

GARDINER FOUNDATION

Annual Report 2022

Investing
for a vibrant
dairy future





Geoffrey Gardiner & Gardiner Foundation

Gardiner Foundation is a not-for-profit organisation that invests in research, development and extension, people capability and community development to benefit the Victorian dairy industry and dairy communities.

Gardiner 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 a 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.

Gardiner's purpose is to 'maximise benefits to the Victorian dairy industry and dairy communities'. The Foundation achieves this purpose by investing in Research, Development and Extension and People and Community Development projects together with providing strategic support to industry along the value chain.

Since its inception in 2000, Gardiner Foundation has contributed over \$85 million towards projects to support Victoria's dairy industry and dairy communities.

Find out more at www.gardinerfoundation.com.au

GARDINER
FOUNDATION

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Her Excellency the Honourable Linda Dessau AC

Governor of Victoria
Patron of Gardiner Foundation



Contents

Chair's Review	4
Chief Executive's Report	5
Gardiner Foundation Strategy 2020–2023	6
The Board	8
The Team	9
Highlights 2021/22	10
Australian Dairy Plan and Gardiner Foundation's Response	10
Thought Leadership	12
Performance of Gardiner Foundation Investment Portfolio	13
Program Funding	16
Research Development and Extension Program	17
People and Community Development Program	20
Industry Engagement and Strategic Support Program	29
Sponsorship 2021/22	30
Annual Financial Report	31
Directors' Report	32
Auditor's Independence Declaration	35
Statement of Profit or Loss and Other Comprehensive Income	36
Statement of Financial Position	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to Financial Statements	40
Directors' Declaration	52
Independent Auditor's Report	53



Chair's Review

Gardiner Foundation continues to pursue its primary objective of investing in projects that maximise benefits to the Victorian dairy industry and dairying communities. The DairyBio and DairyFeedbase joint venture research programs, in which the Foundation is a co-investor with the Victorian Government and Dairy Australia, are our major investments and amount to over \$12.0 million since 2017.

Research from DairyBio has enabled DataGene to offer new services to farmers that will lead to the significant genetic improvement of dairy herds. Research into precision and accelerated breeding of both perennial and short-term ryegrass along with improved pasture utilisation is progressing well, although it is taking longer than expected for the results of this research to be delivered on farm. As planned, the co-investors reviewed the research programs in 2021 and following implementation of the review findings, it is anticipated that there will be an intense concentration on the path to market for new ryegrass pasture and feeding technologies.

We have maintained our approach of working co-operatively with existing partners for the delivery of many of our People and Community Development projects. We value the benefit of working with organisations such as the Foundation for Rural and Regional Renewal, Monash University, Australian Rural Leadership Foundation, Nuffield and five community leadership programs as we aim to improve the capabilities of our dairying communities. Sixteen dairy people along with 21 tertiary students from dairying communities received scholarships this year to pursue either their formal education or personal development. Expenditure on the People and Community Development portfolio of investments increased this year to \$1.6 million.

At Board level, there were two changes in personnel. Dr Judith Slocombe and Naomi Pye completed their terms as directors and have been ably replaced by Conny Lenneberg and Aubrey Pellett. Our Member Representatives have also changed with Rick Gladigau, President of the Australian

Dairy Farmers' Federation replacing Terry Richardson, and Mark Billing, United Dairyfarmers of Victoria President replacing Paul Mumford. I would like to thank our retiring directors and representatives for their support of the Foundation.

Dr Clive Noble, our CEO, retired after many years of exemplary service to the Foundation and the dairy industry more broadly. The Board was very pleased to welcome Allan Cameron as our new CEO. Allan has enthusiastically taken on some significant challenges, including the review of the DairyBio/DairyFeedbase programs and the detailed consideration of the commercialisation prospects of the Pasture Smarts feed utilisation technology. Allan has also been examining the details of our People and Community Development Program, with the aim of expanding its impact.

Protection of our financial reserves against COVID-19 induced extreme volatility and has been a major task for the Board and our advisors. On 30 June 2022 the value of our corpus was \$140 million. Income from investments this year (net of fees) was \$15.3 million which was offset by a decrease of \$17.0 million in the fair value of our financial assets. The net effect was a -0.32 per cent return on investment during 2022. In a year when listed markets declined materially, such an outcome ranks the Foundation equal to the top quartile of superannuation fund returns. A total of \$5.2 million was withdrawn from the corpus to fund our operations.

It is my pleasure to acknowledge the support provided to the Foundation by our directors, staff, industry representatives and stakeholders. With your continued support I look forward to an exciting year ahead.

Dr Len Stephens
Board Chair



Chief Executive's Report

I was privileged to begin as CEO of Gardiner Foundation in September 2021, having received the leadership baton from Clive Noble. The Gardiner Board, members and team have made me feel welcome and ensured my transition into the role has been enjoyable and as seamless as possible.

Gardiner has a strong reputation as a contributor to the strategic thought leadership of our industry. Throughout 2021-22 the Gardiner Board and team enjoyed the responsibility of enhancing that legacy. Gardiner recognises that outcomes from our industry and Victorian dairying community investments are bigger and more impactful when we strategically collaborate and work co-operatively with industry organisations, community stakeholders and Government. Our Joint Venture research partnerships, DairyBio and Dairy Feedbase, the Monash Industry Team Initiative (MITI) project, the Community Grants Program, Our Farm Our Plan, the development and ongoing implementation of the Australian Dairy Plan and the Dairy Leadership Strategy are all examples of what can be achieved when co-investing to optimise the impact of our investments.

Our long term, risk managed investment strategy ensures that the Foundation can continue to use its sound financial position to maximise benefits to all sectors of the Victorian dairy industry and dairy communities. Mindful that our corpus is to be prudently managed in perpetuity, it is pleasing to report that after the fourth full year of our current Strategic Asset Allocation (SAA) investment strategy, the rolling four-year return on the corpus was 7.77%, Consistent with our objective over those four years of 7.43% (CPI + 4.50%). Whilst the Foundation's corpus was not immune from the impact of the heightened volatility experienced by global financial markets in FY2021/22, the diversification of our investments ensured that the corpus value of \$139.76 million remains above the inflation adjusted value of \$123.28 million required to maintain the real value of the original investment.

As this financial year has exemplified, prices for agricultural commodities, business inputs and financial instruments are highly volatile and determined by markets, not individuals. We understand that whilst prices received can rarely be controlled, the productivity of an individual business can. This helps explain why our investment in Research, Development and Extension (R, D & E) remains our largest strategic priority. Through DairyBio and Dairy Feedbase, our joint venture research initiatives with Dairy Australia and Agriculture Victoria, we aim to deliver innovations that can be readily adopted by dairy farmers to improve the productivity of their pastures, their herds, and their knowledge on what to feed their cows and when. The improvements in productivity will result in more resilient and profitable dairy farms across the industry.

The quest to improve the productivity of our industry helps to partly explain our commitment to industry engagement and strategic support. Our involvement in the national RD&E framework, Dairy Moving Forward, and the industry's internationally recognised Sustainability Framework, helps us to have a better understanding of the RD&E needs across the dairy supply chain. Engaging widely, ensures that our

current and future portfolio of investments in RD&E projects will support technical innovation and technical efficiency and ultimately lead to improved productivity and profitability.

The gradual easing of COVID-19 restrictions throughout the year meant we could engage with industry stakeholders and dairying communities in the way that we prefer, face-to-face. We were pleased to once again host gatherings of people, provide forums for the sharing of ideas and benefit from the incidental communication that comes when we meet each other in person. Our annual Dairy Leaders Luncheon and the presentations of the Community Grants to the regions were highlights of the year. Celebrating the 20th anniversary of our collaboration with the Foundation for Rural and Regional Renewal while hosting grant recipients and community leadership course alumni at regional events in Warragul, Shepparton and Warrnambool provided the opportunity to sharpen our focus on rural communities and engage with more people.

With the completion of the Australian Dairy Plan, and its commitment to leadership and culture, and the launch of the Dairy Industry Leadership Strategy, Gardiner has been at the forefront in planning, initiating and supporting new leadership and people development projects. We continue to collaborate with Australian Dairy Farmers, United Dairyfarmers of Victoria, Dairy Australia and the Regional Development Programs to promote, support and fund new leadership programs in addition to our regular annual programs. New leadership activities included mentoring program pilots undertaken with Agriculture Victoria, National Farmers Federation and the Australian Rural Leadership Foundation (ARLF). We see mentoring as a critical personal development opportunity for everyone from all parts of the dairy industry, irrespective of your age or the stage of your career.

Pleasingly for dairy farmers, the combination of good seasonal conditions for most Victorian regions and very favourable milk prices helped to mitigate the increased costs for fertiliser, electricity, and fuel with many farmers expecting to record a profit in 2021/22. For the post farm gate sector, a highly competitive raw milk pool and price increases for fuel, freight, gas, electricity, and packaging made for a challenging year. Although COVID-19 social restrictions eased, the virus continued to have an impact on supply chain logistics and the management of personnel across the industry.

We are living through a period in our history that will be analysed and spoken about for years to come. Fortunately, our Victorian dairying communities are made up of strong, resilient and optimistic people, passionate about their industry and the places in which they live. We are honoured to work in the pursuit of bringing benefits to all of them.

Allan Cameron
Chief Executive Officer



Gardiner Foundation Strategy 2020–2023

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

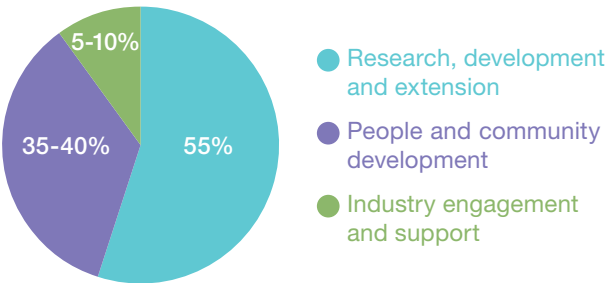
To support the dairy industry goal of “Profitable, Confident and United”, we fund and promote RD&E, people and community development, and industry support activities that will benefit all sectors of the Victorian Dairy Industry and Victorian Dairy Communities.

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 co-operatively 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

DipAgSci, BVSc, MSc, PhD. GAICD

Board Chair

Len Stephens joined the Gardiner 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



Andrew Maughan

BSc, LLB, MBA, FFinsia, FAICD

Andrew Maughan joined the Gardiner 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. Andrew is Managing Director of corporate advisory and funds management firm Somerset Capital and 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 Foundation Board in 2017. He's the Managing Director of Fonterra Australia, where he has worked since 2006 in global leadership roles, managing businesses and customer relationships in over 50 countries. He's led the strategic agenda for Fonterra's Research & Development, Food Safety & Quality and Global Brands portfolio. René is passionate about driving positive change and empowering leaders to grow.

Special Responsibilities

Member: Finance, Audit, Investment and Risk Committee



Conny Lenneberg

MA, PhD

Conny Lenneberg joined the Gardiner Foundation Board in October 2021. She is a community development practitioner, currently working as a consultant. Conny's previous roles include Executive Director of the Brotherhood of St. Laurence, Regional Leader for World Vision in the Middle East and Eastern Europe, Deputy CEO for World Vision Australia and Rural Development Advisor for the Danish Committee for Afghanistan. She is a member of the Advisory Committee for La Trobe University's Institute for Human Security and previously on the Monash Sustainable Development Institute, the National Youth Employment Body and the Collaborative for Mature Age Employment. She has held board positions with the Communities Council of Australia, the Australian Council for International Development, Oxfam Australia and World Vision International.



Aubrey Pellett

GAICD, PostGradDiplS, BComm, DipFarmMgt

Aubrey Pellett joined the Gardiner Foundation Board in October 2021. Aubrey is a dairy farmer in Hill End West Gippsland. For the last 20 years Aubrey has grown his dairy business from new entrant to cow ownership to a 200 ha pasture based dairy farm. Prior to dairy farming Aubrey had a short career in banking after university and before a stint travelling and living in the UK. Aubrey has previously served as a Director with Rural Financial Counselling Service Gippsland (four years as Chair), GippsDairy and Deputy Chair Bonlac Supply Company. Aubrey was awarded a Nuffield Scholarship in 2014 and travelled the world researching the future of pasture based dairy productivity.



The Team



Allan Cameron

BAGSci, GradDipAppFin&Inv

27 September 2021 – ongoing

Chief Executive Officer

Allan Cameron was appointed Chief Executive of Gardiner Foundation in September 2021. Allan has a deep understanding of Australian agriculture. His professional career has been spent in rural and regional communities developing a strong background in agriculture, agribusiness, financial services and rural extension. Allan is looking forward to utilising his extensive relationships across stakeholders of the Australian dairy industry to enable Gardiner Foundation to further expand our collaborations and partnerships to maximise benefits for the Victorian dairy industry and dairying communities.



Ashley Rosewarne

BComm (PR)

People & Community Development Projects Coordinator

Ashley was appointed as People and Community Development (PCD) Projects Coordinator in August 2017. She 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

BAGSci

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.



Sarah Collier

BComm, MMarketing

Communications, Engagement & Events Coordinator

Sarah joined the Gardiner Foundation in 2022 with over ten years experience in Marketing and Communications, having previously worked for various not-for profit organisations including in the education and agricultural sector. Sarah is passionate about the dairy industry and loves sharing the stories of the extraordinary people working in it.



Dr Clive Noble PSM

BAGSci (Hons), PhD, GAICD, FIPAA

6 November 2017 – 24 September 2021

Clive was appointed Chief Executive of Gardiner 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.



Jainesh Lal

BCom (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 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 2021/22

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, Australian Dairy Products Federation 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 continue to 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 has continued 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 have placed 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 continues to 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 continues to support the governance and reporting of the Dairy Plan implementation and will continue to 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 co-operated 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 implementation of the 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

Gardiner Foundation's annual Dairy Leaders Lunch attracted a large, lively crowd of dairy luminaries, all excited to be finally through the COVID lockdowns. Gardiner Foundation's approach to thought leadership is to present thought-provoking topics that have relevance and are timely for dairy people.

The keynote speaker for the 2022 event was Sam Bailey, a farmer, pilot, husband and best-selling author. He has achieved all of those from a wheelchair. He has an incredible ability to take an audience on the journey of his life. From a childhood growing up in the Australian bush to a car accident in the outback that turned his life upside down and its aftermath, Sam's story was both harrowing and inspiring and was told with a good dose of Australian vernacular and wry humour. He told how he beat the odds to fulfill his life-long dream to be a farmer, learning to ride a four-wheel bike; devising a hoist to get into farm machinery and ultimately learning to fly an ultralight. Sam's story captured the great Australian spirit of 'having a go'.

The Luncheon panel session this year was themed Community Engagement and featured southwest Victorian dairy farmer and Westvic Dairy chair, Jacqui Suares, CEO of Foundation for Rural and Regional Renewal (FRRR), Natalie Egleton and Gardiner Foundation director, Conny Lenneberg, each of whom has contributed to communities in different spheres – local, national and international – and in different ways. By inviting them to share their stories and experiences we were able to shed light on what can be achieved and explore ways we might move forward in Gardiner's future commitment to Victorian dairy communities.

Gardiner Foundation has continued to expand its communication footprint across the dairy industry and dairy communities utilising a range of media – social, traditional print and online, newsletters and website - to share stories and information with stakeholders. All forms of media communication along with our regular events, have combined to enhance awareness of the Foundation and of the opportunities it has to offer.

Gardiner has continued to originate or repurpose articles and posts from respected sources aligned with areas of Gardiner priority such as leadership and culture, research and development and business skills and knowledge to promote wider conversations across the industry.

In 2022 we appointed our first in-house communication officer to manage all our communication, engagement and events. Close collaboration across all our project areas will ensure Gardiner continues to improve the quality, reach and relevance of its communication for the benefit of all our stakeholders.

Once again, our 2021 Annual General Meeting and Year in Review presentation were held online due to ongoing COVID restrictions. We were delighted to run two very successful panels as part of the program, featuring leadership course alumni and study tour participants discussing their experiences and the benefits that accrued to them through participating in these Gardiner programs.



Performance of Gardiner Foundation Investment Portfolio

Gardiner Foundation is responsible for the prudent management of its investment portfolio. Gardiner's Constitution requires the Foundation to:

- Invest the income and capital of the Company in investments that are 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

Investment Objective and Strategic Asset Allocation

Consistent with the Constitution, and based on advice from the Foundation's investment advisor, 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, Gardiner has adopted the Strategic Asset Allocation (SAA) shown in Table 1. This is regularly reviewed by the Foundation and Frontier Advisors who from time to time recommend a change in the weighting based on the outlook for financial markets.

In deploying this SAA, the investment management is outsourced to external investment management companies appointed by the Foundation after consideration of recommendations by Frontier Advisors. These investments are held in asset class specific unit trusts. SAA deployment and manager selection also recognises Gardiner's Not-For-Profit

Table 1: Strategic Asset Allocation (SAA) adopted

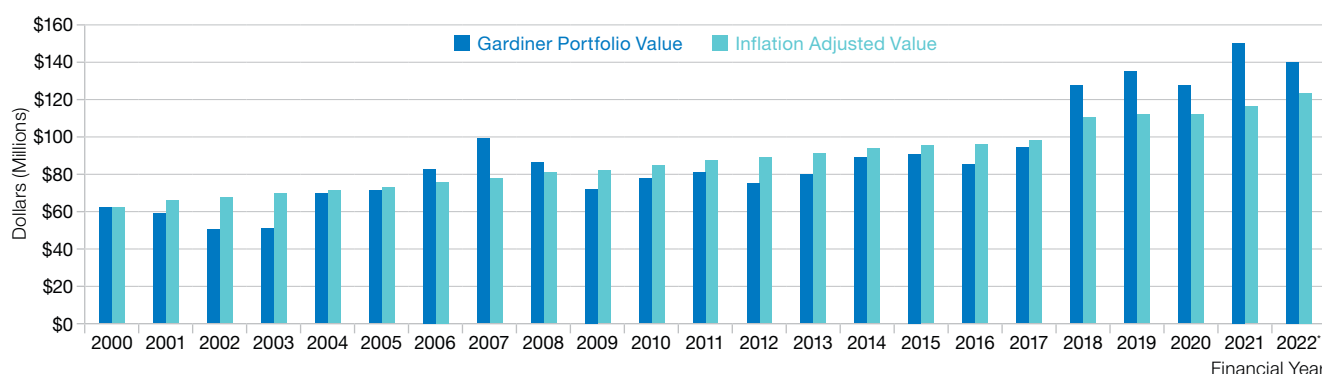
Asset Class Strategic	Strategic Asset Allocation (%)	Asset Class Ranges (%)
Australian Equities	50.0	30 – 70
International Equities (Unhedged)	22.5	10 – 35
Property (Unlisted)	7.5	0 – 20
Infrastructure (Unlisted)	15.0	0 – 25
Cash	5.0	0 – 15
Total	100.0	

status, perpetual investment horizon, risk appetite and diversification and liquidity requirements of the portfolio. 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, the Foundation's investment returns are invested back into the Victorian dairy industry and its communities.

Gardiner'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 the Foundation's investment portfolio from the starting value of \$62.13 million in 2000 through to the closing value of \$139.76 million¹ at 30 June 2022. The chart also shows the inflation adjusted value required to maintain the real value of the original investment which at 30 June 2022 was calculated to be \$123.28 million. At 30 June 2022 the portfolio value was \$16.48 million or 13.37% more than the inflation adjusted value of the corpus.

Figure 1: Inflation Adjusted Value of the Investment Portfolio versus Actual Value²



*Please note that the 30 June 2022 portfolio value and inflation adjusted value include the Niel Black bequest of \$10.14 million

¹ 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.

² Note the CPI figure used for the year ended 30 June 2022 is sourced from <https://www.rba.gov.au/inflation/measures-cpi.html>.

Strategic Asset Allocation at 30 June 2022

The asset allocation at 30 June 2022 is presented in Table 2. In May 2021, the target allocation to the infrastructure and international equity asset classes were increased from 10% to 15%, and from 20% to 22.5% respectively, with the increase funded from reduction in the Australian equity (from 55% to 50%) and Australian property (from 7.5% to 5%) asset classes. As a result of the reduction to the SAA of the Australian property asset class, the current asset allocation is above the SAA. This overweight will gradually reduce over time as distributions from the asset class are received in cash and redeployed.

Table 2: Asset classes deployed and asset allocations as at 30 June 2022

Asset Class	Fund Manager and Product	Current Asset Allocation %	Strategic Asset Allocation %	Variance %	Valuation \$
Australian Cash	IFM Investors Australian Transaction Cash Fund	5.16	5.0	0.16	7,212,933
Australian Property	Dexus Australian Diversified Property Fund	12.55	7.5	5.05	17,538,602
Australian Equity	Plato Australian Shares Tax Exempt Strategy	48.51	50.0	(1.49)	67,800,594
International Equity	BlackRock Wholesale Indexed International Equity Fund (Unhedged Currency)	20.45	22.5	(2.05)	28,580,167
Infrastructure	Ignio Infrastructure Partners (formerly First Sentier Infrastructure Fund)	13.33	15.0	(1.67)	18,631,648
Total		100.0	100.0	0.0	139,763,944

Responsible Investment

The Foundation supports responsible investment³ 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 assets. Gardiner 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.

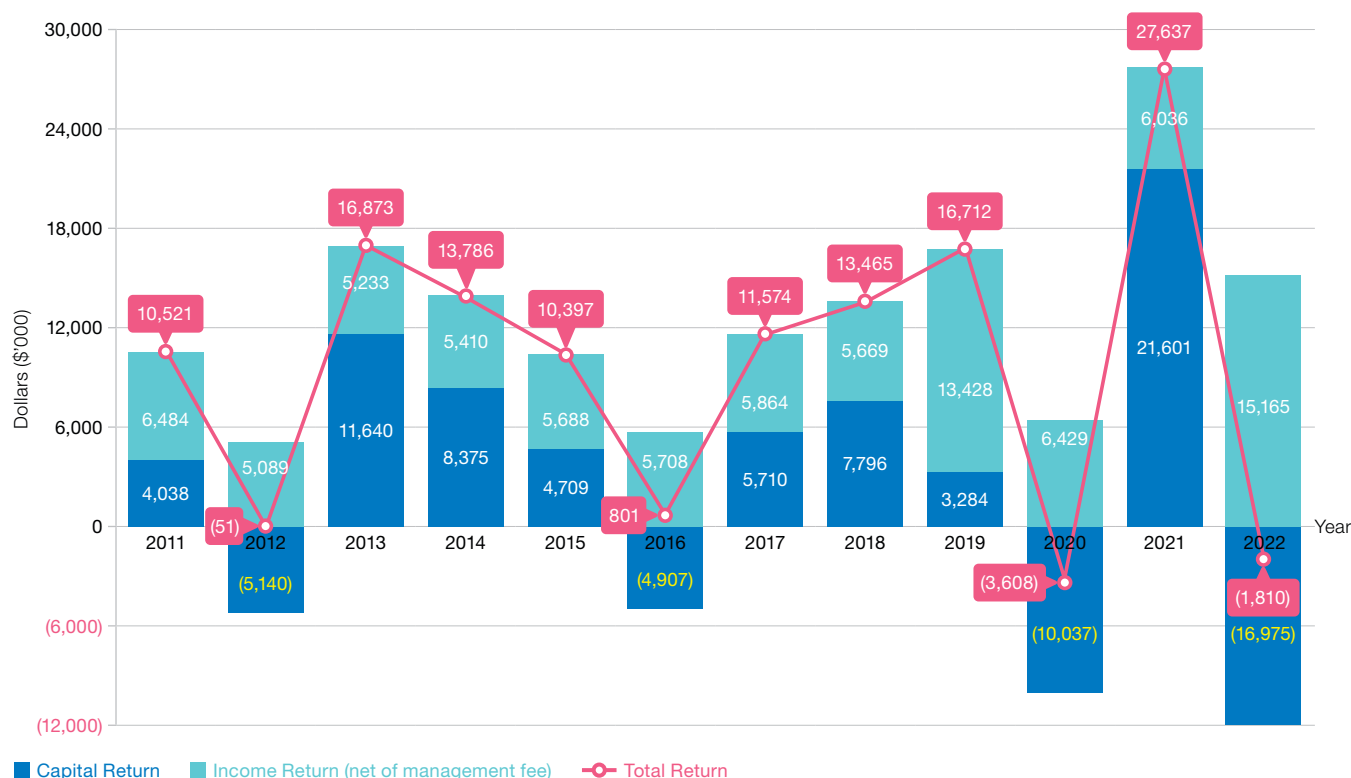
Investment Returns

The financial year ended 30 June 2022 is the fourth full year of the multi-asset class (and Investment Managers) investment strategy. The after-fee investment return (including the capital and income components) for the Foundation for the financial year is presented in Figure 2.

³ 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".



Figure 2: Capital Return, Income Return (Net of Management Fee) and Total Return



Financial Year ended 30 June 2022 Assessment

Gardiner'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 2022, the Foundation's composite after fee return on investment was -0.32%. The Long-term investment objective of CPI (6.10% for FY2021/22) + 4.50% was 10.60% for the financial year ended 30 June 2022. For the same period Gardiner largest asset class exposure, Australian Equity posted a return of -2.88% against ASX200 benchmark return of -6.47%. The rolling four-year annualised return of the portfolio to 30 June 2022 was 7.77% with the investment objective of CPI + 4.50% being 7.43% per annum for the period.

In dollar terms, Gardiner experienced a total return of -\$1.81 million over the financial year. The loss was the net result of \$15.17 million from income (i.e., interest, distributions, dividends and franking credits (net of management fees)) being offset by -\$16.97 million decline in capital value as shown in Figure 2.

Gardiner's corpus over the past financial year was adversely impacted by global financial markets having experienced heightened volatility driven by the emergence of new strains of COVID-19, the invasion of Ukraine by Russia, persistently high inflation, tightening of monetary policy worldwide and strict COVID-19 restrictions in China.

Markets were particularly impacted in the second half of the financial year, due to mounting speculation of an invasion of Ukraine by Russia, which eventuated during February 2022. This had an adverse impact on the performance of global financial markets with sanctions being imposed on Russia by advanced economies such as the United States and the European Union. As Russia is a major exporter of commodities such as oil and natural gas particularly to Europe, the sanctions led to sharp increases in global commodity prices.

In China, the ongoing zero COVID-19 policy and strict lockdowns of major cities adversely impacted the global supply chain. This, together with high commodity prices, contributed to elevated inflationary pressures for major economies globally. In an effort to combat the increase in inflation, central banks around the world (except for Japan) have been raising interest rates at a faster pace in the second half of the financial year.

Consequently, developed market equities fell significantly over concerns on inflation and that higher interest rates may lead to a recession. Australian equities also delivered a negative return over the financial year but performed better than most other regions largely due to its geographical distance from the war in Ukraine and its larger exposure to the resources sector that benefited from higher commodity prices. Unlisted property and infrastructure continued to perform well as their strong income profile supported returns. The Australian dollar fell against the US dollar over the past financial year as market uncertainty and fears of a possible recession led to investors rotating capital towards 'safe haven' assets such as the US dollar.



Program Funding

Since its inception in 2000, Gardiner Foundation has contributed over \$85M towards projects to support Victoria's dairy industry and dairy communities.

Gardiner Foundation works co-operatively 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 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 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 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 Foundation continues to be investing to strengthen dairy communities, via a collaboration 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 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 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 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 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 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 Foundation's Strategy 2020-2023 includes the Research, Development and Extension (RD&E) 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 two research portfolios that contain a number of large projects which address 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. The priorities are consistent with the goal of the Australian Dairy Plan.

Gardiner Foundation is co-investing with Dairy Australia and Agriculture Victoria in the two major, world class initiatives, DairyBio and DairyFeedbase, to deliver high impact and enduring benefits in forage and animal genetics and feedbase utilisation to the dairy industry.

Gardiner Foundation contributes \$1.0 million per annum to the DairyBio (2021-2026) initiative which contains an innovation portfolio of research projects that focus 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 Foundation contributes \$1.5 million per annum to the DairyFeedbase initiative which contains an innovation portfolio of research projects that apply cutting-edge agricultural technologies to improve pasture performance, animal nutrition and the cost-competitiveness of the feedbase, as part of the total initiative.

The innovation 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.

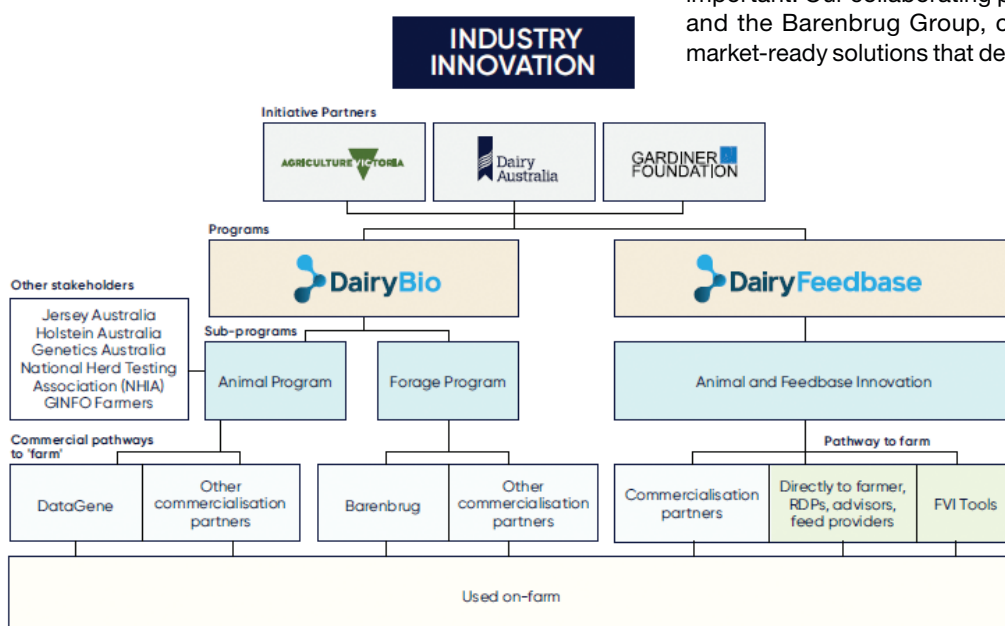
Development of new animal traits benefits from direct access to capabilities provided by DataGene, especially larger and better sources of data and evaluation systems that mean research can be readily conducted and implemented in an industrial environment.

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.

The co-investors recognise the need to make the most of the commercialisation opportunities that arise from the world-class DairyBio and DairyFeedbase innovation portfolios. Ensuring that we have the right settings to optimise the commercialisation potential of our research is critically important. Our collaborating partners, primarily DataGene and the Barenbrug Group, continue to seek to provide market-ready solutions that deliver impact for dairy farmers.



DairyBio Initiative

DairyBio was established in 2016 as a major investment in dairy bioscience. The core investment proposition is to generate large-scale impacts for Australian dairy farmers through the advanced and industrial-scale application of biological sciences. DairyBio focuses on improvements in the genetics of pasture cultivars and dairy cattle, utilising bioscience capability that is recognised internationally as world leading.

In 2018 Gardiner Foundation became a formal partner in the initiative, joining Dairy Australia and Agriculture Victoria. The increased investment from Gardiner Foundation in DairyBio

will bring forward outcomes of existing projects, ensure science capacity is retained and will deliver ongoing value from legacy activities of the previous Gardiner investment in the Improving Herds project.

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

For more information please visit www.dairybio.com.au

DairyBio Vision and Goals

Future Forages \$800 per ha sown

3x rate of genetic gain

In short term ryegrass and a range of future forages



Forages adapted to changing climates

Safeguarding the industry for the next century



15% unit increase

In herbage quality, through digestibility in short term ryegrass, lucerne and warm season grasses



Deliver 20% increase in biomass

In short term and perennial ryegrass



Demonstration sites fast tracking technology



Future Cows \$340 per cow

1.5x rate of genetic gain compounding

Resilient cows for a lifetime profit



10% lower emissions

- Cows will have a reduced environmental footprint
- Cows adapt to warming faster than climate change



Agility

In a changing regulatory, natural and social environment



+10% greater lifespan by 2040



10% reduced health and management costs



Dairy Industry Leadership Strategy

The Dairy Industry Leadership Strategy was launched in August 2021 by legendary Australian yachtsman, John Bertrand. Gardiner Foundation played a key role in the development of the leadership strategy and provided secretariat support.

As noted previously Gardiner has initiated new leadership and mentoring activities this year. 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 the idea of “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. While Gardiner has commenced implementation we continue to consult with other parties on planning the way forward.

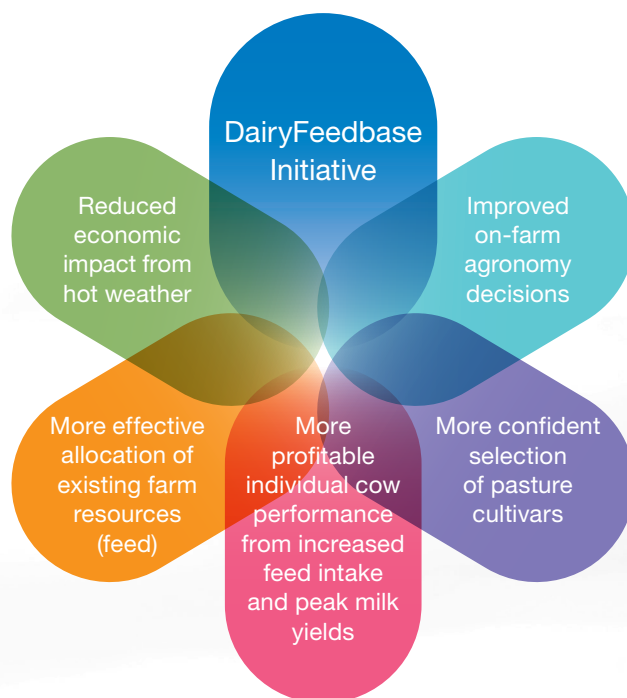
DairyFeedbase

DairyFeedbase was 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 Foundation, Agriculture Victoria and Dairy Australia, with Gardiner Foundation contributing \$9 million over 6 years.

The goals are to increase pasture productivity, to deliver a 20% growth 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.

For more information please visit www.dairyfeedbase.com.au



People and Community Development Program

The People and Community Development (PCD) program focuses on leadership, learning and working together to build the capacity and capability of people in the Victorian dairy industry.

Our ongoing investment in courses, scholarships, projects, grants and study tours presents the dairy industry and dairy communities with a wide array of opportunities to choose from given their different circumstances and career stages.

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.

Gardiner Foundation established two partnerships to deliver mentoring to the Victorian dairy industry in 2022 as part of our contribution to the Dairy Industry Leadership Strategy.

Eight dairy leadership alumni (who have previously received Gardiner sponsorships to participate in leadership programs) have volunteered their services as mentors in the AgVic Young Farmer and New Entrants Mentoring program. Four young dairy farmers and five regional extension officers have been accepted into the AgVic program as mentees.

Gardiner has also supported Australian Dairy Farmers in attracting enrolments in the Drought Resilience Leaders Mentoring (DRLM) Program, a nationwide program funded through the Australian Government's Future Drought Fund and conducted by Australian Rural Leadership Foundation.

In 2022 Gardiner Foundation offered six places in Marcus Oldham College's five-day intensive leadership program. Over the course of a week participants developed leadership, communication, and planning skills.

Gardiner continues to support leadership development through offering opportunities to participate in the Australian Rural Leadership Program (ARLP), 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. Currently, we have one ARLP scholar completing Course 28 and two more starting out in Course 29 while our current Nuffield scholar is midway through her program.

In 2022 we celebrated a 20-year partnership with the Foundational for Rural and Regional Renewal (FRRR) in offering grants to for-purpose organisations in smaller dairy communities. To mark the milestone, we held these events in the three major dairy regions which gave us an opportunity to renew contacts with past grant recipients and other regional partners and alumni.

To date, Gardiner has distributed more than \$2.1 million, supporting 548 community projects across the Victorian dairy community.

The 2021-22 Monash Industry Team Initiative (MITI) program saw a total of 20 students participating in seven projects with four processors participating: Fonterra (2 projects), Burra Foods (2 projects), Bega (1 project), and Saputo Dairy Australia (2 projects). The program, now in its eighth year, runs for 12 weeks from December to February. To improve students' understanding of the dairy industry an enhanced induction program has been introduced to give them an overview of the dairy industry.

Due to changes taking places within the Victorian Farmers Federation, there were limited resources available to organise the annual young dairy farmers study tour. Gardiner offered to organise a Victorian tour with the assistance of the UDV vice president and policy councillors to ensure a year group did not miss out on the opportunity. Study tours are an important enabler in the education and development of our young dairy people, encouraging them in their endeavours and broadening their knowledge.

Our Tertiary Scholarship Program offers up to three years of financial support to seven students who are embarking on their university or college studies and who are required to live away from home. The Tertiary Scholarships 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.

Over the past three years Gardiner Foundation has significantly increased its communication activity. Our main purpose is to encourage increased uptake of the many programs, courses and scholarships Gardiner offers. In addition, our stories, posts, videos and other communications aim to build awareness and dialogue around the importance of lifelong learning and growth. The expansion of this aspect of our work has led to the appointment of our first communication officer who joined the team in June 2022.



Regional Leadership Australia

Up to 10 places in the Regional Leadership Australia Community Leadership Program are offered by Gardiner each year to people living and working in Victorian dairy regions, with a preference for candidates with a dairy industry association.

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 many graduates go 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

2021 Edith Peters (Dairy Farmer)

2022 Elise Hill (Dairy Farmer)
Kristen Beggs (Farmer)

Fairley Leadership Program 2021

2021 No recipients

2022 Craig Emmett (Dairy Farmer)
Matthew Trevaskis (Field Services Manager)
Chris Howard (AgbizAssist Program Manager)

Gippsland Community Leadership Program

2021 Greg Cole (Director, Dairy Technology)

2022 Christine Slavin (Cheese Affineur)
Donna Gibson (Regional Extension Officer)

Leadership Great South Coast

2021 Brendan Hyland (Milk Quality Specialist)
Heather Smilie (Regional Extension Officer)

2022 No recipients

Loddon Murray Community Leadership Program

2021 Allison Stewart (Farmer)

Natalie Eckert (Regional Extension Officer)

2022 Rebecca Wyper (Regional Extension Officer)



Elise Hill
Dairy Farmer



Kristen Beggs
Dairy Farmer



Craig Emmett
Dairy Farmer



Matthew Trevaskis
Field Services
Manager



Chris Howard
AgbizAssist Program
Manager

Australian Rural Leadership Program

In 2022 Gardiner sponsored two places in Course 29 of the ARLP program. The successful individuals were Aaron Thomas from Gippsland and Ella Jayne Credlin from south west Victoria.

Ella and her husband own and operate Boshier Farm in south west Victoria, currently milking 1500 cows. She is also a senior agribusiness manager at ANZ and an active community member with a range of community organisations.

Aaron manages the operations of Gelbeado Park dairy in South Gippsland. He is an active advocate for building mental health awareness as well as a champion of the dairy industry generally.

Our 2021 Gardiner Foundation ARLP scholar, Monique Bryant from Course 28, is currently completing her COVID interrupted program, while Ross Anderson from Course 27, which was also interrupted by COVID, graduated in Canberra in March this year.



Aaron Thomas
2022 Gardiner Foundation
ARLP Recipient



Ella Jayne Credlin
2022 Gardiner Foundation
ARLP Recipient



Monique Bryant
2021 Gardiner Foundation
ARLP Recipient



Ross Anderson
2020 Gardiner Foundation
ARLP Recipient

Nuffield Farming Scholarship

There was no successful Victorian dairy candidate for the Nuffield Farming Scholarship in 2022.

Our 2021 Gardiner Foundation Nuffield Farming scholar, Lucy Collins a dairy veterinarian, is midway through her program, investigating 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.



Lucy Collins
2021 Gardiner Foundation
Nuffield Farming Scholar

Mentoring

Gardiner Foundation established two partnerships to deliver mentoring in the Victorian dairy industry in 2022.

In the first of these arrangements, we funded places in the AgVic Young Farmer and New Entrants Mentoring program. Eight dairy leadership alumni (who have previously received Gardiner sponsorships to participate in leadership programs) volunteered to be mentors and four young dairy farmers and five regional extension officers were enrolled as mentees.

In our second mentoring partnership Gardiner promoted and supported Australian Dairy Farmers in attracting enrolments to the Drought Resilience Leaders Mentoring (DRLM) Program, a nationwide program funded through the Australian Government's Future Drought Fund. Nine young dairy farmers from across Victoria enrolled in the program and they were matched with mentors from across agriculture and rural communities. The program, designed and conducted by Australian Rural Leadership Foundation, is well aligned with the goals of the Dairy Leadership Strategy.

Marcus Oldham Leadership Course

Gardiner Foundation sponsored three participants in the May intake of the Marcus Oldham leadership course.

The recipients were: Kelsey Pilbeam, Lisa Marie Broad and Ashley Rosewarne

The Marcus Oldham Rural Leadership Program is an intensive five-day workshop conducted on the college campus at Geelong. The program, which commenced in 1992, is recognised as one of the longest running rural leadership programs in the nation. It has developed a strong reputation in the agricultural and agribusiness sector, attracting support from a wide range of industry and rural community groups from diverse regional backgrounds.

The five-day workshop involves facilitators who have both the training skills and empathy to understand the issues facing rural industry and communities, and industry background to assist in the development of solutions.



**Kelsey Pilbeam, Lisa Marie Broad
and Ashley Rosewarne**
2022 Marcus Oldham leadership course

UDV People Development

Gardiner Foundation and United Dairyfarmers of Victoria (UDV) collaborated to provide 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 2021/22 we sponsored two farmer directors to enhance their leadership and governance skills through the AICD Company Directors program. Gardiner supported the engagement of 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.

Victorian Study Tour

The Gardiner Foundation – United Dairyfarmers of Victoria Study Tour of Victoria returned in 2022 providing a group of seven young Victorian dairy farmers the opportunity to explore Australia's largest dairy state.

This study tour is a collaboration between Gardiner Foundation and the United Dairyfarmers of Victoria. The tour gives passionate, young people in the industry an opportunity for personal and professional development. Many participants from previous 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 eight-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 while also visiting dairy research facilities and meeting with state and national representative bodies. Through their time together the group also had the opportunity to expand their network with industry leaders and other like-minded young people with a passion for the dairy industry on the tour.

The Gardiner Foundation – United Dairyfarmers of Victoria study tour is a highly valued experience for young, career minded Victorian dairy representatives as they gain firsthand 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.

Victorian Study Tour 2022 selected participants

- Amelia Anderson
- Max Bond
- Tristan Grinter
- Brooke Hewett
- Isaac Hose
- Ebony Mull
- Hannah Thorson





Monash Industry Team Initiative

This year we completed our eighth 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 2021-22, 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.

A student showcase in April, which allowed the students to share their work with their hosts, Monash and Gardiner staff and wider industry stakeholders, is a highlight at the completion of their placement. The experience of working in a dairy factory and of putting their studies into practice has acknowledged benefits for the students and thus the success of the program. Obtaining full time work in the industry, while a potential outcome, is not considered as important as the student experience itself and the exposure to the dairy industry as well as the fresh eyes on production challenges for the host companies. The numbers entering the industry following their MITI program have been building over the years.

MITI Teams

Bega

Manufacturing Water Management at Koroit

- Nithiya Pathmasiri, Bachelor of Engineering (Chemical)
- Emma Filgate, Bachelor of Engineering (Chemical) and Pharmaceutical Science

Burra Foods

Controlling sediment in farm milk at Korumburra

- Ben Briggs, Bachelor of Engineering (Mechanical)
- Shilong Yang, Bachelor of Engineering (Chemical)

Burra Foods

The Origin and Control of Iodine in Bovine Milk at Korumburra

- Harry Blackburn, Bachelor of Engineering (Mechatronics) and Commerce (Finance)
- Katey Zich, Bachelor of Science and Arts

Fonterra

Integrated Work Systems: Lean Manufacturing principles with a focus on efficiency at Darnum

- Brooke Roberts, Bachelor of Science (Psychology) and Global Studies (Cultural Competence)
- Wilson Deng, Bachelor of Engineering (Electrical and Computer Systems) and Information Technology (Computer Networks and Security)
- Monika Burford, Bachelor of Engineering (Chemical) and Pharmaceutical Science
- Hashini Fernando, Bachelor of Engineering (Chemical)

Fonterra

Integrated Work Systems: Lean Manufacturing principles with a focus on efficiency at Stanhope

- Will Bryant, Bachelor of Engineering (Chemical) and Commerce
- Anis Jufri, Bachelor of Engineering (Chemical)
- Yash Lunia, Bachelor of Engineering (Electrical and Computer Systems)

Saputo Dairy Australia

Critical Equipment Reliability Tool at Allansford

- Dan Feltham, Bachelor of Engineering (Software) and Commerce
- Hanif Ar Rafai, Bachelor of Engineering (Chemical)
- Ivan Tay, Bachelor of Engineering (Mechanical)
- Jesse Yeoh, Bachelor of Engineering (Electrical and Computer Systems)

Saputo

Management of the saline waste from dairy processing at Cobram

- Rebecca Philips, Bachelor of Engineering (Environmental)
- Dinal Appuhamy, Bachelor of Science (Ecology and Conservation)
- Claire Lim, Bachelor of Engineering (Environmental)



Tertiary Scholarships

Gardiner Foundation awarded seven new tertiary scholarships in 2022 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 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 gave his last lecture as a University of Melbourne professor in 2016 and now describes himself as "full-time dairy farmer and part-time vet".

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

Doug Weir (1930-2021) was a passionate advocate and supporter of the dairy industry who applied his extensive business skills for the betterment of the industry. From 1986 to 1995 Doug led the Victorian Dairy Industry Authority (VDIA). 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 Foundation.

Niel Black (1935-2012) was involved in almost every aspect of the Australian dairy industry. Inspired by his studies into artificial breeding in the USA, Niel became a pioneer of herd improvement in Australia. He was a founding partner of the DemoDAIRY research centre in Terang and was President of the Noorat Show committee for 11 years. He was also an advocate and supporter of United Dairyfarmers of Victoria for over 50 years.

Gardiner 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.



2022 Tertiary Scholars

Flynn Cannon

Jakob Malmo Tertiary Scholarship, Advanced Diploma of Agribusiness Management, Longernong College.

Ebony Cook

Niel Black Tertiary Scholarship, Bachelor of Nursing, Monash University.

Scarlett Grinter

Doug Weir Tertiary Scholarship, Bachelor of Agricultural Science, University of Adelaide.

George Nicoll

Bill Pyle Tertiary Scholarship, Bachelor of Arts, University of Melbourne.

Maya Osborne-Coleman

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

Anastasia Rea

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

Alex Smith

Niel Black Tertiary Scholarship, Bachelor of Dental Science, La Trobe University.

Ongoing Tertiary Scholars

Olivia Betts

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

Grace Billington

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

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.

Rachel Dickson

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

Ongoing Tertiary Scholars

Toby Fleming

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

Stella Harrington

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

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.

Isabella McCluggage

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

Hamish McDonald

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

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.

Kiara McJames-Court Doug

Weir Tertiary Scholarship, Associate degree in Engineering Technology, RMIT.

Hugh Nicoll

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

Emily Robins

Doug Weir Tertiary Scholarship, Bachelor of Business, University of New England.

Grace Thulborn

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

Kaitlyn Wishart

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

Courtney Zuidema

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



'Our Farm, Our Plan'

Our Farm, Our Plan helps farmers identify long term goals, improve business performance and manage volatility. It was developed by Dairy Australia, with support from Gardiner Foundation and DairyNZ.

Designed for Australian dairy farmers, Our Farm, Our Plan helps put their big ideas down on paper and get everyone on the farm on the same page. Using a simple 'Now, Where, How, Review' planning process and providing one-on-one support for farmers over two years, it assists with putting their plan in place and into action.

Gardiner Foundation continues to support the program that is funded by Gardiner, Dairy Australia and the Victorian and Commonwealth Governments.



Cows Create Careers

Gardiner Foundation has once again allocated funding to support the Cows Create Careers program in 2021 and 2022. Cows Create Careers provides schools and students from Years 5–11 with an introduction to dairy industry careers and food & fibre education.

The program was delivered to 68 schools and 2,415 students across the Victorian dairying regions during 2021.

Coordinated by Jaydee Events, the program started in 2005 and received seed funding from Gardiner 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.



Community Grants Program

In 2022, Gardiner Foundation celebrated a 20-year partnership with Foundation for Rural and Regional Renewal (FRRR) in delivering small grants to Victorian dairy communities. This is the longest partnership held by both organisations. To enhance the celebration, regional presentation events were held in Shepparton, Warrnambool and Warragul in late June and early July.

The decision to hold regional presentation events is a strategic one as Gardiner Foundation looks to be more closely engaged with regional communities, to build stronger relationships and to address regional issues and concerns.

This year Gardiner funded 21 small grants, totalling \$91,883, in Victorian dairy communities. This year's recipients have raised an additional \$1.15 in funding from every \$1 from Gardiner as additional cash and in-kind support for their projects from community, government or private sources. These small grants show communities can achieve amazing things with small amounts of seed funding. The Dairy Community Grants Program forms part of Gardiner 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 20 years, Gardiner 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 \$44,050

The Aboriginal Literacy Foundation Inc, Post COVID Literacy Support for Aboriginal Students in the Gippsland region

Enhance literacy outcomes for Indigenous primary school children with a dedicated tutoring program.

Camp Cooinda Incorporated, Training Safety Boat Operators for Camp Cooinda

Build organisational capacity by training and upskilling volunteers to run camp activities.

Manna Gum Community House Incorporated, Manna Gum Gathering Place

Stage 3, Improve the facilities of Manna Gum house with an electric BBQ for community gatherings.

Neerim District Soldiers Memorial Hospital, Communication Integrity Satellite Phone

Improve the disaster preparedness of Neerim Soldiers Memorial Hospital with a Satellite Phone to maintain communications in an emergency.

Port Albert Maritime Museum, Letting History Speak

Enhance tourism experience at the Port Albert Maritime Museum with audio installations to increase inclusivity and access.

Toora Primary School, Netball lines in Stadium

Increase access to all weather facilities for the Toora Primary School and surrounding community.

Trafalgar Holden Museum Inc, Replacement of chairs

Increase organisational capacity and community safety with the replacement of dilapidated chairs at the Trafalgar Holden Museum.

Newry Hall Upper Maffra Mechanics Institute Incorporated, Hall Internet Connection

Reduce the digital divide for the Newry community with the provision of enhanced internet infrastructure at the Newry Hall.

Venus Bay Tarwin Lower and District Mens Shed Incorporated, "Stop Washing Dishes by Hand and Greater Community Participation"

Enhance operational infrastructure to support volunteer vitality through the purchase of a dishwasher for the Venus Bay Tarwin Lower and Districts Mens Shed.

Welshpool and District Primary School, IncrediGirls

Develop lifelong educational opportunities for girls of Welshpool and District Primary School through the delivery of the IncrediGirls program focused on STEM (Science Technology Engineering and Mathematics) activities across the community.





Northern Region \$17,900

Corryong Neighbourhood House Inc, Digital Growth

Grow the organisation's capacity to support the community with the provision of computer equipment and software.

Girgarre Community Centre, Building Connections with Technology

Build the capacity of Girgarre Community House to increase community access to online services in collaboration with neighbouring town Stanhope.

Kyabram Development Committee Incorporated, Kyabram Tastes & Tunes

Strengthen the social and economic outcomes of Kyabram through support of the Tastes and Tunes Festival.

Rochester Community House Inc, It's Time for New Tools

Improve facilities and equipment to increase participation and safety with the purchase of new tools for the Rochester Mens Shed.



South Western Region \$29,933

Anam CaracHouse Colac Inc, Strengthening Community Connections through Information Technology Final stage

Build organisational capacity to support resident's socialisation and staff training with Smart TV equipment.

Archers of Warrnambool Associated Incorporated, Combined Clubs Mower

Improve equipment to support volunteer participation with a mower to maintain grounds for combined community activity and tourism.

Camperdown Botanic Gardens and Arboretum Trust Inc, Camperdown Botanic Gardens and Arboretum digital engagement project

Build organisational capacity through developing digital capability that will promote and enable wide engagement with Camperdown Botanic Gardens and Arboretum.

Loved and Shared Incorporated, Loved & Shared, Establishing the Warehouse

Increase organisational capacity of this start up not-for-profit group to repair and distribute nursery equipment and children's clothing and items to the community.

Pennyroyal Hall Committee, Pennyroyal Hall Refurbishment

Improve community facilities at Pennyroyal by replastering the local hall.

Purnim Recreation Reserve, Upgrade Pavilion Kitchen Appliances

Upgrade the kitchen facilities at the Purnim Community Recreation facility to support community events and activity.

Simpson Indoor Bias Bowls Club Inc, Indoor Bowls Carpet Mat upgrade

Boost volunteer vitality with the provision of replacement bowls carpet to support community activity for the Simpson community.



Industry Engagement & Strategic Support Program

Engagement with industry stakeholders is a fundamental enabler in Gardiner Foundation's RD&E and People and Community Development programs. Gardiner 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 Gardiner a high level of agility, enabling us to support immediate issues and to influence our longer term, ongoing investments.

Our annual Dairy Leaders Luncheon reflects an ongoing commitment to funding Thought Leadership with 80 plus dairy industry leaders in attendance. Our guest speaker for the 2022 event Sam Bailey, farmer, pilot, husband and best-selling author gave us a real change of pace from recent years with his inspiring yet traumatic story of pulling himself up by the bootstraps after a car accident in his teens left him a quadriplegic. With his life partner Jenny, he related how his family, friends and community rallied around him and how he had built the best life out of tragedy.

Our Community Engagement panel consisted of southwest Victorian dairy farmer and Westvic Dairy chair, Jacqui Soares, CEO of FRRR, Natalie Egleton and Gardiner Foundation director, Conny Lenneberg, each of whom has contributed to communities in different spheres – local, national and international – and in different ways. The panel session shed light on what can be achieved and ways we might move forward in leadership and community development in the Victorian dairy industry.

This year at our Year in Review following the AGM, we held two panel discussions showcasing our investment in people and dairy communities. The first panel shone a light on everyday leadership in action. Our panellists developed their leadership skills by participating as recipients from the Community Leadership Program, New Zealand Study Tour and the Australian Rural Leadership Program. They demonstrated the everyday leadership skills on leading teams, working with communities, and becoming leaders with and without the titles.

Our second panel was able to witness firsthand what the Victorian dairy industry has to offer. In July, Gardiner and the UDV conducted a Victorian study tour that took nine young dairy professionals around the state. The inaugural tour took place over eight days and saw the young farmers travel across Melbourne, the South West, Northern Victoria and Gippsland. Over the eight days the group were exposed to organic dairy farms, robotic dairies, barn systems and equity partnerships. The tour also gave the group the opportunity to engage with Dairy Australia and local Regional Development Programs (RDPs) to better understand the value these organisations provide to the dairy industry.

During the year Gardiner 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 RDPs (Murray Dairy, GippsDairy 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.



Gardiner invests strategically in projects and activities that address issues and needs of the dairy industry and dairy communities. Our support may be in the form of funding or in the provision of resources. Our approach to industry engagement and strategic support is broad, looking as much to support small one-off programs that align with industry priorities as well as supporting or partnering on larger mainstream activities. Much of our commitment comes through dialogue with a range of groups and organisations in the industry and in dairy communities.



In the past year Gardiner has made a shift in focus to engage more effectively with our dairy industry and community stakeholders in a post-COVID world. To this end we conducted several regional events to present our annual Gardiner Community Grants. We used these opportunities not just to connect socially but also to invite people into a dialogue about some of the new initiatives Gardiner is planning. These conversations have included our current developmental work on Healthy Dairy Communities, a theme which has generated much interest, and our commitment to hearing more about the issues of concern in the regions.

In the current year Gardiner has sponsored young and older dairy farmers, service providers and processing staff to attend Victorian and interstate study tours and conferences. Our staff contribute strategic thought leadership to and serve on industry committees like the Sustainability Framework, the Leadership Strategy, the Dairy People Development Council, Young Dairy Network and the northern Victorian Water Committee.

Gardiner endeavours to be agile in responding to industry issues, enabling us to support the industry programs in times of critical need, such as floods, fires or feed shortages and to support whole-of-industry enabling actions. Consistent with this approach, Gardiner continues to support the governance and reporting of the Australian Dairy Plan implementation and will provide financial support to the process for reforming industry structures.

Sponsorship 2021/22

Gardiner provided the following sponsorships in 2021/22.

United Dairyfarmers of Victoria
2021 UDV conference

WestVic Dairy
2021 Ladies Luncheon

Great South West Dairy Awards
2022 Young Dairy Leader Award – Renata Cumming

Conference attendance support
Cream of the Crop
Courtney Rogers
Murray Muster
Ryan Dargan & Jasmine McJames-Court
GippsDairy Muster
Jorge Massa

Alpine Valley Dairy Group
2022 Bega Valley Study Tour



Renata Cumming
2022 Young Dairy Leader Award





Geoffrey Gardiner Foundation Limited

ABN: 18 094 733 418

Annual Financial Report – 30 June 2022

Contents

Directors' Report	32
Auditor's Independence Declaration	35
Statement of Profit or Loss and Other Comprehensive Income	36
Statement of Financial Position	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to Financial Statements	40
Directors' Declaration	52
Independent Auditor's Report	53



Directors' Report

The directors present their report together with the financial report of Geoffrey Gardiner Dairy Foundation ("Gardiner Foundation, Gardiner or the Foundation") for the year ended 30 June 2022 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Dr Leonard Stephens

Mr Andrew Maughan

Ms Naomi Pye [Resigned 14 October 2021]

Dr Judith Slocombe [Resigned 14 October 2021]

Mr René Dedoncker

Ms Conny Lenneberg [Appointed 14 October 2021]

Mr Aubrey Pellett [Appointed 14 October 2021]

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company secretary

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

Results

The Foundation's operating surplus for the year amounted to \$10,106,193 (2021: \$828,636). Following accounting for changes in the fair value of the financial assets, which include realised losses of \$294,371 (2021: gains of \$393,912) and unrealised losses of \$16,680,432 (2021: gains of \$21,206,892), the Foundation's deficit during the year amounted to \$6,868,610 (2021: surplus \$22,429,440).

Review of operations

Gardiner Foundation continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Foundation's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

Gardiner 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 the Foundation's principal activities during the financial year.

Short-term and long-term objectives and strategies

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 Foundation is embedded across the Victorian dairy value chain. 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

Our strategy is to invest in 'meaningful', well targeted and large-scale R D & E projects, commonly as a co-investor. This ensures an efficient use of funds to deliver high impact innovations to the dairy industry.

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

Gardiner 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.

Gardiner's operating surplus (net of total revenue and expenses) for the year was \$10,106,193 (2021: \$828,636). Any market or fair valuation movement in financial assets is recognised through profit and loss rather than Other Comprehensive Income, in line with Australian accounting standard AASB 9[1]. This is reflected in the deficit for the year line in the Statement of Profit and Loss and Other Comprehensive Income, of -\$6,868,610 (2021: surplus of \$22,429,440).

Gardiner'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 2022, the Foundation's composite after fee return on investment was -0.32%. The long-term investment objective of CPI (6.10% for FY2021/22) + 4.50% was 10.60% for the financial year ended 30 June 2022. For the same period the Foundation's largest asset exposure, Australian Equity, posted a return of -2.88% against ASX200 benchmark return of -6.47%. The rolling four-year return of the portfolio to 30 June 2022 under the current Strategic Asset Allocation was 7.77% with the investment objective of CPI + 4.50% being 7.43% per annum for the period.

In dollar terms, Gardiner experienced a total return of -\$1.81 million over the financial year. The loss was the net result of \$15.17 million[2] from income (i.e., interest, distributions, dividends and franking credits (net of management fees)) being offset by a -\$16.97 million[3] decline in capital value. The closing value of the corpus being \$139.76 million[4] at 30 June 2022, was above the inflation adjusted value. The inflation adjusted value required to maintain the real value of the original investment[5] at 30 June 2022 was \$123.28 million (as per clause 29(4) of Gardiner's Constitution).

Gardiner corpus over the past financial year was adversely impacted by global financial markets having experienced heightened volatility driven by the emergence of new strains of COVID-19, the invasion of Ukraine by Russia, persistently high inflation, tightening of monetary policy worldwide and strict COVID-19 restrictions in China. Markets were particularly impacted in the second half of the financial year, due to mounting speculation of an invasion of Ukraine by Russia, which eventuated during February 2022. This had an adverse impact on the performance of global financial markets with sanctions being imposed on Russia by advanced economies such as the United States and the European Union. As Russia is a major exporter of commodities such as oil and natural gas particularly to Europe, the sanctions led to sharp increases in global commodity prices. In China, the ongoing zero COVID-19 policy and strict lockdowns of major cities adversely impacted the global supply chain. This, together with high commodity prices, contributed to elevated inflationary pressures for major economies globally. To combat the increase in inflation, central banks around the world (except for Japan) have been raising interest rates at a faster pace in the second half of the financial year.

Consequently, developed market equities fell significantly over concerns on inflation and that higher interest rates causing a recession. Australian equities also delivered a negative return over the financial year but performed better than most other regions largely due to its geographical distance from the war in Ukraine and its larger exposure to the resources sector that benefited from higher commodity prices. Unlisted property and infrastructure continued to perform well as their strong income profile supported returns.

The Australian dollar fell against the US dollar over the past financial year as market uncertainty and fears of a possible recession led to investors rotating capital towards 'safe haven' assets such as the US dollar.

Total project funding expensed during the year ended 30 June 2022 was \$4.68 million and from inception of Gardiner to 30 June 2022 is in excess of \$85 million.

¹ Please refer to Note 1(f) of the Annual Financial Report for further explanation and the applicable accounting standard.

² Total revenue posted during the 2022 financial year was \$15.28 million, which constitutes of net investment revenue (\$15.17 million) and other income (\$0.12 million). This is further explained in note 3 of the Annual Financial Report.

³ Total decrease in capital value during the 2022 financial year was \$16.97 million, which constitutes of net unrealised loss (\$16.68 million) and net realised gain (\$0.29 million) as reflected in the Statement of profit and loss and other comprehensive income.

⁴ The Gardiner 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 (\$139.76 million).

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

Directors' Report

Meetings of directors

Directors	Board Meetings		Finance, Audit, Investment and Risk Committee meetings		Human Resources and Governance Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr Leonard Stephens	5	5	4	4	3	3
Mr Andrew Maughan	5	5	4	4	3	3
Ms Naomi Pye	2	2	-	-	2	2
Dr Judith Slocombe	2	2	-	-	2	2
Mr Rene Dedoncker	5	5	4	4	3	3
Ms Conny Lenneberg	3	3	-	-	1	1
Mr Aubrey Pellett	3	3	-	-	1	1

The Human Resources and Governance Committee was dissolved in February 2022, noting the Committee membership comprises the full board. Human Resources and Governance related matters are directly considered by the Board.

Members guarantee

Gardiner Foundation is incorporated under the Corporations Act 2001 and is a Foundation limited by guarantee. If Gardiner Foundation is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of Gardiner Foundation. At 30 June 2022 there were three members. The combined total amount that members of Gardiner Foundation are liable to contribute if the Foundation is wound up is \$30 (2021: \$30).

Likely developments

Gardiner Foundation expects to maintain the present status and level of operations.

After balance date events

No matters or circumstance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Gardiner Foundation, the results of those operations, or the state of affairs of Gardiner Foundation in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed in accordance with a resolution of the board of directors.



L. Stephens
Chair



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

26 August 2022



Auditor's Independence Declaration



GEOFFREY GARDINER DAIRY FOUNDATION
ABN: 18094733418

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GEOFFREY GARDINER DAIRY FOUNDATION

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

A handwritten signature in black ink, appearing to read 'K L Byrne'.

K L BYRNE
Partner

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

PITCHER PARTNERS
Melbourne

Date: 26 August 2022

Pitcher Partners. An Independent Victorian Partnership ABN 27 975 255 195. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
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Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 \$	2021 \$
Revenue and other income			
Investment revenue	3	15,811,876	6,619,108
Less: Management fees	3	(646,792)	(583,342)
Other income	4	116,195	87,001
		<u>15,281,279</u>	<u>6,122,767</u>
Less: expenses			
Project payments	5	(4,682,471)	(4,792,205)
Administration expenses	6	(490,941)	(500,978)
Finance costs		(1,674)	(948)
		<u>(5,175,086)</u>	<u>(5,294,131)</u>
Operating surplus		10,106,193	828,636
Net unrealised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		(16,680,432)	21,206,892
Net realised (losses)/gains on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure)		(294,371)	393,912
Surplus/(deficit) for the year		<u>(6,868,610)</u>	<u>22,429,440</u>
Other comprehensive income for the year		<u>–</u>	<u>–</u>
Total comprehensive income/(loss)		<u>(6,868,610)</u>	<u>22,429,440</u>

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	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	7	411,174	303,193
Receivables	8	6,524,343	2,982,277
Other assets	9	26,261	12,953
Total current assets		<u>6,961,778</u>	<u>3,298,423</u>
Non-current assets			
Other financial assets	10	139,763,944	150,357,264
Lease assets	11	10,360	14,620
Plant and equipment	12	31,621	26,366
Total non-current assets		<u>139,805,925</u>	<u>150,398,250</u>
Total assets		<u>146,767,703</u>	<u>153,696,673</u>
Current liabilities			
Payables	13	190,440	202,693
Lease liabilities	11	11,081	12,288
Provisions	14	102,591	146,208
Total current liabilities		<u>304,112</u>	<u>361,189</u>
Non-current liabilities			
Lease liabilities	11	–	2,672
Provisions	14	3,970	4,581
Total non-current liabilities		<u>3,970</u>	<u>7,253</u>
Total liabilities		<u>308,082</u>	<u>368,442</u>
Net assets		<u>146,459,621</u>	<u>153,328,231</u>
Equity			
Issued capital		62,126,314	62,126,314
Retained earnings	15	84,333,307	91,201,917
Total equity		<u>146,459,621</u>	<u>153,328,231</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Capital contribution reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020	62,126,314	68,772,477	130,898,791
Surplus for the year	–	22,429,440	22,429,440
Total comprehensive income for the year	–	22,429,440	22,429,440
Balance as at 30 June 2021	62,126,314	91,201,917	153,328,231
Balance as at 1 July 2021	62,126,314	91,201,917	153,328,231
Loss for the year	–	(6,868,610)	(6,868,610)
Total comprehensive loss for the year	–	(6,868,610)	(6,868,610)
Balance as at 30 June 2022	62,126,314	84,333,307	146,459,621

The accompanying notes form part of these financial statements.



Statement of Cash Flows

	2022 \$	2021 \$
Cash flow from operating activities		
Dividends and franking credits	12,205,077	2,048,567
Rebates received	154,175	233,701
Other income received	119,366	86,889
Project expense payments and administration costs	(5,135,132)	(5,205,237)
Management fees paid	(148,506)	(132,795)
Interest paid	(1,674)	(949)
Net cash provided by/(used in) operating activities	<u>7,193,306</u>	<u>(2,969,824)</u>
Cash flow from investing activities		
Payment for plant and equipment	(15,186)	(20,013)
Payments for investments	(13,333,945)	(18,900,000)
Proceeds from sale of investments	6,300,000	22,100,000
Net cash provided by/(used in) investing activities	<u>(7,049,131)</u>	<u>3,179,987</u>
Cash flow from financing activities		
Principal portion of lease payments	(36,194)	(47,279)
Net cash used in financing activities	<u>(36,194)</u>	<u>(47,279)</u>
Reconciliation of cash		
Cash at beginning of the financial year	303,193	140,309
Net increase in cash held	107,981	162,884
Cash at end of financial year	<u>411,174</u>	<u>303,193</u>

The accompanying notes form part of these financial statements.

Notes to Financial Statements

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Simplified Disclosures, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

This financial report is the first financial report of the Foundation prepared in accordance with Australian Accounting Standards – Simplified Disclosures. The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Foundation's reported financial position, financial performance and cash flows.

In accordance with the requirements of AASB 1053 Application of *Tiers of Australian Accounting Standards*, the Foundation has not disclosed comparative information in the notes to the financial statements if the information was not disclosed in the prior year financial report (prepared under the previous financial reporting framework).

The financial report covers Geoffrey Gardiner Foundation as an individual entity. Geoffrey Gardiner Foundation is a Foundation limited by guarantee, incorporated and domiciled in Australia. Geoffrey Gardiner Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the Foundation in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

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

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Foundation's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Other revenue and other income

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 and distribution income 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.

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.



Notes to Financial Statements

Note 1: Statement of Significant Accounting Policies (Continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. All revenue is measured net of the amount of goods and services tax (GST).

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the Foundation does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual

provisions of the instrument. For financial assets, this is equivalent to the date that the Foundation commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Foundation are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Foundation irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Foundation's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

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.

Receivables

Consistent with both the Foundation's business model for managing the financial assets and the contractual cash flow characteristics of the assets, receivables are subsequently measured at amortised cost.

Financial assets at fair value through profit or loss

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. For units in managed funds, this is considered to be the redemption price of units as advised by the fund manager.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Foundation no

Notes to Financial Statements

Note 1: Statement of Significant Accounting Policies (Continued)

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.

(g) Income tax

No provision for income tax has been raised as the Foundation is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(h) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Foundation recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Foundation, and an estimate of costs to be incurred by the Foundation in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Foundation's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(i) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all other plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	16.6%	Straight line
Plant and equipment at cost	20.0–25.0%	Straight line



Notes to Financial Statements

Note 1: Statement of Significant Accounting Policies (continued)

(j) Capital contributions reserve

The Gardiner 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.

Gardiner Foundation was created with \$62 million in funding from the sale of assets, including milk brands, as part of deregulation of the dairy industry.

(k) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Note 2: Significant Accounting Estimates and Judgements

In the process of applying the Foundation's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the Foundation's accounting policies and the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(a) 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.

Notes to Financial Statements

Note 3: Net Investment Revenue

	2022 \$	2021 \$
Dividend income	10,292,025	4,144,455
Franking credit revenue	3,644,371	1,179,742
Interest revenue	3,171	45,244
Distribution income	1,872,309	1,249,667
Less management fees	(646,792)	(583,342)
	<u>15,165,084</u>	<u>6,035,766</u>

Note 4: Revenue

	2022 \$	2021 \$
Other revenue		
Other income	<u>116,195</u>	<u>87,001</u>

Note 5: Project Payments

	2022 \$	2021 \$
Research, development & extension	2,777,220	2,783,280
Community & people development	1,551,065	1,474,735
Industry engagement & support	354,186	534,190
Total Project payments	<u>4,682,471</u>	<u>4,792,205</u>

Research, Development & Extension (R D & E)

Our strategy is to invest in 'meaningful', well targeted and large-scale R D & E projects, commonly as a co-investor. This ensures an efficient use of funds to deliver high impact innovations to the dairy industry.

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 Financial Statements

Note 6: Administration Expenses

	2022 \$	2021 \$
Other expenses		
Occupancy expenses	3,798	4,154
Depreciation and amortisation expenses	18,616	19,694
Remuneration of auditors	35,500	36,150
Consultant fees	11,234	14,714
Legal fees	926	367
Insurance expenses	1,582	2,007
Record management	1,233	1,632
Directors costs	60,905	61,232
Employment expenses	310,787	323,439
Other administration expenses	46,360	37,588
	<u>490,941</u>	<u>500,977</u>
Project related employee expenses are allocated to the project for which they have been incurred. Administration employment expenses are included in "Other expenses" above.	780,933	814,135
Employee expenses	<u>75,126</u>	<u>68,369</u>
Superannuation	<u>856,059</u>	<u>882,504</u>

Note 7: Cash & Cash Equivalents

	2022 \$	2021 \$
Cash at bank	<u>411,174</u>	<u>303,193</u>

Note 8: Receivables

	2022 \$	2021 \$
CURRENT		
Accrued income	6,325,469	2,721,840
Other receivables	<u>198,874</u>	<u>260,437</u>
	<u>6,524,343</u>	<u>2,982,277</u>

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 2022 includes \$4.8m (2021: \$1.2m) of franking credits refundable.

Notes to Financial Statements

Note 9: Other Assets

	2022 \$	2021 \$
CURRENT		
Accrued income	26,261	12,953

Note 10: Other Financial Assets

	2022 \$	2021 \$
NON-CURRENT		
<i>Financial assets at fair value through profit or loss</i>		
Australian equities	67,800,594	77,930,909
International equities	28,580,167	33,138,089
Unlisted property	17,538,602	15,882,154
Unlisted infrastructure	18,631,648	15,699,924
Cash and cash equivalents	7,212,933	7,706,188
	139,763,944	150,357,264

Note 11: Lease Assets and Lease Liabilities

	2022 \$	2021 \$
(a) Lease assets		
<i>Land and buildings</i>		
Under lease	79,453	47,138
Accumulated depreciation	(69,093)	(32,518)
	10,360	14,620

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Land and buildings

Opening carrying amount	14,620	26,266
Additions	32,315	33,271
Amortisation	(36,575)	(44,917)
Closing carrying amount	10,360	14,620

(b) Lease liabilities

CURRENT		
Buildings	11,081	12,288
NON-CURRENT		
Buildings	–	2,672
Total carrying amount of lease liabilities	11,081	14,960

The lease of land and buildings was entered into for 2 years and expires on 30 September 2022. Monthly lease payments are \$2,733. The lease for office equipment was entered into on a 5-year term and expires on 28 February 2023. Monthly lease payments are \$315.



Notes to Financial Statements

Note 12: Plant and Equipment

	2022 \$	2021 \$
Plant and equipment		
Plant and equipment at cost	62,433	89,534
Accumulated depreciation	(30,812)	(63,168)
Total plant and equipment	31,621	26,366

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Plant and equipment

Opening carrying amount	26,366	15,029
Additions	15,186	20,013
Disposals	(459)	–
Depreciation expense	(9,472)	(8,676)
Closing carrying amount	31,621	26,366

Leasehold improvements

Opening carrying amount	–	588
Disposals	–	(588)
Closing carrying amount	–	–

Total property, plant and equipment

Carrying amount at 1 July	26,366	15,617
Additions	15,186	20,013
Disposals	(459)	(588)
Depreciation expense	(9,472)	(8,676)
Carrying amount at 30 June	31,621	26,366

Note 13: Payables

	2022 \$	2021 \$
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	45,204	98,146
Sundry creditors & accruals	145,236	104,547
	190,440	202,693

Notes to Financial Statements

Note 14: Provisions

	2022 \$	2021 \$
CURRENT		
Employee benefits	102,591	146,208
NON-CURRENT		
Employee benefits	3,970	4,581

Note 15: Retained Earnings

	2022 \$	2021 \$
Retained earnings at beginning of year	91,201,917	68,772,477
Surplus/(deficit) for the year	(6,868,610)	22,429,440
	84,333,307	91,201,917

The Foundation is prohibited by the Constitution from making distributions to its members. In the event of winding up, the assets of Gardiner 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 Foundation is wound up, any surplus will be transferred to the Minister on behalf of the State of Victoria.

Note 16: Commitments

	2022 \$	2021 \$
Project expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,827,500	2,132,412
One to five years	3,160,000	1,835,000
	5,987,500	3,967,412



Notes to Financial Statements

Note 17: Key Management Personnel Compensation

	2022 \$	2021 \$
Directors and key management personnel compensation	693,709	651,134

Note 18: Related Party Transactions

(a) Transactions with other related parties

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

Note 19: Remuneration of Auditors

	2022 \$	2021 \$
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
• Audit of the financial report	35,500	–
Other non-audit services		
• Investment administration services	26,400	–
	61,900	–
<i>Grant Thornton Australia Pty Ltd</i>		
Audit and assurance services		
• Audit of the financial report	–	36,150
	–	36,150

Notes to Financial Statements

Note 20: Contingent Liabilities and Contingent Assets

In February 2014, the Foundation was advised by the executors of the Estate of Niel Black, that the Foundation was 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 \$1.0 million 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.



Notes to Financial Statements

Note 21: Fair Value Measurement

The following tables detail the 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.

2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Australian equities	–	67,800,594	–	67,800,594
International equities	–	28,580,167	–	28,580,167
Unlisted property	–	17,538,602	–	17,538,602
Cash	–	7,212,933	–	7,212,933
Unlisted infrastructure	–	18,631,648	–	18,631,648
Total assets	–	139,763,944	–	139,763,944

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	–	150,357,264	–	150,357,264

Note 22: Events Subsequent to Reporting Date

There has been no matter or circumstance, which has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2022, of the Foundation, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2022, of the Foundation.

Directors Declaration

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



L. Stephens
Chair

26 August 2022



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



Independent Auditor's Report



GEOFFREY GARDINER DAIRY FOUNDATION
ABN: 18094733418

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOFFREY GARDINER DAIRY FOUNDATION

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 2022, 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.

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

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Simplified Disclosures 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 *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 (including Independence Standards)* "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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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Independent Auditor's Report



GEOFFREY GARDINER DAIRY FOUNDATION
ABN: 18094733418

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GEOFFREY GARDINER DAIRY FOUNDATION

Other Information (Continued)

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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

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Independent Auditor's Report



GEOFFREY GARDINER DAIRY FOUNDATION
ABN: 18094733418

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GEOFFREY GARDINER DAIRY FOUNDATION**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'K L Byrne'.

K L BYRNE
Partner

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

PITCHER PARTNERS
Melbourne

Date: 26 August 2022

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