development, attracting new people to the industry and building business management capability. The importance of leadership and a positive industry culture was highlighted in industry consultation for the Australian Dairy Plan and Gardiner has proactively contributed to the development of a new Dairy Leadership

Strategy that emphasises leadership is not only for those people in formal roles and that leadership encompasses mindsets and behaviours as well as skills and knowledge.

Gardiner's unique role in supporting small Victorian dairy communities through our partnership with the Foundation for Rural and Regional Renewal has continued. Our 'Gardiner Dairy Foundation Community Grants Program' (formerly known as the 'Working in Dairy Communities – Small Grants Program') expanded in 2020/21, helping dairy communities across Victoria to build their capacity to deal with local issues and enhance existing community infrastructure.

Our **Industry Engagement and Strategic Support program** has provided thought leadership events, sponsored industry events and strategic one-off studies as well as providing considerable financial, operational and governance support to the development and implementation of the Australian Dairy Plan.

Throughout the year the COVID-19 pandemic restrictions created challenges for some of our program activities in our delivery of services. I am particularly grateful to Gardiner staff and our collaboration partners for their commitment, adaptability and agility to find new ways to work remotely and to develop alternative delivery approaches, many of which will become sustained and thus additive even when pandemic threats and restrictions are removed.

A key responsibility of the Foundation is to prudently manage our **asset base**, thereby enabling our ongoing 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 enables our investment portfolio to withstand much of the negative impacts that can occur with market volatility, such as that arising as a result of global pandemics. The 30 June 2021 value of our corpus remains well above the inflation adjusted value required to maintain the real value of the original investment. The Foundation, therefore, remains in a very sound financial position to fulfil its purpose to the dairy industry and dairy communities.

The 2020/21 year will be my last full year in the role of Gardiner Chief Executive. In early 2021/22 I will retire from full-time employment and thus pass the baton to a new Chief Executive. It has been a privilege and a pleasure to have led the Gardiner team over the past three and a half years and I have thoroughly enjoyed working with the Gardiner Board, Gardiner Members and the excellent Gardiner staff team. In a year that has presented some new challenges for 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. I wish everyone associated with Gardiner Dairy Foundation a bright and fulfilling future and I hope Victoria's dairy industry genuinely unites behind the Dairy Plan's vision to secure dairy's position as an exemplar in our regional society and economy.



Dr Clive Noble
Chief Executive Officer



Message from the Minister for Agriculture

The agriculture sector, incorporating our farmers, agribusinesses and local communities, is a cornerstone of our state's economy and way of life. The Victorian dairy industry is the powerhouse of our national dairy production and vital to our state's future.

The coronavirus (COVID-19) pandemic has created major economic impacts globally and challenged governments and industries to work together to develop effective approaches for a strong recovery. Clear strategies and partnerships will be crucial to create jobs and accelerate economic growth in the short term and put our state, industries and communities in a strong position for the future.

During the past year, the Victorian Government released its *Agriculture Strategy*, to ensure the Victorian sector is strong, innovative and sustainable for many years to come. I am delighted that the dairy industry has also released its plan for the future, the *Australian Dairy Plan*, with the goal of a profitable, confident and united dairy industry. These two forward looking strategies will complement each other across a range of initiatives and collective actions and I look forward to collaborations and partnerships that will grow the economy and prosperity of the dairy sector and our state.

For more than two decades Gardiner Dairy Foundation has been a valuable contributor to supporting research and innovation, people and community development and crisis response in Victoria's dairy industry. I congratulate

the Foundation for its involvement and contributions to the development of the Australian Dairy Plan and the foundation's ongoing commitment to assisting the plan to achieve its goals.

Research, new technologies and innovation will be critical for industry to grow and be resilient and responsive to challenges and opportunities as they arise. Similarly, the attraction of new people and investment along with fostering the development of new skills are vital for securing the future of the dairy industry and dairy communities. I welcome the many projects the Gardiner Dairy Foundation has across all these areas, many of which are in partnership with government through Agriculture Victoria and other industry bodies such as Dairy Australia.

As we progress through 2021 and beyond, the combination of improved seasonal and market conditions together with support initiatives from government and industry bodies such as the Gardiner Dairy Foundation are cause for optimism for the dairy industry and Victorian dairy communities.

Mary-Anne Thomas MP
Minister for Agriculture



Gardiner Dairy Foundation Strategy 2020–2023

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

Gardiner was created with \$62m in funding from the sale of assets, including milk brands, as part of deregulation of the dairy industry. Prudent management of the funds is an ongoing priority with the income produced supporting Gardiner's annual investment in key industry projects. The fund now has over \$140m including bequests under management and has invested over \$80m to 2021 in projects for the benefit of the industry.

Following the release of the Australian Dairy Plan in September 2020, the Gardiner Board has aligned the Foundation's Strategy to 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

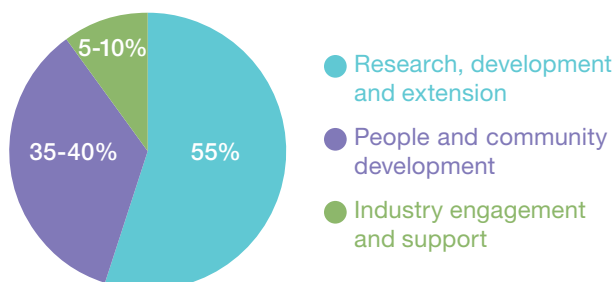
To support the dairy industry goal of "Profitable, Confident and United", we fund and promote RD&E, people and community development, and industry support activities that will benefit all sectors of the Victorian Dairy Industry and Victorian Dairy Communities.

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



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 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.

7. Effectiveness & Efficiency

We efficiently apply our resources and capability to most effectively achieve our Purpose and Objective.

The Board



Dr Len Stephens

Dip Agr Sci, BVSc, MSc, PhD, GAICD

Chairman

Len Stephens joined the Gardiner Dairy Foundation Board in October 2019 as the Chairman Elect and was appointed Chairman at the AGM in October 2020.

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 and Risk Committee
Member: Human Resources and Governance Committee



Andrew Maughan

BSc, LLB, MBA, FFinsia, FAICD

Andrew Maughan joined the Gardiner Dairy Foundation Board in October 2015 and chairs the Finance, Audit, Investment and Risk Committee. Andrew is a lawyer, corporate advisor and experienced company director. His background spans international trade and agriculture, strategy and risk management, corporate finance and investment management. He is currently Managing Director of corporate advisory 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



René Dedoncker

René Dedoncker joined the Gardiner Dairy Foundation Board in 2017. As Managing Director, Fonterra Australia, he joined the Fonterra Co-operative in 2006 and has taken on global leadership roles managing businesses and customers in over 50 countries. Before taking the reins in Australia he led the strategic agenda for Fonterra's Research & Development, Food Safety & Quality and Global Brands portfolio. René is particularly passionate about driving positive change and empowering leaders to grow.

Special Responsibilities

Member: 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 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. She is currently Chair of Oxfam Australia, Chair of the Consumer Advisory Panel at Walter + Eliza Hall Institute and is a director of Fight MND. She has been appointed an inaugural director of the newly constituted Board of Oxfam International. Judith was named the Telstra Australian Business Woman of the Year in 2001, awarded the Centenary Medal for service to Australian Society in Business Leadership in 2002, and is a Member (AM) in the General Division of the Order of Australia.

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 Rosewarne

B.Comm (PR)

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

B. Agr. Sci

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.



Highlights 2020/21

Australian Dairy Plan and Gardiner Foundation's Response

The Australian Dairy Plan, launched in September 2020, charts the way forward for the Australian dairy industry to be more profitable, confident and united over the next five years and beyond. The Dairy Plan sets the strategic direction and outlines the specific actions necessary to drive value and productive changes to achieve this objective.

At the core of the plan are five commitments – to deliver on the priority issues that were consistently communicated through industry engagement across the supply chain and from all dairy regions:

1. Reform industry structures to create a more cohesive dairy industry and strengthen our influence with key stakeholders.
2. Attract and support new people and investment to build our industry.
3. Increase our effort in marketing and promotion to build greater levels of trust and improve the value of dairy.
4. Intensify the focus on farm business skills to improve profitability and better manage risk.
5. Restore trust and transparency between farmers and processors to strengthen industry confidence.

In addition to the five commitments, the Dairy Plan recognises the crucial contribution of ongoing programs which will continue to ensure sustainable long-term growth of the industry:

1. Shaping future success through research and innovation.
2. Industry success through strengthened policy leadership.
3. Creating opportunities through market development.
4. Empowering people through learning and capability development.
5. Transforming dairy through industry-wide leadership and a positive culture.
6. Sustaining the trust and support of the community and consumers (Sustainability Framework).

Gardiner is committed to continuing joint efforts with the other partner organisations that came together to support the development of the Plan (Australian Dairy Farmers [ADF], Australian Dairy Products Federation [ADPF] and Dairy Australia) to enable the attainment of the Dairy Plan's goals and success measures, noting however that success relies on all dairy stakeholders taking ownership. We will focus our efforts on those parts of the Dairy Plan where we can add the most value, based on our expertise and experience.

To achieve our Purpose and to support the Australian Dairy Plan, Gardiner will prioritise its Investment Programs in the following areas;

Research, Development and Extension

The crucial role of research and innovation in underpinning the success of the dairy industry is widely recognised. Understanding the science of what makes a dairy farm work is fundamentally important in filling key knowledge gaps, and using existing information in different ways to contain cost increases, manage risks, increase milk production and sustain our natural resources.

Gardiner Foundation will continue to invest in research and innovation in partnership with other industry service organisations and government, with an emphasis on research that increases farm profit and reduces the costs of production. We will place an emphasis on major, collaborative investment partnerships that optimise impact such as through the following initiatives;

- **DairyBio** – delivering more advanced plant and animal genetics with greater yield, feed quality, heat-tolerance and persistence of pastures and increases in animal performance for production, fertility, heat tolerance and health.
- **DairyFeedbase** – delivering better management of agronomy and nutrition, with greater pasture yields and utilisation, improved allocation of feed for dairy herds, and improved nutrition.

Gardiner will support Dairy Moving Forward to expand the range of innovation models, to focus efforts to improve investment, and to undertake priority actions associated with the Dairy Plan.

Industry Engagement and Strategic Support

Engagement with industry stakeholders is a fundamental enabler of Gardiner's program planning, delivery and strategic industry assistance. Gardiner will strategically invest in projects and activities that address emerging and key issues and needs of the dairy industry and dairy communities. Gardiner will retain a high level of agility, enabling us to support the industry in times of critical need, such as from floods, fires or feed shortage and to support whole-of-industry enabling actions. Consistent with this approach, Gardiner will support the governance and reporting of the Dairy Plan implementation and will provide financial support to the process for reforming industry structures.





People and Community Development

The people in dairy, across the value chain, and the local dairy communities, are the life-blood that supports the industry. The capability, opportunities, health and well-being of dairy people and dairy communities is fundamental to achieving a profitable, confident and united dairy industry.

Gardiner Foundation will place an emphasis on the following people and community development areas;

- **Attracting new people to dairy.**

Attracting new people to dairy, both pre and post farmgate, will continue as a priority for Gardiner and we will strengthen our investments through support for scholarships, learning and experiential opportunities that can overcome awareness and opportunity barriers for young people in dairy regions and those from metropolitan areas.

- **Enhancing Farm Business Skills and access to risk management tools.**

Improving farm business skills is an essential precedent to increasing profitability. Gardiner and Dairy Australia have cooperated in the development of the Our Farm, Our Plan business skills program, to support dairy farmers to:

- Clarify and document their strategic long-term goals.
- Identify and prioritise actions needed.
- Manage risks and capture opportunities.

Gardiner is committed to investing, in collaboration with Dairy Australia and other partners, to support an expanded and accelerated delivery of Our Farm, Our Plan across Victoria, and to support dairy farmers accessing new risk management tools.

- **Leadership Development and a positive industry culture.**

A positive culture plays a crucial role in industry success and building a more positive culture is fundamentally about leadership. Leadership is not simply skills and knowledge; it is also about the mindsets and behaviours we exercise every day. The Dairy Plan recognises that to deliver positive cultural change in a more volatile world, we need a new leadership paradigm where leadership is everyone's responsibility. Gardiner has for many years invested in leadership development and we will strengthen these investments and be a major contributor to the development and implementation of a new Dairy Industry Leadership Strategy.

- **Strengthening dairy communities.**

Strong communities are vital to support the dairy industry. In a unique role among dairy service providers, Gardiner is committed to a grants program 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.

Thought Leadership

The strategic growth of Gardiner's online presence through social media and our website has been a feature of the past 12 months. After taking our communications activity in-house in 2019, we embarked on the development of a digital strategy under the guidance of a digital marketing consultancy.

We have put in place a well-planned social media program that has enabled us to extend our presence on the more popular social media platforms. The spread across four platforms has ensured Gardiner's posts are available to a broad demographic of the Victorian dairy industry.

We regularly originated or repurposed and shared articles and posts from respected sources aligned with areas of Gardiner priority such as leadership, thereby expanding thought leadership further into the dairy industry.

Our 2020 post-AGM event, which was held online due to COVID-19, became an open webinar in which our new chair, Dr Len Stephens and our retiring chair, Dr Bruce Kefford, both gave an overview of recent achievements and pointed the way forward for Gardiner and the dairy industry through the new Australian Dairy Plan.

This was followed by a panel session in which four Gardiner leadership associates from regional Victoria spoke about the challenges, inspiration and outcomes of their leadership journeys.

Antarctic Expedition Leader Speaks

A valuable contribution to thought leadership each year is the Dairy Leaders Luncheon. This event was postponed to May due to a sudden COVID-19 lockdown in February.

Rachael Robertson honed her leadership skills leading a team of 18 on an Australian Antarctic station through the depths of winter.

Respect, integrity and looking out for your teammates were some of the keys to ensuring the team survived and thrived in one of the most inhospitable environments on the planet, Ms Robertson told the Dairy Leaders' Luncheon guests.



Respect Trumps Harmony

Ms Robertson said there was a lot of diversity in the team.

"We had a 24-year-old death metal music fan living with a 64-year-old grandfather," she said. "We had married, single, gay, straight, had a couple of parents, had a student, had different religions, had different cultures."

So for this reason the number one rule for the team – and one they chose together – was respect.

"You can't take that mix of people, throw them together 24 hours a day through months and months of darkness for a year and say you're all gonna love each other, 'cause that ain't gonna happen," she said.

"So the rule for our team, the mantra, was respect trumps harmony," Ms Robertson said.

No Triangles

Ms Robertson said integrity was another of the team's values. Although integrity was sometimes difficult to describe, for her team it was a simple rule – no triangles.

"No triangles simply means you don't speak to me about him, I don't speak to you about her," she said.

Looking Out For Your Teammates

Ms Robertson said Antarctica was an inspiring place. The Emperor Penguins, for example, were the only living thing in Antarctica in winter, except for humans.

"The only reason these guys survive is their team work," she said. "They huddle and every bird has a turn on the outside bracing against the cold and when they have had enough, they move into the middle and the birds in the middle come around the outside. It is extraordinary behavior because they've adapted to do that. Every other bird species on the planet has a nest or a patch or a turf and they protect their little patch. If these guys tried to protect their little patch, they would not survive."

Ms Robertson said they were a fantastic metaphor for human teams: protect the team, work together and the team will be much stronger and have more influence.



Performance of 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 May 2021	Outsourced to external investment management companies	Investments are held in asset class specific unit trusts	Australian Equities	55%
			International Equities	20%
			Property (Unlisted)	10%
			Infrastructure (Unlisted)	10%
			Cash	5%
May 2021 to date	Outsourced to external investment management companies (refer table 3)	Investments are held in asset class specific unit trusts	Changed in FY21 ¹	
			Australian Equities	50.0%
			International Equities	22.5%
			Property (Unlisted)	7.5%
			Infrastructure (Unlisted)	15.0%
			Cash	5.0%

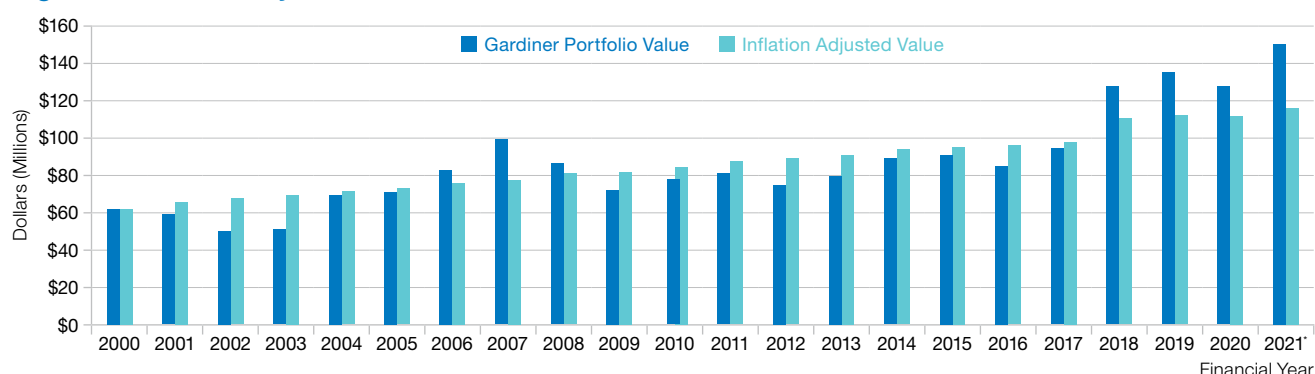
The Foundation's SAA has delivered a relatively stable and growing income stream. Whilst there has been some volatility in the capital value of the investment portfolio since inception, its real value has been maintained throughout economic cycles.

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 \$150.36 million² at 30 June 2021. The chart also shows the inflation adjusted value required to maintain the real value of the original investment which at 30 June 2021 was calculated to be \$116.19 million. At 30 June 2021 the portfolio value was \$34.17 million or 29.40% more than the inflation adjusted value of the corpus including the Niel Black bequest.

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

² The 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 2021 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 was reviewed and refined in 2020. The Finance, Audit, Investment and Risk (FAIR) Committee meets at least quarterly to review the Foundation's investment performance. Strategic Asset Allocation is a standing agenda item and is changed as market conditions evolve based on advice from Frontier Advisors.

The investment objective of the Foundation 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 four 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	50.0	30 – 70
International Equities (Unhedged)	22.5	10 – 35
Property (Unlisted)	7.5	0 – 20
Infrastructure (Unlisted)	15.0	0 – 25
Cash	5.0	0 – 15
Total	100.0	

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 2021 are presented in Table 2. It should be noted that the SAA for the infrastructure asset class was increased (10% to 15%) in May 2021, which is to be funded from the Australian equity and property asset classes following capital calls by infrastructure fund managers, hence the overweight allocation to Australian equity and Australian property and underweight allocation to infrastructure.

Table 2: Asset classes deployed as at 30 June 2021

Asset Class	Fund Manager and Product	Current Asset Allocation %	Strategic Asset Allocation %	Variance %	Valuation \$
Australian Cash	IFM Investors Australian Transaction Cash Fund	5.1	5.0	0.1	7,706,188
Australian Property	Dexus Diversified Australian Property Fund	10.6	7.5	3.1	15,882,154
Australian Equity	Plato Australian Shares Tax Exempt Fundy	51.8	50.0	1.8	77,930,909
International Equity	BlackRock (iShares) Wholesale Indexed International Equities Fund (Unhedged Currency)	22.0	22.5	(0.5)	33,138,089
Infrastructure	First Sentier Global Diversified Infrastructure Fund (Hedged)	10.4	15.0	(4.6)	15,699,924
Total		100.0	100.0	0.0	150,357,265

³ Note the CPI figure used for the year ended 30 June 2021 is sourced from <https://www.rba.gov.au/statistics/tables/xls/g01hist.xls>



Responsible Investment

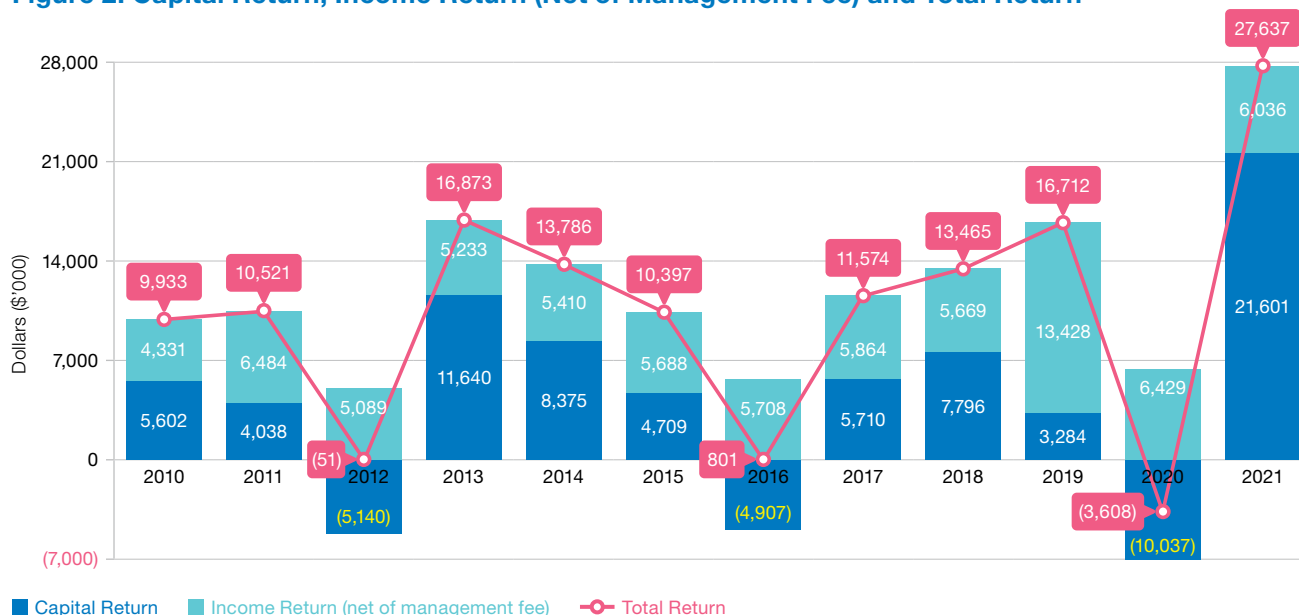
The Gardiner Dairy Foundation supports responsible investment and believes that effective management of material financial and reputational risks and opportunities related to environmental, social and governance (ESG) issues will support its requirement to maximise risk-adjusted returns earned on the Foundation's asset funds. The Foundation seeks to undertake responsible investment by only appointing Investment Advisors and Managers that have robust and clear ESG policies,

regularly reviewing the Foundation's Investment Advisors ESG policy and application, and not knowingly investing funds with organisations whose practices do not align with contemporary ESG considerations.

Investment Returns

The financial year ended 30 June 2021 after fee investment returns for the Foundation in its third 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 2021 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 four years. For the financial year ended 30 June 2021, the Foundation's composite after fee return on investment was 21.96%. CPI (3.80%) + 4.50% for the financial year ended 30 June 2020 was 8.30%. For the same period the ASX200 delivered a return of 27.80%. The rolling three-year return of the portfolio to 30 June 2021 under the current strategic asset (SAA) allocation was 9.92%. CPI + 4.50% for those three years was 6.18%.

In dollar terms, the Foundation experienced a total return of \$27.64 million over the financial year, of which \$6.04 million was income returns from interest, distributions, dividends and franking credits (net of management fees) and \$21.60 million represents increase in capital value as reflected in Figure 2.

The Foundation corpus in FY2020/21 recovered strongly from the market fall in FY2019/20, which was driven by the COVID-19 pandemic. The recovery is primarily attributed to the Australian and International Equity asset classes performing very strongly during the financial year as global markets rallied. Although there was some volatility, markets managed to look through the various geopolitical and COVID-19 related issues, and equities benefited from the positive news of vaccine developments and a rebound in global economic growth. The Australian dollar generally appreciated over the financial year, reducing the return of unhedged international equities. A key driver of the Australian dollar was the rise in commodities prices, which benefited from the rebound in global growth, and particularly strong demand from China. The iron ore price increased very sharply, more than doubling over the financial year. Unlisted infrastructure and unlisted Australian property delivered positive returns. Cash, while modestly positive, remains unattractive given historically low interest rates. The Foundation's diversified investment portfolio provided some stability during periods of heightened market volatility through investments in unlisted property, unlisted infrastructure and exposure to foreign currency (via unhedged international equities).

⁴ Responsible investment as defined by the United Nations Principles for Responsible Investment, where "Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership".



Program Funding

Since its inception in 2000, Gardiner Dairy Foundation has contributed over \$80m 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 2020-2023, there are three program areas of strategic investment; RD&E, People and Community Development, Industry Engagement and Support.

With the launch of the Australian Dairy Plan in September 2020, Gardiner Dairy Foundation has aligned its Corporate Strategy and program priorities to positively support the achievement of the Dairy Plan's goals.

The Dairy Moving Forward (DMF) initiative is the national strategic framework for pre-farm gate RD&E for the dairy industry with its RD&E priorities defined to support the Australian Dairy Plan. 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 investments in People Development focus on the Dairy Plan priorities of attracting and supporting new people to the dairy industry, building farm business skills, and supporting the development of leadership capability and capacity.

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 forums, 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 extreme climatic events or feed shortages impact Victoria's dairy regions, 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, 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 recognised the need to work together more effectively with a common goal and approach. Gardiner Dairy Foundation continues to partner with other peak dairy industry organisations to oversee the implementation and on-going development and reporting to stakeholders of the Australian Dairy Plan.



Research Development and Extension Program

Gardiner Dairy Foundation's Strategy 2020-2023 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. These priorities are consistent with the goal of the Australian Dairy Plan.

Gardiner Dairy Foundation has partnered with Dairy Australia and Agriculture Victoria in two major, world class initiatives to deliver high impact and enduring benefits in forage and animal genetics and feedbase utilization to the dairy industry – DairyBio and DairyFeedbase.

The DairyBio initiative (2016–2021) has focused upon improvements in the genetics of pasture cultivars (primarily of perennial ryegrass) 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.

Gardiner Dairy Foundation has been contributing \$1.0m per annum to DairyBio and this has been extended since 2019/20 to an additional \$150,000 per annum to accelerate research that would lead to more reliable fertility breeding values, an industry priority.

DairyBio (2016–2021) has been highly successful in achieving its targets and milestones. In line with the timeframes associated with strategic and discovery

research, DairyBio was always expected to have a 5 + 5 year duration to bring all innovations to the industry. To ensure DairyBio's successes are delivered, Gardiner Dairy Foundation, Agriculture Victoria and Dairy Australia have agreed to continue the initiative as DairyBio 2021–2026.

The DairyFeedbase initiative applies 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 as part of the total initiative.

DairyBio and DairyFeedbase form an innovation portfolio as shown by the innovation framework diagram with innovations brought to farmers through collaborating partners, primarily DataGene and the Barenbrug Group.

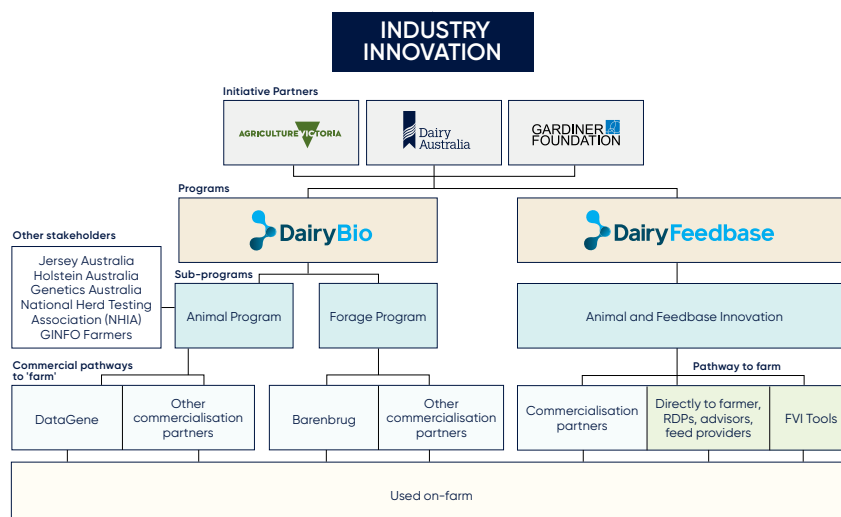
The portfolio approach has a range of benefits. New cultivars produced with bioscience innovations (like hybrids and genome edited breeding lines) in DairyBio can be field-tested in DairyFeedbase to maximise the quantity and quality of pasture consumed as well as validated for use with the Forage Value Index.

Development of new animal traits benefits from direct access to capabilities provided by DataGene, especially larger and better sources of data and evaluation systems that mean research can be readily conducted and implemented in an industrial environment.

Pasture cultivars with step-increases in performance from DairyBio can be used as models to prove the advances in productivity that are possible with improved management from DairyFeedbase, as well as improved genetics.

New techniques in monitoring animal health, such as milk analyses (MIR), can be developed for both early lactation management (DairyFeedbase) as well as genetic selection (DairyBio).

The scale of these initiatives working in conjunction will increase the impact of each project, reduce risk, and will support faster adoption of new innovations.



DairyBio Initiative

DairyBio (2016-21) has been a major collaboration between Gardiner Foundation, Dairy Australia and Agriculture Victoria over a five-year period with the objective to generate large-scale impacts for Australian dairy farmers through the advanced and industrial-scale application of advanced biological sciences.

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

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 targets 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 develops technologies and capabilities that will transform commercial breeding of pasture plants, generating plants with higher yield, higher energy and higher persistence.

DairyBio Vision and Goals

DairyBio – Better Pastures \$800/HA p.a.

3X

Progress in Pasture Breeding

(e.g. 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 Herd Improvement market
with a new focus on
cow performance

DairyBio Achievements

The DairyBio (2016–2021) program was ambitious but has delivered an exciting range of intended target outputs for animal and plant improvement and in some cases exceeded target expectations. Many technologies and products are now delivering significant value to farmers today, and the suite of outcomes that will be delivered to industry partners are on track to deliver sustained value as anticipated.

Headline indicators from the **forage program** have been achieved and in the pipeline for delivery to industry, including:

- F1 experimental perennial ryegrass hybrids with 20–40% DM yield gains identified and parental pools have been delivered to commercial breeding partner for the commercial path to market. In addition, F1 hybrid technology has been developed for short term ryegrass. DairyBio target gains for F1 experimental hybrids were 15% DM yield gains.
- Up to 5x rate of genetic gain delivered through genomic selection. DairyBio forage has delivered genetic improvement at five times the previous rate through genomic selection (**20 years genetic improvement in four years**). The DairyBio target was to accelerate genetic gain 3-fold.
- Genome edit ryegrass with increased digestibility created and being crossed into elite industry relevant germplasm. World's first gene edited ryegrass plants are in the ground at Hamilton.
- Superior endophytes with associated QA/QC tools and quantification of protective qualities and associated production benefits being articulated to industry. These endophytes offer a **15% performance improvement** – which equates to three decades of genetic gain that has previously been achieved – and can **extend pasture life for up to three years**.

Significant advances delivered from the **animal program** include:

- DairyBio animal program in association with Datagene has doubled the rate of genetic improvement and combined with previous DairyFutures CRC program will deliver genetic improvement at 4.5 times the previous rate (27 years genetic improvement in six years).
- Development and improvement of Australia's flagship national selection index the Balanced Performance Index (BPI) which dictates the direction of breeding and includes traits contributing to profit (production, health, fertility) essential for future prosperity of Australia's dairy sector.
- Animal custom made SNP chips have improved genomic selection through developing highly predictive SNPs for key traits.

- Improved the quality of Australian indices, such as BPI and Health Weighted Index, and improved reliability of existing ABVs (valued at \$27 per cow per year) and new ABVs for desired traits include Fertility, Heat Tolerance, Calving Ease, Gestation Length and Mastitis Resistance. These genetic improvements (with others) are in the market and are on track to deliver \$300 per cow per year.
- A new method developed based on milk analysis to predict the fertility of cows using early herd-test data including mid-infra-red spectroscopy.
- Other deliverables on track for delivery include a first-generation greenhouse gas index, improved methods to predict cross-bred performance, new computational approaches to improve accuracy and efficiency of breeding values, and new methods to understand trait interactions e.g. previously intractable multi-trait analysis.

Additionally, DairyBio (2016–2021) has provided:

- A number of extensive global collaborative relationships that have enabled the unlocking of significant value through access to data, scientific insight, peer review and formal collaborative partnerships.
- The attraction, development and retention of new expertise for the industry. DairyBio had a target of 25 PhD students, with an intended outcome of 50% employment within the industry. By June 30, 2021 the total number of students that will be awarded a PhD is over 30 with around 60% employed in the dairy and/or animal science research or industry.

An independent, high-level evaluation of the benefits from the DairyBio (2016–2021) program showed that the DairyBio program is on track to deliver benefits of \$1.1 billion by 2030. This independent evaluation also highlighted the importance and value of continued investment, firstly to build on delivery to farmers of the innovation developed over the last 5 years through DairyBio (e.g., F1 Hybrids and gene editing in forages, new traits and improved selection for animals), and secondly to build on the capability and technology to deliver a second wave of new sustainable innovation for significant benefit in forages and for animals.

The DairyBio partners of Agriculture Victoria, Dairy Australia and Gardiner Dairy Foundation have agreed to sustain their investments in DairyBio (2021–2026). Each of the respective work programs in forage and animal improvement are designed to capitalise on technology development completed in DairyBio 2016–2021. This includes acceleration of impacts of current technology, building out value through translation of existing technology into a wider range of pasture species (forage program), and pursuing a vision of the dairy cow required for a sustainable Australian farm in 2040 (animal program). Existing commercial partners, in addition to new ones that deliver complementary strengths are a feature of DairyBio 2021–2026 and will continue to enable rapid translation of science into improved pastures and herd improvement services.

DairyFeedbase Initiative

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

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

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

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

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.

Project Highlights from the Year

The Forage Value Index (FVI) has been significantly expanded in 2021 to include annual ryegrass and Italian ryegrass for the first time. In addition, the annual update for the existing perennial ryegrass FVI was published in early 2021. This new development means that there is now a FVI for three different species.

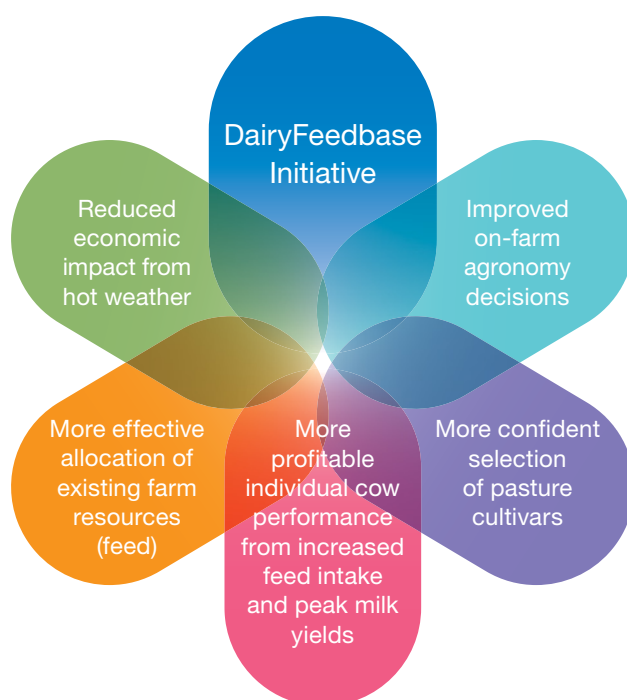
Economic Values for ryegrass in the three Victorian regions were also updated in 2021 to better reflect the variability in hay and grain prices over the last 5 years. Also, for the first time, the Economic Values used are now printed on each published FVI list across all species and regions.

The Annual and Italian FVI was published in March 2021, marking the first publication of an FVI for these species, and enabling farmers in a greater number of regions access to information to make informed seed purchasing decisions.

Systems have been designed to use next-gen smart fencing and gate technology in combination with pasture yield and nutritive value tech and supplement feeding strategies for productivity improvement. These systems provide for more profitable allocation of pasture and supplements, into which next generation fencing technology could be deployed when available. The two most promising of these, one that reserves an equal share of pasture for cows arriving late back to the paddock, and one that investigates redistributing supplementary grain amongst cows according to their milking order, have experiments underway.

PastureSmarts is a key project of DairyFeedbase and is developing non-destructive technologies for rapid and accurate measurement of forages at a paddock scale for assessment of pasture dry matter yield and nutritive characteristics leading to better allocation of pasture and a profitable increase in pasture utilisation at a farm scale. PastureSmarts is developing a unique, advanced digital AgTech innovation platform using proprietary algorithms, big data, sensors, data analytics pipelines, and agriculture predictive technologies to provide near-real time spatial estimates of pasture mass to optimise pasture utilisation. It will incorporate agronomic packages developed to fully exploit the yield potential of new forage genetics arising from DairyBio.

The PastureSmarts Project has developed a prototype application that provides the opportunity for farmers to record relevant farm activity information (grazing, pasture renovations, fertiliser applications, irrigation, pasture composition and forage conservations) and provides information relating to pasture availability per paddock, across the farm. This application is ready for further development and commercialisation to produce an on-going product that can realise the profitability potential from the homegrown feedbase, an under-utilised asset on dairy farms. Further development and commercialisation will progressively occur over the next 3–4 years with the commercial-ready PastureSmarts product to deliver digital services to up to 1000 dairy farmers by June 2024.





People and Community Development Program

The People and Community Development (PCD) program focuses on building the capacity and capability of the Victorian dairy industry's people resources, with a focus on leadership, skill development, building resilience and strengthening dairy communities.

We have now lived through more than a year of disruption caused by the COVID-19 pandemic. The best that can be said is that, apart from the cancellation of many face to face events, we have adapted to the 'new normal' and become increasingly adept at using the communications technology available to us to conduct our work.

We have undertaken a review of processes and procedures in relation to our 19 year-long dairy community grants partnership with the Foundation for Regional and Rural Renewal. This has strengthened the partnership, removed some procedural roadblocks and shifted some areas of responsibility. We have visited a number of funded projects to see first-hand how our investment is benefitting dairy communities. These visits inevitably generate constructive dialogue around future priorities and specific projects.

Our relationship with our Monash University Industry Team Initiative partner has been strengthened through regular briefings and cooperative planning. With the completion of the MITI evaluation we expect to make some improvements to the program over the next 12 months.

Our communications program has gone from strength to strength over the past 12 months. As well as generating our own stories and posts, we have been methodical in sharing articles from other dairy organisations on RD&E, people development, community programs and much more.

Leadership development is seen in the Australian Dairy Plan as a key enabling mechanism for a shift in industry culture towards a more unified, confident and profitable future. Consistent with the collaborative, grassroots approach to leadership development flowing from the dairy leadership strategy, Gardiner has initiated a leadership planning.

Gardiner continues to support leadership development through offering opportunities to participate in programs delivered by the Australian Rural Leadership Foundation (ARLF), Nuffield Australia and Regional Leadership Australia. These opportunities ensure industry people develop leadership knowledge and skills to perform more effectively on their farms, in their communities and across the dairy industry.

The annual New Zealand study tour, which Gardiner sponsors each year, in partnership with United Dairy Farmers of Victoria, was cancelled in 2020. This year, with another threat of cancellation, we decided to organise a Victorian dairy study tour in June. Study tours are a key commitment to the education and development of our young dairy people, encouraging them in their endeavours and broadening their knowledge.

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.



Dairy Industry Leadership Strategy

The Dairy Industry Leadership Strategy was completed in late 2020 and endorsed by the boards of all the partner organisations in early 2021.

The development of the Dairy Industry Leadership Strategy was initiated by the Australian Dairy Industry Council in 2018 with the establishment of 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 and Gardiner Dairy Foundation. As a member of the Taskforce Steering Group, Gardiner Dairy Foundation took a key role in the development of the leadership strategy and provided secretariat support.

The leadership strategy continued in parallel with the development of the Australian Dairy Plan through 2019 and 2020. The leadership strategy will inform the Dairy Moving Forward People strategy and associated operational activities.

A key challenge in planning the implementation of the leadership strategy will be to fulfil the vision of “building a contemporary, cohesive and prosperous dairy industry through shared leadership”, underpinning which there is a key phrase: “everyone is a leader”. Our aim is to enable people to see “Leadership is at the heart of everything we think, say and do.” Embedding the change within everyday activities is both important and challenging.

Gardiner has commenced implementation planning and is consulting with other parties on the way forward.

Regional Leadership Australia

Up to 10 places in the Regional Leadership Australia community leadership program are offered by Gardiner each year to regionally based people working within the Victorian Dairy Industry.

The community Leadership Programs allow 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 graduates have gone on to further their contribution to the dairy industry and dairy communities. They have become more confident, inclusive and collaborative in their leadership, and have built active networks to contribute to local issues within their region.

RLA Recipients

Alpine Valleys Community Leadership Program

2020 No program due to COVID-19

2021 Edith Peters (dairy farmer)

Fairley Leadership Program

2020 Roison Powles (dairy farmer)

Lisa Menhennet (Dairy Extension Officer)

2021 No recipients

Gippsland Community Leadership Program

2020 Jonathan Webb (Production Manager)

2021 Greg Cole (Director, Dairy Technology)

Leadership Great South Coast

2020 Dominic Conheady (dairy farmer)

Joy Coulson (Farm Services Advisor)

2021 Brendan Hyland (Milk Quality Specialist)

Heather Smilie (Regional Extension Officer)

Loddon Murray Community Leadership Program

2020 Suzie Jacobs (community worker, student).

Jo Holloway (Accounts Manager, Dairy)

2021 Allison Stewart (farmer)

Natalie Eckert (agronomist)



Australian Rural Leadership Program

Gardiner continues to offer funding for one dairy recipient to join the Australian Rural Leadership Program (ARLP) each year. The 2021 Gardiner Foundation ARLP scholar is Monique Bryant. She will be a member of the ARLP Course 28 cohort in a program that runs over 15 months.



Monique Bryant
2021 Gardiner Foundation
ARLP Recipient

Monique is the owner of MT & MM Bryant, a dairy farm near Kaarimba in northern Victoria, who has a commitment to her community and the broader dairy industry. She is also the chair of the Rabobank Riverina/Southern NSW Client Council, a member of the St Francis Primary School Board and is a Senior Netball Coach in the district.

Due to COVID-19 ARLP has run up to three leadership courses concurrently to ensure participants received the best possible opportunities under constrained circumstances. The multi-modal approach introduced during 2020 due to COVID-19 will continue to be utilised as it offers more options and greater flexibility for the future without compromising participant learning or leadership outcomes.



Ross Anderson
2020 Gardiner Foundation
ARLP Recipient

Ross Anderson, the 2020 Gardiner Foundation ARLP recipient, 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. Ross will graduate in November 2021.



Stuart Crosthwaite
2019 Gardiner Foundation
ARLP Recipient

Gardiner's 2019 ARLP recipient, Stuart Crosthwaite, completed his program in May 2021. Stuart is a dairy farm owner/manager from North East Victoria and chairman of the Mountain Milk Cooperative.

Nuffield Farming Scholarship



Lucy Collins
2021 Gardiner Foundation
Nuffield Farming Scholar

Lucy Collins has been selected as the 2021 Gardiner Foundation Nuffield Farming scholar.

In addition to working alongside her partner Matthew on the family's 650 cow dairy farm at Dixie in south-west Victoria, Lucy is a dairy veterinarian with

Apiam Animal Health and is part of the leadership team at Kyabram Veterinary Clinic. She is also currently completing a Masters in Veterinary Science (Dairy), with a focus on public perceptions and welfare enhancement in the Australian Dairy Industry.

Lucy will investigate the value of dairy welfare benchmarking and opportunities for marketing Australian dairy products with an ethical advantage. Lucy's research will explore overseas dairy welfare auditing programs and the potential for diversification of Australian dairy products into the ethical or high welfare space.

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.

Our 2018 Nuffield Scholar, Shannon Notter from Carlisle River, completed her Nuffield project report in 2021 and received widespread national and international coverage for it. Shannon investigated 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.

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



UDV People Development

Gardiner Dairy Foundation and the United Dairyfarmers of Victoria (UDV) have once again collaborated to utilise the UDV's unique industry position and resources as a conduit for increasing industry wide knowledge and information sharing. It also provides an opportunity to increase the skills and capabilities of dairy leaders who contribute to the industry and local dairy communities through multiple organisations and roles.

In 2020/21 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 communication skills of dairy farmers so they have more confidence to interact with media. The training focused on how to engage media in positive coverage of the dairy industry with a focus on each region.
- Facilitating the engagement of all dairy farmers in Victoria in the latest information sharing and priority setting of current dairy farm issues through making a financial contribution to the UDV's monthly newsletter, Hotline.

Dairy-RLA Leadership Planning Workshop

The aim of the Dairy Industry – Regional Leadership Australia joint leadership planning workshop is to generate ideas and develop plans for collaborative leadership development activities in Victorian dairy regions. It is just one of many novel ways the key partners in dairy leadership will be employing to promote and support leadership development.

A key goal of the Dairy Leadership Strategy is to get as many participants as possible involved in relevant, timely and accessible leadership development activity. This means finding ways to reach out to those who don't necessarily see themselves as 'leadership material' or who are reluctant to get involved in people development activities.

In addition to generating plans for place-based and sectoral leadership activities in the Victorian dairy industry and dairy communities, the workshop aims to build professional working relationships to progress ongoing leadership development activities and to share a challenging, interactive, team building, action learning experience that will cement stronger relationships among the participants.

The resultant leadership development activities will complement current offerings from Dairy Australia and the Victorian RDPs and from Gardiner Foundation through its current partnership with Regional Leadership Australia. That is one of many very good reasons for having representatives of these organisations in the room together.





Monash Industry Team Initiative

This year we completed our seventh Monash Industry Team Initiative (MITI) program, partnering with Monash University and Victoria's larger dairy manufacturers.

The MITI program exemplifies Gardiner's commitment to industry partnering and leveraging funds and resources to benefit all sectors of the Victorian dairy industry.

In 2020-21, for 12 weeks over the Christmas – New Year period, 20 Monash University students from a variety of study disciplines worked on projects with five industry organisations.

MITI introduces students to the dairy industry, 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. 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 practice are acknowledged benefits for the students and thus the success of the program 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 over the years.

This year an evaluation of the MITI program was performed to identify the impact and effectiveness of the program against its objectives and deliverables; and to provide recommendations on the future need and direction for the investment. Gardiner Dairy Foundation surveyed key stakeholders (students, processors & MITI staff) and developed an evaluation report which overwhelmingly reinforced the merits of the program.

MITI Teams

Agriculture Victoria

Novel approaches to improve solid-liquid separation and increase biogas generation from dairy farm manure and factory wastewater.

Theodore Julian BE (Chemical)/BCom), Nithiya Pathmasiri (BE (Chemical)), Thomas Stevenson (BE (Chemical)/BBIomedSci) and Christine Tolotchkov (BPharmScAdv(Hons)).

Bega

Implementing Artificial Intelligence and Block Chain (Cow-to-Consumers)

Albert Tan (BCom/ElecEng), Keshav Seshadri (BSE), Louisa Reiss (MDataSci) and Kiran Mantha (MBus).

Burra Foods

Logistics and Forecasting

Andrew Moore (LLB/BCom) and Diksha Dahiya (MApplEcoEcmets).

Fonterra

CIP Validation and Verification

Darcy Myring: (BSci), Shirley Liang: (BChemEng/ BBIomedSci) and Mario Asaad (BChemEng/BParmSci).

Water Mapping Project

Christina Percival (BMechEng(Hons)/BA), Philippe Phan, (BChemEng/BBIomedSci) and Akbar Rizqiansyah (BCivEng(Hons)/BActSci).

Lactalis

Monitor Our Milk

Jithu Geevarghese Panicker (MCybersec), Khyati Grover (MBIS), Ramya Keerthy Thatikonda (MDataSci) and Nimrat Singh Brar (MAdvEng).



Victorian Study Tour

The 2021 Gardiner Foundation – United Dairy Farmers of Victoria New Zealand study tour did not take place in 2020/21 due to border restrictions as a result of the COVID-19 pandemic. Instead, a tour of Australia's largest dairy state, Victoria, took place with a group of nine young Victorian dairy farmers.

This study tour is a 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 from New Zealand Study Tours have gone on to fulfil local and state level leadership roles, including UDV Policy Councillors, agricultural show organising committees and local sporting clubs.

The 8-day Victorian study tour gave participants the opportunity to get a thorough look at some of Victoria's world class dairy industry. They visited a range of farms utilising different farming systems and technologies. They toured dairy research and processing facilities and visited state and national representative bodies. Through their time together, they also had the opportunity to expand their network with industry leaders and the other like-minded young people with a passion for the dairy industry on the tour.

The Gardiner Dairy Foundation – United Dairy Farmers of Victoria 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 dairy industry. The knowledge they gain assists them to initiate positive changes in the Victorian dairy industry. The Young Farmers will present their key learnings from the tour at the annual Gardiner Dairy Foundation 'Year in review' event later in the year.

Victorian Study Tour 2021 selected participants

- | | | |
|-----------------|----------------|--------------------|
| • Jake Seuren | • Kahli Weller | • Brianna McClain |
| • Jane Mann | • Damon Healy | • Melanie Ackerley |
| • Michael Snell | • Tori Boyle | • Jodie Foster |

New Generation Skills for the Dairy Industry

The dairy sector requires people with skills across a range of various 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 available across 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 is being delivered in each of the three Victorian Regional Development Program regions and has the following objectives;

1. Provide a framework that supports dairy industry employers to connect with education providers at a regional level.
2. Build ready networks of dairy farm businesses and service sector businesses that are willing and engaged to take on students.
3. Actively promote and assist in identifying and supporting career pathways into the industry supply chain and training.
4. Increase participation in industry relevant training.
5. Contribute to relevant education/training L&D offerings provided for the dairy industry.

In 2020/21 the project has undertaken a range of activities, including;

- a) Identifying gap year opportunities for students.
- b) Teacher and student awareness sessions for roles in dairy.
- c) Identifying industry mentors to assist schools.
- d) Identifying placement opportunities for students and job seekers on farms and with industry service organisations.
- e) Establishing links with employment agencies.
- f) Providing work experience opportunities in the dairy industry.





Tertiary Scholarships

Gardiner Dairy Foundation awarded seven new tertiary scholarships in 2021 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. 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.

Jakob Malmo is a veterinarian and dairy farmer in the Macalister Irrigation District, with a passion for his local community. 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 the 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.

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. 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 the 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 utilised to support three tertiary scholars each year from Victoria's three major dairy regions.

2021 Tertiary Scholars

Grace Billington

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

Rachel Dickson

Jakob Malmo Tertiary Scholarship, Bachelor of Science, University of Melbourne.

Toby Fleming

Shirley Harlock Tertiary Scholarship, Bachelor of Agriculture, University of New England.

Kiara McJames-Court

Doug Weir Tertiary Scholarship, Bachelor of Science, Deakin Melbourne.

Stella Harrington

Niel Black Tertiary Scholarship, Bachelor of Biomedical science and Bachelor of Public health, Australian Catholic University.

Hamish McDonald

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

Hugh Nicoll

Niel Black Tertiary Scholarship, Bachelor of Marine and Antarctic Science, University of Tasmania.

Ongoing Tertiary Scholars

Olivia Betts

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

Max Bond

Niel Black Tertiary Scholarship, Advanced Diploma of Agribusiness Management/Diploma of Agronomy, Longerenong College.

Lauren Brewer

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

Carley Einsiedel

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

Madison Gallagher

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

Ongoing Tertiary Scholars

Olivia Henzen

Jakob Malmo Tertiary Scholarship, Bachelor of Agricultural Science, Charles Sturt University

Chelsea Hicks

Niel Black Tertiary Scholarship, Bachelor of Nursing/Bachelor of Midwifery, La Trobe University.

Sharna Hagendoorn

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

Caitlyn Hocking

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

Georgia Luckin

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

Jessica Mattern

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

Isabella McCluggage

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

Lauren McIlveen

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

Jasmine McJames-Court

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

Eliza Osborn

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

Emily Robins

Doug Weir Tertiary Scholarship, Bachelor of Agricultural Science/Bachelor of Commerce, La Trobe University.

Grace Thulborn

Shirley Harlock Tertiary Scholarship, Bachelor of Nursing/Bachelor of Psychological Science, Deakin University.

Julia Twigg

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

Kaitlyn Wishart

Bill Pyle Tertiary Scholarship, Bachelor of Agribusiness, La Trobe University.

Courtney Zuidema

Niel Black Tertiary Scholarship, Bachelor of Education (honors) Health and Physical Education, Deakin University.





‘Our Farm, Our Plan’

Our Farm, Our Plan is a program developed by Dairy Australia and the Gardiner Dairy Foundation in 2019/20, with support from DairyNZ. Our Farm, Our Plan has been designed and developed to significantly increase the proportion of farmers with effective strategic plans.

Gardiner Dairy Foundation is co-funding the program implementation in Victoria, with the program also being delivered nationally from 2020. The objective is to deliver the Our Farm, Our Plan program over three years commencing 1 July 2020 to accelerate the development of documented strategic plans and their ongoing review. This will enable farmers to clarify their strategic long-term goals, identify and prioritise actions needed, manage uncertainty, mitigate risks and capture opportunities when they present.

Increased uptake of planning will result in more dairy farmers being in a better position with their business, based on a clear view of their long-term business and personal goals. Benefits 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.

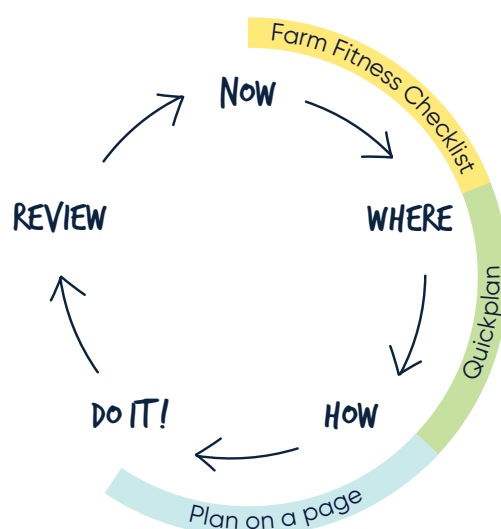
The program intends to achieve adoption and practice change through group-based (three group workshops and four one-to-one interactions with farmers over 24 months) and individual engagement, online resources and stand-alone resources that farmers can use independently or with the assistance of a trusted third-party.

Over three years more than 2,000 farms will develop plans through this project (building on the 12% of farms estimated to currently have a documented plan), taking the total number of farms with plans past the target of 50% by 2023.

The program is aligned to Commitment 4 of the Australian Dairy Plan which seeks to deliver a rapid expansion of services to increase farm business skills with the aim of all farm businesses working to a plan by 2025.

There are four key elements of the process – ‘Farm Fitness Checklist’, ‘QuickPlan’, ‘Plan on a Page’ and ‘Risk Register’.

During 2020/21 extensive activity has seen a widespread marketing and awareness campaign for Our Farm, Our Plan, the establishment of trained extension delivery capacity in each dairy region, and the attraction of program funding and delivery support from milk processors and government agencies in Victoria and nationally. Farmer engagement through workshops commenced although COVID-19 pandemic conditions constrained the number of workshops and one-to-one consultations. In response, the Farm Fitness Checklist was revised and developed into an online tool (released April 2021) that has been welcomed by many dairy farmers. With an easing of COVID-19 restrictions in early 2021, farmer participation has increased and the program is on-track to meet its 2023 target.





Community Grants Program

In 2021, Gardiner Dairy Foundation funded 26 small grants, totalling \$131,188, in Victorian dairy communities. On average every dollar invested by Gardiner Dairy Foundation received an additional leverage of \$1.10 in cash or in-kind contributions from community, government or private sources.

The Dairy Community 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 nineteen years, Gardiner Dairy Foundation has partnered with the Foundation for Rural and Regional Renewal (FRRR) to deliver individual grants of up to \$5,000 to not for profit organisations in Victorian dairy communities.

Gippsland Region \$53,264

Fish Creek and District Primary School, Fish Creek

Grow access to literacy activities for students at Fish Creek District Primary school by funding the development of the "Kids Own Reading Pavilion".

Talks – Settlers' Histories A Generation On, Hill End

Grow awareness of local history in the dairy industry for Hill End and surrounding districts by developing a book of local memories and transcripts for publication.

Memorial Reserve Incorporated, Loch

Support volunteers to maintain the Loch Memorial Reserve by funding the purchase of a towable sprayer unit.

Maffra Golf Club, Maffra

Maintain community facilities through providing a ride on mower for the local R.V. park to benefit the local tourism economy and support community activity.

Manna Gum Community House Incorporated, Foster

Improve access to support facilities and programs for local youth by extending the "Youth Pop Up" activities at the Manna Gum Community House.

Mirboo and District Historical Society Incorporated, Mirboo North

Support volunteers in cataloguing and collecting community history for future generations to come and visitors by providing funding to purchase technology equipment.

Neerim District Cricket Club Incorporated, Neerim South

Improve community access to seating at the local recreation reserve by installing a grandstand at the Neerim Recreation Reserve.

Nyora Cricket Club Incorporated, Nyora

Grow volunteer vitality and organisational capacity by upgrading the freezer at the Nyora Cricket Club.

State Coal Mine – Rescue Station Arts Incorporated, Wonthaggi

Improve the organisations ability to support the community by delivering an art therapy-based well-being program in Wonthaggi and surrounds.

Toora Primary School, Toora

Improve access to technology to develop digital literacy and learning opportunities that will enhance education outcomes for rural students.

Poowong Kindergarten – Uniting (Victoria and Tasmania) Limited, Poowong

Improve access to sun smart play equipment for the children and families of Poowong Kindergarten by replacing worn shade sails at the centre.

Wonthaggi Citizens Band Incorporated, Wonthaggi

Grow opportunities for children to experience self-expression through music by providing 10 weeks of brass band lessons, additional band rehearsals and an end of term concert for the children of Wonthaggi and surrounds.



Northern Region \$36,894

Kyabram Blue Light, Kyabram

Grow access to youth activities and services by developing the Kyabram Blue Light Health, Fitness and Wellbeing Centre.

Eskdale Public Hall Committee Incorporated, Eskdale

Grow community connection and cohesion and support volunteers in offering a user friendly and welcoming community facility by enhancing the Eskdale Public Hall.

Murrabit Public Hall Committee, Murrabit

Support volunteer vitality and encourage community connection by installing roller blinds at the Murrabit Hall.

Katamatite Pre-School, Katamatite

Improve the organisations' ability to host their Bush Kinder program with the provision of cameras and technology for offsite use and additional resources.

Leitchville Bowls Club Incorporated, Leitchville

Support volunteers and improve community facilities at Leitchville Bowls Club by installing a 5-litre wall urn.

Milawa Primary School, Milawa

Improve school facilities to increase capacity for broader community use through installation of new shade sails in the playground of Milawa Primary School.

Rochester Secondary College, Rochester

Grow opportunities for educational participation for students of Rochester Secondary College by funding their student developed Edible Garden project.

Springhurst Primary School Council, Springhurst

Support the Ovens Valley Mobile Arts and Crafts Centre by providing storage space for arts and craft supplies at the Springhurst Primary School.

Lions Airfield Griffin Club Branch, Cohuna

Help volunteers maintain runway safety at the Cohuna Airstrip with an airstrip sweeper.

South Western Region \$41,030

Anam Cara House Colac Incorporated, Colac

Improve the organisations ability to service and support the community by upgrading technology at the centre and promoting Anam Cara House.

Camperdown Toy Library Incorporated, Camperdown

Encourage children's learning and development through play by providing resources for the Camperdown Toy Library.

Colac Otway Residents Action Group Incorporated, Colac

Improve the welfare and enhance educational outcomes for students in six primary schools across the Colac region by providing support for the Colac Otway Residents Action Groups School Lunches program.

Hawkesdale and District Development Action Committee Incorporated, Hawkesdale

Grow volunteer vitality by providing a zero-turn mower for the regular lawn maintenance of community facilities at Hawkesdale and District Development Action Committee.

Kawarren Recreation Reserve, Kawarren

Support community members and visitors to access undercover outdoor play spaces by constructing a shade sail over play equipment at Kawarren Family Nature Playground.

Macarthur Recreation Reserve, Macarthur

Improve volunteer vitality and support by installing a storage shed at the Macarthur Recreation Reserve.

Terang & District Historical Society Incorporated, Terang

Improve the organisation's ability to support and service the community through the purchase of new computer equipment.

Terang Community Art Show, Terang

Improve access and engagement in education for children in years 5 to 8 in the Terang area by providing access to indigenous art lessons and local indigenous elders.

Warrnambool College, Warrnambool

Improve local students to access educational opportunities relating to local indigenous culture, language, and art by providing professional development of staff at the Warrnambool College.



Industry Engagement and Strategic Support Program

Engagement with industry stakeholders is a fundamental enabler in Gardiner Dairy Foundation's RD&E and People and Community Development programs.

The Foundation strategically invests in short term and ongoing projects, events and activities that support the purposeful interactions of a wide cross-section of dairy people. These activities address emerging issues and needs and special interests 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.

During the year we stepped in to support the continuation of the longstanding 'Cows Create Careers' program. Gardiner support enabled the program to continue in reduced form and to have breathing space to seek further sponsorships.

When regional leadership partner, Alpine Valley Community Leadership Inc initiated a Natural Disaster and Climate Adaption Leadership program, Gardiner Foundation stepped in with sponsorship funding to enable the pilot program to get underway in the current financial year.

Our ongoing commitment to funding Thought Leadership through the Dairy Leaders Luncheon was temporarily disrupted due to COVID-19 and eventually took place in May with 80 plus dairy industry leaders in attendance.

Our guest speaker Rachael Robertson honed her leadership skills leading a team of 18 on an Australian Antarctic station through the depths of winter.

The luncheon guests also enjoyed a fascinating presentation from DairyBio leaders, Dr Kevin Smith and Dr Noel Cogan on the new ryegrass cultivars.

The Foundation's post Annual General Meeting reception became an online Year in Review webinar due to the pandemic lockdown. It included a panel session in which four Gardiner leadership associates spoke about their leadership journeys.

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), UDV and through our occasional sponsorship support.

Strategic industry support is provided by assisting industry to address strategic and critical events, such as drought or flood impacts, industry planning of future directions, and short term studies for key local issues requiring urgent data or information.





Sponsorship 2020/21

Gardiner provided the following sponsorships in 2020/21, however, the continuation of COVID-19 led to the postponement of some events due to government restrictions.

Alpine Valleys Community Leadership

Disaster recovery and climate change adaption leadership program.

Jaydee Events

2021 Cows Create Careers program.

Murray Dairy

Economic Study – Housed Dairy project.

Noorat Ag and Pastoral Society

Trophy and memorabilia cabinet for local community.

United Dairy Farmers Victoria (postponed)

2021 UDV Conference.

Young Farmer Business Conference

Sponsored 6 farmers to attend the 2021 conference.

Disaster Recovery and Climate Change Adaption Leadership Program

Gardiner Dairy Foundation contributed to a new Alpine Valleys Community Leadership program which commenced in NE Victoria in June 2021.

The program enables up to 20 established and emerging leaders from across the agricultural sector in the north-east to build the leadership skills required to lead, engage and support their communities to foster local rural resilience. The focus of the program is on developing leadership skills in how to work with rural communities in leading change and was delivered by program facilitators and industry experts.

A natural disasters and climate change adaptation lens, based on Regional Leadership Australia's Learning and Development Framework, was applied to the course content.

Cows Create Careers

Gardiner Foundation has re-joined sponsorship of the Cows Create Careers program.

Cows Create Careers provides schools and students from Years 5–11 with an introduction to dairy industry careers and food-fibre education. The program started in 2005 and received seed-funding from Gardiner Dairy Foundation.

The Cows Create Careers program has a more than 80% retention rate of farmers and industry advocates. There are over 30 dairy farmers involved in the program on a regular basis. Industry organisations and companies that regularly support the program include Murray Dairy, GippsDairy, WestVic Dairy, MaxCare, local councils, UDV, Saputo Dairy Australia and other product and seed companies.

Young Farmer Business Conference

Gardiner Dairy Foundation supported six Young Victorian Dairy Farmers to attend the 2021 Young Farmer Business Conference in Dubbo. The conference was a great opportunity for young people to hear from experts covering topics such as business management, motivation, succession and finance. It also provided an opportunity to network with other young professionals and see some practical examples of running a successful business first-hand.

Supporting young people to attend the Young Farmer Business conference aligns with commitment four of the Australian Dairy Plan.

2021 Young Victorian Dairy Farmer attendees were:

- | | |
|---------------------|----------------|
| • Alexandra Mulcahy | • Ryan Gill |
| • Andrew Murphy | • Tom Kent |
| • Kate Kirk | • William Ryan |



Geoffrey Gardiner Dairy Foundation Limited

A.C.N. 094 733 418

Annual Financial Report – 30 June 2021

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Corporate Directory

Directors	L. Stephens – Chairman A. Maughan R. Dedoncker N. Pye J. Slocombe
Chief Executive	C. Noble
Company Secretary	J. Lal
Registered Office	Suite 5, Level 12, 470 Collins Street, Melbourne VIC 3000
Telephone	03 8621 2900
Email	info@gardinerfoundation.com.au
Website	www.gardinerfoundation.com.au
Auditors	Grant Thornton Audit 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 Dexus Wholesale Property Limited – 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 2021.

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 Leonard Stephens
- Dr Bruce Kefford (retired in October 2020)
- Mr Andrew Maughan
- Mrs Naomi Pye
- Dr Judith Slocombe
- Mr René Dedoncker

Company Secretary

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

Entity

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

Principal Activity

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

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

Strategy

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

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

1. Research, Development 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 surplus 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 fees 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 four years. For the financial year ended 30 June 2021, the Foundation's composite after fee return on investment was 21.96% and materially outperformed its CPI (3.80%) + 4.50% for the financial year ended 30 June 2021, which was 8.30%. For the same period the ASX200 delivered a return of 27.80%. The rolling three-year return of the portfolio to 30 June 2021 under the current strategic asset (SAA) allocation was 9.92%. CPI + 4.50% for those three years was 6.18%.

In dollar terms, the Foundation experienced a total return of \$27.64 million over the financial year, of which \$6.04² million was income returns from interest, distributions, dividends and franking credits (net of management fees) and \$21.60³ million represents the appreciation in capital value. The closing value of the corpus⁴ being \$150.36 million at 30 June 2021, 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 2021 was \$116.19 million (as per clause 29(4) of the Gardiner Dairy Foundation Constitution).

The Foundation corpus in FY2020/21 recovered strongly from the market fall in FY2019/20, which was driven by the COVID-19 pandemic. The recovery is primarily attributed to the Australian and International Equity asset classes performing very strongly during the financial year as global markets rallied. Although there was some volatility, markets managed to look through the various geopolitical and COVID-19 related issues, and equities benefited from the positive news of vaccine developments and a rebound in global economic growth. The Australian dollar generally appreciated over the financial year, reducing the return of unhedged international equities. A key driver of the Australian dollar was the rise in commodities prices, which benefited from the rebound in global growth, and particularly strong demand from China. The iron ore price increased very sharply, more than doubling over the financial year. Unlisted infrastructure and unlisted Australian property delivered positive returns. Cash, while modestly positive, remains unattractive given historically low interest rates. The Foundation's diversified investment portfolio provided some stability during periods of heightened market volatility through investments in unlisted property, unlisted infrastructure and exposure to foreign currency (via unhedged international equities).

Total project funding expensed during the year ended 30 June 2021 was \$4.79 million and from inception of the Foundation to 30 June 2021 is in excess of \$80 million.

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

² Total revenue posted during the 2021 financial year was \$6.12 million, which constitutes of net investment revenue (\$6.04 million) and other income (\$0.09 million). This is further explained in note 2 of the Annual Financial Report.

³ Total increase in capital value during the 2021 financial year was \$21.60 million, which constitutes of net unrealised gain (\$21.21 million) and net realised gain (\$0.39 million) as reflected in the Statement of profit and loss and other comprehensive income.

⁴ The 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 (\$150.36 million).

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

Directors' Report

Financial Overview

Revenue	\$
Investment revenue	
– Dividend revenue	4,144,455
– Franking credit revenue	1,179,742
– Interest revenue	45,244
– Other fund revenue	1,249,667
– Less management fee	(583,342)
– Other income	87,001
Total revenue	6,122,767
Project payments and other expenses	
Project payments	(4,792,205)
Other expenses	(500,977)
Finance costs	(949)
Total operating expenses	(5,294,131)
Operating surplus for the year	
Total revenue	6,122,767
Total operating expenses	(5,294,131)
Operating surplus for the year	828,636
Surplus for the year	
Operating surplus for the year	828,636
Net unrealised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	21,206,892
Net realised gains/(losses) on financial assets held at fair value to profit and loss (Pooled Unit Trust Structure)	393,912
Surplus for the year	22,429,440



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 2021, 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
L. Stephens	6	6	7	7	3	3
B. Kefford	2	2	1	1	2	2
A. Maughan	6	6	7	7	3	3
N. Pye	6	6	–	–	3	3
J. Slocombe	6	6	–	–	3	3
R. Dedoncker	6	6	7	7	3	3

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.



L. Stephens
Chairman



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

31 August 2021

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 2021 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.



L. Stephens
Chairman

31 August 2021



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

Statement of Profit or Loss and Other Comprehensive Income

	Note	2021 \$	2020 \$
Revenue			
Investment revenue		6,619,108	6,983,114
Less: Management fees		(583,342)	(553,932)
Net investment revenue	2	6,035,766	6,429,182
Other income	2	87,001	59,582
		6,122,767	6,488,764
Project Payments and Other Expenses			
Project payments	3	(4,792,205)	(4,940,986)
Other expenses	4	(500,977)	(534,401)
Finance costs		(949)	(2,779)
Operating surplus		828,636	1,010,598
Net unrealised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		21,206,892	(8,087,783)
Net realised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		393,912	(1,948,947)
Surplus/(deficit) for the year		22,429,440	(9,026,132)
Other comprehensive income for the year		—	—
Total comprehensive income for the year		22,429,440	(9,026,132)

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	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5	303,193	140,309
Receivables	6	2,995,230	3,293,247
Total current assets		3,298,423	3,433,556
Non-current assets			
Plant and equipment	7	26,366	15,617
Right-of-use assets	8	14,620	28,266
Financial assets at fair value through profit or loss	9	150,357,264	127,794,669
Total non-current assets		150,398,250	127,838,552
Total assets		153,696,673	131,272,108
Liabilities			
Current liabilities			
Payables	10	202,693	232,432
Lease liabilities	11	12,288	22,417
Provisions	12	146,208	103,316
Total current liabilities		361,189	358,165
Non-current liabilities			
Lease liabilities	11	2,672	6,551
Provisions	12	4,581	8,601
Total non-current liabilities		7,253	15,152
Total liabilities		368,442	373,317
Net assets		153,328,231	130,898,791
Equity			
Issued capital		62,126,314	62,126,314
Retained earnings		91,201,917	68,772,477
Total equity		153,328,231	130,898,791

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



Statement of Cash Flows

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts in the course of operations includes			
– Dividends and franking credits		2,048,567	3,895,194
– Rebates received		233,701	147,056
– Other income		86,889	157,336
Payments in the course of operations			
– Primarily includes project payments		(5,205,237)	(5,438,206)
– Management fees paid		(132,795)	(137,860)
– Interest paid		(949)	(2,779)
Net cash used operating activities		(2,969,824)	(1,379,259)
Cash flows from investing activities			
Payments for investments		(18,900,000)	(28,831,573)
Purchase of plant and equipment	7	(20,013)	(2,845)
Proceeds from investments		22,100,000	30,220,000
Net cash from/(used in) investing activities		3,179,987	1,385,582
Cash flows from financing activities			
Repayment of lease liabilities		(47,279)	(75,804)
Net cash used in financing activities		(47,279)	(75,804)
Net decrease in cash and cash equivalents		162,884	(69,481)
Cash and cash equivalents at the beginning of the financial year		140,309	209,790
Cash and cash equivalents at the end of the financial year	5	303,193	140,309

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

Statement of Changes in Equity

	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 gains on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	(8,087,783)	(8,087,783)
Net realised gains 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

	Capital contribution \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020	62,126,314	68,772,477	130,898,791
Operating surplus for the year	–	828,636	828,636
Net unrealised losses on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	21,206,892	21,206,892
Net realised losses on financial assets held at fair value through profit or loss (Pooled Unit Trust Structure)	–	393,912	393,912
Balance at 30 June 2021	62,126,314	91,201,917	153,328,231

The above statement of changes in equity 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:

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the consolidated entity's financial statements.

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 entity's investment portfolio recovered strongly in the financial year 2021 from market falls suffered in the financial year 2020. This is evidenced by the entity's strong net asset position at 30 June 2021 of \$153m (2020: \$131m) and a net current asset position of \$2.9m (2020: \$3.1m). Further, the company does not expect any adverse impact in the future as the situation improves.

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.

Notes to the Financial Statements

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.

Right-Of-Use Assets

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.



Notes to the Financial Statements

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

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.

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.

Notes to the Financial Statements

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.

Receivables

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

Financial Liabilities

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

Derecognition

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

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.



Notes to the Financial Statements

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 and Judgements

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

Key Judgements

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.

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.

Notes to the Financial Statements

Note 2. Revenue

	2021 \$	2020 \$
Investment revenue		
Dividend revenue	4,144,455	5,015,236
Franking credit revenue	1,179,742	1,454,480
Interest revenue	45,244	121,102
Other fund income	1,249,667	392,296
Less: Management fees	(583,342)	(553,932)
Total Investment revenue	6,035,766	6,429,182
	2021	2020
Other income		
Other revenue	87,001	59,582

Note 3. Project Payments

	2021 \$	2020 \$
Research, development and extension	2,783,280	2,841,831
Community and people development	1,474,735	1,375,509
Industry engagement and support	534,190	723,646
Total project payments	4,792,205	4,940,986

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 Our Farm our Plan program.

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.



Notes to the Financial Statements

Note 4. Other Expenses

	2021 \$	2020 \$
Occupancy expenses	4,154	2,987
Depreciation expense	19,694	32,786
Remuneration of auditor – audit fees	36,150	30,274
Consultants fees	14,714	6,437
Legal fees	367	319
Insurance	2,007	1,202
Record management	1,632	1,258
Director's costs	61,232	71,932
Employment expense	323,439	325,785
Other administration expense	37,588	61,421
Total other expenses	500,977	534,401

Project related employee expenses are allocated to the project for which they have been incurred. Administration employment expenses are included in "Other expenses" above.	2021 \$	2020 \$
Employee expenses	814,135	787,204
Superannuation	68,369	66,043
Total employee expense	882,504	853,247

Note 5. Cash and Cash Equivalents

	2021 \$	2020 \$
Current assets		
Cash at bank and on hand	303,193	33,408
Project bank account	–	106,901
Total cash and cash equivalents	303,193	140,309

The Foundation holds units under the cash asset class.

Given the cash asset holding is periodically revalued and does not meet the definition of cash and cash equivalents, it is disclosed as financial asset under note 9.

Notes to the Financial Statements

Note 6. Receivables

	2021 \$	2020 \$
Current assets		
Income accrued	2,721,840	2,986,044
Sundry debtors including GST and other taxes receivable	273,390	307,203
Total receivables	2,995,230	3,293,247

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 2021 includes \$1.2m (2020: \$1.4m) of franking credits earned during the year.

Note 7. Plant and Equipment

	2021 \$	2020 \$
Non-current assets		
Leasehold improvements – at cost	–	77,908
Less: Accumulated depreciation	–	(70,320)
	–	588
Plant and equipment – at cost	89,534	69,521
Less: Accumulated depreciation	(63,168)	(54,492)
	26,366	15,029
	26,366	15,617

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 2020	15,029	588	15,617
Additions	20,013	–	20,013
Disposals	–	(588)	(588)
Depreciation expense	(8,676)	–	(8,676)
Balance at 30 June 2021	26,366	–	26,366

During the year, the Foundation's lease for the office premises expired and the corresponding leasehold assets were disposed of. A new lease was entered into during the year. No leasehold improvements have been purchased in relation to the new lease.



Notes to the Financial Statements

Note 8. Right-Of-Use Assets

	2021 \$	2020 \$
Non-current assets		
Land and buildings – right-of-use	47,138	104,772
Less: Accumulated depreciation	(32,518)	(76,506)
	<u>14,620</u>	<u>28,266</u>

Additions to the right-of-use assets during the year were \$33,271.

The Foundation leases its office under a 12-month agreement with no options to extend, and has elected to recognise a right-of-use asset and corresponding lease liability, despite this being considered a short-term lease. The Foundation also leases office equipment under a five (5) year agreement.

During the year, the Foundation's lease for the office premises expired and the corresponding right-of-use asset was disposed of. A new lease was entered into during the year. The right-of-use asset and lease liability in the financial statements pertain to new lease.

Note 9. Financial Assets at Fair Value Through Profit or Loss

	2021 \$	2020 \$
Non-current assets		
Australian equities	77,930,909	66,768,331
International equities	33,138,089	21,621,927
Unlisted property	15,882,154	14,430,541
Cash	7,706,188	23,215,599
Unlisted infrastructure	15,699,924	1,758,271
	<u>150,357,264</u>	<u>127,794,669</u>

Note 10. Payables

	2021 \$	2020 \$
Current liabilities		
Trade and other payables	158,433	191,932
Accrued expenses	44,260	40,500
Total payables	<u>202,693</u>	<u>232,432</u>

The balance of trade and other payables at 30 June 2021 includes \$33K 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 \$33K will not form part of their profit or loss in the current or future periods.

Notes to the Financial Statements

Note 11. Lease Liabilities

	2021 \$	2020 \$
Current liabilities		
Lease liability	12,288	22,417
Non-current liabilities		
Lease liability	2,672	6,551
	14,960	28,968

Note 12. Provisions

	2021 \$	2020 \$
Current liabilities		
Employee expense	147,933	109,280
Other provisions	(1,725)	(5,964)
Total current provisions	146,208	103,316
Non-current liabilities		
Employee expense	4,581	8,601
	150,789	111,917

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.

Note 13. Commitments

	2021 \$	2020 \$
Project expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,132,412	2,895,015
One to five years	1,835,000	3,351,412
	3,967,412	6,246,427

Note 14. Events After the Reporting Period

No matter or circumstance has arisen since 30 June 2021 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.



Notes to the Financial Statements

Note 15. Related Party Transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

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

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 16. 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:

	2021 \$	2020 \$
Directors and key management personnel compensation	651,134	628,952

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 17. Financial Risk Management

	2021 \$	2020 \$
Financial Assets		
Cash and cash equivalents	303,194	140,309
Receivables	2,995,230	3,293,247
Financial assets at fair value by asset class:		
Australian equities	77,930,909	66,768,331
International equities	33,138,089	21,621,927
Unlisted property	15,882,154	14,430,541
Cash	7,706,188	23,215,599
Unlisted infrastructure	15,699,924	1,758,271
Total financial assets:	153,655,688	131,228,225
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	158,433	191,932

Note 18. Fair Value Measurement

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.

2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Australian equities	77,930,909	–	–	77,930,909
International equities	33,138,089	–	–	33,138,089
Unlisted property	–	15,882,154	–	15,882,154
Cash	–	7,706,188	–	7,706,188
Unlisted infrastructure	–	15,699,924	–	15,699,924
Total assets	111,068,998	39,288,266	–	150,357,264

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

There were no transfers between levels during the financial year.

Note 19. 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 20. 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 31 August 2021.



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 2021, 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 2021 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.

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 2021, but does not include the financial report and our auditor's report thereon.

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Independent Auditor's Report



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, 31 August 2021



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 2021, 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner - Audit & Assurance

Melbourne, 31 August 2021

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