



GARDINER FOUNDATION ANNUAL REVIEW 2002/2003



ABOVE Board of Directors & Chief Executive Officer  
from left: Professor Paul Moughan, Chris Nixon (*Chairman*), Dr Graham Mitchell AO, Carol Bate (*CEO*), Max Fehring and Ian MacAulay

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# CHAIRMAN'S REVIEW

I have pleasure presenting the Annual Review of operations for 2002-03 for the Geoffrey Gardiner Dairy Foundation Ltd.

Undoubtedly, the highlight of the year was the finalisation of the first round of funding offers for major research and development projects. The Board has decided that five project consortia will share in a commitment of \$5 million by the Foundation over five years, with the total investment by all parties exceeding \$19 million over the life of the projects.

In February, we were fortunate to have the Minister for Agriculture, the Honorable Bob Cameron MP, make presentations to the inaugural recipients of the major research and development grants. Minister Cameron told the audience of dairy industry representatives, academics and scientists that on-going productivity gains are the key to enduring competitiveness for all industries. The Minister also thanked the Foundation for its important contribution to the dairy industry's future.

The Board was heartened by the positive response from the research community to the major projects funding announcements. Both the magnitude of the funds offered as well as the 5-year time frame for projects drew favourable reactions from institutions and scientists alike. The Foundation's approach not only encourages longer term thinking, but also enables the best available scientists to be attracted and retained for dairy industry research.



**Chris Nixon**  
CHAIRMAN



The Board believes that a long-term view is essential and realises that not all research will provide usable results tomorrow. Accordingly, the successful projects this year were a balance of work with ready application, and basic research with potential for significant impact in the future. They included projects to select highly productive cows, grow more nutritious pastures, manage dairy wastes effectively and ensure that milk products are free from harmful microorganisms.

Pivotal to the outcome of the first round of major research and development projects was the work of the selection panel chaired by Professor Paul Nestel AO, and comprising Dr Mike Rickard, Dr Peter Parodi and Dr Phil L'Huillier. Their efforts are greatly appreciated and have contributed to growing recognition of the Foundation as an important partner in research and development funding for the dairy industry.

The past year also saw the conclusion of the third round of small project funding involving a further allocation of \$0.5 million from the Foundation. The successful projects included a mix of research and development, technology transfer and community development initiatives. We were pleased to see a strong emphasis on projects designed to develop leadership and people skills within dairying communities.

The three completed rounds of funding for small projects to date have resulted in total investment of over \$13 million to which the Foundation contributed \$2.3 million. Approximately 38 % of the funds were allocated for research and development, 29% for skills development, education and training, 13 % for technology transfer and 20 % for community development.

In addition, several projects that were ongoing from the previous Victorian Dairy Industry Authority continued to receive funding. The Gardiner Foundation also funded a series of projects through the Dairy Herd Improvement Fund.

During the year, a scoping study was commissioned to advise the Board on options for investment in projects specifically to assist community development. Issues identified through the consultative process included the availability of skilled labour, community leadership and changing rural demographics.

The Foundation understands that local employment opportunities, skills development and leadership are essential for industry development. In this regard, we are pleased to be supporting three of the dairy industry's regional development boards and the United Dairyfarmers of Victoria to undertake a project entitled 'Dairy – employment for the future.' The project will examine labour supply and demand issues in the industry. Existing information and new data generated through the project will be used to develop a strategic plan addressing the Victorian dairy industry's future human resource needs.

The Board realises that it cannot readily stop the present alarming drift of people from rural areas to regional and metropolitan centres. But we believe that we can work with local communities and industry stakeholders to develop and strengthen the resources and organisations that underpin them. To this end, we will pursue opportunities to work with, and through, local educational and health care groups, service clubs and the other local organisations that are the life blood of strong communities.

The Foundation is well aware of the debilitating drought affecting dairying regions across the State. During the year, we approved strategic allocations of funds to alleviate some of the immediate impact for badly affected communities. A total of \$100,000 was allocated through a partnership with the Foundation for Rural and Regional Renewal to 25 local organisations to assist with relief measures.

A further \$50,000 was contributed to the United Dairyfarmers of Victoria drought response programs including the successful 'Time Out' program that allowed several hundred dairy farming families to take a short break from the farm.

By way of summary of the Foundation's role within the dairy industry, projects to the value of over \$30 million are now under way with a significant proportion of these monies coming from outside the industry.

During the year, the Foundation continued to closely monitor the performance of its capital reserve investment. Despite the weak global investment market, we achieved investment outcomes that were satisfactory by comparison with all available industry measures and benchmarks.

The net movement in the capital reserve was a decline from \$59.8 million a year ago to \$58.7 million at 30 June 2003. This movement was after allowance for all redemptions for project funding and administration costs. The Board remains confident that when the world economy recovers, the capital value of the fund will be restored.

The Board has completed a review of the Foundation's strategic plan and distributed a draft plan (2003-06) for comment. While our prime role of offering support for projects to support the industry is expected to continue, the draft plan also canvasses opportunities to provide additional leadership for industry, attract further external funding support for industry projects, and expand our communication with stakeholders.

I wish to extend my appreciation to all Members of the Foundation for their positive reaction to our activities over the past year. I am grateful also to the research community for their enthusiastic response to the funding offers we have made.

Finally, I would like to acknowledge the support and innovation of my Board colleagues and the Chief Executive Officer, Carol Bate, and her staff for their important contributions during 2002-03.

# CEO'S REPORT

I am pleased to report on the management and operations of the Geoffrey Gardiner Dairy Foundation for 2002-03.

The key achievement this year, as indicated by the Chairman, was the announcement of successful research consortia to receive funding from the inaugural allocation of \$5 million from the Foundation for major research and development projects.

The announcement by the Minister for Agriculture in February 2003 was the culmination of a process that took nearly a year from the time of the original call for preliminary applications. In the intervening period, a rigorous two-stage assessment process was used, firstly to short list preliminary applications, and secondly to review fully developed project proposals and business plans.

I am delighted that the processes established to manage major research and development funds have proven to be both efficient and transparent, and have been well received by the research community and by our industry stakeholders.

The Foundation also completed its third round of funding for small projects. The Board's latest decisions were announced in June 2003 with \$0.5 million being allocated to 23 new projects. The latest announcement brings the total number of small projects funded since 2002 to 73 and the total investment so far to approximately \$2.3 million.



**Carol Bate**

CHIEF EXECUTIVE OFFICER



We firmly believe that the small projects funded over the past 18 months are providing an impetus for research and development, technology transfer, leadership, education and community development. A detailed listing of the new small projects is given elsewhere in this report and some of the projects initially funded last year are described in the case studies section.

I am grateful for the professional assistance given to me by the small projects selection panel chaired by Mr Max Fehring and comprising Professor Margaret Britz, Mr Paul Ford and Dr Zoe Attwood.

As part of its obligation to support dairying communities, the Foundation entered into a partnership during the year with the Foundation for Rural and Regional Renewal (FRRR) to implement a program to assist dairying communities affected by drought across Victoria.

The Gardiner Foundation provided \$100,000 funding for the program under which eligible organisations could apply for up to \$5,000 for suitable projects. Both Foundations were very impressed by the standard of applications received as well as their creativity and the desire of the applicants to retain a sense of community across rural and regional Victoria.

Grants were approved to 25 organisations including the Tongala Dairy Industry Training Council, Kyabram Community Learning Centre, Undera Kindergarten, Cohuna/Leitchville Discussion Group, Taste of Tatura Food & Wine Festival and the Gippsland Women's Network.

Throughout 2002-03, the Foundation has closely observed its undertaking to report regularly to its Members. Board members and senior staff have taken every opportunity to meet with farmer groups, manufacturers, key industry organisations, government and scientific bodies to develop effective working partnerships. We have also reported fully to Foundation Members at the Annual General meeting and through the Annual Review as well as our website and press releases.

In the coming year, the Foundation will begin formal evaluation of outcomes from completed and ongoing projects. New information developed, as well as other lessons learned, will be disseminated as broadly as possible to the dairy industry and its stakeholders at the earliest opportunity to enable productivity and competitiveness gains to be realised.

It has been a pleasure to work with the Foundation's Chairman and Board of Directors during the year and I thank them for their support and guidance. I also wish to thank all the Foundation's staff, and especially the Project Administrator, Ms Cynthia Mrigate.

The Hon Bob Cameron, Minister for Agriculture with Carol Bate and Chris Nixon.



# STRATEGIC OVERVIEW

## Origins

The Gardiner Foundation was formed in October 2000 to manage invested funds on behalf of, and for the benefit of, all sectors of the Victorian dairy industry and dairying communities.

The Foundation is named in honour of Geoffrey Gardiner, a Victorian dairy farmer and prominent industry leader, who passed away in 1999. Through Mr Gardiner's name, the Foundation aims to inspire dairying families to continue to focus on their future with pride, optimism and purpose.

## Purpose

The Foundation's goal is to be a premier funding body, delivering measurable and sustainable benefits to all segments of the Victorian dairy industry and its people.

Its role is to fund projects that assist the Victorian Dairy Industry to maintain a world competitive position. However, the role also has a strong emphasis on the community and upon people.

To the present time, about two thirds of the Foundations funds have been directed to research and development with important contributions also made to community development, skills training and education, technology transfer and extension and other projects of particular value to the industry.

## ...OUR PURPOSE IS TO IMPROVE THE INTERNATIONAL COMPETITIVENESS OF THE VICTORIAN DAIRY INDUSTRY

## Operating Principles

- The Foundation, through its membership, will be an integral part of the dairy industry.
- All funding decisions will be taken pro-actively in the best interests of the industry using formal rules and procedures and a principle of care.
- The Foundation is an enabling organisation and does not directly provide services.
- Foundation staffing and administration costs will be the minimum practicable.
- Management of the Foundation's capital will be outsourced to reputable fund managers.
- Investment and funding decisions will, as far as practicable, maintain the Foundation's capital base in real terms.
- The Foundation relates to Victoria, but parochialism will be avoided in the industry's best interests.
- Foundation members will be included in the business planning processes of the Foundation.

## Key Mechanisms to Achieve Our Goal

The Foundation encourages scientific, industry and community organisations to put forward worthwhile project proposals for consideration. Where appropriate, it will stimulate the development of proposals in areas specifically identified as offering potential gain.

At all times, the Foundation believes that project outcomes will be strengthened by encouraging the formation of networks, consortia and Centres of Excellence and targeting integrated outcome-driven research projects.

Strong relationships and effective communication with all our constituents is a priority. In this way, the Foundation can act as a catalyst for industry development and change. Our key stakeholders include Foundation Members, farmers, Dairy Australia Limited, research providers, Department of Primary Industries, media outlets, Philanthropy Australia and Government.

The Foundation strives to be easy to work with, effective in its administration and decisive, with proper internal controls and measurement systems.

### **Critical Success Factors**

Our key indicator of success for 2003 and beyond is to demonstrate significant benefits to individual sectors of the industry and industry as a whole, as a consequence of projects funded by the Foundation.

We also seek to have both industry and Government recognise that real benefits have been achieved, and that the Foundation has established its own clear and unique role within the dairy industry.

Minister Cameron with members of the GF Board and the Department of Primary Industries Waste Management Project team – Dr David Halliwell, Project Leader



# CASE STUDIES

The following pages present a selection of the Gardiner Foundation's portfolio of small projects that were in progress or finalised during 2002-03.

## **2002-2005 AUSTRALIAN NUFFIELD FARMING SCHOLARSHIPS**

**Australian Nuffield Farming Scholars Association**

*Contact: Mr Bryan Clark*

*Gardiner Foundation contribution \$13,300*

Nuffield scholarships enable young Australian farmers to travel internationally to learn from agriculturalists around the world. The Gardiner Foundation is proud to be a scholarship sponsor for the period 2002-05.

Nuffield scholars are selected for their capacity and desire to learn about international markets, to be technically advanced and to have a vision for the future. For 2002, the Gardiner sponsored recipient was Peter Best from Neerim South in South Gippsland. Peter's farming aim is to house and milk up to 1000 cows while increasing annual production to over 10,000 litres per cow. He will study cattle housing and 'cut and carry' feeding techniques from around the world that he can adapt to his own farm.

Peter left Australia in June 2003 and is visiting countries including New Zealand, Belgium, France, Ireland, Canada and the United States. His experience is expected to benefit the Victorian dairy industry through the greater understanding he gains of international trends in dairying, new technology and management practices and establishment of networks.

## **REPRODUCTIVE PERFORMANCE OF HOLSTEIN X JERSEY DAIRY COWS**

**The University of Melbourne**

*Contact: Professor K L (Jock) McMillan*

*Gardiner Foundation contribution \$63,000*

Victorian dairy farmers are well aware of potential production advantages from crossbred herds. They have a particular interest in gains from crossing the Holstein-Friesian and Jersey breeds. This study will derive local information to allow realistic decisions to be made about the potential gain in reproductive performance associated with this cross.

The study will analyse breeding statistics and measure circulating levels of reproductive and metabolic hormones. It is hoped to identify the mechanisms that contribute to hybrid vigour between these breeds. The outcomes from the study will give commercial dairy herd owners in Victoria reliable comparisons between pure bred and crossbred cows emphasising their reproductive performance under a range of feeding practices and at different levels of milk yield.

## DAIRY - EMPLOYMENT FOR THE FUTURE

### WestVic Dairy Inc

Contact: **Mr Tim Nelson**

Gardiner Foundation contribution \$100,000

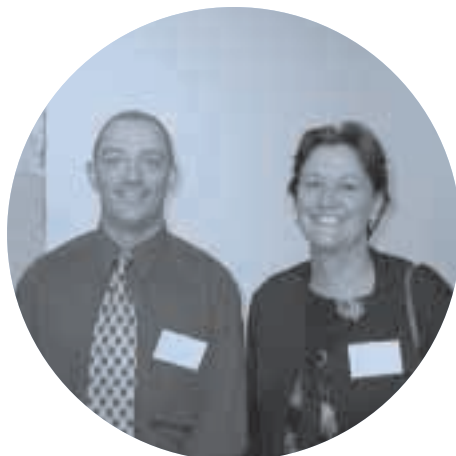
The Gardiner Foundation is collaborating with three of the industry's regional development boards (WestVic Dairy, Murray Dairy and GippsDairy) and the United Dairyfarmers of Victoria in a project to examine labour supply and demand issues in the industry.

An initial desktop study of existing research data will lead to a discussion paper summarising the existing knowledge base, identifying gaps and outlining future scenarios. Thereafter, the project steering committee will undertake original field research involving extensive consultation with dairy farmers, other industry sectors and government.

The data will be used to develop a strategic plan for the Victorian dairy industry's future human resource needs. The outcomes will be discussed at forums and any regional issues not covered in the discussion paper will be noted. The final report will summarise key issues and trends in the industry and will canvass options to address the overall labour supply issue. The report is expected to be delivered in 2004.



Peter Owen, President of the United Dairyfarmers of Victoria



Peter Guy and Yvonne Crawford GF sponsored Fairley Leadership Program participants 2003



Ian MacAulay GF Director and Eric Greenaway UDV Member, UDV Conference 2003

## THE ANNUAL DAIRYFARMER STATEWIDE CONFERENCE

### Department of Primary Industries

Contact: **Mr John Boomsma**

Gardiner Foundation contribution \$10,000

The Target 10 Conference 'Dare to Dairy - it's worth it' was held in Albury in early June 2003. Speakers, workshops and bus tours covered a wide range of topics, allowing participants to attend sessions of particular interest or relevance to their situation. Over 300 people attended and took advantage of the opportunity to share and acquire information and develop support networks.

Farmer participants rated the information presented at the conference useful and relevant to their needs. Insights were gained into many issues including pasture management and renovation, silage production and storage, business planning, drought recovery and communication.

The Gardiner Foundation was a major sponsor for the conference and also provided complimentary registrations for two students and two farmers.

## BURSARIES FOR THE ADVANCED DIPLOMA IN DAIRYING

The University of Melbourne

Contact: **Mr Bill Pyle**

Gardiner Foundation contribution \$10,000

The Advanced Diploma in Dairying is an industry developed training opportunity offered for industry employees by the University of Melbourne.

The Gardiner Foundation supports bursaries for the Diploma in order to raise the profile of careers as professional dairy farm managers. The bursaries also reduce the financial pressures for students and their families involved with study and living away from home.

The Gardiner Foundation is funding five bursaries for first year students. They are aimed at students with existing links to the industry as well as new entrants to the dairy industry who have the potential to achieve the outcomes of the course.

The successful students this year were Tracie Roberts (Cohuna), Jennifer Baillee (Tyers), Will Laidler (King Island), Michael Armstrong (Smithton, Tasmania) and David Mathieson (Korumburra)

The course comprises 100 weeks including 50 weeks spent working with, and learning from leading dairy farmers. This 'in-industry' component is important to broaden the students' outlook and experiences and ensure that they are well placed to take on management roles in the industry in the future.



Advanced Diploma of Agriculture – Dairy students who received GF bursaries 2003 Jennifer Baillee, Michael Armstrong, Will Laidler and Tracie Roberts



Prof K.L. (Jock) MacMillan and Dr Michael Pyman, PhD project – *Reproductive performance of Holstein & Jersey dairy cows*



Swan Hill and District Rural Women's European Study tour  
Christie Tyquin, Wendy Fletcher and Colleen Concliffe in France

## MEETING THE DEMAND FOR HIGH QUALITY COLOSTRUM

Department of Primary Industries

Contact: **Dr Martin Auldist**

Gardiner Foundation contribution \$28,919

Colostrum is the milk produced by cows for a short time after giving birth. It is high in protein including immunoglobulins (IG) that have a high antibody activity against microbial infection. Bovine colostrum is a high value product with many uses in human and animal nutrition.

The aim of the project is to develop and communicate information for farmers to enable the quality of colostrum to be enhanced and to lengthen the duration of colostrum production. It has been shown that this is possible through pharmacological treatment before calving.

The project will also develop a more complete understanding about other bioactive components of colostrum. Potential components of interest include IGF-1, IGA, epidermal growth factor-like compounds, transforming growth factor (B) and lactoferrin. This information may be useful in developing new uses for colostrum.

## PRODUCING NOVEL MILK POWDERS THROUGH ADVANCED PROCESS TECHNOLOGIES

Dairy Ingredients Group of Australia Limited

Contact: **Mr Mark Alexander**

Gardiner Foundation contribution \$40,000

Milk powder is produced in a two-stage operation. The first stage evaporates milk to a solids content of about 46% while most of the remaining moisture is removed by spray drying. Both processes have critical operating parameters which alone, or in association with other factors, have important effects on the properties of the resulting milk powders.

To be internationally competitive, Victorian dairy companies need to provide ingredients to a specific customer specification and achieve a turn around from one specification to the next with minimum delay. This means that process conditions for the evaporator and dryer need to be accurately determined and set. However, a trial and error approach is still used by many dairy companies.

This project will attempt to measure the impact of all critical operating parameters in order to integrate modern process control within powder plants and achieve a “right first time” solution for milk drying. If successful, the project should lead to considerable savings of resources and reduce waste. The Dairy Products Research Centre at Moorepark Ireland will undertake the experimental and trial work associated with the project. The Australian Ingredient Centre will manage the technology transfer to the Victorian dairy companies.



Max Fehring, GF Director, GF/UDV Kyabram Workshop 2003



Time Out participant Robert Payne,  
GF/UDV Kyabram Workshop 2003



Dr Alister Lawson – *Improving the adoption of pasture renovation in northern Victoria*

## SPONSORING PARTICIPANTS IN THE FAIRLEY LEADERSHIP PROGRAM

The Goulburn Murray Leadership Program

Contact: **Ms Barbara Brown**

Gardiner Foundation contribution \$10,000

The Fairley Leadership Board is made up of local community and business representatives in the Goulburn Murray region. It provides participants with the opportunity to meet and question a broad cross section of regional, state and national leaders with a range of experiences and backgrounds. The program is particularly aimed at individuals in the local community who have a commitment to ‘making a difference’ and a capacity for leadership.

The Gardiner Foundation has undertaken to provide the opportunity for two individuals to participate in a one-year program designed to develop their skills and understanding and to build leadership capacity. The participants will acquire a thorough grasp of the working of a community, skills to work in teams with a diverse range of people, new approaches to solving problems and increasing motivation.

The two successful candidates for the Gardiner Foundation Scholarships are Ms Yvonne Crawford, a dairy farmer from Tatura and Mr Peter Guy, a Business/Operations Analyst at Tatura Milk Industries. The Fairley Leadership program for 2003 was launched in February and runs throughout the year concluding in December.

## CARING FOR DAIRY SMALL GRANTS PROGRAM

### Foundation for Rural and Regional Renewal

Contact: **Ms Sylvia Admans**

Gardiner Foundation contribution \$100,000

The Gardiner Foundation has collaborated with the Foundation for Rural & Regional Renewal (FRRR) to implement 'Caring for Dairy', a small grants program for Victorian dairying communities affected by drought. Community development is a vital part of maintaining rural areas through the tough times. Grants of up to \$5000 were made to a number of organisations.

The recipients were mostly volunteer and community groups who used the funds for such activities as the purchase of new equipment for a kindergarten, holiday programs for school age children, trainee positions on dairy farms and the upgrade of infrastructure for local sporting clubs. Funding was also used to present a series of information sessions at community events and to offer planning and support services for drought affected families.

The successful organisations included the Tongala Dairy Industry Training Council, Kyabram Community Learning Centre, Undera Kindergarten, Cohuna/Leitchville Discussion Group, Taste of Tatura Food & Wine Festival and the Gippsland Women's Network.

Ian MacAulay, Gardiner Foundation Director and Chairman of the Community Development Steering Committee, expressed appreciation on behalf of the Foundation to Sylvia Admans and FRRR for administering the grants program.



The Minister for Agriculture, The Hon Bob Cameron, announcing recipients of GF Major R&D Project Funding, Round 1.



Minister Cameron presenting certificate to Professor Herman Raadsma, The University of Sydney.



Minister Cameron presenting certificate to Professor Margaret Britz, The University of Melbourne.

## EUROPEAN STUDY TOUR AND THIRD CONGRESS FOR RURAL WOMEN IN SPAIN

### Swan Hill and District Rural Women Inc

Contact: **Ms Yvonne Jennings**

Gardiner Foundation contribution \$15,000

The Foundation understands the important role played by women in rural communities and their need for ongoing skills development and varied experiences. It was pleased to have the opportunity to partly sponsor three Victorian women to take part in a European study tour and attend the Third Congress for Rural Women in Spain last year.

The sponsorship recipients were Ms Wendy Fletcher, Mrs Colleen Concliffe and Miss Christie Tyquin. Their study tour included visits to Italy, France and Spain where they saw a range of farming enterprises and the roles being played by women in agriculture in those countries.

Over 1500 delegates from around the world including 200 from Australia attended the Congress. Topics discussed were varied and included land ownership and finance, the formation of cooperatives and social organisation in rural areas, equal access to natural resources for women and issues relating to children and the elderly. On their return, the women confirmed that the tour and congress had increased their knowledge and awareness of rural issues and enabled them to build broader networks.

## AUSTRALIAN DAIRY CONFERENCE

### Australian Dairy Conference Ltd

Contact: **Ms Sally Schultz**

Gardiner Foundation contribution \$10,000

The Foundation was pleased to be a major sponsor of the inaugural Australian Dairy Conference held in January 2003 in Shepparton. The conference provided an important forum for dairy farmers, industry representatives and scientists to bring science and the business of dairy farming closer together. Over 400 people attended the Conference including delegates from as far afield as South Australia, Queensland and New South Wales.

The key to the success of the conference was the way that it stimulated the minds of people involved with dairying, improved their understanding of the global outlook for the industry and built bridges between farmers and scientists. The Conference also allowed existing networks to be renewed and new ones established.

Over the three days of the conference, 67 speakers addressed topics that included technical and scientific aspects of dairy farming as well as financial issues. There was an excellent mix of delegates with lively discussion, debate and sharing of information. The conference was rated an outstanding success and will be held again in February 2004 in Shepparton.

Peter Owen, President UDV and Dr Kevin Nicholas,  
The University of Melbourne, Kyabram GF/UDV Workshop 2003



## UDV DROUGHT PROGRAM

### United Dairyfarmers of Victoria

Contact: **Mr Ian Webb**

Gardiner Foundation contribution \$50,000

The Gardiner Foundation strongly supported the drought response program coordinated by the United Dairyfarmers of Victoria (UDV) during the year.

A project launched in September 2002 was in response to the critical water shortage affecting dairy farms on the Goulburn irrigation scheme. The project provided a point of contact for farmers seeking information and support. Linkages were established with support agencies such as community health centres, Centrelink, rural counsellors, the Department of Primary Industries and dairy companies.

The project manager, Mr Peter Carkeek, coordinated the UDV drought committees providing technical information, one-to-one support and assistance, communication of important information and organisation of fodder relief schemes.

The 'Time Out' project, as part of the UDV drought response program, was launched in January 2003 to provide a short holiday for dairy farmers and their families in drought declared areas of Victoria. Over 500 affected dairy families applied to take part in the program which was funded through direct sponsorships and in-kind donations of complimentary tickets and accommodation packages.

A total of 254 dairy families participated in the program, each spending a weekend in Melbourne visiting the zoo, aquarium, observation deck, museum, Pura Cup cricket, cinemas and restaurants. Each family was also given cash to assist with relief milking while away.

Many letters were received by the UDV from families expressing appreciation for the opportunity that the project provided to take some time out.

# MAJOR RESEARCH & DEVELOPMENT PROJECT FUNDING 2002-03

The following projects were selected in 2002-03 for Gardiner Foundation funding for major research and development.

## **bovDART- A NOVEL LOW-COST GENETIC PROFILING SYSTEM FOR ADVANCED BREEDING PLATFORMS IN VICTORIAN DAIRY CATTLE**

The use of genetic profiling tools to rapidly scan embryos to identify potential bulls with gene profiles matching national breeding goals.

*Lead organisation:* The University of Sydney - Centre for Advanced Technologies in Animal Genetics and Reproduction (Reprogen)

*Contact:* Professor Herman W Raadsma

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## **MINING AUSTRALIAN BIODIVERSITY TO IMPROVE PROFITABILITY OF THE VICTORIAN DAIRY INDUSTRY**

A novel study of aspects of reproduction unique to Australian mammals to identify genes and bioactive molecules of value to the dairy industry.

*Lead organisation:* The University of Melbourne, Department of Zoology

*Contact:* Dr Kevin Nicholas

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## **CLOSING THE LOOP: A HOLISTIC APPROACH TO THE MANAGEMENT OF DAIRY PROCESSOR WASTE STREAMS**

A holistic approach to managing waste from dairy processing to lower processing costs and reduce the need for land fill and contamination of the environment.

*Lead organisation:* Department of Primary Industries, Victoria – Dairy Research Institute Ellinbank

*Contact:* Dr David Halliwell

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## **DEVELOPMENT AND IMPLEMENTATION OF CANDIDATE GENE BASED MARKERS IN OUTCROSSING FORAGE SPECIES**

The use of modern molecular tools to select high value traits in perennial ryegrass and white clover, potentially able to cut the time needed for new cultivar development by half.

*Lead organisation:* Department of Primary Industries, Victoria – Plant Biotechnology Centre

*Contact:* Dr John Forster

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## **FOOD BIOSECURITY FOR VICTORIAN DAIRY PRODUCTS**

Development of new strategies to prevent the occurrence of pathogenic organisms in milk and maintain the dairy industry's excellent reputation for safety.

*Lead organisation:* The University of Melbourne, Institute of Land and Food Resources

*Contact:* Professor Margaret Britz

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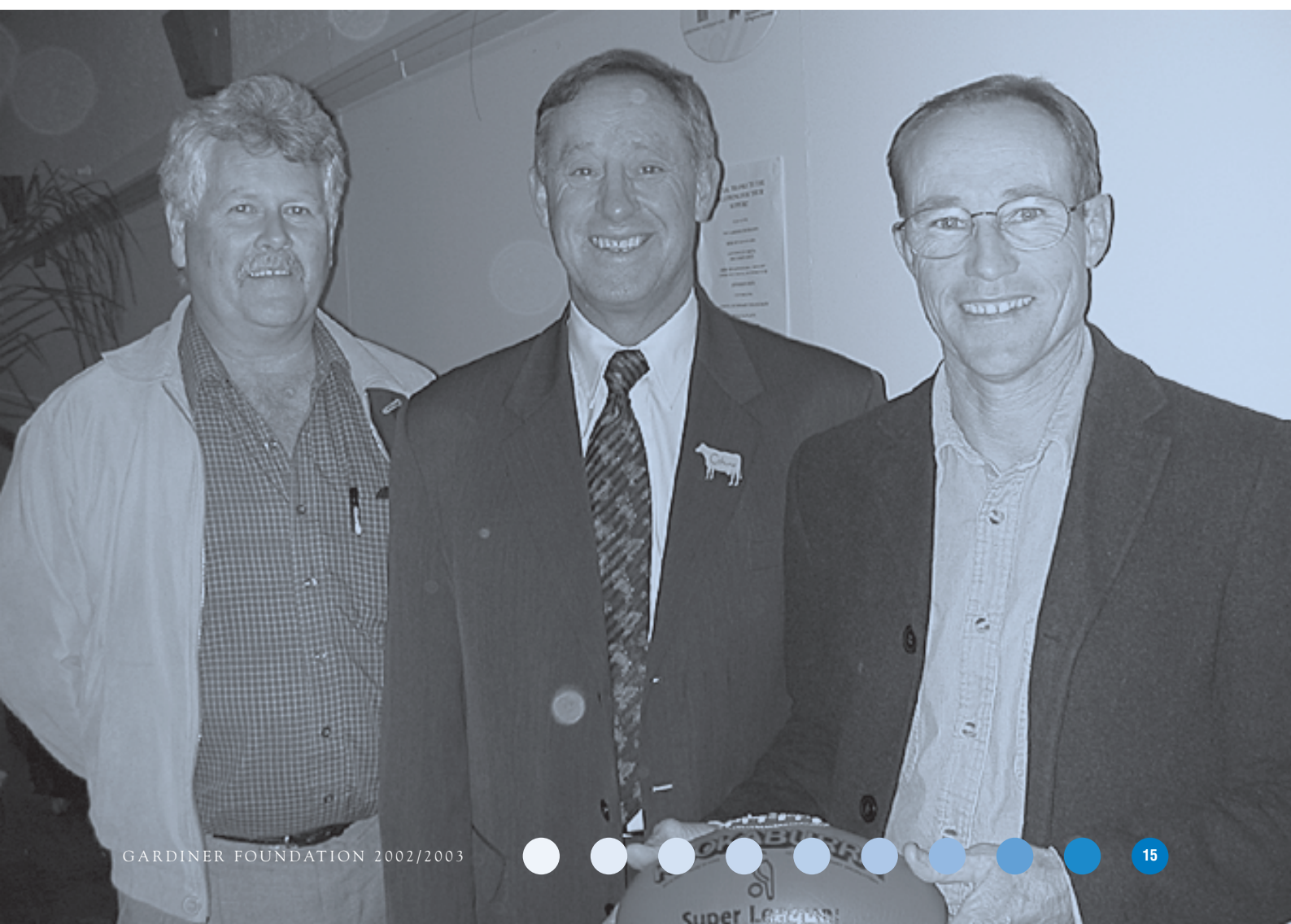
# SMALL PROJECTS FUNDING ROUND 3, 2002-03

The following projects were selected for Gardiner Foundation funding for Small Projects for 2002-03.

| Project No | Organisation/Contact                                                                 | Project Title                                                                                                                                                                                             |
|------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GF3/002    | Loddon Murray Community Leadership Program                                           | Training innovative leaders in the Victorian dairy industry and dairy communities to make informed decisions and respond positively to change                                                             |
| GF3/003    | Association for the Advancement of Animal Breeding and Genetics (AAABG)              | Sponsorship of speaker Dr David Wells at the 15th Conference of the Association for the Advancement of Animal Breeding and Genetics, at the International Congress of Genetics, Melbourne, 6-11 July 2003 |
| GF3/007    | Victorian & Tasmanian Association of Rural Counselling Groups (VTARCG)               | National training conference for rural financial counsellors and their committees of management                                                                                                           |
| GF3/009    | National Youth Science Forum                                                         | 'A career on a plate': a work-placement and recruitment programme for the dairy & food industry in the Goulburn-Murray region                                                                             |
| GF3/017    | Gippsland Community Leadership Program (GCLP)                                        | Networking Gippsland dairy farmers into community based leadership programs and the GCLP Skills bank                                                                                                      |
| GF3/020    | Northern Herd Development Co-operative Limited                                       | Electronic herd testing and robotic sorting system                                                                                                                                                        |
| GF3/021    | The University of Melbourne Industry Steering Committee Advanced Diploma in Dairying | Creation of Establishment Bursaries to support students entering the first year of the industry developed program Advanced Diploma in Dairying                                                            |
| GF3/022    | Department of Primary Industries Pastoral and Veterinary Institute                   | The measurement of feed conversion efficiency in dairy cattle - supplementary funding                                                                                                                     |
| GF3/023    | Department of Primary Industries                                                     | Extending lactation in pasture-based dairying systems                                                                                                                                                     |
| GF3/029    | Monash University                                                                    | Education in agriculture: The development of an educational program for primary school children on dairy farming and dairy food production in multi-media format                                          |
| GF3/034    | Food Science Australia                                                               | Shelf-life extension of pasteurised milk for export markets                                                                                                                                               |
| GF3/035    | The Goulburn Murray Leadership Program Fairley Leadership                            | Part-sponsorship of Fairley Leadership field trip to Canberra: Exploring the bigger picture                                                                                                               |
| GF3/036    | Lauren Thompson Consulting                                                           | Adoption of permanent subsurface drip irrigation for forage production to enhance the economic and environmental sustainability of Victoria's dairy industry                                              |
| GF3/042    | The University of Melbourne - McMillan Campus                                        | The Advanced Diploma of Agriculture (Dairy) - Human resource capacity building                                                                                                                            |
| GF3/047    | Royal Agricultural Society of Victoria Limited (RAS)                                 | Interactive milking demonstration and display, 'Ultimate Animal Experience', Education Precinct, Royal Melbourne Show                                                                                     |
| GF3/052    | The Goulburn Murray Leadership Program Fairley Leadership                            | Sponsorship of program places in the Fairley Leadership Program 2004 for individuals involved in the dairy industry                                                                                       |

| Project No     | Organisation/Contact                                              | Project Title                                                                                                  |
|----------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <i>GF3/053</i> | Dairy Food Safety Victoria                                        | Food safety program guidelines for dairy farms, dairy carriers and dairy food distributors                     |
| <i>GF3/054</i> | Engineers Australia, Victoria Division                            | Dairy Industry 'Smart Freight' strategy - pilot study                                                          |
| <i>GF3/058</i> | Monash University<br>Monash Institute of Reproduction             | An investigation into the enhancement of milk production by over-expression of Elf5 and Development            |
| <i>GF3/059</i> | United Dairyfarmers of Victoria<br>(Victorian Farmers Federation) | Sponsor the "Concurrent sessions" at the UDV Conference in May 2004.                                           |
| <i>GF3/062</i> | Australian Dairy Conference Ltd                                   | The 2004 Australian Dairy Conference                                                                           |
| <i>GF3/063</i> | United Dairyfarmers of Victoria<br>(Victorian Farmers Federation) | Fund the position of a Drought Response Officer to coordinate the industry's management of the current drought |
| <i>GF3/064</i> | The University of Melbourne<br>Department of Zoology              | The use of Australian milk biscuits for global famine relief                                                   |

Former AFL player and coach Stan Alves (centre) at a Leitchville Cohuna Discussion Group, supported by GF/FRRR Small Grants Program (Courtesy of the Northern Times)



# FORWARD LOOK

Towards the end of 2002-03, the Board initiated an internal review of the Foundation's corporate strategy. The draft document has been sent to key stakeholders for comment. Once agreed it is envisaged that the outcomes from the review will provide a strategic framework for the next 3-5 years.

The Foundation expects to continue its established approach to funding both Small and Major projects. Consideration is being given to both the format and frequency of funding offers, but annual rounds of funding for both categories of projects will continue for the time being. Established application, approval, monitoring and administrative processes will continue with modification from time to time as needed.

The Foundation is also considering options to improve the value delivered to industry from funded projects. In particular, it is examining a proposal to give more specific direction about priority areas for project development.

There has been no change to the absolute priority given to increasing the productivity and competitiveness of the dairy industry. New technologies are the key to progress and accordingly, the emphasis on funding for research and development is likely to grow rather than diminish over time. However, the Board believes that a long-term view is essential in determining research priorities for the dairy industry. Not all research will provide usable results tomorrow. The Foundation will therefore ensure that its portfolio of funded research comprises a balance of applied and longer-term visionary projects.

Professor Paul Nestel AO (Chair) and Dr Mike Rickard, Major Projects Selection Panel.



The Foundation believes that there are important opportunities to commit community development funds to help build self-confidence and self-esteem in dairying communities. For the time being, rebuilding after the drought will take precedence for Foundation funding, but over the longer term we will look to assist farmers to develop their individual business strategies and to cope more effectively with change.

It is of concern that the scarcity of employment opportunities in rural areas is seriously degrading social infrastructures as younger people move to capital and regional cities. Dairying communities are no exception. The Foundation recognises that its capacity to improve employment prospects is limited but will pursue opportunities to assist through limited interventions wherever possible. We also intend to collaborate fully with other agencies sharing a common interest in improving the lives of rural people.

In the coming year the Foundation will review its own internal systems and controls. Our explicit aim is to ensure that we are easy to work with, effective in administration and quick to make decisions. It continues to be a priority for us to communicate project results widely as soon as they become available. This is seen as the most effective way of achieving enduring benefits for the entire dairy industry.

The Board is committed to keeping stakeholders fully informed about the Foundation's direction. We will actively foster relationships with Foundation Members (United Dairyfarmers of Victoria, Milk Processors Association of Victoria Inc. and the Victorian Dairy Products Association Inc.) as well as research agencies, government and community development organisations. In addition, we intend to work closely with Dairy Australia Limited to find synergies that benefit the dairy industry.

---

...THERE ARE IMPORTANT OPPORTUNITIES  
TO COMMIT COMMUNITY DEVELOPMENT  
FUNDS TO HELP BUILD SELF-CONFIDENCE  
AND SELF-ESTEEM IN DAIRYING  
COMMUNITIES.

John Watson, Chairman, CRC for Innovative Dairy Products and Chris Nixon.



Bruce Kefford, Deputy Secretary, Regional Services and Agriculture, Department of Primary Industries and Tony Bates, former Chairman of the Dairy Research and Development Corporation.



# ABOUT THE GARDINER FOUNDATION

The Gardiner Foundation provides funding to projects that improve the international competitiveness of the Victorian dairy industry and the well being of dairying communities. Projects should provide a benefit to at least one major sector of the dairy industry and have clear objectives and measurable outcomes.

## **Small Projects**

The Geoffrey Gardiner Dairy Foundation provides funding for individual projects up to the value of \$25,000, although in special circumstances funding above this level to a maximum of \$100,000 may be considered. The projects may include research and development as well as elements relating to extension, technology transfer, education, training and skills development. Projects attracting funding from multiple sources are preferred and applicants are therefore encouraged to seek additional funds from other sources. Funds are made available to groups or organisations that lodge applications deemed worthy of support. Funds are not made available to individuals.

## **Major Research and Development Projects**

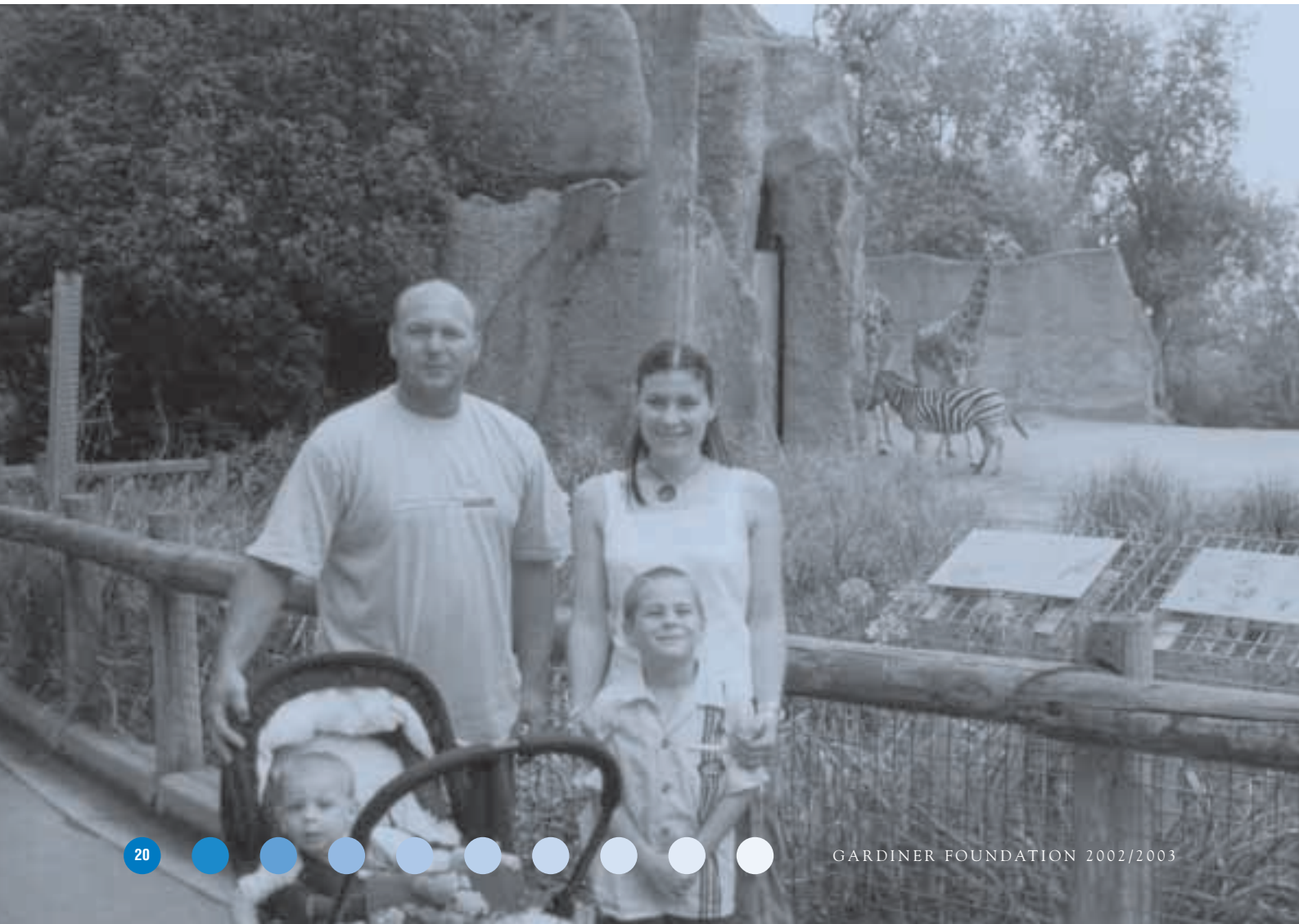
Applications are open to groups or organisations involved directly with an innovative, integrated research and development program. Successful projects will be eligible for funding from the Foundation of \$250,000 or more per annum over three to five years.

The Foundation expects that it will fund up to 50 percent of the total costs of the project. Therefore, projects will need to incorporate at least one other additional funding source from commercial organisations, industrial groups or other public or private funding agencies.

## **Community Development Projects**

The Gardiner Foundation is committed to allocate \$3 million for activities that support dairy communities. The term community can refer to a self-defining geographic region or community of shared interest, which reflects real life relationships. Local residents need to be involved in defining what social, environmental or economic projects would best suit the community's interests.

Time Out participants Brendan and Laura O'Flaherty with sons Kaleb and Noah, at the Melbourne Zoo, February 2003



## CONTACTS

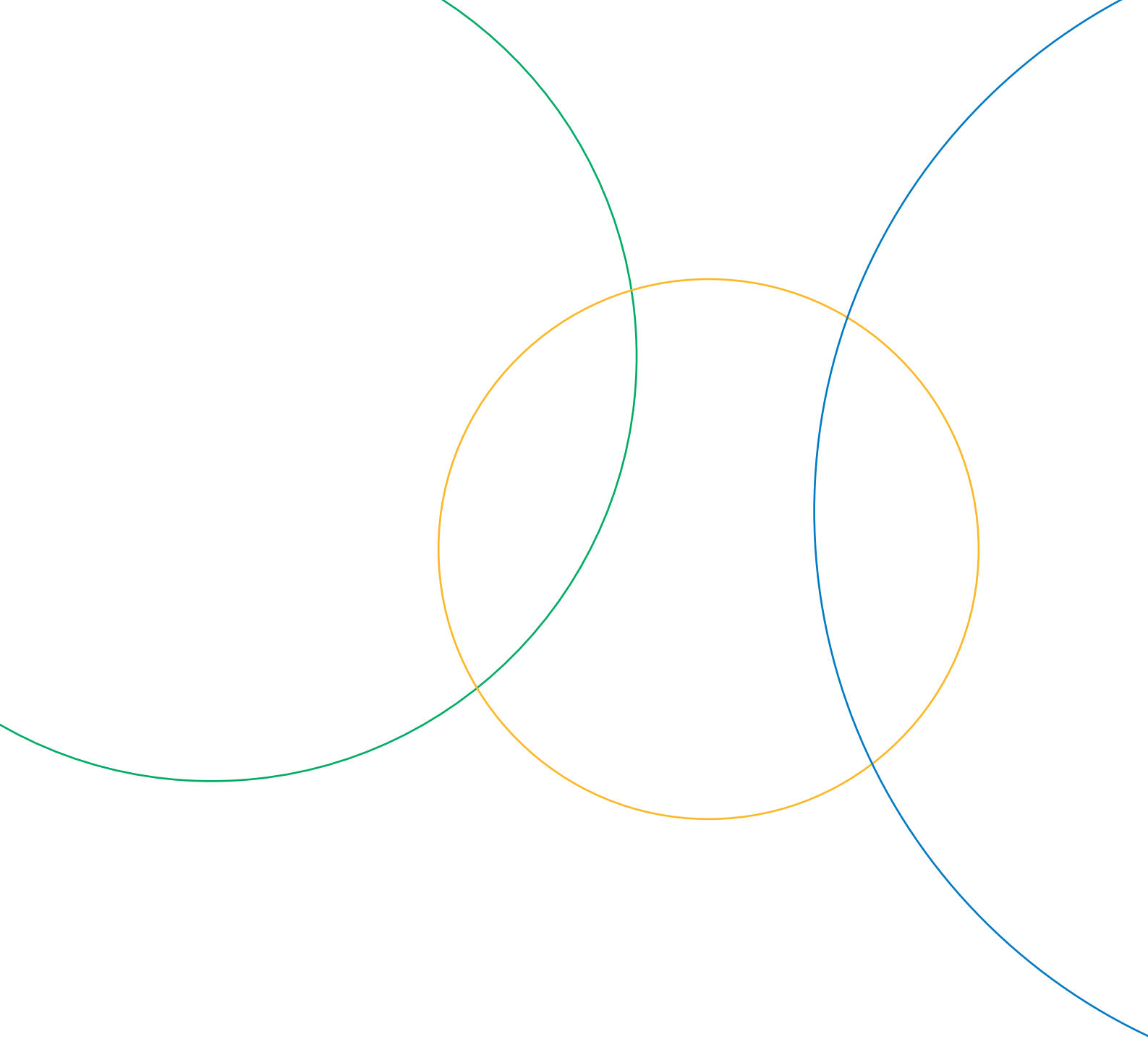
The Gardiner Foundation has an up to date website that offers full information about the Foundation itself, as well as guidelines and funding application forms.

Visit our website at:

[www.gardinerfoundation.com.au](http://www.gardinerfoundation.com.au)

Geoffrey Gardiner Dairy Foundation Limited  
ABN 18 094 733 418

Level 1, 84 William Street  
Melbourne VIC 3000  
Telephone: 03 9606 1900  
Facsimile: 03 9606 1999



GARDINER FOUNDATION

ASIC registered agent number

**lodging party or agent name** GEOFFREY GARDINER DAIRY FOUNDATION LTD  
**office, level, building name or PO Box no.** LEVEL 1  
**street number & name** 84 WILLIAM STREET  
**suburb/city** MELBOURNE **state/territory** VIC **postcode** 3000  
**telephone** (03) 9606 1900  
**facsimile** (03) 9606 1999  
**DX number** \_\_\_\_\_ **suburb/city** \_\_\_\_\_



ASS. ☐ REQ-A ☐  
CASH. ☐ REQ-P ☐  
PROC. ☐



Australian Securities & Investments Commission

## copy of financial statements and reports

form **388**

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

**Name** GEOFFREY GARDINER DAIRY FOUNDATION LIMITED  
**ACN / ARBN / ARSN/PIN** 094 733 418

### Reason for lodgement of statements and reports

tick the appropriate box

- ☒ A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)  
☐ A registered scheme\* (B)  
☐ Amendment of financial statements or directors' report (company) (C)  
☐ Amendment of financial statements or directors' report (registered scheme)\* (D)  
☐ A large proprietary company that is not a disclosing entity (E)  
☐ A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)  
☐ A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)  
☐ A prescribed interest undertaking that is a disclosing entity (K)

**Date on which financial year begins** 01/07/2002 **and ends** 30/06/2003 (d/m/y)  
**Date of Annual General Meeting (if applicable)** 19/11/2002

### Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

- A What is the consolidated gross operating revenue of the large proprietary company and the entities that it controls?  
[ ]  
B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?  
[ ]  
C How many employees are employed by the large proprietary company and the entities that it controls?  
[ ]  
D How many members does the large proprietary company have? .....

IPC

20 NOV 2003

### Auditor report

Were the financial statements audited? Yes ☒ No ☐

If yes: Does the auditor's report (section 308) for the financial year contain a statement of:

- \* reasons for the auditor not being satisfied as to the matters referred to in section 307? Yes ☐ No ☒  
\* details of the deficiency, failure or shortcoming concerning any matter referred to in section 307? Yes ☐ No ☒

If no: Is there a class order exemption current for audit relief?

Yes ☐ No ☒

\* NOTE: Where a new auditor has been appointed to a Registered Scheme, Form 5137 - Appointment of Scheme Auditor must be lodged

**Geoffrey Gardiner Dairy Foundation Limited**  
**ACN 094 733 418**

**Annexure A**



AUSTRALIAN SECURITIES  
&  
INVESTMENTS  
COMMISSION  
CORPORATIONS ACT 2001  
Section 1274

**This is Annexure A of 26 pages referred to in form 388, copy of financial statements and reports.**

A handwritten signature in cursive script, appearing to read 'Barrie Lawson'.

**BARRIE LAWSON**  
**19 November 2003**

**COMPANY SECRETARY**

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



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**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

share market fell 5.9%. The official USA interest rate fell to a 41 year low of 1.00% whilst the Reserve Bank of Australia maintained the official rate at 4.75%.

**After Balance Date Events**

Since 30 June 2003 and at the date of this report, global financial markets are showing signs of a more broadly based recovery. The outlook for the Australian equity market remains positive at this time. The USA share market returned a positive 3.7% for the September quarter whilst the Australian share market rose 5.2% in the same period. Consequently the value of the Foundation's investment portfolio has risen by approximately \$1.5 million.

Other than the increase in the investment portfolio outlined above, no matter or circumstance has arisen since 30 June 2003 that has significantly affected, or may significantly affect:

- a) the Foundation's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Foundation's state of affairs in future financial years.

**Future Developments**

The Foundation will in accordance with its Constitution continue to manage its funds to maximise benefits to all sectors of the Victorian Dairy Industry and to Victorian Dairy Communities in accordance with section 65 of the Dairy Act 2000 to fund projects for the benefit of the Victorian Dairy Industry.

**Environmental Issues**

The Foundation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

**Information on Directors**

The names of the Directors of the Company in office at the date of this report, together with information concerning them are as follows:

**C D V Nixon, B.Eng(Mech.), B.Ec.**

Non-executive Chairman of the Board since 11 October 2000  
Non-executive Director of Dairy Food Safety Victoria  
Former non-executive Chairman of Bayside Trains  
Former Managing Director of Containers Packaging



**M G Fehring, Dairyfarmer, Churchill Fellow**

Non-executive Director since 11 October 2000

Board member of:

Australian Dairy Herd Improvement Scheme  
Wimmera/Mallee Water

Past member of:

Victorian Farmers' Federation Executive  
Australian Dairy Industry Council Executive  
Australian Dairy Farmers' Federation Council  
Past President, United Dairyfarmers of Victoria

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**Indemnity of Directors and Officers**

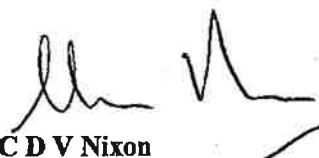
The Foundation has paid insurance premiums in respect of Director's and Officer's Liability – Company Reimbursement Insurance to insure the directors disclosed in this report and certain officers of the Foundation.

**Proceedings on Behalf of the Foundation**

No person has applied for leave of Court to bring proceedings on behalf of the Foundation or intervene in any proceedings to which the Foundation is a party for the purpose of taking responsibility on behalf of the Foundation for all or any part of those proceedings.

The Foundation was not a party to any such proceedings during the year.

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

  
**C D V Nixon**  
**Director**

  
**I W MacAulay**  
**Director**



AUSTRALIAN SECURITIES  
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Section 1274

Melbourne, 28 October 2003

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2003**

|                                      | Notes | 2003<br>\$        | 2002<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash assets                          | 3     | 68,026            | 66,834            |
| Receivables                          | 4     | 2,182,928         | 870,228           |
| Other financial assets - investments | 5     | 56,833,120        | 59,150,525        |
| Other assets                         |       | 14,182            | 3,626             |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>59,098,256</b> | <b>60,091,213</b> |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Plant and equipment                  | 6     | 39,340            | 43,940            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>39,340</b>     | <b>43,940</b>     |
| <b>TOTAL ASSETS</b>                  |       | <b>59,137,596</b> | <b>60,135,153</b> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Payables                             | 7     | 371,102           | 348,336           |
| Interest bearing liability           | 8     | 3,654             | 3,159             |
| Provisions                           | 9     | 25,780            | 12,382            |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>400,536</b>    | <b>363,877</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Interest bearing liability           | 8     | 8,044             | 11,697            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>8,044</b>      | <b>11,697</b>     |
| <b>TOTAL LIABILITIES</b>             |       | <b>408,580</b>    | <b>375,574</b>    |
| <b>NET ASSETS</b>                    |       | <b>58,729,016</b> | <b>59,759,579</b> |
| <b>EQUITY</b>                        |       |                   |                   |
| General Reserve                      | 11    | 58,729,016        | 59,759,579        |
| <b>TOTAL EQUITY</b>                  |       | <b>58,729,016</b> | <b>59,759,579</b> |



AUSTRALIAN SECURITIES  
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The accompanying notes form part of this Statement of Financial Position

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



AUSTRALIAN SECURITIES  
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**1 Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a liquidity basis in accordance with Accounting Standards AASB 1040 – Statement of Financial Position

**(a) Projects**

The Gardiner Foundation provides funding to projects which improve the international competitiveness of the Victorian dairy industry and assist dairying communities. Projects may include the following development and support activities for the Victorian dairy industry:

- Research, development, extension, technology transfer.
- Education, training, skill development.
- Change management programs for Victorian dairy communities.
- Local infrastructure programs for Victorian dairy communities.
- Regional economic development projects benefiting Victorian dairy communities.
- Other activities which improve dairy industry productivity and competitiveness in accordance with the Victorian Dairy Act.

**Projects cover:**

- **Small Projects:** Gardiner Foundation provides funding for individual projects to the value of \$25,000, although in special circumstances funding above this level to a maximum of \$100,000 may be considered
- **Major Projects:** Applications are open to groups or organisations involved directly with an innovative, integrated research and development program. Successful projects may be eligible for a contribution from the Foundation of at least \$200,000 per annum for up to five years.  
The Foundation expects that it will fund up to 50 percent of the total costs of the project. Therefore, projects will need to incorporate at least one other additional funding source from commercial organisations, industrial groups or other public and private funding agencies.
- **Community Development:** The Gardiner Foundation is committed to allocate up to \$3 million over three years for activities that support dairying communities.
- **Dairy Herd Improvement Fund:** The second of two one off annual payments of \$300,000 was made to the National Herd Improvement Association of Australia Inc. Both payments were negotiated with the Victorian Government and the Victorian Dairy Industry Association (VDIA) when the Dairy Industry Act (1992) was being replaced by the Dairy Act (2000).
- **VDIA Projects:** These project payments were committed to be paid by the VDIA.

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



AUSTRALIAN SECURITIES  
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**(f) Investments**

Investments are measured on a cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts. The investment portfolio managed by State Trustees is valued by State Trustees at balance date and reflected in the financial report.

**(g) Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimate future cash outflows to be made for those benefits.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

No amounts have been provided for long service leave as such amounts are considered immaterial at balance date.

**(h) Equity**

The 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 to Victorian Dairying Communities in accordance with section 65 of the Dairy Act 2000

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

**(i) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. The increase / decrease in the value of the funds invested with the State Trustees is recognised as revenue in the Statement of Financial Performance as a change in the net market value of investments. The investment with the State Trustees is valued by the Trustees and includes income credited, unrealised capital gains and reinvested units.

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

|                                                                                                                   | 2003<br>\$       | 2002<br>\$         |
|-------------------------------------------------------------------------------------------------------------------|------------------|--------------------|
| <b>2 Deficit from Ordinary Activities</b>                                                                         |                  |                    |
| The surplus (deficit) for the year from ordinary activities includes the following revenue and expenditure items: |                  |                    |
| <b>Revenue</b>                                                                                                    |                  |                    |
| Interest received                                                                                                 | 5,481            | 70,075             |
| State Trustees Investment Income                                                                                  | 4,456,493        | 3,051,887          |
| Other Income                                                                                                      | 2,188,259        | -                  |
|                                                                                                                   | <u>6,650,233</u> | <u>3,121,962</u>   |
| Change in net market value of investments-Note 1(f)                                                               | (5,578,929)      | (6,993,309)        |
|                                                                                                                   | <u>1,071,304</u> | <u>(3,871,347)</u> |
| <b>Expenses</b>                                                                                                   |                  |                    |
| <b>Projects</b>                                                                                                   |                  |                    |
| - Small Projects                                                                                                  | 849,848          | 320,641            |
| - Major Projects                                                                                                  | 197,186          | 98,260             |
| - Community Development                                                                                           | 128,583          | 20,768             |
| - Dairy Herd Improvement Fund                                                                                     | 300,000          | 300,000            |
| Projects ex VDIA                                                                                                  | 177,405          | 166,450            |
| Total project expenditure                                                                                         | <u>1,653,022</u> | <u>906,119</u>     |
| <b>Occupancy Expenses</b>                                                                                         |                  |                    |
| - Rental expenses on operating leases                                                                             | 23,174           | 21,193             |
| - Other occupancy expenses                                                                                        | 10,204           | 9,099              |
|                                                                                                                   | <u>33,378</u>    | <u>30,292</u>      |
| <b>Depreciation and amortisation of non-current assets</b>                                                        |                  |                    |
| - plant & equipment                                                                                               | 8,720            | 3,894              |
| - leased plant & equipment                                                                                        | 3,685            | 3,306              |
|                                                                                                                   | <u>12,405</u>    | <u>7,200</u>       |
| <b>Remuneration of auditor</b>                                                                                    |                  |                    |
| - audit or review services                                                                                        | 8,012            | 6,500              |
| - other services                                                                                                  | -                | -                  |
| Patent costs                                                                                                      | 24,653           | -                  |
| Other expenses                                                                                                    | 370,397          | 360,326            |
|                                                                                                                   | <u>415,467</u>   | <u>374,026</u>     |
| <b>Total Expenses</b>                                                                                             | <u>2,101,867</u> | <u>1,310,437</u>   |



**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED****A.B.N. 18 094 733 418****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**
 AUSTRALIAN SECURITIES  
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**2003**  
\$

**2002**  
\$
**Movements in Carrying Amounts**

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

|                                        | <b>Plant and<br/>Equipment</b> | <b>Leased Plant<br/>and Equipment</b> | <b>Total</b> |
|----------------------------------------|--------------------------------|---------------------------------------|--------------|
|                                        | \$                             | \$                                    | \$           |
| Balance at the beginning of the year   | 29,906                         | 14,034                                | 43,940       |
| Additions                              | 7,805                          | -                                     | 7,805        |
| Disposals                              | -                              | -                                     | 0            |
| Depreciation expense                   | (8,720)                        | (3,685)                               | (12,405)     |
| Carrying amount at the end of the year | 28,991                         | 10,349                                | 39,340       |

**7****Payables**

Creditors and accruals

369,390

339,548

Other payables

1,712

8,788

Total Payables

371,102

348,336

**8****Interest Bearing Liabilities, Capital, Leasing  
and Other Commitments****a. Finance Lease Commitments**

Payable

- not later than 1 year

5,037

5,036

- later than 1 year but not later than 5 years

9,064

14,101

Minimum lease payments

14,101

19,137

Less future finance charges

(2,403)

(4,281)

Total Lease Liability

11,698

14,856

Current liability

3,654

3,159

Non current liability

8,044

11,697

11,698

14,856

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

|                                                                                                                                                                                        | 2003<br>\$  | 2002<br>\$  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>11 General Reserve</b>                                                                                                                                                              |             |             |
| Balance at beginning of period                                                                                                                                                         | 59,759,579  | 64,941,363  |
| Transfer from retained surplus (deficit)                                                                                                                                               | (1,030,563) | (5,181,784) |
| Total General Reserve                                                                                                                                                                  | 58,729,016  | 59,759,579  |
| <b>12 Financial Reporting by Segments</b>                                                                                                                                              |             |             |
| The Foundation operates predominately in one industry and predominately in one geographical area, being Victoria. The main activity is the funding of projects as described in note 1. |             |             |
| <b>13 Reconciliation of Cash</b>                                                                                                                                                       |             |             |
| For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.                                                  |             |             |
| Cash at the end of the financial year is shown in the Statement of Financial Position as:                                                                                              |             |             |
| Cash at bank and on hand                                                                                                                                                               | 68,026      | 66,834      |
| Bank bills                                                                                                                                                                             | -           | -           |
|                                                                                                                                                                                        | 68,026      | 66,834      |
| <b>14 Reconciliation of Cash Flow from Operations with Deficit from Ordinary Activities:</b>                                                                                           |             |             |
| Deficit from Ordinary Activities                                                                                                                                                       | (1,030,563) | (5,181,784) |
| Non cash flows in deficit                                                                                                                                                              |             |             |
| Depreciation and amortisation                                                                                                                                                          | 12,405      | 7,200       |
| Change in value of investments State Trustees                                                                                                                                          | 5,578,929   | 6,993,309   |
| Other Items                                                                                                                                                                            | -           | 451         |
| Changes in assets and liabilities                                                                                                                                                      |             |             |
| (Increase) / decrease in receivables                                                                                                                                                   | (1,312,700) | (786,014)   |
| (Increase) / decrease in other assets                                                                                                                                                  | (10,556)    | (3,626)     |
| (Increase) / decrease in leased assets                                                                                                                                                 | -           | (17,340)    |
| Increase / (decrease) in other payables                                                                                                                                                | 22,767      | (187,323)   |
| Increase / (decrease) in interest bearing liabilities                                                                                                                                  | (3,159)     | 14,856      |
| Increase / (decrease) in provisions                                                                                                                                                    | 13,398      | 12,382      |
| Cash flow from operations                                                                                                                                                              | 3,270,521   | 852,111     |



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**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
**A.B.N. 18 094 733 418**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



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**16 Remuneration of Directors (continued)**

The number of directors of the company whose income falls within the following bands is:

|                      |   |   |
|----------------------|---|---|
| \$10,000 to \$19,999 | 4 | 4 |
| \$20,000 to \$29,999 | 1 | 1 |

**17 Financial Instruments**

**(a) Interest Rate Risk**

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:

| Period ended 30 June 2003                  | Weighted<br>Average<br>Interest<br>Rate | Floating<br>Interest<br>Rate | Fixed Interest Rate |                 |                 | Non<br>Interest<br>Bearing | Total      |
|--------------------------------------------|-----------------------------------------|------------------------------|---------------------|-----------------|-----------------|----------------------------|------------|
|                                            |                                         |                              | Maturing            |                 |                 |                            |            |
|                                            |                                         |                              | Within<br>1 year    | 1 to 2<br>years | 2 to 5<br>Years |                            |            |
|                                            | 2003<br>%                               | 2003<br>\$                   | 2003<br>\$          | 2003<br>\$      | 2003<br>\$      | 2003<br>\$                 |            |
| Financial Assets                           |                                         |                              |                     |                 |                 |                            |            |
| Cash at bank                               | 3.1%                                    | 67,026                       | -                   | -               | -               | -                          | 67,026     |
| Other financial Assets –<br>State Trustees | 7.7%                                    | 56,833,120                   | -                   | -               | -               | -                          | 56,833,120 |
| Receivables                                | -                                       | -                            | -                   | -               | -               | 2,182,928                  | 2,182,928, |
| Total Financial Assets                     |                                         | 56,900,146                   | -                   | -               | -               | 2,182,928                  | 59,083,074 |
| Financial Liabilities                      |                                         |                              |                     |                 |                 |                            |            |
| Lease Liability                            | 15.4%                                   | -                            | (3,654)             | (8,044)         | -               | -                          | (11,697)   |
| Payable                                    | -                                       | -                            | -                   | -               | -               | (371,102)                  | (371,102)  |
| Total Financial Liabilities                |                                         | -                            | (3,654)             | (8,044)         | -               | (371,102)                  | (382,800)  |
| Net Financial Assets                       |                                         | 56,900,146                   | (3,654)             | (8,044)         | -               | 1,936,826                  | 58,700,274 |

**GEOFFREY GARDINER DAIRY FOUNDATION LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**17 Financial Instruments (Continued)**  
**(d) Reconciliation of Net Financial Assets to Net Assets**

|                                                | 2003<br>\$ | 2002<br>\$ |
|------------------------------------------------|------------|------------|
| Net financial assets per above                 | 58,700,274 | 59,723,395 |
| Add: non financial assets                      | 54,522     | 48,566     |
| Less: non financial liabilities                | (25,780)   | (12,382)   |
| Net assets per Statement of Financial Position | 58,729,016 | 59,759,579 |

**18 Company Details**

The registered office and principal place of business is:

Geoffrey Gardiner Dairy Foundation Limited  
Level 1 84 William Street  
Melbourne 3000

Phone: (03) 9606 1900  
Fax: (03) 9606 1999  
Website: [www.gardinerfoundation.com.au](http://www.gardinerfoundation.com.au)  
Email: [info@gardinerfoundation.com.au](mailto:info@gardinerfoundation.com.au)



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## **Independent audit report to members of Geoffrey Gardiner Dairy Foundation Limited**



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### **Scope**

#### *The financial report and directors responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Geoffrey Gardiner Dairy Foundation Limited (the company), for the year ended 30 June 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.