

gardiner foundation annual report

2004 2005



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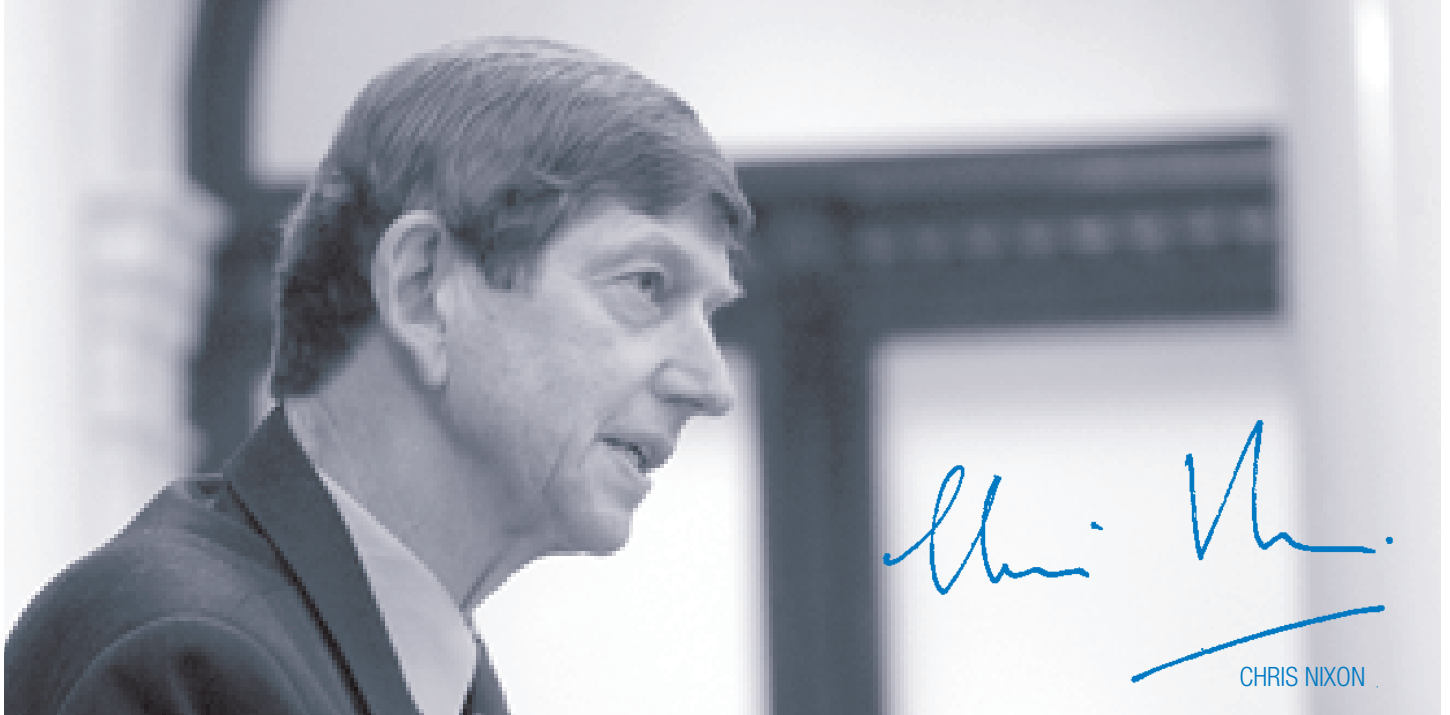
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board of directors.....



> Gardiner Foundation Directors and CEO (l. to r.): Ian MacAulay, Max Fehring, Carol Bate (CEO), Chris Nixon (Chairman), Dr Graham Mitchell and Professor Paul Moughan

CHAIRMAN'S REVIEW



I have pleasure presenting this Annual Review of Operations for 2004-05 for the Geoffrey Gardiner Dairy Foundation Ltd.

It is pleasing to note that conditions facing the Victorian dairy industry have improved to some extent over the past twelve months with real prices to farmers among the highest on record. Assuming that the current drought conditions are soon behind us, favourable market conditions should continue to encourage further on-farm investment in the industry. Certainly, global market fundamentals seem to be turning in farmers' favour at present and industry analysts expect prices on international markets for dairy products to remain strong.

The Foundation's original investments in Major Research and Development projects are now over two years old and we are looking with heightened anticipation towards their outcome. It is important to remember that individual projects, no matter how interesting, are but part of a single investment portfolio whose total impact on the wider Victorian community and the dairy industry will be the ultimate measure of success.

Pending the conclusion of the first round of funded projects, we have made arrangements for a series of independent peer reviews of projects to be undertaken by eminent scientists contracted by the Foundation. This work will be undertaken on an as-needed basis over the next two years. Project reports from the reviews will be crucial to decisions concerning ongoing funding for projects and, in special circumstances, could lead to opportunities for additional funding where a clear payoff for the industry can be established.

Two additional Major Research and Development Projects were approved for funding in 2004-05 involving new investment by all parties of nearly \$2.5 million to foster innovation in the Victorian dairy industry. They bring to nearly \$30 million the total commitment by the Foundation and its partners to current research and development for the dairy industry, of which the Foundation's share is nearly \$7 million.

Turning to community development, the highlight of the year was the announcement that the Foundation would provide \$250,000 over three years for the first of our Community Development Major Projects. The new project is entitled 'Sustainable Dairy Farming Families' and represents a total investment by all partners of about \$650,000. The project is examining the links between dairy farming family health, profitability, injury and farm sustainability.

The Foundation recognises that the human factor is critical to the dairy industry and to communities that depend upon it. The new project involves a planned program of research to assemble evidence about the real health issues facing people in dairying communities. It includes physical assessment of 200 dairy farmers and their families, and is looking for the links between farm productivity and profitability and the lifestyle and health of the people running them.

The Foundation has also continued to make investments in community development through a combination of Small Projects and Small Grants. Priorities for investment by the Foundation are the same for each, but administration of the grants program is undertaken by the Foundation for Rural and Regional Renewal (FRRR).

As at June 2005, the Foundation had distributed nearly \$1.2 million for community development initiatives through its Small Projects and Small Grants Programs.

Our Small Projects program continues at strength. Since Small Projects were first funded in 2001, over \$2.5 million has been provided for 82 different projects involving total expenditure by all partner organisations of over \$16 million for the industry. We strongly believe that the Small Projects are an essential part of the Foundation's investment strategy. They deliver benefits to the community through the dairy industry over relatively short time frames and provide seed funding for 'proof of concept' in research which can sometimes lead to significant new directions of study.

The five rounds of funding for Small Projects to date have allocated 41% of total funds to research and development, 34% to skills and training/education, and 25% to technology transfer/extension.

The Foundation was again active in 2004-05 in its consultation processes with Members and stakeholders. Two significant meetings were held to assist us with our new strategic direction and a draft document was circulated for consultation. The draft document further develops the themes originally identified at a workshop of senior industry figures in June 2004.

The first of the priorities identified in June 2004 is investment in innovative world class research aiming to develop novel dairy-based foods and specialised ingredients. The second priority is to contribute to the provision of healthy human resources for the dairying industry and its community. More detail is given in the strategic direction section of this review.

The Board is again grateful for the cooperation and assistance of its key stakeholders for their ongoing participation and assistance in the Foundation's strategic planning processes.

The Board's review of the performance of the fund manager responsible for the investment of the Foundation's capital reserve was completed and ANZ Executors and Trustee Co Limited has been appointed for two years. I am also pleased to announce that the Foundation has achieved charitable status recognition for taxation purposes that will allow more funds to be directed specifically towards investment for the benefit of the community and the dairy industry.

Meanwhile, the capital base has grown from the original \$62 million in 2001 to \$72 million at 30 June 2005, after the Foundation has provided funding of over \$10 million for projects having a total value of over \$47 million. The Board is satisfied that maintenance of the reserve in real terms can be achieved for the foreseeable future.

Once again, I extend my appreciation to all Members of the Foundation for their positive support for our activities over the past year. I am grateful also to dairying communities and the research community for their continuing positive response to the Foundation's work.

Finally, I would like to acknowledge the support and cooperation of my Board colleagues and the Chief Executive Officer, Carol Bate, and her staff for their important contributions during 2004-05.

our goal.....

The Foundation's goal is to be a premier funding body, delivering measurable and sustainable benefits to all segments of the wider community through its support for the Victorian Dairy Industry and its people.

Strategies to realise the goal revolve around research and development to improve industry productivity together with a strong emphasis on addressing critical issues facing dairying communities themselves.

Indicators of success include:

- a. Demonstrable and major benefits to individual sectors of the industry, the industry as a whole and the wider community as a consequence of projects funded by the Foundation;
- b. Recognition by the industry and Government that real benefits have been achieved and that the Foundation has established its own clear and unique role.





I am pleased to report on the management and operations of the Geoffrey Gardiner Dairy Foundation Ltd for the financial year 2004-05.

This year, the Foundation continued its policy to balance investment between projects to grow industry viability (research and development) and projects that support people in dairying communities (community development). The Foundation's key priorities for community development investment are the labour shortage in the dairy industry, the impact of changing demographics in dairying communities and the need for development of local community leaders.

community development

Community development was given new impetus when the first Community Development Major Project was announced in December 2004. The project funding was awarded to a consortium led by the Western District Health Services and including RMIT University – Centre for Regional and Rural Development, United Dairyfarmers of Victoria, WestVic Dairy, Colac Area Health Service, and Land Connect. Their project "Sustainable Dairy Farming Families" aims to identify key indicators that can be used to assess the health of farmers. At a later stage, it will look to develop strategies to prevent the progress of disease by raising awareness of what can happen and providing referrals, education programs and support.

This year, the Foundation also implemented the second round of Community Development Small Projects, each project providing funds of up to \$25,000. The nine new projects selected bring total investment in 40 Community Development Small Projects to nearly \$3 million with the Foundation's contribution totalling \$0.8m. These new projects will further add to the growth of community capacity and knowledge both within individual communities and, more generally, across the State. The funds are being used to develop industry leaders, improve opportunities for disadvantaged youth, support local volunteerism and assist the recovery of communities from prolonged drought.

The Foundation greatly appreciates the important contributions made by the selection panels in formulating final recommendations for successful Major and Small Community Development projects. The Community Development Small Projects Selection Panel was chaired by Foundation Director Mr Ian MacAulay, assisted by Mr Neil Barr from the Department of Primary Industries and Ms Diana Rice from the Department for Victorian Communities. The Community Development Major Projects Selection Panel was chaired by Mr Ian MacAulay and assisted by Ms Diana Rice and Dr Warren Parker from IMBCom University of Queensland.

A further allocation of \$100,000 was made available for Small Grants to community development projects of up to \$5,000 each. These grants are administered on behalf of the Gardiner Foundation by the Foundation for Rural and Regional Renewal with whom the Foundation is delighted to have a strong partnership arrangement. We are now developing a process that we hope will allow us to evaluate the true importance of these small grants to dairy farming communities, not individually, but in a holistic way.

major research & development

Two new Major Research and Development Projects were funded in 2004-05 following the third round of applications and project selection. The new projects will address the issues of pre-determining the sex of dairy calves and enhancing the nutritional value of milk for human health. The Foundation is now actively supporting nine Major Research and Development Projects involving total investment by all parties of approximately \$30 million with the Foundation's contribution being nearly \$7 million.

A rolling series of independent peer reviews of Major Research and Development Projects, commencing in the coming year, will be undertaken by Professor Tim Reeves and Dr Nick Gough. Precise terms of reference are being formulated that will include provision for evaluation during the course of projects as well as at their termination. These reviews will supplement the benefit cost analyses that were done for each project last year.

Apart from formal reviews, the Foundation continues to closely monitor all the major projects in a very direct way. I am fortunate to be a member of all project management committees, a role that I find stimulating and rewarding.

The Foundation wishes to acknowledge the Major Projects Selection Panel headed by Dr Mike Rickard, assisted by Professor Paul Nestel AO, Professor Tim Reeves and Professor Diana Hill.

small projects

The financial year also saw the announcement of the recipients of the fifth round of Small Projects funding. Twelve new projects with a total value of \$1.1 million were approved for funding, with the Foundation contributing \$217,149.

The Foundation believes that its involvement with over 80 Small Projects since the program's inception has resulted in a depth of knowledge and experience concerning projects likely to have genuine relevance and impact at the grass roots level. At the same time, we continue to be impressed and gratified by the continuing stream of new ideas and proposals coming forward to the Foundation for consideration.

The Foundation is grateful for the work of the Small Project Evaluation and Selection Committee led by Mr Max Fehring, assisted by Professor Margaret Britz from The University of Melbourne, Mr Paul Ford from National Food Industry Strategy, and Dr Phillip Marzella from Dairy Australia.

communication

Throughout the year, the Foundation continued to give a high priority to regular communication on both strategic and operational matters with its Members and stakeholders. Board Members and senior staff met on many occasions with farmer groups, manufacturers, key industry organisations, government and scientific bodies to further our working partnerships.

We have also reported fully to Members at the Annual General Meeting and through Annual Reviews, the Foundation's web site, and press releases.

administration

Administration of the Foundation's activities has seen further consolidation of the processes used to invite, evaluate and make final decisions on applications for funding within our various categories. The changes mean that successful applicants for Small Projects will receive formal notification within two weeks of the Board's final decisions. Letters of offer and formal project agreements will be forwarded within the following two weeks. We believe that these new procedures will allow projects to begin with minimal delay.

The Foundation's statutory audit of its financial statements has been performed by Ernst & Young for the financial year ended 30 June 2005.

The Foundation successfully sought recognition for its public interest activities by being deemed as a charity for taxation purposes. Responsibility for professional management of the Foundation's Capital Reserve was transferred to ANZ Executors and Trustee Co Ltd.

Staff turnover for the year was minimal with Ms Nicole Burns leaving and Ms Helen Webb-Johnson joining the Foundation. 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.

business principles.....

- The Foundation, through its membership, is an integral part of the dairy industry.
- All funding decisions are taken pro-actively in the best interests of the community and 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 are the minimum practicable.
- Management of the Foundation's Capital is 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 is avoided in the State's best interests.
- Foundation Members are included in the planning processes of the Foundation.

STRATEGIC OVERVIEW

operational strategies

The Foundation operates in an environment of competing needs and opportunities. On the one hand, the dairy industry is dependent on advances in technology to grow its productivity and competitiveness. At the same time, the needs of individuals and of whole communities must be addressed in order to promote the health of the industry's social infrastructure.

The Foundation's strategy is to simultaneously invest in several streams of activity. Its Major Research and Development program is predominantly longer term, resource intensive and offers substantial benefits that will continue to accrue into the future.

Small Projects funding addresses a range of opportunities for the industry and communities and is intended to deliver benefits in the short to mid-term. The Community Development Program specifically targets people issues involving demographic change, labour supply and community leadership in the period up to 2007.

The Foundation frames its operational strategies within three key areas:

Financial: By working to maintain the industry's capital base and hence maximise the monies available for investment. This involves the selection and on going review of the performance of the fund manager and minimisation of administration costs.

Project Funding: Through investment in innovative world class, pre-competitive research aiming to develop new or better milk products and ingredients. The Foundation also invests in community development projects for the betterment of the dairying industry and its communities and actively supports the establishment of an industry employment strategy.

Relationships: By fostering enduring relationships with its stakeholders that enable the Foundation to establish its reputation as a premier funding body supporting the wider community and the dairy industry. The Foundation seeks in all its dealings to be regarded as "as easy to do business with."

evaluation

The Foundation has a well established and communicated culture of evaluation of the outcomes of its investment in projects for the dairy industry. Its focus is broader than the individual project and includes a whole-of-portfolio view. Important new evaluation arrangements for Major Research and Development Projects have been established for implementation from 2005-06 and are briefly described elsewhere in this Review.

communication & feedback

The Board is strongly committed to communication with all sectors of the dairy industry and its stakeholders generally. Since 2003-04, the Board has adopted recommendations from an industry reference group and re-defined its priorities for investment for the coming 3-5 years. These are set out in new guidelines for applicants for funding from the Foundation.



major research



The Major Research and Development Program represents the largest component of the Foundation's investment on behalf of the Victorian community and the dairy industry. We believe that ongoing industry development will benefit the community and that it is dependent on the industry's capacity to bring innovative new products to market while continually increasing the efficiency and sustainability of all production processes.

A total of nine contracts have been established with research consortia throughout Australia including two new projects established during the past year. The total commitment by the Foundation and its partners to research and development for the dairy industry stands at nearly \$30 million of which the Foundation's share is nearly \$7 million.

A preliminary economic evaluation of the original seven projects was undertaken in 2003-04 revealing an expected return on the investment of approximately \$5.50 of generated value for every dollar invested by the Foundation. Further evaluation of all current projects, based around a system of peer reviews, is scheduled to begin in the coming financial year.

It is recognised that research, by its nature, is unpredictable and the outcomes from individual projects cannot be known in advance. For this reason, the Foundation places considerable emphasis on evaluation of its research and development investments using a whole of portfolio approach.

MAJOR RESEARCH & DEVELOPMENT PROJECTS



The following is a listing of the Major Research and Development Projects that were in receipt of funding by the Foundation during 2004-05.

MP1/003 **bovDArT- a novel low-cost genetic profiling system for advanced breeding platforms in victorian dairy cattle**

Description

A proof of concept project to test the use of molecular marker technologies to reduce the cost and time taken in the selection and breeding of premium dairy bulls. The project examined genetic profiling tools for rapid scanning of embryos produced in vitro to identify potential bulls with gene profiles matching national breeding goals.

Status (Funded from 2003 – 2005: Completed)

A suitable method to apply DArT in cattle has not yet been achieved and various obstacles remain to be overcome for the technology to be introduced. The concept was not proven for immediate application but the project met all critical milestones for its duration.

Lead organisation

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

Partners

Genetics Australia, Diversity Arrays Technology Pty Ltd, CRC for Innovative Dairy Products and Australian Dairy Farmers Limited



MP1/006 closing the loop: an holistic approach to the management of dairy processor waste streams

Description

The project is investigating a “whole of system” approach to waste minimisation and reuse across Victorian dairy processing factories. This approach is the first of its kind in the dairy industry designed to ensure that waste management practices are sustainable at all levels from the farm to the factory. The benefit to Victorian dairy farmers from a successful outcome is estimated to be \$13.5 million.

Status (Funded from September 2003)

The project has delivered the following key outcomes in its first two years:

- a wide range of solid organic wastes, including fats, have been characterised and prioritised for reuse options,
- ultrasonics shown to improve operational efficiency of waste treatment by up to 30%,
- low-sodium cleaning chemicals are as effective as sodium hydroxide (caustic soda),
- membrane technology is the most feasible option for salt removal from waste,
- the first set of results from the irrigation field trial has shown healthy growth of a lucerne crop watered with undiluted dairy wastewater incorporating tile drainage.

Lead organisation:

Department of Primary Industries, Victoria

Partners

Food Science Australia, Deakin University, RMIT University, Victoria University of Technology and Dairy Australia Limited.

MP1/009 development and implementation of candidate gene based markers in outcrossing forage species

Description

Development of ‘next-generation’ molecular marker technologies based on gene-specific variation for implementation in perennial ryegrass and white clover breeding, with anticipated high impact for the Australian temperate grazing industries. The benefit to Victorian dairy farmers from a successful outcome is estimated to be \$30 million.

Status (Funded from 2004)

Functionally associated genetic markers have been developed for close to 100 perennial ryegrass genes, including those controlling herbage quality, disease resistance and stress tolerance traits. Detailed experiments have been designed and will be implemented in year 3 to correlate gene-specific diversity with variation for breeders' characters. In parallel, a similar number of white clover genes have been analysed and are in use to dissect the basis of agronomic characters such as salt tolerance and flowering time variation.

Lead organisation:

Department of Primary Industries, Victoria – Plant Biotechnology Centre

Partner

Department of Primary Industries – Hamilton Centre, Molecular Plant Breeding CRC, Dairy Australia Limited/Meat and Livestock Australia



> Cleaning-in-place systems at a dairy factory.

MP1/016 food biosecurity for victorian dairy products

Description

Use of leading edge technologies in genomics and proteomics to detect, monitor and control significant pathogens, including viruses, in dairy products. The expected benefit to Victorian dairy farmers from a successful outcome is estimated to be \$1.2 million.

Status (Funded from 2004)

The major achievements to date have been in establishing and applying new methods to:

- Analyse potential biomarker proteins in bovine excreta (saliva, tears, faeces, milk) in the presence of the Johnes Disease organism for those unique to this species,
- Detect antibiotic resistance in enterococci surviving in milk after pasteurization,
- Determine whether Salmonella strains are capable of forming biofilms and when the specific genes associated with this are turned on (using microarray analysis),
- Evaluate high pressure processing on the survival of rotavirus particles from calves.

Linked workshops on the new Food Standards Code , dairy food pathogens and chemical residues were delivered at rural and metropolitan locations by Dairy Food Safety Victoria.

Lead organisation:

The University of Melbourne - Faculty of Land and Food Resources

Partners

Food Science Australia, The Murdoch Childrens Research Institute, The Australian Starter Culture Research Centre Limited, Dairy Food Safety Victoria and CSIRO Livestock Industries - Australian Animal Health Laboratory.

MP1/022 mining australian biodiversity to improve profitability of the victorian dairy industry

Description

Examination of aspects of reproduction unique to Australian mammals to find mechanisms that regulate milk yield and lactation persistence characteristics, and synthesis of milk compounds with biomedical, health and nutritional value in the dairy cow. The expected benefit to Victorian dairy farmers from a successful outcome is estimated to be \$31 million.

Status (Funded from 2003)

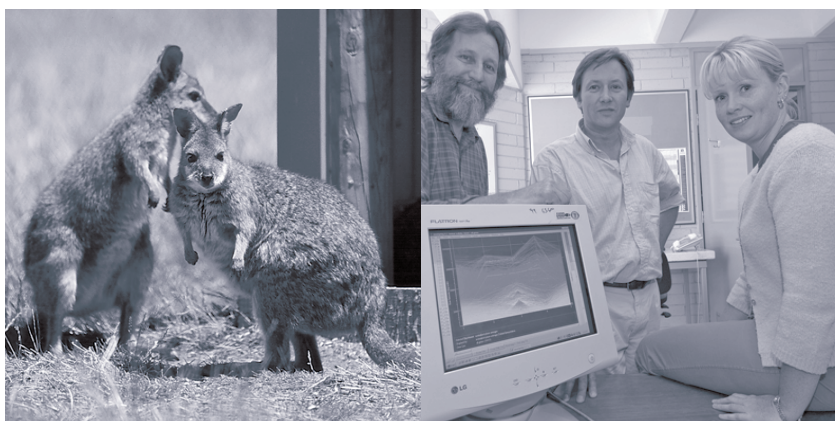
The scientific outcomes to date strongly support the strategy of using alternative animal models (Tammar wallaby, seal, etc.) to target outcomes for the dairy cow. Many hundreds of bioactives have been identified within the Tammar wallaby together with the genes presumed responsible for expression in the animal. Recently 25 new bovine milk proteins with bioactivity have been identified and are progressing to the next phase of development.

Lead organisation:

The University of Melbourne - Department of Zoology

Partners

The University of Melbourne - School of Dental Science, CRC for Innovative Dairy Products and Massey University, NZ - Institute of Food, Nutrition and Human Health



> Tammar wallabies.

> MP1/022 Project Leader Dr Kevin Nicholas (l.), The University of Melbourne and team members Dr Matthew Digby and Dr Julie Sharp.

MP2/003 value-added bioactive dairy products - discovery technology and beyond

Description

Using rapid screening techniques to search for molecules in milk with useful bioactive characteristics for humans – functional foods. The expected benefit from this project will flow largely to the dairy manufacturing sector.

Status (Funded from 2004)

The project is on track against its milestones. The screening targets have been expanded and a wide range of milk fractions have been screened. Several promising fractions have been identified and planning is in progress for preclinical studies in animal models. Subsequent clinical evaluation and product formulation will be undertaken as part of the commercialisation phase of the project.

Lead organisation:

TGR BioSciences Pty Ltd

Partners

Murray Goulburn Co-operative Co Ltd and Food Science Australia

MP2/006 profitably extending lactation in pasture-based dairying systems

Description

New approaches to the nutrition of cows during extended lactation to counter the economic impact of irregular calving by high producing Holstein-Friesian cows. The benefit to Victorian dairy farmers from a successful outcome is estimated to be \$79 million.

Status (Funded from 2004)

The cows have completed 12 months on their nutritional treatments and achieved their target yields. Interest is now focused on the extended part of the lactation and how well the cows on different nutritional treatments perform. A commercial dairy farm has been selected to undertake a detailed economic analysis of extended lactation using data from this research project and an earlier project funded by the Gardiner Foundation.

Lead organisation:

Department of Primary Industries, Victoria – Ellinbank Centre

Partner

The University of Melbourne



MP3/001 sex pre-selection of dairy cattle sperm for the victorian dairy industry

Description

The project aims to develop methods to separate frozen (or cooled) dairy bull sperm according to sex, using a modified flow cytometer (MoFlo). To date, sex-sorting has only been carried out on freshly ejaculated bull sperm, thus preventing the widespread application of the technology in Australia. This project will continue to develop and refine the sex-sorting process to enable sperm from Australian or overseas bulls to be used via artificial insemination to pre-determine the sex of calves.

Status (Funded from 2005)

The project will commence in August 2005. The techniques used to prepare the frozen (and cooled) semen for sex-sorting by separating the live sperm from the dead sperm will be refined, as will be the various specialized diluents for transport and sex-sorting of sperm.

Lead organisation:

The University of Sydney - Centre for Advanced Technologies in Animal Genetics and Reproduction (Reprogen).

Partners

XY Inc, Total Livestock Genetics

MP3/002 high-value milk with improved health and manufacturing benefits using natural variants of bovine milk mucin, muc-1

Description

The project will purify and characterise a milk protein that may be used as an antimicrobial agent in new infant formulations and as a food additive to enhance resistance to bacterial growth, especially for travellers susceptible to gastro-intestinal disturbances induced by infectious bacteria.

Status (Funded from 2005)

This project commenced in March 2005 and has demonstrated an ability of a purified milk protein to prevent bacterial adherence to bovine and human epithelial cells grown in cell culture. The protein has been purified from milk using two methods, one of which may lead to an IP position in its own right. Procedures to increase the yield of protein are currently being investigated.

Lead organisation:

CRC for Innovative Dairy Products and CSIRO Livestock Industries

Partner

Deakin University - School of Health Sciences



small projects.....

The Gardiner Foundation provides funding for small projects that have the potential for a positive impact for the dairy industry and the wider public. The life cycle of the Small Projects is generally less than that of Major Projects, but they are characterised by having a very direct impact for the intended recipients and strong involvement by local communities.

In general, Small Projects involve development and support activities for the Victorian dairy industry including research and development at the proof-of-concept stage, extension and technology transfer, and adoption of new and sustainable practices. Projects may also deliver education, training and skill development in technical dairy industry areas.

The Foundation requires that applicants demonstrate that projects will provide a clear benefit to the general public and at least one major sector of the dairy industry (e.g. farm, processing and manufacturing sector).

The following pages highlight a selection of Small Projects that received funding from the Foundation during 2004-05.

SMALL (PROOF OF CONCEPT) PROJECTS



ollie's island – interactive paddock to plate cd rom

Sustain Ability International Pty Ltd Project leader: Ms Jane Stewart

Gardiner Foundation contribution \$15,000

Sustain Ability International is an Australian company specialising in the development of interactive environmental education programs. This project was specifically targeted to develop a greater awareness of the importance of the dairy industry and its products. It uses industry case studies to highlight the commitment of dairy farmers and manufacturers to achieve sustainability within their day to day operations.

The Ollie's Island Program has developed an engaging 'edu-tainment' program that showcases the full chain of production and consumption activities across a range of industries, including the dairy industry. The Gardiner Foundation is supporting the dairy industry component.

The program has been specially developed with animation, graphics and a website in partnership with industry, government and educators. The content of the program is aligned with current industry practices and reflects government policy and current educational curricula.

The project is expected to be completed by the end of 2005 and will be released to the public at a media launch late in 2005. Soon after the launch one free copy of the program will be delivered to every school in Australia and supported with ongoing dissemination and promotional activities.



uruguayan fellowship

Dairy Australia Ltd Project leader: **Ms Romina Aziz**

Gardiner Foundation contribution \$10,000

During 2004-05, the Gardiner Foundation was pleased to support a study visit to Victoria by Mr Diego Bonino, a Uruguayan dairy farmer. Mr Bonino's visit had a number of aims including opening up new opportunities for cooperation and skills exchange between Victoria and other major dairying regions of the world. It is hoped that a reciprocal arrangement will ensue.

The exchange has also helped to build a closer relationship between Australia and Uruguay at the farm association level. This will help to provide a solid base from which both countries can share and disseminate relevant dairy farming knowledge, techniques and skills and learn from each other. The visit was also an important way of allowing dairy farmers and manufacturers in Victoria to look at their own industry through the eyes of an outsider and to share their insights.

The Uruguayan visitor, jointly selected by Dairy Australia and the National Co-operative of Dairy Farmers of Uruguay (Conaprole), was in Australia from February to June 2005 and, in his own words "discovered a wonderful country full of opportunities, with people who always opened their doors and who made me feel at home. This was of great value when concluding such a program, because it was based on forging human relationships as a way of stimulating and fostering knowledge". A final report is expected to be released mid-September 2005.

use of novel dairy components to treat chronic muscle-wasting conditions

Deakin University Project leader: **Dr Tim Crowe**

Gardiner Foundation contribution: \$69,000

A Gardiner Foundation PhD scholar at Deakin University is examining the potential for conjugated linoleic acid (CLA) and other novel dairy components to play an anti-inflammatory role in cancer-induced muscle wasting in humans.

It is hoped that certain dairy food components may provide useful adjuvant therapies to treat chronic muscle-wasting conditions such as cancer cachexia (cancer-induced weight and muscle loss).

CLA is already used in a variety of human treatments and offers important anti-inflammatory responses. However, the mechanisms involved in the response need to be defined before these natural products can be adopted as therapies for tumour-related muscle wasting.

The PhD student, Amy Larsen, expects that the project will run for three years under the supervision of Dr Tim Crowe. At the conclusion of the first year of the PhD project, responses of human muscle cells grown in culture to inflammatory agent (cytokines) had been determined. The responses included expression by genes involved in the growth and regulation of muscle growth and differentiation and production of the major contractile proteins in muscle.



> Diego Bonino, recipient of the GF Uruguayan fellowship.

dairy processing electricity supply improvement project

Corangamite Shire Council on behalf of the Southwest Victorian Dairy Industry Project *Project leader: Mr Peter Johnston*
Gardiner Foundation contribution \$25,000

Dairy processing plants throughout regional Victoria experience intermittent electrical supply disturbances resulting in significant costs. The causes range from inherent network weaknesses to problems with the way that in-plant electrical systems are configured.

This project aimed to identify options for power distributors and their dairy company customers to improve the quality of electrical supply to dairy processing plants including those in Cobden, Stanhope, Warrnambool, Cobram, Leongatha and Maffra. The analysis was overseen by a steering committee comprising electrical engineers and power quality managers drawn from participating companies such as Powercor, TXU, Warrnambool Cheese and Butter, Bonlac, Nestlé (Australia) and Murray Goulburn Co-operative Co Ltd.

The Steering Committee engaged the services of experienced power quality engineers to undertake specific research, report findings and recommend actions to be implemented by the participating power and dairy companies.

The final report presented in September 2004 provided hard data to support decision making and documented strategies to improve voltage sag in dairy processing plants. It also identified and costed network upgrades needed to improve power quality performance.

producing selenium enriched milk for human health

Department of Primary Industries, Victoria *Project leader: Dr Peter Doyle*
Gardiner Foundation contribution \$100K

The mineral element selenium (Se) is an essential factor in the proper functioning of the body's antioxidant enzyme systems. Insufficiency is associated with increased risk of developing diseases such as cancer, and viral infections. Some regions of the world, particularly in north Asia, are naturally deficient in selenium and supplementation is necessary and accepted for healthy lifestyles.

This 'proof of concept' project supported by the Foundation has enabled scientists from Primary Industries Research Victoria, Flinders University (Flinders Medical Centre), CSIRO (Health Sciences and Nutrition), and commercial partners Tatura Milk Industries Ltd and Alltech Biotechnology Pty Ltd, to develop cow nutritional strategies that increase the concentrations of Se in milk powders by 20 to 30 times.

The project team has also established that Se from Se enriched milk has higher bioavailability compared with Se from other enriched sources. It is believed that the development of Se enriched dairy products will offer the potential for the Victorian Dairy Industry to produce and market a range of new food ingredients/products that enhance human health.

Supported by the Foundation with other partners, will extend the results of the project to the next phase involving cow feeding.



> Electricity substation insulators.

> Cow feeding experiment at DPI Kyabram.

use of the australian milk biscuit to combat malnutrition and HIV/AIDS

The University of Melbourne *Project leader: Mr Richard Nasra*
Gardiner Foundation contribution \$30,178

The Australian Milk Biscuit was initially developed to be a highly nutritious energy-dense and fortified food product for use in emergency food relief. The objective of this Gardiner Foundation funded project is to assess the utility of the Australian Milk Biscuit as a component of immediate post-weaning foods in HIV/AIDS endemic areas to reduce mother to baby transfer of the virus at the time of weaning.

The biscuit itself is ready for immediate consumption, has a long shelf life, is easily transportable and can be fortified with many other nutrients as required.

The ultimate aim of this project is to successfully manufacture and supply the milk biscuit to the intended groups in a manner that meets product quality requirements, and is cost effective. Another important component of success is the level of interest and commitment that can be engendered among aid agencies, NGO's and governments in establishing the utility of the biscuit in areas of intended use.

Implementation of the project is being undertaken with the assistance of the Foundation and a Project Steering Committee comprising representatives from Campbell Arnott's, MG Nutritionals, Land O'Lakes and scientists formerly associated with development of the biscuit.



> Tasting the Australian Milk Biscuit.

> Minister Bob Cameron (2nd from l.) with members of the Milk Biscuits Project Steering Committee: (l. to r.) Roy Hoult, formerly Arnotts, Richard Nasra (Project Leader), Carol Bate, GF, Professor Roger Short, The University of Melbourne, Stewart Davey, MG Nutritionals and Alberto Pintos, GF.

SMALL PROJECTS FUNDING > ROUND 5, 2004-05

The following projects were selected for Gardiner Foundation funding for Small Projects for 2004-05.

Project No.	Organisation	Project Title
GF5/001	Victorian Farmers Federation	Sponsorship of the <i>Get MOOOving Dairy Week</i> - United Dairyfarmers of Victoria 30th Annual Conference and the Victorian Dairy Conference
GF5/002	Australian Nuffield Farming Scholars Association	2006 Australian Nuffield Farming Scholarships
GF5/004	Australian Dairy Farmers Ltd	Breeding dairyheifers to China – Industry extension and communication
GF5/007	The University of Melbourne	Creation of Establishment Bursaries to support students entering the first year of industry developed program – Advanced Diploma of Agriculture (Dairy)
GF5/009	Monash University	Education in Agriculture: An evaluation of the learning outcomes of a multi-media educational program on dairy farming and dairy food production
GF5/013	Department of Primary Industries	Increasing concentrations of immunoglobulin G in bovine colostrums
GF5/016	La Trobe University	The development of gut-associated (mucosal) immune system of neonatal calves and effects of dietary additives
GF5/022	Dairy Australia Limited	Mercosur Dairy Study Visit
GF5/023	National Dairy Alliance	Development of a planning framework for RD&E capability for the farm sector of the Australian dairy industry (phase 3)
GF5/025	Murray Dairy Inc	Integrating farm financial analysis and environmental risk assessment into whole farm planning for sustainable irrigation management
GF5/026	Food Science Australia	Evaluation of the I-Pipe Technology to reduce waste and increase CIP efficiency in the dairy industry



community development...

The Gardiner Foundation recognises the varied issues confronting dairying communities in Victoria. Its policy is to invest in community development projects wherever they have the potential to improve communities and the lives of the people who live in them.

During 2004-05, the Foundation initiated its new program of support for Community Development Major Projects offering funding of up to \$250,000 for selected projects. The Major Projects will supplement the ongoing program of Community Development Small Projects.



COMMUNITY DEVELOPMENT MAJOR PROJECTS

Three key areas have been identified by the Foundation as priorities for Major Project investment in community development. Firstly, most rural areas do not have a reliable labour supply. This restricts business development, not only for the family farm, but more widely in local communities. Through the Small Projects, the Foundation has already supported industry studies of strategies needed to attract young people to the industry.

Secondly, rural communities are facing the fallout from major demographic and social changes that are occurring. They have impacts for family structure and the overall composition of rural communities. There remains an urgent need for new models of community that accommodate heterogeneity and bring people together in new and different working relationships.

Finally, the Foundation recognises the ongoing need to develop local leadership in communities to avoid burnout of the current leaders. It believes that new leaders must come from a broader cross section of the population and increasingly include more young people.

The first Community Development Major Project to be awarded by the Gardiner Foundation is outlined below.

sustainable dairy farming families - the human resource in the triple bottom line

Western District Health Services, RMIT University - Centre for Regional and Rural Development, WestVic Dairy Inc, United Dairyfarmers of Victoria, Colac Area Health Service and Land Connect Australia.

Description

The continuing good health of its people is a major issue for the dairy industry. The average age of dairy farmers is rising and they are working harder for longer hours with no alternative other than for family members to carry much of the burden. This project will use a community development research model to examine the links between dairy farming family health, profitability, and farm injury and farm sustainability.

Status (Funded from 2005)

A steering group was formed and meets quarterly. An initial workshop was undertaken with UDV and WestVic Dairy key people in March 2005. To date 192 dairy farmers (46% women 54% men) have attended two-day workshops in ten locations across Victoria. Baseline data (physical, socio-cultural and farm safety) has been obtained and is currently being collated. Evaluations to date have been very positive. The project is running on time and on budget with a final report due in 2008.



> UDV/VFF participants in one of eleven workshops conducted across Victoria by the Sustainable Dairy Farming Families project.

> Susan Brumby, Project Leader of the first GF Community Development Major Project, received a certificate from Minister Bob Cameron, pictured with Stuart Willder, Western District Health Services (l.) and Associate Professor John Martin RMIT Centre for Rural and Regional Development (r.).

COMMUNITY DEVELOPMENT SMALL PROJECTS



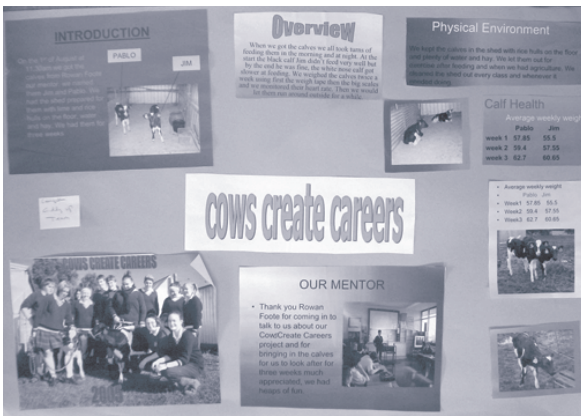
> CEO Carol Bate with Port Campbell fire fighters at the official handover to Captain Graeme Vickers of a four-wheel drive fire fighting vehicle. (l. to r. back) Percy Jennings, Peter Trezise, Allan Radford, Hugh Worrell, Hans Kruse, Carol Bate (Gardiner Foundation), Phillip Younis, Betty Robilliard (Region 6 Brigade Support Officer), Arnie Neiwenhuzen, Noel McKinnon. (l. to r foreground) Mark Tribe, Vince Loving and son, William Bate, Captain Graeme Vickers.

Community development is a process where local people and government authorities work together to improve the economic, social and cultural conditions of communities. Successful community development means that communities are more able to generate wealth, improve their competitive position and develop and use community resources.

As part of its commitment to investment in community development projects, the Gardiner Foundation provides funds for Community Development Small Projects up to \$25,000 each. Selected projects need to demonstrate clear public benefit for Victoria and its dairying communities and address the issues of labour supply, community leadership or response to changed community demographics.

The Foundation sees its role as a facilitator of projects and prefers projects that incorporate additional funding sources and which have strong support from local community organisations.

The following selection of reports illustrates the breadth of projects funded by the Foundation in the past year.



> "Cows Create Careers" poster presented by students involved in the project

old mates

Kyabram Secondary College *Project leader: Mr Michael Walsh*

Gardiner Foundation contribution \$20,800

The “Old Mates” program is providing closer linkages between secondary students and the dairying communities in which they live. Senior members of communities in the Goulburn Valley have agreed to work for one hour per week with school students on tasks such as reading, discussion of issues affecting their community and planning future directions.

Experience to date suggests that these sessions help young people become more connected to their community and, in the process, to grow their own self worth. The older persons also gain through the goodwill flowing from their work with youth and narrowing of the generational gap in their local towns.

The Old Mates Project was launched in April 04 and the program’s coordinator has trained over 70 volunteers from the dairying communities around Kyabram, Tongala, Girgarre and Rushworth. Eight schools in the area now have mentors visiting each week to work with individual students on a one to one basis.

During each school term, the students and “old Mates” come together for a social function, usually at Kyabram Fauna Park. It certainly is a “win-win” situation with the Old Mates getting as much pleasure and enrichment from the program as the students.

building community links for disadvantaged youth in dairy communities

Youth Opportunity Program Ltd. T/A Typo Station *Project leader: Ms Natalie Robbins*

Gardiner Foundation contribution \$20,000

Typo Station is an independent, not-for-profit organisation offering an alternate education, life skills and mentoring program for young men aged between 14 and 17 years who are experiencing problems at home, school or in their community.

The program is run from an historic bush property called Typo Station, in Victoria’s North-East and involves a residential experience completed over five weeks and a number of follow up programs to build practical and personal skills.

The Foundation was pleased to sponsor eight young men from Victorian dairying communities to attend Typo Station. The places were offered to applicants from dairy communities experiencing financial hardship.

The program is proving to be a catalyst and skills provider for the young people and is encouraging them to accept responsibility and work towards a more positive future. The eight sponsored participants have developed skills in effective communication, anger and aggression management, team work, blacksmithing and joinery, and bush survival. They have demonstrated to Typo Station staff, their schools and their families that they are willing and able to play a more positive role in their local communities.

Kyabram Secondary College students and their mentors, “Old Mates” Project.



developing water leaders in the macalister irrigation district

United Dairyfarmers of Victoria - Nambrook-Denison Branch *Project leader: Ms Jennifer McMillan*

Gardiner Foundation contribution \$10,000

An innovative project developed by a UDV steering group set out to improve the leadership capacity, knowledge and skills of the dairy community in the Macalister irrigation district. The aim was to improve the level of discussion and debate on issues surrounding the use of irrigation water.

During a six month period in 2004-05, more than 20 dairy farmers and community members attended workshops to learn the skills needed to effectively contribute to community debate and consultation on water issues, and to expand their networks.

The Foundation believes that the workshops have benefited dairying communities in the Macalister region by improving the ability of local people to negotiate successful outcomes from consultative processes and to improve their own management of water through better understanding of the resource.

Farm business operators have been able to acquire new knowledge and networks, better equipping them to participate in leadership activities. The workshops will also help to broaden the pool of local community members willing and able to serve on industry and other committees and working groups idealing with irrigation water usage.

sustaining the volunteer sector in south west victoria

South West Community Capacity Building Consortium *Project leader: Ms Josie Black*

Gardiner Foundation contribution \$25,000

Volunteerism is commonly recognised as a critical element of the delivery of services to communities including dairying communities. However, it is generally poorly supported and coordinated. This project was established to support the work done by volunteers in municipalities in south west Victoria by acting as a focus for the collection of information about their activities

The project has produced a model for volunteerism which works closely with volunteers in townships and rural communities. The model offers coordinated planning and delivery of volunteer services based on genuine understanding of the volunteer needs of communities.

The model also exploits the synergy that can be achieved through collaboration, and promotes the pooling of resources and expertise. It provides for the structure and operation necessary to strengthen and sustain the volunteer sector as well as best practice for policy, risk management and volunteer management.

The Project was managed by the South West Community Capacity Building Consortium and utilised the skills of a Project Officer to undertake tasks assigned to the project.

The final report was provided to the Foundation during the year.



> Anne Stewart and Graham Anderson, presenting at a GF Workshop at DPI Ellinbank on Developing water leaders in the Macalister Irrigation District

> Linda Thies, presenting at a GF Workshop at DemoDairy on the Sustaining the volunteer sector in SW Victoria project.

support for young dairy farmers in gippsland

GippsDairy Inc. Project leader: **Dr Danielle Auldist**

Gardiner Foundation contribution \$33,000

The Young Dairy Farmer Development Program (YDDP) has operated in Gippsland for several years, providing support for younger farmers to help them stay in the industry. This project builds on and extends the earlier work which was so successful that participants requested additional information and opportunities to further their development.

The aim of this project is to address those needs by providing opportunities for young people (18 to 35) to more easily make critical decisions based on a sound understanding of financial business management and the structure of the dairy industry.

The program also seeks to improve personal and professional development through mentoring and a range of training qualifications and to build networks among young dairy farmers. The Foundation is also confident that over the longer term, participants will increasingly play a role as leaders in the industry and their own communities as well as improving their own careers.

The seminar series, Financial Steps for Succe\$\$, was developed by YDDP and delivered across Gippsland. It was so successful that it was also taken to other areas of Victoria. The current phase of the YDDP project will finish in September 2005 and be replaced with a new phase which will develop further modules about financial and business management for its growing data base of participants.

growing gippsland's dairy industry – a regional dairy industry development plan to the year 2015 - stage 2

Gippsland Agribusiness Forum Project leader: **Mr Alex Arbuthnot**

Gardiner Foundation contribution \$10,000

A project undertaken by the Gippsland Agribusiness Forum is developing a regional dairy industry development plan. The purpose is to promote the dairy industry throughout the region and to communicate strategies to expand production by 2015 to achieve sustainability and viability.

The project is proceeding in three stages with the first, consultation and writing a framework, completed during 2004. In 2005, the Gardiner Foundation supported the second stage which involved the planning process and writing the plan. Implementation of the plan is the focus of the third stage.

Two key strategic directions identified in the plan are community development and providing skilled human resources for the industry. Emphasis is placed on initiatives to build community capacity, add value and identify the service needs for a sustainable dairy industry in Gippsland. In an era of improving international milk prices and growing demand in new markets, the Gippsland Dairy Plan is expected to be a valuable investment for the region. The Final Report for the project will be available in February 2006.



COMMUNITY DEVELOPMENT SMALL PROJECTS ROUND 2, 2004-05

The following projects were selected for Gardiner Foundation funding for Community Development Small Projects for 2004-05.

Project No.	Organisation	Project Title
CDSP2/001	Stanhope & District Development Committee Inc	Computer software (MYOB Accounting & Microsoft Office Pro) for teaching purposes and employment of qualified instructors
CDSP2/002	The Goulburn Murray Community Leadership Program – Fairley Leadership	Sponsorship of 3 places in the Fairley Leadership Program for individuals involved in the dairy industry
CDSP2/004	Education Foundation	Dairy industry career and community links – scoping study
CDSP2/005	North East AgCare Inc (auspicing Alpine Valleys Community Leadership Program)	Provision of a participant place for a dairy farmer in the 2005-06 Alpine Valleys Community Leadership Program
CDSP2/007	GV AgCare Inc	Farm succession – Your farm, your family, your future
CDSP2/009	Gipps Dairy Board Inc	Developing the professional and personal capacity of young dairy farmers in Gippsland
CDSP2/010	Lions Club of Strzelecki	Cows Create Careers
CDSP2/013	CFA Yarragon Fire Brigade	Contribution toward Quick Attack 4WD vehicle
CDSP2/017	Campaspe Cohuna Local Learning Employment Network (CCLLEN)	Regional Youth Mentoring Program



> Loddon Murray Community Leadership Program participants (l. to r.) Lynne Williamson, Judy Blundell and Joanne Duffy (GF Scholar) with presenter Ross Bevaie



> Yvonne Jennings, Swan Hill & District Rural Women Inc, talking with Graeme Gledhill of the Central Murray Area Consultative Committee

small grants program.....

Since 2003, the Foundation has supported a program entitled 'Working in Dairying Communities' through which funding for community development initiatives has been made available through Small Projects and Small Grants.

The Small Grants program offers grants of up to \$5,000 each for initiatives that help to build the economic and social strength of communities in dairying districts in Victoria. Priorities for investment by the Foundation are the same as for Small Projects, but administration of the grants program is undertaken by the Foundation for Rural and Regional Renewal (FRRR).

Founded in early 2000 as a partnership between The Sidney Myer Fund and the Commonwealth Government, FRRR is Australia's only national philanthropic Foundation dedicated to rural and regional Australia.

There are important opportunities to commit community development funds to help build self-confidence and self esteem in dairying communities. Working in partnership with FRRR means that there is a clear view of the way ahead to support local initiatives that deliver lasting benefits for dairy communities.

COMMUNITY DEVELOPMENT SMALL GRANTS PROGRAM

Following are lists of Community Development Small Grants supported in Rounds 1 and 2 of the 'Working in Dairying Communities' program.

Project No.	Organisation	Project Title
CDSG1/001	Alberton Project Inc	Community bus fund
CDSG1/002	All Dairy Breeds Youth Camp Committee	Lead On leadership program
CDSG1/004	Aspire, A Pathway to Mental Health Inc	Educating dairying communities about mental health
CDSG1/005	Bass Coast Shire Council	The Parent-Child Mother Goose Program
CDSG1/007	Cobram Secondary College	Installation of a Tecalemit 2 post hoist in the Automotive Practice Department
CDSG1/009	Dumbalk & District Progress Association Inc	Display and preservation of historical photographs depicting the history of a dairy farming community
CDSG1/010	GippsDairy Board Inc	Information evening – Strategies for coping in the current environment
CDSG1/012	Koroit Lions Club	Renovations to meeting room for agricultural and community activities
CDSG1/016	Lions Club of Tatura Inc	Sharefarming scholarships
CDSG1/017	Lockington Community Care Community Inc	Lockington and District country produce marketing plan
CDSG1/018	Lockington Community News Inc	Community Newspaper equipment for production and skill development
CDSG1/019	Merrigum Primary School	School bus run
CDSG1/021	North East AgCare Inc	Alpine Valley Community Leadership Program
CDSG1/022	Poowong Community Consultative Committee Inc	Workshop/Seminar addressing diversification, business structure, sizing, succession planning and the changing nature of farming
CDSG1/023	Rochester Community House	Equipment to run Strength and Balance programs
CDSG1/026	Rushworth P-12 College	Science and skills in dairy production for Year 9 students
CDSG1/028	Tatura Blue Light Youth Club	Creation of community outdoor sports area
CDSG1/029	Terang Resources Inc	Cream of the Country Exhibition – Exploring career/lifestyle opportunities for young people in the dairy industry in SW Victoria
CDSG1/032	Tongala Community Activities Centre	Series of Personal Development Workshops
CDSG1/035	Tongala Football and Netball Club Inc	Tongala Milo have a go
CDSG1/037	Toolamba Kindergarten	Library for preschool children
CDSG1/039	Kergunyah Church	Maintenance and creation of community facilities
CDSG1/040	Victorian Farmers Federation	Katandra/Invergordon UDV project
CDSG1/042	Warragul Regional College	Creation and implementation of strategy plan for students to visit local industries/farms to increase awareness of job opportunities
CDSG2/001	Australian Milking Machine Trade Association Inc.	Develop industry wide standards, procedures and training to improve the quality of workmanship on equipment installation
CDSG2/002	Bullioh Hall Committee of Management Inc	Refurbishment of Bullioh Hall

Project No.	Organisation	Project Title
CDSG2/003	Campaspe Valley Community Centre	Purchase of new pa system for the Campaspe Valley Community Centre
CDSG2/004	Carers and Parents Support Group Inc	The “3 R’s” – Relax the body – Rejuvenate the mind – Restore equilibrium
CDSG2/005	Cobram Centenary of Federation Park Trust	To reinvigorate Cobram as a regional sub-centre and overcome decline in retail and economic investment
CDSG2/006	Cohuna and District Historical Society Inc	Purchase of a digital camera and printer
CDSG2/007	Daily activities & Self Help (DASH)	Establish a resource and drop-in centre
CDSG2/008	DemoDAIRY Cooperative	Sponsorship of 2 DemoDAIRY representatives to attend the Rural Leadership Program to build leadership skills
CDSG2/011	Gunbower Preschool	Build a rotunda in the Gunbower & District Pre-school yard
CDSG2/013	United Dairyfarmers of Victoria, Katunga Branch	“Dairyfarming into the Future” evening
CDSG2/015	Kyabram Community & Learning Centre	Beautification of childcare yard
CDSG2/016	Kyabram Discussion Group	Purchase of an electric bbq and lighting
CDSG2/017	The Committee of Management Leitchville Memorial Hall	Air-conditioning for hall
CDSG2/018	Lions Club of Terang	The Ganawarra Community Market – Homemade/Homegrown
CDSG2/019	Mooroopna Community Group	Toy library
CDSG2/025	Shepparton Agricultural Society Inc	The Youth Show
CDSG2/026	South Gippsland Genealogical Society	Family history software and storage
CDSG2/029	Tatura Bowls Club Inc	Replace old chairs and tables
CDSG2/032	Tongala Community Centre/Tongala Little Theatre	Purchase of lighting and sound equipment for Tongala Little Theatre Group
CDSG2/033	Upper Hume Community Health Service	Strengthening Rural Counselling
CDSG2/034	Yarrawonga District Health Service	Exercise your Mood
CDSG2/035	Victorian Farmers Federation, Yinnar Branch	Family Health Night



> Joss & Tess Battersby at kindergarten



> Children's artwork, Toolamba Kindergarten



> Library books from GF for preschool children at Toolamba Kindergarten



> Chris Nixon with Elizabeth Cham, National Director of Philanthropy Australia.

people issues and capacity building

The Foundation's first Community Development Major Project received its initial funding in 2004-05. Further new projects are expected to begin in the coming one or two years to target the established priority areas of under-supply of labour for dairy farm operation, social and demographic changes, and community leadership skills.

Through these projects, the Foundation's intention is to assist dairying communities to build their own capacity, sustain themselves profitably, and develop the local leadership to enable them to take advantage of whatever opportunities arise.

The Foundation will continue to actively search out opportunities for partnerships with community organisations and government agencies in order to develop new projects. Anticipated funding levels of up to \$250,000 for each project will remain available for the time being.

major research and development and proof of concept

The majority of the Foundation's funding commitments in the past three years have been for research and development and for the related areas of extension and technology transfer, training and skill development. It is believed that investments in these areas continue to offer the greatest prospect for benefits to flow to the community through innovation in the dairy industry.

The Foundation remains committed to both categories of funding and expects to continue to actively support both Major Research and Development Projects and Small Projects for the foreseeable future.

evaluation

The first group of Major Research and Development projects funded by the Foundation are now moving into their third full year and there has been sufficient progress for the initial objective assessments or progress to be made.

The Foundation will introduce a series of independent peer reviews of individual projects in 2005-06 to be undertaken by Professor Tim Reeves and Dr Nick Gough. Reviews will be conducted on an as-needed basis so that all projects will be scrutinised over the next two years. Because projects are at different stages of completion, the reviews will be a mixture of mid-term and terminating evaluations.

The Foundation also intends to partner with the Foundation for Rural and Regional Renewal to examine the impact of the Small Grants Program. Formal evaluation processes will not be used to examine individual grants which are very small, usually less than \$5,000 each, and not sufficiently structured to allow quantitative evaluation to be meaningful.

Instead, the Foundation during 2005-06 will use qualitative processes of assessment to ensure that the funds distributed to communities through the Small Grants Program are applied to purposes aligned with the Foundation's objectives and that the portfolio of grants as a whole is having a positive impact.

communication

Extensive consultation and communication with all of its stakeholders is core business for the Gardiner Foundation. Interaction with our Members and industry stakeholders is an opportunity to receive feedback and suggestions and forms part of a continual process of streamlining and fine tuning our strategic direction and operating procedures.

In the coming year, the Foundation intends to consult extensively with a reference group of senior dairy industry leaders to help formulate its strategic direction for research and development. The main emphasis of these discussions is expected to gradually move away from the selection of research areas to a consideration of new ways of assembling consortia of high level scientific organisations to tackle pressing research questions.



> Paul Ford (l.), National Food Industry Strategy and Lindsay Short, Campaspe Cohuna Local Learning and Education Network

> John Gall, (l.) Warrnambool Cheese and Butter Factory with Professor Paul Nestel > (l. to r.) Dr Peter Stahle, Victorian Dairy Products Association, Noel Campbell AO Baker Medical Institute and member of the GF Major Projects Selection Panel

> (l. to r.) Dr Peter Stahle, Victorian Dairy Products Association, Noel Campbell formerly Bonlac Foods Limited and Allan Burgess, Australian Dairy Farmers Limited

> Doug Chant, President of the United Dairyfarmers of Victoria, speaking at a Gardiner Foundation Workshop in Western Victoria.

ABOUT THE GARDINER FOUNDATION

Carol Bate
Chief Executive Officer



Barrie Lawson
Company Secretary



Cynthia Mrigate
Project Administrator



Alberto Pintos
Project Officer



Helen Webb-Johnson
Accounts Officer/PA



> Gardiner Foundation staff

The Gardiner Foundation provides funding to projects for the development of the Victorian dairy industry and to assist dairying communities, for the benefit of the wider community.

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 at least \$200,000 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 has further funds available to allocate for activities that support dairying 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.

CONTACTS

The Gardiner Foundation has an up to date web site that offers full information about the Foundation itself, as well as forms and guidelines for applications for funding.

Visit our website at:

www.gardinerfoundation.com.au

Gardiner Foundation
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

office, level, building name or PO Box no.

street number & name

suburb/city

telephone

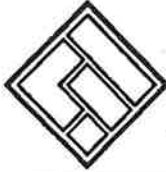
facsimile

DX number

GEOFFREY GARDINER DAIRY FOUNDATION LTD
LEVEL 1
84 WILLIAM STREET
MELBOURNE state/territory VIC postcode 3000
(03) 9606 1900
(03) 9606 1999
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

CORPORATIONS ACT 2001
Section 1274
I hereby certify this copy of ...
sets out
the whole of a document/certificate
report as a document/certificate
lodged with the Australian Securities & Investments Commission
on behalf of the Australian Securities & Investments Commission

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 (H)
☐ 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)

Dates on which financial year begins

01/07/2004

and ends

30/06/2005

(d/m/y)

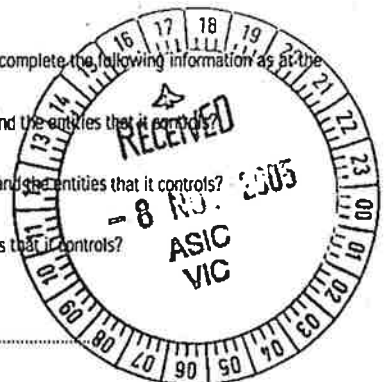
Date of Annual General Meeting (if applicable)

08/11/2005

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?



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?
* details of the deficiency, failure or shortcoming concerning any matter referred to in section 307?

Yes ☐ No ☒

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



AUSTRALIAN SECURITIES
&
INVESTMENTS
COMMISSION
CORPORATIONS ACT 2001
Section 1274

Annexure A

This is Annexure A of 27 pages referred to in form 388, copy of financial statements, reports and declaration.

BARRIE LAWSON
8 November 2005

COMPANY SECRETARY

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED
A.C.N. 094 733 418

FINANCIAL STATEMENTS 2004-2005

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AUSTRALIAN SECURITIES
&
INVESTMENTS
COMMISSION
CORPORATIONS ACT 2001
Section 1274

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED
A.C.N. 094 733 418

DIRECTORS' REPORT

Your directors present their report on the financial statements of the Geoffrey Gardiner Dairy Foundation Limited ("the Foundation") for the financial year ended 30 June 2005.

Directors

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

C D V Nixon (Chairman)
M G Fehring
I W MacAulay
G F Mitchell AO
P J Moughan



AUSTRALIAN SECURITIES
&
INVESTMENTS
COMMISSION
CORPORATIONS ACT 2001
Section 1274

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

Share Capital

The Foundation is limited by guarantee and does not have share capital.

Principal Activity

The 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 company's principal activities during the financial year ended 30 June 2005.

Review of Operations and Operating Results

The surplus from ordinary activities for the financial year ended 30 June 2005 was \$7,400,469 (2004: surplus of \$5,749,491).

The Foundation is exempt from income tax and therefore no provision for tax has been made.

The Chairman's and Chief Executive Officer's reviews, included in the Annual Report, provide information relating to the Foundations operations, changes in the state of affairs of the Foundation and likely future developments.

Dividends

The Foundation is limited by guarantee and consequently no amounts have been or will be paid or declared by way of dividend. The Foundation's Constitution precludes the payment of any dividend.

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED
A.C.N. 094 733 418

DIRECTORS' REPORT (Cont'd)

M G Fehring, Dairyfarmer, Churchill Fellow, FAICD

Non-executive Director since 11 October 2000

Board member of Grampians Wimmera/Mallee Water

Councillor, Gannawarra Shire

Former Board member of Australian Dairy Herd Improvement Scheme

Past member of:

Victorian Farmers' Federation Executive

Australian Dairy Industry Council Executive

Australian Dairy Farmers' Federation Council

Past President, United Dairyfarmers of Victoria



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I W MacAulay, Dairyfarmer, B.Agr.Sc.

Non-executive Director since 11 October 2000

Non-executive Chairman of Murray Goulburn Co-operative Company Limited

G F Mitchell AO, RDA, BVSc, FACVSc, PhD, FTSE, FAA

Non-executive Director since 27 September 2001

Non-executive Director of:

AgVic Services Pty Ltd

Antisense Therapeutics Limited

Compumedics Limited

A Principal of Foursight Associates Pty Ltd.

P J Moughan, B.Agr.Sc (Hons), PhD, D.Sc, FRSNZ.

Non-executive Director since 27 September 2001

Distinguished Professor and Personal Chair, Massey University

Non-executive Director, Meat Biologics Ltd, Wellington, NZ

Director, Riddet Centre, Massey University

Chair of the APEC Food Technology Domestic Champions Network

Past Foundation Head, Massey University, Institute of Food, Nutrition and Human Health

Past Foundation Scientific Director of the Milk and Health Research Centre

Attendance at Board and Committee Meetings

Details of attendance by Directors of the Foundation at Board meetings held during the year ended 30 June 2005 are as follows:

Directors	Meetings held	Meetings attended
C D V Nixon	6	6
M G Fehring	6	6
I W MacAulay	6	6
G F Mitchell	6	5
P J Moughan	6	5

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED
A.C.N. 094 733 418

DIRECTORS' DECLARATION

The directors of the Geoffrey Gardiner Dairy Foundation Limited ("the Foundation") declare that:

- 1) The financial statements and notes are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the Foundation's financial position as at 30 June 2005 and of the performance for the year ended on that date of the company;
- 2) In the directors' opinion these are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

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



C D V Nixon
Director



I W MacAulay
Director



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Melbourne, 14 October 2005

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED
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**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	3	66,574	137,969
Receivables	4	130,727	109,481
Other financial assets – investments	5	72,318,439	64,957,374
Other assets		6,790	8,256
TOTAL CURRENT ASSETS		<u>72,522,530</u>	<u>65,213,080</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>38,782</u>	<u>31,455</u>
TOTAL NON-CURRENT ASSETS		<u>38,782</u>	<u>31,455</u>
TOTAL ASSETS		<u>72,561,312</u>	<u>65,244,535</u>
CURRENT LIABILITIES			
Payables	7	620,445	713,593
Interest bearing liability	8	3,542	3,932
Provisions	9	51,569	41,978
TOTAL CURRENT LIABILITIES		<u>675,556</u>	<u>759,503</u>
NON-CURRENT LIABILITIES			
Interest bearing liability	8	565	5,650
Provisions	9	6,215	875
TOTAL NON-CURRENT LIABILITIES		<u>6,780</u>	<u>6,525</u>
TOTAL LIABILITIES		<u>682,336</u>	<u>766,028</u>
NET ASSETS		<u>71,878,976</u>	<u>64,478,507</u>
EQUITY			
General Reserve	11	71,878,976	64,478,507
TOTAL EQUITY		<u>71,878,976</u>	<u>64,478,507</u>



GEOFFREY GARDINER DAIRY FOUNDATION LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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 and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by Geoffrey Gardiner Dairy Foundation Limited (Gardiner Foundation) in the preparation of the financial report.

(a) Projects

The Gardiner Foundation provides funding to projects for the development of the Victorian dairy industry and to assist dairying communities, for the benefit of the wider community. 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 dairying communities.
- Local infrastructure programs for Victorian dairying communities.
- Regional economic development projects benefiting Victorian dairying communities.

Other activities which improve the dairy industry 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, with the focus being toward projects which address the issues of leadership, labour and changing demographics.

(b) Income Tax

The Foundation is exempt from income tax pursuant to Item 8.2 of Section 50-40 of the Income Tax Assessment Act 1936.



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GEOFFREY GARDINER DAIRY FOUNDATION LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**



1 Statement of Significant Accounting Policies (Cont'd)

(f) Investments

The investments managed by ANZ Executors & Trustee Company Limited (ANZ Trustees) include fixed and variable interest cash and term deposits, Australian shares and property investment funds. The carrying amount of investments are reviewed by the ANZ Trustees on a daily basis and adjusted to market values which is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non listed companies. The portfolio of investments is not in excess of recoverable amounts. The expected net cash flows from recoverable amounts have not been discounted to their present value in determining the recoverable amount.

(g) Employee Benefits

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.

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the company to superannuation funds in respect of current employees.

(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

Investment income derived by the Investment Manager from funds invested on behalf of Gardiner Foundation includes cash income, franking credits generated during the year and claimed via the Foundations tax return at the end of the financial year, and accrued income.

The change in the value of the funds invested with the ANZ Trustees is recognised as revenue in the Statement of Financial Performance as a change in the net market value of investments.

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**



	2005 \$	2004 \$
2 Surplus from Ordinary Activities		
The surplus for the year from ordinary activities includes the following revenue and expenditure items:		
a) Revenue		
Interest received	10,635	4,967
State Trustees Investment Income	1,494,520	2,031,300
ANZ Trustees Investment Income	3,305,912	-
Significant revenue - Note 2(c)	284,342	18,091
Other Income	2,500	-
	<u>5,097,909</u>	<u>2,054,358</u>
Change in net market value of investments - Note1(f)	6,410,633	6,647,711
Total revenue	<u>11,508,542</u>	<u>8,702,069</u>
b) Expenses		
Projects		
- Small Projects	885,595	871,254
- Major Projects	2,138,078	1,419,511
- Community Development Projects	455,504	218,383
Total project expenditure	<u>3,479,177</u>	<u>2,509,148</u>
Patent costs	<u>147,845</u>	<u>7,375</u>
Occupancy expenses	<u>45,433</u>	<u>40,365</u>
Administration expenses		
Depreciation and amortisation of non-current assets		
- plant & equipment	11,235	9,786
- leasehold improvements	512	-
- leased plant & equipment	3,684	3,685
	<u>15,431</u>	<u>13,471</u>
Rental expenses on operating leases	38,921	33,697
Remuneration of auditor		
- audit or review services	12,504	11,571
- other services	-	-
Other expenses	368,762	336,951
Total administration expenses	<u>435,618</u>	<u>395,690</u>
Total expenses	<u>4,108,073</u>	<u>2,952,578</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**



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6 Property, Plant and Equipment (Cont'd)

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

	Plant and Equipment \$	Leasehold Improve- ments	Leased Plant and Equipment \$	Total \$
Balance at the beginning of the year	24,791	-	6,664	31,455
Additions	7,410	15,348	-	22,758
Disposals	-	-	-	-
Depreciation expense	(11,235)	(512)	(3,684)	(15,431)
Carrying amount at the end of the year	20,966	14,836	2,980	38,782

7 Payables

	2005 \$	2004 \$
Creditors and accruals	620,445	713,593
Total payables	620,445	713,593

8 Interest Bearing Liabilities, Capital, Leasing and Other Commitments

a. Finance Lease Commitments

Payable

- not later than 1 year	3,842	5,037
- later than 1 year but not later than 5 years	574	6,192
Minimum lease payments	4,416	11,229
Less future finance charges	(309)	(1,647)
Total lease liability	4,107	9,582

Current liability	3,542	3,932
Non current liability	565	5,650
	4,107	9,582

b. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements include computer equipment, motor vehicle and rental premises:

Payable

- not later than 1 year	33,443	20,466
- later than 1 year but not later than 5 years	26,394	12,796
	59,837	33,262

GEOFFREY GARDINER DAIRY FOUNDATION LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
11 General Reserve		
Balance at beginning of period	64,478,507	58,729,016
Transfer from retained surplus	7,400,469	5,749,491
Total general reserve	<u>71,878,976</u>	<u>64,478,507</u>
12 Financial Reporting by Segments		
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 (a).		
13 Reconciliation of Cash		
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	<u>66,574</u>	<u>137,969</u>
14 Reconciliation of Cash Flow from Operations		
Surplus from Ordinary Activities	7,400,469	5,749,491
Non cash flows		
Depreciation and amortisation	15,431	13,471
Change in value of investments	(6,410,633)	(6,647,711)
Investment income not yet realised	(2,262,005)	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	(21,246)	2,073,446
(Increase) / decrease in other assets	1,465	5,927
Increase / (decrease) in payables	(93,148)	342,490
Increase / (decrease) in provisions	14,931	17,073
Cash flow from operating activities	<u>(1,354,736)</u>	<u>1,554,187</u>



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**NOTES TO THE FINANCIAL STATEMENTS
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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:

30 June 2005	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non Interest Bearing	Total
			Maturing				
			Within 1 year	1 to 2 years	2 to 5 Years		
	2005 %	2005 \$	2005 \$	2005 \$	2005 \$	2005 \$	
Financial Assets							
Cash at Bank and on Hand	3.98%	66,574	-	-	-	-	66,574
Other financial Assets - Investments with ANZ Trustees. Refer note at end of table.	0.00%	-	-	-	-	72,318,439	72,318,439
Receivables	0.00%	-	-	-	-	130,727	130,727
Total Financial Assets		66,574	-	-	-	72,449,166	72,515,740
Financial Liabilities							
Lease Liability	15.40%	-	(3,542)	(565)	-	-	(4,107)
Payables	0.00%	-	-	-	-	(620,445)	(620,445)
Total Financial Liabilities		-	(3,542)	(565)	-	(620,445)	(624,552)
Net Financial Assets		66,574	(3,542)	(565)	-	71,828,721	71,891,188

30 June 2004	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non Interest Bearing	Total
			Maturing				
			Within 1 year	1 to 2 years	2 to 5 Years		
	2004 %	2004 \$	2004 \$	2004 \$	2004 \$	2004 \$	
Financial Assets							
Cash at Bank and on Hand	3.00%	137,969	-	-	-	-	137,969
Other financial Assets - Investments with State Trustees	0.00%	-	-	-	-	64,957,374	64,957,374
Receivables	0.00%	-	-	-	-	109,481	109,481
Total Financial Assets		137,969	-	-	-	65,066,855	65,204,824
Financial Liabilities							
Lease Liability	15.40%	-	(3,932)	(4,111)	(1,539)	-	(9,582)
Payable	0.00%	-	-	-	-	(713,593)	(713,593)
Total Financial Liabilities		-	(3,932)	(4,111)	(1,539)	(713,593)	(723,175)
Net Financial Assets		137,969	(3,932)	(4,111)	(1,539)	64,353,262	64,481,649

Note: The investments managed by the ANZ Trustees (from February 2005) and the State Trustees (prior to February 2005) derived income from various sources including dividends, franking credits, interest and property investments.



Independent audit report to members of Geoffrey Gardiner Dairy Foundation Limited

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 2005.

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 and 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.

Auditor's Independence Declaration to the Directors of Geoffrey Gardiner Dairy Foundation Limited

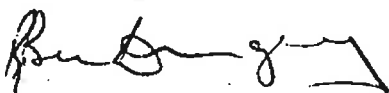
In relation to our audit of the financial report of Geoffrey Gardiner Dairy Foundation Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions to the auditor independence requirements of the Corporations Act 2001 or any other applicable code of conduct.



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R. Bruce Dungey
Partner

24 October 2005