GARDINER FOUNDATION

# Annual Report 2023

Investing for a vibrant dairy future

# Geoffrey Gardiner Dairy Foundation

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

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

Gardiner Foundation was created with $62 million in funding from the sale of assets including milk brands, as part of a deregulation of the dairy industry. The Foundation was named to honour the memory of Geoffrey Gardiner and the outstanding leadership contribution he made to the Victorian dairy industry and dairy communities.

Gardiner's purpose is to manage the investment of funds to maximise benefits to all sectors of the Victorian Dairy Industry and to Victorian Dairying Communities.

Since its inception in 2000, Gardiner Foundation has contributed over $90 million towards projects to support Victoria's dairy industry and dairy communities.

Find out more at **www.gardinerfoundation.com.au**

GARDINER FOUNDATION


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GOVERNOR OF VICTORIA

**Her Excellency the Honourable Linda Dessau** AC CVO
Governor of Victoria
Patron of Geoffrey Gardiner Dairy Foundation

**Cover photo:** Lucy Collins, 2021
Nuffield Scholarship recipient
sponsored by Gardiner Foundation.



# Contents



## Acknowledgement of Country

In the spirit of reconciliation, Gardiner Foundation acknowledge the Traditional Custodians of the Country and their continuing connections to lands, waters and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

# Chair's Introduction to GDF Annual Report

I'm very pleased to report that the Gardiner Foundation continues to energetically fulfil its niche role in support of Victoria's dairy industry.

Our funds under investment continue to grow, as well as providing all the income needed for operations. On 30 June 2023 the value of our corpus was $156.39 million. Income from investments this year (net of fees) was $8.04 million plus an increase of $13.77 million in the fair value of our financial assets. The net effect was a 13.42% return on investment during 2023. A total of $5.49 million was withdrawn from the corpus to fund our operations.

There is a growing alumnus of people who have participated in one of our many personal development initiatives and the Foundation continues to apply management time and funds to national initiatives such as the Australian Dairy Plan, Dairy Moving Forward and the Dairy Industry Sustainability Framework. Our R&D partnership with Dairy Australia and Agriculture Victoria continues to support a substantial group of scientists working for the benefit of the industry. Funding for Dairy Bio continues, and this year we committed to an additional five years of funding for Dairy Feedbase.

Looking forward, the Foundation's Board has decided to expand our niche by investing in a more diverse suite of projects. This theme evolved during consultation on our new strategic plan, as we listened to people in the industry talk about shortages of labour, accommodation and training as well as a shrinking milk pool. The Board is of the view that the Foundation has a mandate to invest in new ideas, while still fulfilling our responsibility to grow the financial corpus in perpetuity. Some of the areas we are investigating are:

- Greater emphasis on the adoption of R&D results.
- Co-investment in community initiatives.
- Involvement in the world of agricultural technology.

Our CEO, Allan Cameron, and his staff have been extremely active this year particularly in the maintenance of our many partnerships and coinvestor relationships. I would like to thank them all sincerely for their efforts.

I am very proud to say that the Foundation's Directors have a true collaborative spirit and are working well together. Andrew Maughan left the board at last year's AGM after a very successful seven-year term as Chair of our Finance, Audit, Investment and Risk Committee. He was replaced by Michael Strachan, who was an advisor to the Committee and quickly established himself in the role of Chair. Mary McLaughlin has replaced Michael as the independent advisor. We will be very sad to lose René Dedoncker at the AGM this year as he comes to the end of his second term as a director. A new processor representative director will be put forward for election at the AGM in October this year.

During the year we also farewelled Grant Crothers as the Australian Dairy Products Federation (ADPF) member representative. He has been replaced by John Williams, President of ADPF.

It's my pleasure to acknowledge the support provided to the Foundation by our directors, staff, industry representatives and stakeholders. As a Foundation we always look to coinvest with like-minded organisations to deliver useful outputs to the Victorian dairy Industry. We intend to continue that strategy. A heartfelt thanks goes to each of our partners for their support.

Dr Len Stephens
**Board Chair**

# Chief Executive Report

Gardiner Foundation's 2022-23 annual report provides an overview of the activities undertaken to deliver on our purpose of managing the investment of funds to maximise benefits to all sectors of the Victorian dairy industry and dairy communities.

I am pleased to report that in a year that contained periods of escalating inflation, higher interest rates and geopolitical tensions that contributed to financial market instability across the world, our corpus has performed well. The result reflects a combination of the benefits of a prudent investment management strategy, the quality of the professional investment advice received from Frontier and the skills of the underlying fund managers.

The strength of the Foundation's financial position has allowed us to continue to invest in the three strategic priorities contained in our 2020-23 strategic plan.

Research, Development and Extension (R,D&E) remains Gardiner's largest annual strategic investment with the DairyBio and Dairy Feedbase research portfolios undertaken in partnership with Agriculture Victoria and Dairy Australia our principle focus.

This year marked the conclusion of the DairyFeedbase 2017-23 program, which contained the five research projects; PastureSmarts, Smart Feeding, Feeding Cool Cows, First 100 days and Forage Value Index. As the research findings of each project are collated, the program of work is transitioning to focus on either the commercialisation of the research outputs or the development of extension packages for delivery to farmers. Gardiner remains committed to ensuring the 'paths to market' for the research outputs receive the focus that is necessary to deliver meaningful outcomes on farm.

After extensive engagement with dairy farmers and industry stakeholders, Agriculture Victoria, Dairy Australia and Gardiner Foundation agreed to continue to co-invest in a new research portfolio called Dairy Feedbase 2023-28 which contains 6 research projects that prioritise supporting farmers to manage climate change, reduce the dairy industry's impact on climate and the environment and stimulate an increase in dairy industry productivity. Gardiner's commitment to the portfolio will be $1.5 million p.a. over the next 5 years.

Gardiner continues to invest $1 million p.a. in DairyBio 2021-26, the portfolio of biological science research projects that focus on 'future forages' and the 'future cow'. In 2022-23 it was pleasing to see more research outputs from DairyBio become available to dairy farmers. Our commercial partners DataGene released the Sustainability Index which helps farmers use the genetic merit of their herds to reduce greenhouse gas emissions intensity and Barenbrug released for sale Samurye, the tetraploid ryegrass that incorporates the DairyBio developed endophyte NEA12.

Gardiner has been involved with Dairy Moving Forward (DMF), the national dairy R,D&E strategy since its inception in 2009. I am pleased that the industry's efforts over the last 2 years to re-invigorate DMF has culminated in the re-commitment by dairy research investors from across Australia to improve the effectiveness of Australian dairy R,D&E.

Gardiner recognises that leadership, education and skills development is critically important to the people in dairy. In the same way that we see the prudent investment of our corpus as providing a powerful financial legacy, we see the ongoing investment in people, as critical to building the human capital of our industry and dairy communities, which in turn will create a powerful legacy that will pay dividends for generations to come.

Investing in a range of leadership and tertiary scholarships, experiential study tours and industry led education and extension programs remains an important part of our People and Community Development (PCD) strategic priority. Our annual PCD investments aim to strengthen dairy communities by investing in capable people who demonstrate a passion for the industry and the communities in which they live. In the past year, with the support of the Foundation for Rural and Regional Renewal (FRRR) we continued providing small community grants to dairying communities. This year the grants supported a diverse range of projects, spanning education and mental health, to community facilities and programs. Supporting Victorian dairy communities will always be a strategic priority.

Continued over

# Chief Executive Report (Continued)

The Gardiner Foundation Board and team have engaged widely throughout the course of 2022-23 in our efforts to connect with the diverse stakeholders found across all sectors of the Victorian industry and dairy communities and understand better their strategic needs and how best we might provide support. Sadly, widespread floods in late 2022 caused much damage to dairy farms and dairying communities across the Murray region. Gardiner was pleased to be able to respond by providing financial support to the response package that was designed and implemented by Murray Dairy, Dairy Australia and Agriculture Victoria.

Gardiner remains committed to working with our Australian Dairy Plan partners, as we seek to achieve the goal of a profitable, confident and united industry. We believe Gardiner's annual investments in research and innovation, capability development, leadership and culture do continue to make a crucial contribution to ensure the long-term sustainability of our industry. Ongoing investments in programs such Our Farm Our Plan and the Monash Industry Teams Initiative (MITI) all play their part.

During the year, we farewelled team members Richard Meredith and Amabel Grinter, who both made strong contributions to Gardiner's operations and the industry more broadly during their time with us. We welcomed Patrick MacDonald and Donna Gibson, who drew upon their industry experience to quickly make an impact in their new roles. Gardiner relocated to the 6th Floor of the Herald & Weekly Times Building in Southbank. A building known to many dairy industry stakeholders who utilise Dairy Australia's meeting spaces on the 3rd floor. We have enjoyed the opportunity to engage more frequently with industry stakeholders as they come and go through this location.

I extend my gratitude to the Gardiner Board, our dedicated team, industry and community partners, for their support throughout 2022-23. Looking ahead, I believe Gardiner Foundation is well-positioned to build upon our legacy of achievements as we strive to make impactful investments that support the Victorian dairy industry and its dairy communities.

Allan Cameron
**Chief Executive Officer**



# Gardiner Foundation Strategy 2020–2023

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

## Our Purpose

Managing the investment of funds to maximise the benefits to all sectors of the Victorian Dairy Industry and Victorian Dairying Communities.

## Our Objective

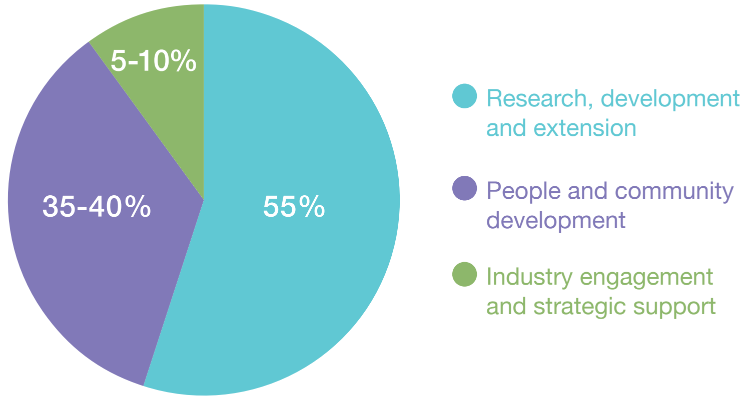
To support the dairy industry goal of "Profitable, Confident and United", we fund and promote RD&E, people and community development, and industry support activities that will benefit all sectors of the Victorian Dairy Industry and Victorian Dairy Communities.

## Our Programs

To deliver on our purpose we fund projects in:

1. Research, development and extension
2. People and community development
3. Industry engagement and strategic support Program Funding

## Program Funding




# How We Work

## 1. Prudent Stewardship

Funds are managed to best practice standards with a risk managed, long-term investment strategy.

## 2. Outcome Driven

Project investments align with our Purpose and Strategic Plan, are chosen using robust selection processes to deliver high impact.

## 3. Collaborate

We work co-operatively with industry organisations, government and stakeholders, co-investing to optimise the impact of investments.

## 4. Agility

We are alert and respond quickly to dairy industry and dairy community support needs.

## 5. Industry Engagement

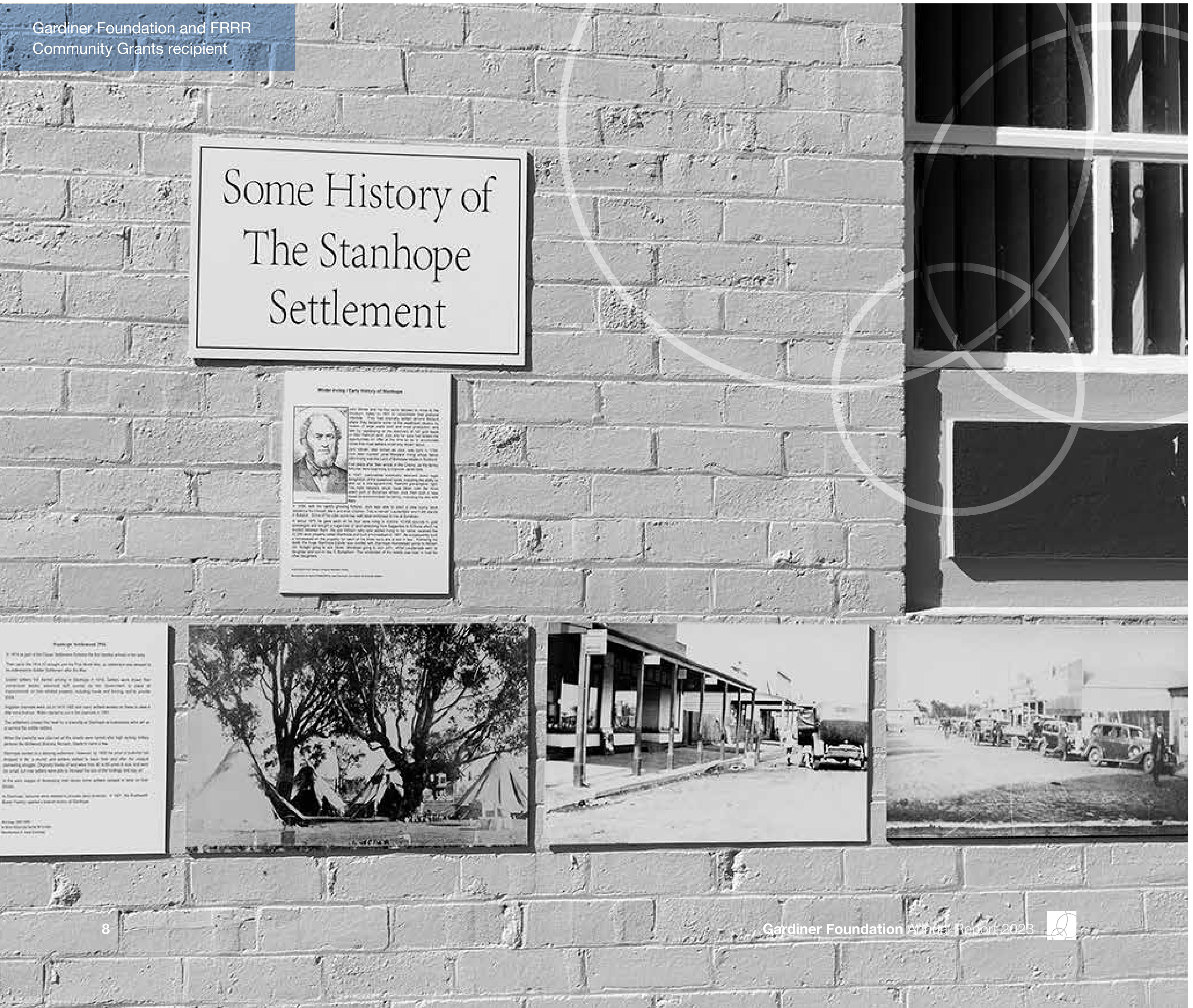
We respect the contributions of our stakeholders and value processes and behaviours that provide a sound basis for trust, transparency and the delivery of value consistent with our Purpose.

## 6. Strategic Thought Leadership

We facilitate strategic discussions in the dairy industry and its communities to share new knowledge, encourage new ways of thinking and to promote innovation.

## 7. Effectiveness & Efficiency

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




Gardiner Foundation and FRRR Community Grants recipient



# The Board

## Dr Len Stephens

DipAgSci, BVSc, MSc, PhD. GAICD

**Board Chair**

Len Stephens joined the Gardiner Foundation Board in October 2019 as the Chair Elect and was appointed Chair at the AGM in October 2020. Len is a veterinarian, with specialist expertise in research management. He also has extensive experience in governance and operations of industry owned rural R&D corporations.

In his early years Len worked with the Victorian Department of Agriculture, servicing the dairy industry in Gippsland, where he also has family connections to dairy farming. He moved from Gippsland to become the inaugural director of the Victorian Institute of Animal Science.

Len is currently Chair of Australian Seafood Industries Pty Ltd, and a Director of Animal Health Australia Ltd. His previous positions include Chair of Oysters Australia Ltd, Managing Director of the Seafood CRC Company Ltd, Director Agrifutures Australia, Director Dairy Australia Ltd, Chief Executive Officer – Australian Wool Innovation Ltd, and General Manager – Meat & Livestock Australia. He also runs a small consultancy business.

Special Responsibilities

Member: Finance, Audit, Investment and Risk Committee

## Michael Strachan

BSc(Hons), PhD, MBA, GAICD

Gardiner Foundation Board Member

11 October 2022 - present

Michael Strachan joined the Gardiner Foundation Board in October 2022 and is Chair of the Finance Audit and Investment Committee. Having worked in investment management, wealth management and superannuation funds, Michael has extensive experience across all traditional asset classes and alternative investments. Michael's roles have included; Chief Investment Officer at LUCRF Super, Equip Super and Rio Tinto Staff Super, Head of Multi Asset Class Funds at Invesco Australia and County NatWest Australia. Michael is the founder of Corinella Capital Partners a business providing investment governance, investment management and risk management services to superannuation funds, wealth managers, endowments and foundations, and Family Offices.

Special Responsibilities

Chair: Finance, Audit, Investment and Risk Committee

## Aubrey Pellett

GAICD, PostGradDipIS, BComm, DipFarmMgt

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

## René Dedoncker

René Dedoncker joined the Gardiner Foundation Board in 2017. René is the Managing Director of Fonterra Australia, where he has worked since 2006 in global leadership roles, managing businesses and customer relationships in over 50 countries.

He has led the strategic agenda for Fonterra's Research & Development, Food Safety & Quality and Global Brands portfolio. René is passionate about driving positive change and empowering leaders to grow.

Special Responsibilities

Member: Finance, Audit, Investment and Risk Committee

## Conny Lenneberg

BA (Hons), MA (Research), D.Litt (h.c.), GAICD

Conny Lenneberg joined the Gardiner Foundation Board in October 2021. She is a community development practitioner, currently working as a Non-Executive Director and consultant.

Conny's previous roles include Executive Director of the Brotherhood of St. Laurence, Regional Leader for World Vision in the Middle East and Eastern Europe, Deputy CEO for World Vision Australia and Rural Development Advisor for the Danish Committee for Afghanistan.

Conny has a Master of Arts (Research) and an Honorary Doctorate. Conny is the Chair of the Advisory Committee for La Trobe University's Institute for Human Security and Social Change, and currently serves on the boards of Good Shepherd ANZ and the Human Services Skills Organisation.

## Andrew Maughan

BSc, LLB, MBA, FFinsia, FAICD

Gardiner Foundation Board Member

2015 - 11 October 2022

Andrew Maughan joined the Gardiner Foundation Board in October 2015 and chaired the Finance, Audit, Investment and Risk Committee.

Andrew is a lawyer, corporate advisor and experienced company director. Andrew's professional background spans international trade and agriculture, strategy and risk management, corporate finance and investment management. Andrew is Managing Director of corporate advisory and funds management firm Somerset Capital and Chairman of food and agriculture companies, AgLink Australia, Langdon Group and AGnVET Services.

Andrew had previously been a Director and Investment Committee Member of the Norman Beischer Medical Research Foundation, Chairman of Pastoral Pork Company and an Independent Director of the Pork CRC and Mt Hotham Alpine Resort. Before founding Somerset Capital in 1999, Andrew worked for Cargill (USA, Canada and Australia), Hudson Conway Limited and legal firm Herbert Smith Freehills. Andrew grew up on a dairy farm in Tongala.

Special Responsibilities

Chair: Finance, Audit, Investment and Risk Committee

# The Team

## Allan Cameron
BAgSci, Grad Dip App Finance & Investment,
Grad Dip Financial Planning
**Chief Executive Officer**

Allan Cameron was appointed Chief Executive of Gardiner Foundation in September 2021. Allan's professional career has been spent predominately in rural and regional communities working in farming, agribusiness, financial services and rural extension. Allan has developed a deep understanding of Australian agriculture and is enjoying utilising his extensive relationships across stakeholders of the Australian dairy industry to enable Gardiner Foundation to further expand our collaborations and partnerships.

## Ashley Rosewarne
BComm (PR)
**People & Community Development Projects Coordinator**

Ashley was appointed as People and Community Development (PCD) Projects Coordinator in August 2017. She has a strong background in media, advertising, marketing and stakeholder management. Her previous experience working in a creative advertising agency first exposed Ashley to regional Australia and New Zealand working with agricultural and machinery clients. She has also worked with motoring and machinery dealers with one of Australia's leading media publications. Working with the PCD program, Ashley has been able to develop strong relationships across the dairy supply chain as well as successfully planning and implementing our events.

## Jainesh Lal
BCom (Acctg and Finance), FGIA, FCIS, CPA
**Finance Manager and Company Secretary**

Jainesh was appointed as Finance Manager and Company Secretary in May 2014. Jainesh has over 20 years of experience in various finance and accounting roles held in a range of industries, of which the previous ten years have been in the not-for-profit sector. Jainesh's notable roles include Program Finance Manager at the United Nations Development Program based in Fiji, and as the Finance Manager at the Nossal Institute for Global Health, a subsidiary company of the University of Melbourne.

## Patrick MacDonald
BSci (Animal Science and Management)
**People & Community Development Projects Coordinator**

Patrick was appointed as People & Community Development (PCD) Projects Coordinator in July 2022.
Patrick's previous experience working with the United Dairyfarmers of Victoria has given him a broad understanding of the issues facing Victorian dairy farmers and how these can often have broader impacts on the local community.
Patrick has experience in managing and delivering a wide range of farmer focused projects as well as in policy development and analysis. Working within the PCD program Patrick has been collaborating across the dairy supply chain and engaging with the wider dairy community.

## Richard Meredith
**People & Community Development Program Manager**
*2 July 2018 - 27 September 2022*

Prior to joining Gardiner Foundation Richard led organisations and teams, was the founder and managing director of a communication/marketing consultancy for 15 years, director and chair of not for profit, arts and tourism organisations, managing editor, writer and reporter and corporate affairs executive. He has worked in the agricultural sector, particularly dairy, for over 30 years and brought to his role a broad range of skills and a depth of experience in organisational leadership and relationship building.
He is very experienced in project design, strategy and brand management with added strengths in collaborative project work and in personal communication, writing and editing.

## Sarah Collier
BAComn, MMarketing
**Communications, Engagement & Events Coordinator**

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

## Donna Gibson
BEnvSci
**Research, Development & Extension Project Coordinator**

Donna joined the Gardiner Foundation in 2022 with over 20 years experience in dairy from farming to research and extension. She's passionate about the dairy industry and through her roles on farm, with Agriculture Victoria and Dairy Australia has gained a broad understanding of the Australian Dairy Industry and its importance to dairying communities.

## Jenny Walsh
**Office Manager**

Having an extensive background in the dairy industry, Jenny joined Gardiner Foundation in June 2007 and is responsible for the office management, administrative, financial and team support functions. She also provides administration support to the Chairman and Chief Executive.

## Amabel Grinter
BAgSci
**People & Community Development Projects Coordinator**
*30 September 2019 - 26 August 2022*

Amabel grew up on a family dairy farm in northern Victoria and been active in young dairy networks and brought with her a wealth of knowledge of the many challenges currently facing dairy farmers. Amabel had also spent time visiting farms in the UK, USA and NZ which gave her exposure to the world dairy industry and Victoria's place in it. Working with the PCD program, Amabel shared her passion for community and personal development with others across the dairy supply chain.



# **Vale** Michael Taylor and Jakob Malmo

The Directors and staff of Gardiner Foundation, acknowledge two leaders who made significant contributions to the Victorian dairy industry throughout their respective careers.

## Michael Taylor AO FTSE

Mike Taylor was a powerful protagonist for Australian Agriculture. Among the many leadership positions he filled, Mike chaired Gardiner Foundation from 2010 to 2015. In that position, as in all his roles, he was a tireless, enthusiastic force for change. He had a deep understanding of people, and a clear foresight for farming that was consistent with the Foundation's mission.

Mike began his career as an economic policy analyst in the Victorian Department of Agriculture. He left the department briefly in 1991 – 92 to work as CEO of the Australian Dairy Industry Council. In 1992 Mike returned to the department as Secretary and ushered in many improvements. Above all, he focussed the department's energy on improving agricultural productivity in the state.

Mike moved effortlessly between government and industry. He will be remembered by many for the important contribution he made to the deregulation of the Victorian Dairy Industry. His appointment as Secretary of the Commonwealth Department of Agriculture and Fisheries in 2001 was unprecedented. There too, on a much broader canvass, his driver was first and foremost to deliver benefits to agricultural production and trade.

Following his retirement, Mike accepted the difficult task of Chair of the Murray Darling Basin Authority. He also joined the boards of the Crawford Foundation and Bushfire CRC.

Whether he was working for the Victorian or Commonwealth Governments, Mike understood the contributions that were made by the people that worked for him across a wide range of disciplines. He supported them all as well as he could.

In 2007 Mike was made an Officer of the Order of Australia for 'Service to the management of natural resources and industry policy development at the Federal level and also in Victoria, particularly in the area of agriculture, and through contributions to transport, water, food and safety standards'.

## Jakob Malmo

Jakob Malmo supported many people in his time in the dairy industry, one of them being Dr Len Stephens, Gardiner Foundation Chair:

"In the late 1960s I was a teenager when I first met Jakob Malmo. It was on a dairy farm in Maffra where he treated a cow with milk fever. The cow was gravely ill, lying horizontal on the pasture. Within a few minutes of the intravenous calcium infusion from Jakob, she stood up and joined the herd. It was a powerful experience that played a big part in my decision to become a veterinarian.

I venture to say that many other young people were motivated to study veterinary science by Jakob. He was a role model for a whole generation of vets. His jovial manner and passion for teaching made him a natural leader who profoundly influenced dairy cattle practice in Australia.

Gardiner Foundation named Jakob Malmo as one of our industry legends and each year we sponsor a tertiary scholarship in his name. He will be fondly remembered and greatly missed."

# Performance of Investment Portfolio

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

- Invest the income and capital of the Company in investments that are prudent and not speculative
- Diversify the investments
- Have regard to the need to maintain the real value of capital and the risk of capital loss or depreciation
- Have regard to the liquidity and marketability of the proposed investment

### Investment Objective and Strategic Asset Allocation

Consistent with the Constitution, and based on advice from the Foundation's asset consultant, Frontier Advisors, the investment objective of the Foundation is as follows:

- *To maximise the long-term investment performance of the Portfolio, subject to:*
- *A reasonable (approximately two thirds) probability of achieving a return equivalent to inflation (as measured by the change in CPI) plus 4.50% p.a. over rolling 10-year periods, on an after-fees basis; and*
- *The chance of a negative return in any financial year being less than one in four years*

To enable the Foundation to achieve its investment objective regarding risk and return, Gardiner has adopted the Strategic Asset Allocation (SAA) shown in Table 1. This is regularly reviewed by the Foundation and Frontier Advisors who from time to time recommend a change in the weighting based on the outlook for financial markets.

Table 1: Strategic Asset Allocation (SAA) adopted

| Asset Class Strategic | Strategic Asset Allocation (%) | Asset Class Ranges (%) |
|---|---|---|
| Australian Equities | 45.00 | 25 - 65 |
| International Equities (Unhedged) | 22.50 | 10 – 35 |
| Property (Unlisted) | 7.50 | 0 – 20 |
| Infrastructure (Unlisted) | 15.00 | 0 – 25 |
| Fixed Interest | 5.00 | 0 – 15 |
| Cash | 5.00 | 0 – 15 |
| **Total** | **100** | |

Management of assets is outsourced to specialist investment management companies appointed by the Foundation. These investments are held in asset class specific unit trusts. SAA deployment and manager selection also recognises Gardiner's Not-For-Profit status, perpetual investment horizon, risk appetite and diversification and liquidity requirements. The strategy aims for capital growth of the Consumer Price Index (CPI) plus 4.5%, and to deliver a stable and growing income stream from interest, distributions, dividends and franking credits.

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

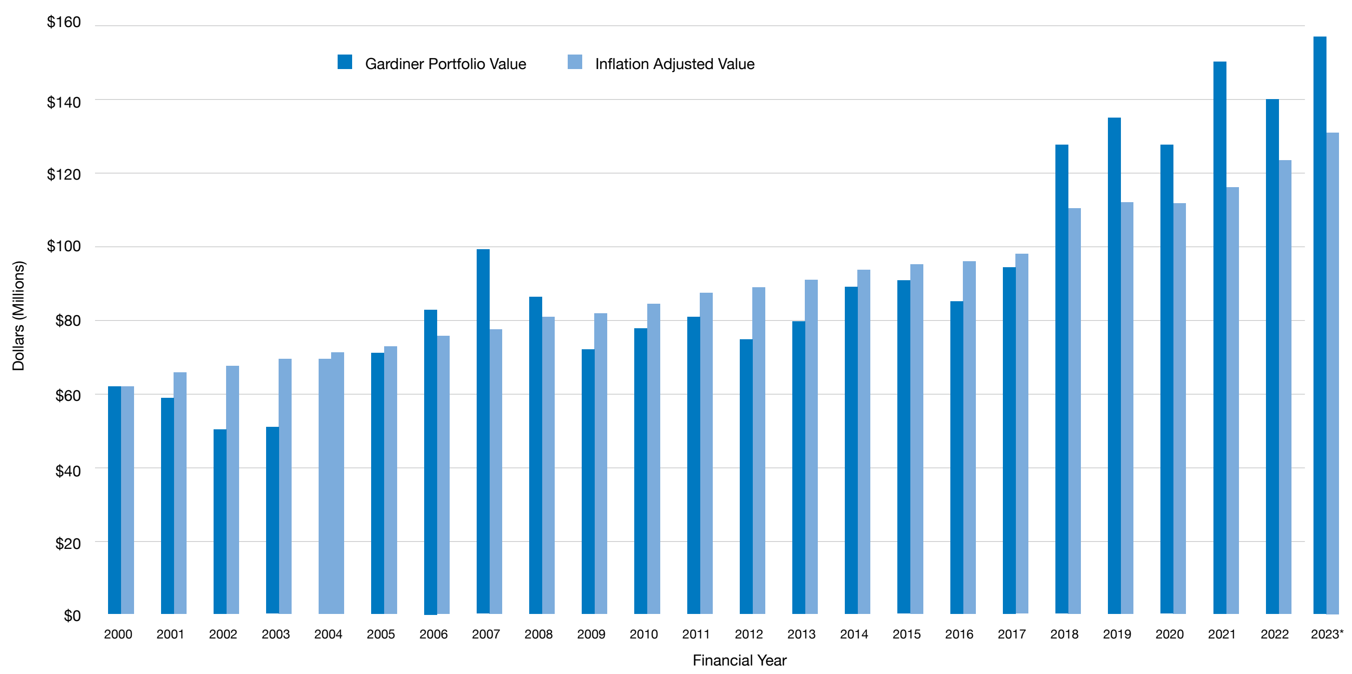
Figure 1 shows the growth of the Foundation's investment portfolio from the starting value of $62.13 million in 2000 through to the closing value of $156.39 million[1] at 30 June 2023. The chart also shows the inflation adjusted value required to maintain the real value of the original investment which at 30 June 2023 was calculated to be $130.68 million. As at 30 June 2023 the portfolio value was $25.71 million or 19.67% more than the inflation adjusted value of the corpus. In addition to the growth in the Corpus since inception in 2000, the Foundation has redeemed over $90 million for investment in projects that have supported Victoria's dairy industry and dairy communities.

[1]The value of the Corpus includes the Niel Black bequest which at the time of full receipt (November 2017) was $10.14m and, represents 8.35% of the total Corpus at that time. In November 2017, the Foundation adopted a strategic asset allocation (SAA) which introduced a multi-asset class investment strategy for its investment portfolio. The SAA has resulted in the Corpus value being consistently above the inflation adjusted value since FY2018.





### Figure 1: Inflation Adjusted Value of the Investment Portfolio versus Actual Value[2]




* Please note that the 30 June 2023 portfolio value and inflation adjusted value include the Niel Black bequest of $10.14 million

### Strategic Asset Allocation at 30 June 2023

In May 2023, the Foundation's SAA was amended to introduce a Fixed Interest asset class to further reduce risk and provide diversification. The target allocation for Fixed Interest of 5% is funded from reduction in the Australian equity (from 50% to 45%) asset class. Depending on the economic and inflationary outlook, it is intended that the new asset class will be implemented in the financial year commencing 1 July 2023. The asset allocation at 30 June 2023 is presented in Table 2.

Table 2: Asset classes deployed as at 30 June 2023

| Asset Class | Fund Manager and Product | Current Asset Allocation% | Strategic Asset Allocation% | Variance % | Valuation |
|---|---|---|---|---|---|
| Australian Cash | IFM Investors Australian Transaction Cash Fund | 4.76 | 5.00 | (0.24) | 7,448,835 |
| Australian Property | Dexus Australian Diversified Property Fund | 9.97 | 7.50 | 2.47 | 15,590,561 |
| Australian Equity | Plato Australian Shares Tax Exempt Strategy | 47.76 | 50.00 | (2.24) | 74,684,778 |
| International Equity | BlackRock Wholesale Indexed International Equity Fund (Unhedged Currency) | 21.65 | 22.50 | (0.85) | 33,862,812 |
| Infrastructure | Igneo Infrastructure Partners (formerly First Sentier Infrastructure Fund) | 15.86 | 15.00 | 0.86 | 24,800,280 |
| **Total** | | **100** | **15.00** | **0** | **156,357,266** |

### Responsible Investment

The Gardiner Foundation supports responsible investment[3] and believes that effective management of material financial and reputational risks and opportunities related to environmental, social and governance (ESG) issues will support its requirement to maximise risk-adjusted returns earned on the Foundation's Corpus. Gardiner seeks to undertake responsible investment by only appointing Asset Consultants and Investment Managers that have robust and clear ESG policies, regularly reviewing the Foundation's Investment Advisors ESG policy and application, and not knowingly investing funds with organisations whose practices do not align with contemporary ESG considerations.

[2] Note the CPI figure used for the year ended 30 June 2023 is sourced from https://www.rba.gov.au/statistics/tables/xls/g01hist.xls
[3]Responsible investment as defined by the United Nations Principles for Responsible Investment, where "Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership".

## Performance of Investment Portfolio

### Investment Returns

The financial year ended 30 June 2023 is the fifth full year of the multi-asset class (and Investment Managers) investment strategy. The after-fee investment return (including the capital and income components) for the Foundation for the financial year is presented in Figure 2.

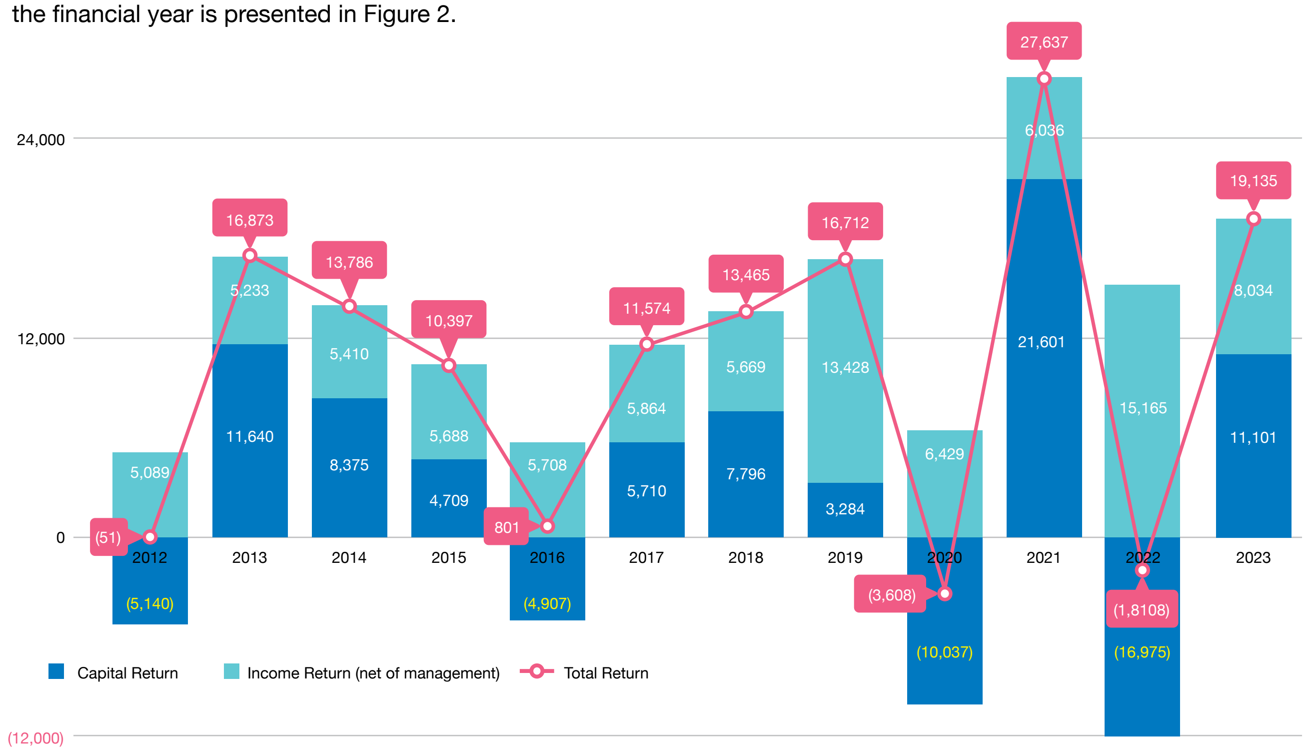



Figure 2: Capital Return, "Income Return (Net of Management Fee) and Total Return

### Financial Year ended 30 June 2023 Assessment

Gardiner's investment objective is to achieve an after-fee return equivalent to inflation plus 4.50% per annum over a rolling 10-year period whilst accepting the chance of a negative return in any financial year being less than one in four years. For the financial year ended 30 June 2023, the Foundation's composite after fee return on investment was 13.42%. The Long-term investment objective of CPI (6.0% for FY2022/23) + 4.50% was 10.50% for the financial year ended 30 June 2023. For the same period Gardiner's largest asset class exposure, Australian Equity posted a return of 16.12%. The rolling five-year annualised return of the portfolio to 30 June 2023 was 8.45% with the investment objective of CPI + 4.50% being 8.04%.

In dollar terms, Gardiner experienced a total return of $19.14 million over the financial year, of which $8.03 million was income returns (i.e., interest, distributions, dividends and franking credits (net of management fees)) and $11.10 million in appreciation of capital value as shown in Figure 2.

Gardiner's Corpus in FY2022/23 recovered strongly from the market fall in FY2021/22.

The financial year was characterised by shifting financial markets. The early months witnessed instability attributed to escalating inflation, actions by central banks, geopolitical tensions, and apprehensions regarding a potential global recession. Despite these challenges, the economy displayed resilience, and as the year progressed, global markets surged due to growing investor expectations that central banks were winding down rate increases amidst moderated inflation. Additionally, Europe's mild winter mitigated the energy crisis, while China's emergence from COVID restrictions further fuelled optimism.

Volatility stemming from banking sector concerns, notably the collapses of Silicon Valley Bank and Credit Suisse, influenced market dynamics. Nevertheless, the financial year saw robust performance in global equities overall. A noteworthy driver behind the stock market rally was the exceptional performance of major technology stocks linked to strides in Artificial Intelligence.

Within Australia, stock market fluctuations were driven by diverse factors impacting the market. Resource stocks yielded substantial returns, though commodity prices faced weakening trends throughout the year.

In response to inflation, central banks substantially raised interest rates, amplifying turbulence in bond markets and causing bond yields to rise over the course of the year. Despite this, the Australian bond index delivered a marginal positive return in contrast to global bonds, which commenced the fiscal year with lower yields. Central bank policies played a pivotal role in currency market volatility, with the Australian dollar depreciating due to falling commodity prices and divergent rate hikes among other central banks. Conversely, the Japanese Yen weakened as the Bank of Japan continued its accommodative monetary policy stance.

Infrastructure investments generated robust returns during the year, whereas the property sector experienced a softer performance. This was particularly evident in the office segment, which was impacted by reduced tenant demand for space and the valuation effects of rising bond yields.



# Research Development and Extension Programs Summary

Gardiner Foundation's Research, Development and Extension (R,D&E) program focuses on research for the improvement, growth, profitability and sustainability of Victoria's dairy industry. Gardiner Foundation's Strategy (2020-2023) for RD&E has been to invest in large research programs which address strategically important industry priorities.

Through the Victorian Dairy Industry Agreement (VDIA), Gardiner Foundation co invests with Dairy Australia and Agriculture Victoria in the two major, world class research portfolios, DairyBio and Dairy Feedbase. The portfolios seek to deliver high quality, transformative on farm benefits in forage and animal genetics and feedbase utilisation.

Where there is an opportunity to commercialise research outputs, the Foundation works to engage with appropriate partners.

## Dairy Feedbase

Over the last 6 years, Gardiner Foundation has contributed $9.0 million to Dairy Feedbase (2017-23), a collaborative initiative between Agriculture Victoria, Dairy Australia and Gardiner Foundation designed to revolutionise feedbase management on Australian dairy farms.

The initiative contained projects that focused on improving pasture measurement & management along with dairy cow nutrition all with the intent to support dairy farmers to develop a cost effective feedbase. Specific goals of the portfolio of research projects included to increase pasture productivity, delivering a 20% growth in pasture utilisation for at least 40% of Australian farmers - representing an additional $120 per cow from more effective feed allocation and a reduction in the economic impact of hot weather by 50% through innovative diets.

This was the final year of the Dairy Feedbase (2017-23) portfolio of research projects. Over the course of this year, as each of the projects has concluded, the development of extension materials and delivery design has begun. The development of feeding recommendations for the purpose of keeping cows cool, making the most of on farm feed resources while improving production and helping cows transition into their first 100 days of lactation, will now become part of farmer facing extension programs delivered by Dairy Australia's regional extension teams and other industry service providers.

The further development and extension of the research achievements of the past six years will ensure that research outputs are implemented on dairy farms helping improve business productivity, resilience, and sustainability into the future.

In June 2023, the Victorian Minister for Agriculture announced that the VDIA investors had agreed to fund Dairy Feedbase 2023-28, a portfolio of 6 research projects which will focus on dairy soils, resilient forages, measuring and optimising nutrient intake, optimising lifetime production, climate resilience and sensing data into actionable insight. Gardiner Foundation will invest $1.5 million p.a. over the next 5 years in Dairy Feedbase 2023-28.

## Dairy Bio

DairyBio was established in 2016 as a major investment in dairy bioscience. DairyBio is creating improved pastures and herds for the Australian dairy industry through the advanced application of biological sciences.

Gardiner contributes $1.0 million per annum to the DairyBio (2021-2026) initiative for innovative research focussing on genetic improvements of pasture cultivars (primarily of perennial ryegrass) and dairy cattle through the utilisation of bioscience capability. The goal of DairyBio is to improve the cost competitiveness of the dairy industry by improving pasture productivity by $700 per hectare per year and improving animal productivity by $350 per cow per year by 2040.

Two years of the five-year DairyBio 2021-26 program has now been completed. The forages work is continuing with genome edited ryegrass and exploring novel microbes to assist in plant nutrient uptake. The forages program has seen the final step in the commercialisation of the NEA12 novel endophyte with our commercial partner, Barenbrug, releasing their high performing tetraploid ryegrass, Samurye. Barenbrug foresee that in addition to yield benefits associated with NEA12, excellent protection will be provided from the prominent insect pests such as black beetle, Argentine stem weevil and root aphids.

DairyBio's advancements in genomic selection has provided the catalyst for Barenbrug's successful commercial integration of the technique into its ryegrass breeding initiatives. The integration is a dividend on both DairyBio's and Barenbrug's commitment to forward looking breeding strategies.

DairyBio's 'future cow' program of work has seen DataGene release of the Sustainability Index which can be used by dairy farmers when selecting bulls to fast-track the reduction in greenhouse gas emissions intensity of their herd. This in combination with continued work on the connection between methane emissions and rumen microbiome is a step towards assisting the industry to reduce methane emissions by 5% by 2050.

## Dairy Moving Forward (DMF)

DMF was first established in 2009 as the national dairy pre-farmgate RD&E strategy under the National Primary Industries RD&E framework. It is an initiative of the Australian dairy industry that informs and guides industry and governments on the priorities required for Australian dairy RD&E to deliver on-farm performance, productivity and sustainability.

Australian Dairy Farmers, Dairy Australia, Agriculture Victoria and Gardiner have worked together throughout 2022-23 to reinvigorate DMF and are committed to working alongside the NSW, TAS, SA and QLD governments to enhance the national collaboration, coordination and effectiveness of Australian dairy RD&E.

# People and Community Development

The People and Community Development portfolio forms a key pillar of Gardiner Foundation's investment in the Victorian dairy industry and Victorian dairy communities. Gardiner is proud to provide support across the sector to a wide range of groups including students, farmers, processors, local community organisations and emerging leaders. Recognising that people are the lifeblood that support and drive the industry forward means it is imperative that Gardiner invests in developing the capacity of individuals in the dairy industry.

In its 23-year history the Gardiner Foundation has invested in all corners of the Victorian dairy industry and contributed over $22.0 million dollars into core programs with the aim of developing people and dairy communities. Gardiner is committed to its investment in people and communities and looks forward to progressing its investment in this area to ensure a vibrant dairy future for all.

## Australian Rural Leadership Program

The Australian Rural Leadership Program (ARLP) is the flagship leadership development program for emerging leaders in regional, rural and remote Australia. Each year Gardiner Foundation sponsors at least one ARLP scholarship for an individual who is contributing to the dairy industry through their commitment to leadership.

Last year, Monique Bryant, the 2021 Gardiner Foundation ARLP scholar, completed her final report. Monique and her husband own a dairy farm near Kaarimba in VIC. She is also the chair of the Rabobank Riverina/Southern NSW Client Council, member of the St Francis Primary School Board and is a Senior Netball Coach in the district. Monique is very committed to her community and the broader dairy industry.

The 2022 scholars, Aaron Thomas and Ella Jayne Credlin will soon complete their program. Throughout the program both Aaron and Ella have had the opportunity to reflect and assess their leadership strengths and weaknesses and develop themselves personally and professionally. They have been placed in varying environments from East Gippsland to New Zealand and required to work with their cohort under challenging circumstances. Read more about Aaron on our website www.gardinerfoundation.com.au/news.

In 2023 Sallie Jones was accepted as the Gardiner Foundation sponsored participant. Based in Gippsland, Sallie is the co-founder of Gippsland Jersey, an independent, farmer-owned premium milk brand. Sallie has already begun her ARLP journey and will undertake several in depth sessions with her cohort over the next year.

## Victorian Study Tour

Held in July 2022, the Gardiner Foundation – United Dairyfarmers of Victoria Study Tour of Victoria, provided a group of seven young Victorian dairy farmers the opportunity to explore the largest dairy state in Australia. In its second year, the Study Tour of Victoria is a collaboration between Gardiner Foundation and the United Dairyfarmers of Victoria. The tour gives passionate, young people in the dairy industry an opportunity for personal and professional development.

Following a competitive selection process, the successful seven participants from Southwest Victoria, Northern Victoria and Gippsland congregated in Melbourne to begin the tour. They heard from senior farmer leaders and received a broad overview of the dairy industry, before attending a networking dinner where they met with representatives from Australian Dairy Farmers, the Victorian Farmers Federation/ United Dairyfarmers of Victoria, and Gardiner Foundation.

In regional Victoria the group experienced the diverse offering of the Victorian dairy industry. Visiting several farms and facilities the group saw everything from family to corporate farms, rotaries to robotic dairies, research farms, intensive dairy operations and specialty cheese businesses.

The group described the tour as an eye-opening experience highlighting that the Victorian dairy industry was so much more than they ever knew.

The is a highly valued experience for young career minded Victorian dairy representatives as they gain first-hand insights into a wide range of aspects of the dairy industry.

The knowledge participants gain assists them to initiate positive changes within their careers, on their farms or in the Victorian dairy industry.

**Victorian Study Tour 2022 selected participants**

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

## Nuffield Scholarship

Following a competitive selection process Sarah Crosthwaite was selected as the successful Gardiner Foundation sponsored Nuffield Scholar. Sarah is a dairy farmer and mental health counsellor based in Kiewa Valley in North-East Victoria. Through her Nuffield Scholarship Sarah plans to look at farmers' mental health in a changing climate. With the predicated climate change impacts and knowledge of greater mental health issues Sarah is eager to learn from agricultural sectors across the world and understand how they respond. Sarah hopes to visit Canada, the US, Scotland, France and parts of Australia during her scholarship.

2021 Gardiner Foundation Nuffield Scholar, Lucy Collins, will soon complete her final report. Lucy's scholarship investigates the value of dairy welfare benchmarking and opportunities for marketing Australian dairy products with an ethical advantage. During her time in the program Lucy has visited the United Kingdom, parts of Europe, Canada, the United States of America and Singapore where she has been able to compare and contrast the Australian dairy industry to its global counterparts.

Read more about Lucy on our website www.gardinerfoundation.com.au/news.




## Tertiary Scholarships

Each year Gardiner Foundation awards seven tertiary scholarships to assist students living in Victorian dairy communities to undertake tertiary education.

Each recipient receives $10,000 annually for up to three years of their degree. Scholarships are awarded to students who show potential to benefit the Victorian dairy industry and dairy communities throughout and beyond their studies. The program encourages students to return to Victorian dairying regions beyond their degree to ensure a range of essential skills within these regions.

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

**Shirley Harlock** has an extensive background in agriculture. She and her late husband, John operated three dairy farms in Warrnambool. Shirley has taken on several high profile roles and is a renowned and dedicated mentor of young people. In 2015 Shirley was recognised for her service to the dairy industry and received the Australian Dairy Industry Council (ADIC) Outstanding Service Award for demonstrating leadership, dedication, commitment and providing outstanding service to the benefit of the dairy industry.

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

**Jakob Malmo** (1939 – 2023) was a veterinarian and dairy farmer in the Macalister Irrigation District. Jakob was a passionate advocate for his local community and a well-recognised and respected figure amongst the Gippsland and Victorian dairy industry. Jakob was also a University of Melbourne professor and passionate mentor for up-and-coming veterinarians. In his later years Jakob continued to work hard to advance the industry describing himself as a 'full-time dairy farmer and part-time vet'.

**Doug Weir** (1930 – 2021) was a passionate advocate and supporter of the dairy industry who applied his extensive business skills for the betterment of the industry. From 1986 to 1995 Doug led the Victorian Dairy Industry Authority (VDIA). At the time of dairy deregulation in 2000, the sale of VDIA's assets, among them specialty milk brands Big M and Rev, provided the bulk of the $62.1 million funds for the establishment of Gardiner Foundation.

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

Gardiner Foundation is extremely grateful to have received a bequest from Niel Black, part of which is utilised to support three tertiary scholars each year

# 2023 Tertiary Scholars

### Bill Pyle Tertiary Scholarship

**Hamish Wortley**
Bachelor of Business Agribusiness
at Marcus Oldham College

### Niel Black Tertiary Scholarship

**Tess Doyle**
Bachelor of Speech Pathology (Honours)
at La Trobe University

**Eden McMillan**
Bachelor of Nursing/Bachelor of Paramedicine
at Australian Catholic University

**Hamish Smith**
Bachelor of Agriculture/Bachelor of Business
at University of New England

### Doug Weir Tertiary Scholarship

**Hamish McLeod**
Bachelor of Commerce
at Monash University

### Jakob Malmo Tertiary Scholarship

**William Coleman**
Bachelor of Medical Studies/Doctor of Medicine
at University of New South Wales

### Shirley Harlock Tertiary Scholarship

**Sarah Matthews**
Bachelor of Environmental Science and Management
at Charles Sturt University

# Ongoing Tertiary Scholars

### Jakob Malmo Tertiary Scholarship

**Rachel Dickson**
Bachelor of Science
at the University of Melbourne

**Flynn Cannon**
Advanced Diploma of Agribusiness Management
at Longerenong College

### Shirley Harlock Tertiary Scholarship

**Toby Fleming**
Bachelor of Agriculture
at the University of New England

**Maya Osborne-Coleman**
Bachelor of Agricultural Science
at Charles Sturt University

### Niel Black Tertiary Scholarship

**Stella Harrington**
Bachelor of Biomedical Science
and Bachelor of Public Health
at the Australian Catholic University

**Hugh Nicoll**
Bachelor of Marine and Antarctic Science
at the University of Tasmania

**Hamish McDonald**
Bachelor of Agricultural Science
at the University of Melbourne

**Ebony Cook**
Bachelor of Nursing
at Monash University

**Anastasia Rea**
Advanced Diploma of Agribusiness Management
at Longerenong College

**Alex Smith**
Bachelor of Dental Science
at La Trobe University

### Doug Weir Tertiary Scholarship

**Kiara McJames-Court**
Bachelor of Engineering (Environmental) (Hons)
at RMIT University

**Scarlett Grinter**
Bachelor of Agricultural Science
at Charles Sturt University

### Bill Pyle Tertiary Scholarship

**George Nicoll**
Bachelor of Agriculture
at the University of Melbourne




# Victorian Community Leadership Programs

Each year Gardiner Foundation funds 10 positions across five of the Victorian Community Leadership Programs. Year on year each program receives increasing interest and provides individuals with the opportunity to engage more closely with their local community whilst developing their leadership skills. Gardiner's most recent cohort of graduates as well as this year's participants come from a broad range of backgrounds, all of which have an involvement with the Victorian dairy industry.

### Alpine Valley Community Leadership Program

2022 Elise Hill (dairy farmer)
Kristen Beggs (farmer)
2023 Sarah Glass (dairy farmer)

### Fairley leadership Program

2022 Craig Emmett (dairy farmer)
Matthew Trevaskis (field services manager)
Chris Howard (AgbizAssist program manager)
2023 Andrew Murphy (dairy farmer)

### Gippsland Community Leadership Program

2022 Christine Slavin (cheese affineur)
Donna Gibson (regional extension officer)

2023 Belinda Griffin (dairy farmer)
Steven Loader (Quality assurance specialist)

### Leadership Great South Coast

2022 no scholar
2023 Claudia Clunker (dairy farm manager)
Michaela Meade (dairy farmer)

### Loddon Murray Community Leadership Program

2022 Bec Wyper (regional extension officer)
2023 Nick Marlow (IT professional) and Wade Northausen

# Marcus Oldham Leadership Course

The collaboration with Marcus Oldham is now in its second year and is a key addition to the Gardiner Foundation leadership offering. The intensive five-day workshop is a highly regarded leadership program in Australian agriculture. The program provides participants with the skills and knowledge to undertake leadership roles in their industry or community and address the issues facing rural industries and communities.

This year Gardiner Foundation provided a scholarship for the Marcus Oldham Leadership Course to Emma Hallyburton. Emma is a despatch manager at Genetics Australia and was awarded the 2023 National Herd Improvement Association of Australia (NHIA) Young Achiever Award. Read more about Emma on our website www.gardinerfoundation.com.au/news.

# Cows Create Careers

Gardiner Foundation continues to support the Cows Create Careers program in Victorian schools. The Cows Create Careers program is delivered by Jaydee Events and is funded within Victoria by Gardiner Foundation in conjunction with GippsDairy, WestVic Dairy and Murray Dairy.

The Cows Create Careers program provides students from years 5-11 with an introduction to the dairy industry and the plethora of career opportunities within the Victorian dairy industry. In 2022 the Cows Create Careers program was delivered to 70 schools and 2,520 students across Victoria.


# Community Grants Program

Now in its twenty-first year, Gardiner Foundation once again partnered with the Foundation for Rural and Regional Renewal (FRRR) to deliver small community grants to Victorian dairy communities. The Community Grants Program provides grants of up to $5,000 to community groups in Victorian dairy communities. This year Gardiner received an overwhelming number of applications providing funding to the following worthwhile causes.

## Gippsland Region $43,285

**Welshpool and District Primary School**
Enhance educational outcomes through hands on, nature-based educational outcomes for Welshpool Primary School students by purchasing tools for the schools Wetland Warriors program.

**Treble F Singers Incorporated**
Enhance community vibrancy and culture through supporting the Treble F Choir purchase of a filing cabinet for sheet music and a video camera to record performances.

**The Leongatha Men's Shed**
Improve community facilities by purchasing an air conditioner for the local Men's Shed to support members and other community groups using the space.

**Yinnar and District Historical Society and Museum**
Improve community facilities by purchasing an air conditioner to support volunteers and improve visitor experience at the Yinnar Museum.

**Orbost Exhibition Centre on the Snowy River Inc.**
Build the capacity of the Orbost Exhibition Centre by purchasing a portable video conferencing system to improve community meeting options including remote connection to increase participation in activities.

**Hillend and Grove Rovers Football Netball Club**
Build digital capacity by purchasing an interactive large screen for the sporting club's meeting facilities to support local training for the CFA and community information nights.

**Jeetho Hall Inc.**
Building community resilience by improving local community infrastructure and meeting places to increase hall usage for social connectedness and economic prosperity.

**Mirboo North Grainstore Committee of Management Inc.**
Building community resilience by improving local community infrastructure and meeting places.

**Milpara Community House Inc.**
Support young people's social connection in Korumburra by engaging them in a co-design process to imagine and develop local spaces and activities for their use.

**Manna Gum Community House Inc.**
Increase youth engagement and participation in social community activities with street games equipment and art supplies for Community Houses in the Corner Inlet region.



## Northern Victoria $42,245

**Kyabram Blue Light**
Expand support for young people by growing the KyFit teen gym program to increase capacity for more students to participate.

**Boys to the Bush Ltd.**
Support Boys to the Bush to deliver a program of development for adolescent boys to engage positively with peers and their community through an extra curricular program of practical learning.

**Corryong Historic Machinery Club Inc.**
Build community resilience through building capacity of the Corryong Historical Machinery Club with IT, defibrillator and air conditioning to support operations and development.

**Murrabit Advancement Association Inc.**
Upgrade the Murrabit community owned toilet and shower facilities with hot water, signage and landscaping to improve local and visitor experience.

**Wangaratta Concert Band Inc.**
Foster community vibrancy with the purchase of bugles and a tenor saxophone for the Wangaratta Community Band to perform at community events and remove barriers to young people joining.

**Goulburn Region Pre-School Association Inc.**
Support lifelong learning and community wellbeing with the installation of a bike path for children at Tungamah preschool to develop gross motor skills and increase outdoor activities.

**Myrtleford and District Agricultural and Pastoral Society Inc.**
Building community resilience by supporting the local show society infrastructure for the benefit and development of local volunteers and community activities including preparedness.

**Kyabram Community and Learning Centre Inc.**
Kyabram Community and Learning Centre will create an edible garden and bush tucker garden in the Kyabram Community Garden Traffic School. The edible garden will surround recently installed Native Animal and Bird Sculptures and will be created by volunteers and early years children from Kyabram.

**Gannawarra Shire Council**
Build community resilience through mental health and wellbeing workshops delivered across the Gannawarra Shire that was impacted by flooding in 2022.

## South-West Victoria $38,320

**Johanna Public Purposes Committee Inc.**
Improve community facilities with a new gas cooktop for the public BBQ at Johanna Reserve to support local communities and visitors in their use and enjoyment of the parklands.

**Warrnambool and District Community Hospice Inc.**
Build community resilience with equipment to enable the engagement and training of volunteers to support at home hospice care for small communities surrounding Warrnambool.

**Kawarren Recreation Reserve**
Improving community facilities by repairing the shelter shed of the Kawarren reserve to support local community and visitor use.

**Warrnambool College**
Enhance educational outcomes by hands on development of an indigenous sensory garden at Warrnambool College and Grassmere Primary School.

**South Western Model Engineers Inc./Cobden Miniature Railway**
Building community resilience with improved local infrastructure via an accessible covered waiting area for visitors to the Cobden Miniature Railway.

**Gellibrand Community House Inc.**
Strengthen community resilience with new chairs for the Gellibrand Community Hall to increase safety and capacity of the community meeting space.

**Anam Cara House Colac Inc.**
Increase capability for access and participation in activities that enhance quality of life through headphones for the hearing impaired and swivel chairs to be used by clients of Anam Cara Hospice Colac.

**South West Community Foundation**
Build the capacity of the Foundation to support their community with a website developed to share regional data for local not for profits to access.

**Loved and Shared Inc.**
Build capacity of Loved and Shared not for profit with professional photography and office equipment to improve operations and promote their charitable cause of repairing and rehousing children's goods.

# Monash Industry Teams Initiative (MITI)

This year marked the ninth year of Gardiner Foundation's partnership with the Monash Industry Teams Initiative (MITI) Program. The MITI program places Monash University students in a work environment where over a 12-week period they are tasked with solving a specific challenge. Working closely with a supervisor the teams solve problems and propose changes that may benefit the company.

Attracting and retaining skilled people to the dairy industry is crucial to developing dairy processors capabilities. By investing in the MITI program Gardiner Foundation takes a proactive approach to addressing this issue whilst simultaneously introducing a cohort of students to the opportunities the dairy industry provides.

Students were able to showcase their achievements in May at the Gardiner Foundation MITI Showcase event. The event brought together members from across the Victorian dairy processing industry to hear of the achievements and the experiences of the students.


## MITI teams

**Agriculture Victoria Research, Department of Energy, Environment and Climate Action. Enhancing energy generation from anaerobic digestion for the dairy industry**

- **Vivek Sharma:** Bachelor of Engineering (Electrical and Computer Systems)/Bachelor of Information Technology (Computer Networks and Security)
- **Darren Siu:** Bachelor of Engineering (Civil)/Bachelor of Finance
- **Wan Nur Madhihah Binti Wan Mohamad:** Bachelor of Chemical Engineering

**Bega Dairy and Drinks**
**Liquid waste mapping, water recycling and sludge management**

- **Riley Stollery:** Bachelor of Engineering (Chemical)/ Bachelor of Commerce
- **Matthew Knox:** Bachelor of Engineering (Chemical)/ Bachelor of Commerce (Finance)
- **Wan Nur Madhihah Binti Wan Mohamad:** Bachelor of Chemical Engineering

**Bega Cheese**
**Chemical & Water Monitoring & Optimisation through Clean-In-Place Systems**

- **Callum Thomas Craig Porritt:** Bachelor of Engineering (Chemical)/Bachelor of Commerce
- **Gavin Ding:** Bachelor of Pharmaceutical Science (Advanced Honours)
- **Lachlan Stokkel:** Bachelor of Chemical Engineering / Bachelor of Pharmaceutical Science

**Fonterra Australia**
**Water Mapping - Darnum**

- **Neraj Galagedara:** Bachelor of Engineering (Aerospace)/ Bachelor of Science
- **Thomas Hamilton:** Bachelor of Engineering (Mechanical)
- **Albert Chia:** Bachelor of Engineering (Environmental)/ Bachelor of Commerce (Economics)

**Fonterra Australia**
**Farm Environment Plan**

- **Ayesha Ali:** Bachelor of Engineering (Software)
- **Annaelle Li Pin Hiung:** Bachelor of Computer Science (Advanced)
- **Mac Nguyen:** Bachelor of Engineering (Chemical)/ Bachelor of Pharmaceutical Science
- **Cornellio Geordie Setianto:** Bachelor of Engineering (Chemical)

**Fonterra Australia**
**Technological Study of Farm Milk Collection**

- **Aadit Bhuwalka:** Bachelor of Engineering (Software/ Bachelor of Computer Science
- **Arnab Biswas:** Master of Data Science
- **Ran Lee:** Master of Artificial Intelligence

**Suputo**
**Development and Improvement of the Cobram site Environment Management System**

- **Mikaela Wood:** Bachelor of Engineering (Mechanical)/ Bachelor of Science
- **Hasandi Alakeshwara:** Bachelor of Engineering (Environmental)/Bachelor of Commerce (Behavioural Commerce)
- **Claire Dowling:** Bachelor of Engineering (Aerospace)/ Bachelor of Arts (History and International Relations)
- **Haqqu Hadi:** Bachelor of Engineering (Chemical)

**Suputo**
**Lactoferrin Yield Optimisation Project**

- **Austin Bradley Hollingsworth:** Bachelor of Engineering (Materials)/Bachelor of Biomedical Science
- **Diego Bedoya:** Master of Professional Engineering (Chemical)



# Our Farm Our Plan (OFOP)

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

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

OFOP has been running for four years and to date 560 Victorian Dairy Farmers have participated. Through feedback participants scored the overall value of OFOP to them and their business as 9.15 out of 10. Gardiner Foundation continues to support and co-fund the program along with Dairy Australia and the Victorian and Commonwealth Governments.

| | GippsDairy | Murray Dairy | WestVic Dairy | VIC TOTAL | NATIONAL TOTAL |
|---|---|---|---|---|---|
| 2022-23 | 59 | 50 | 46 | 155 | 274 |
| 2021-22 | 92 | 47 | 65 | 204 | 383 |
| 2020-21 | 96 | 51 | 17 | 164 | 254 |
| 2019-20 (pilots) | 13 | 9 | 15 | 37 | 56 |
| TOTAL | 260 | 157 | 143 | 560 | 967 |

Table 1: Farmer participation in Our Farm, Our Plan – VIC regions and National

## Case studies

Dairy Australia's communications strategy in relation to OFOP is to use the voice of the farmers who have undertaken and valued the program to speak to other farmers. Four new case studies have been developed this financial year, adding to those developed over the course of the program. These are provided below and include the Weekly Times Farmers of the Year, Brendan and Nicole Saunders from Maffra.

Each case study is developed into video, audio and written content. To view the most recent case studies please follow these links.

**Brendan and Nicole Saunders** (GippsDairy)
Watch it on YouTube:
www.youtube.com/watch?v=TmfeTRzVm_U

**Sara-Jane Rea and Tracy Gaut** (WestVic)
Watch it on YouTube
www.youtube.com/watch?v=VD_1Tjzw8a4&t=24s

**Leigh 'Skeeta' Verhey** (Murray Dairy)
Watch it on YouTube
www.youtube.com/watch?v=7ctrYxADZe8

# Farm Fitness Checklist

Gardiner supported the development of an online version of the Farm Fitness Checklist, which is now the default used in OFOP workshops, 1:1's and with farmers undertaking other extension activities.

It has been built by Dairy Australia using Salesforce Communities as the platform, where it sits with other tools as they are developed. This includes the Farm Business Snapshot which is used in the delivery of OFOP to help farmers to better understand their present position.

There are now 442 verified users with Farm Fitness Checklist records, along with 163 Farm Business Snapshot records. This includes farmers, advisers and service providers and is a good level of uptake that continues to be encouraged through marketing, communications and extension.

The Farm Fitness Checklist has been built with the ability to collate at a high level the response made by farmers using the tool. Responses are not identifiable and only high-level collated data is reported. From a total of 88 questions in the checklist an example of 10 and the number of response for each are provided below. They highlight areas where farmers are confident that they have 'nailed it' along with areas where they see room for improvement.

| | Yes, we've nailed it | Ok, but we could do better | No, and we should do something about it |
|---|---|---|---|
| Our business is robust enough to with-stand various 'shocks' such as milk price drops, interest rate hikes, drought, floods, staff vacancies | 68 | 146 | 39 |
| On-farm feed storage facilities provide the necessary buffer to cover prolonged dry periods | 109 | 137 | 55 |
| We analyse the profitability of our farm business and monitor the change in our net worth over time | 102 | 127 | 44 |
| We are active, reasonably fit and healthy | 138 | 205 | 44 |
| We get regular check-ups with our GP | 102 | 142 | 128 |
| We have a picture of what we want our life to look like in the longer term | 111 | 250 | 74 |
| We have a written business plan or list of goals that we're working towards | 34 | 99 | 147 |
| We have an up-to-date succession plan in place which is written down and dis-cussed with family members | 24 | 57 | 134 |
| We have identified the risks that exist on our farm and have systems in place to iso-late or minimise these | 59 | 150 | 41 |
| We really enjoy what we're doing | 175 | 193 | 34 |



# Industry Engagement and Strategic Support

Gardiner Foundation recognises that for our strategic investments in RD&E and People and Community Development programs to deliver the impact we aspire to achieve we must engage extensively with industry and community stakeholders. The knowledge gained through our industry engagement activities, allows us to make informed and agile investment decisions that support immediate issues and influence longer term, ongoing investments.

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

## Australian Dairy Plan (ADP)

The Australian Dairy Plan was launched in September 2020 and is a joint initiative of Australian Dairy Farmers, Australian Dairy Products Federation, Dairy Australia and Gardiner Foundation which seeks to deliver increased profitability, confidence and unity across the industry.

The ADP commitments:

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

In addition to the five commitments, the plan recognises the crucial contribution of key ongoing programs the industry needs to continue to do well to ensure sustainable long-term growth in research and innovation, policy leadership, market development, capability development, leadership and culture, and sustainability. Gardiner remains committed to ensuring that our efforts and investments based on our expertise and experience are aligned with those ADP Commitments and outcomes where we can add the most value. Gardiner has continued to provide thought leadership and financial support to the governance and reporting on the implementation of the ADP.

## Australian Dairy Sustainability Framework

The Australian dairy industry's Sustainability Framework is owned and led by the Australian Dairy Industry Council (ADIC) on behalf of dairy farmers and dairy companies. The industry's sustainability promise is to provide nutritious food for a healthier world. The promise is underpinned by four key commitments: enhancing livelihoods, improving wellbeing, providing best care for animals and reducing our environmental impact.

The Sustainability Framework is developed and implemented by the Sustainability Steering Committee and supported by Dairy Australia. Gardiner Foundation joined the steering committee in 2022 and recognises the successful stewardship of the framework by the ADIC and Dairy Australia since its inception in 2010. Gardiner looks forward to contributing to the strategic leadership of the framework and supporting industry initiatives that seek to deliver on the sustainability promise.

## Murray Dairy Region – Flood Response & Recovery

Gardiner Foundation invests in responding to emerging issues and needs of the Victorian dairy industry and dairying communities.

A major issue of special interest to dairy communities and the industry were the severe rain events (greater than 220mm) across Northern Victoria in mid-October 2022 which caused major flooding across large areas and had moderate to severe impacts (livestock, fencing, pasture, fodder & plant losses) on dairy farms and for dairy processors from mid-October to mid/late November 2022.

Gardiner Foundation provided a financial contribution of $120,000 to the industry's Floods 2022 Recovery Program - a co-ordinated regional flood response from Agriculture Victoria, Dairy Australia, Murray Dairy, milk processors, local governments, aid agencies and industry advocacy bodies that sought to support affected dairy farmers, staff and their businesses.

## Dairy Leaders Lunch

This year our Dairy Leaders Luncheon reflected an ongoing commitment to community leadership with over 90 dairy industry leaders attending. Our guest speaker was the Rev Tim Costello AO, community leader, national living treasure, spokesperson for the Alliance for Gambling Reform and former Chief Executive for World Vision. Tim shared with us that after studying and practising Law, he realised that he wanted to climb a 'calling ladder' rather than a 'career ladder' which ultimately led to his decision to move into philosophy, become a minister, and start a journey that has provided him the ability to be an advocate for many people and communities both domestically and around the world. Tim reflected on the requirements of leaders to always model appropriate behaviours, act with integrity and a purpose that will enrich the lives of others. He encouraged all aspiring leaders to understand the importance of and learn how to tell, an 'alternative story'.

The day's program also showcased the activities of the regional Community Leadership Programs (CLP's). Five people that completed the community leadership program with the financial support of Gardiner Foundation kindly participated in a community leadership panel. Panellists were Chris Slavin (Gippsland community leadership program), Beck Wyper (Loddon Murray community leadership program), Helen Chenowith (Leadership Great South Coast community leadership program), Craig Emmett (Fairly leadership program) and Elise Hill (Alpine Valley community leadership program).

The session allowed the participants to share and reflect on their local dairying communities and personal leadership journeys and insights.

## Year in Review and Annual General Meeting (AGM)

The AGM was followed by our Year in Review event where Chair Len Stephens reflected on the year that was and the highlights for Gardiner Foundation and the Victorian Dairy Industry. Former Chair Bruce Kefford acknowledged the incredible scientific career of German Spangenberg FTSE and his contributions to the Australian dairy industry.

The event also included a panel session discussing the benefits of mentoring, one of Gardiner's investments to support people and dairy communities. Jenny O'Sullivan facilitated the session which allowed mentor and mentee partnerships to share their insights into how mentoring has a powerful influence in their professional and personal lives. Thank you to the panellists Aubrey Pellett and Kristen Davis, Shiona Berry and Scott Dance (apology), Di Bowles and Brook Hewett.

## Sponsorship and Community Support

As in years past, Gardiner again supported local dairy activities that engage dairy's people in areas such as attracting, developing and retaining young people, leadership development opportunities, business skill development and local and national conference attendance. Our support for these activities was in collaboration with the Victorian industry's RDPs (Murray Dairy, GippsDairy and WestVic Dairy) and through our sponsorship support.

This year Gardiner Foundation has sponsored dairy industry people to attend the Australian Dairy Conference, including young dairy farmers participating in the Don Campbell memorial tour of Tasmania.




# Sponsorship 2023

Gardiner Foundation provided the following sponsorships in 2022/23

### 2023 Australian Dairy Conference

- Sponsorship of final session
- Participant attendance
  - Don Campbell Memorial Tour participants
  - Mark Billing
  - Ben Vagg

### West Vic Dairy

- 2022 Ladies Luncheon
- Dairy Nitemoooves
- Great Southwest Dairy Awards

### GippsDairy

- Don Campbell Memorial Tour
- GippsDairy Muster 2023
- Women in Dairy Gippsland Ladies lunch

### Murray Dairy

- Murray Muster 2023
- YDN study tour to the US – May 23
- YDN discussion groups
- Murray Dairy Director development – AICD course
- Development of the Murray Dairy Young Network Strategic Plan
- Funded five YDN Discussion Groups
- Delivered "Running Brilliant Meetings" – Chairs leadership training
- Provided the YDN with funding towards steering committee participant sitting fees, topic specific workshops with guest speakers and/or YDN members sponsorship to attend conferences.

### National Herd Improvement Association

- Sponsorship Industry Governance workshop

# Geoffrey Gardiner Dairy Foundation

**ABN:** 18094733418

## Annual Financial Report - 30 June 2023

## Contents







# Directors' Report

The directors present their report together with the financial report of Geoffrey Gardiner Dairy Foundation, the "Foundation", for the year ended 30 June 2023 and auditor's report thereon.

### Directors names

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

Dr Leonard Stephens

Mr Andrew Maughan [Resigned 11 October 2022]

Mr René Dedoncker

Ms Conny Lenneberg

Mr Aubrey Pellett

Dr Michael Strachan [Appointed 11 October 2022]

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

### Company secretary

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

### Results

The Foundation's operating surplus for the year amounted to $2,664,501 (2022: $10,106,193). Following accounting for changes in the fair value of the financial assets, which include realised gains of $511,237 (2022: loss of $294,371) and unrealised gains of $10,589,899 (2022: loss of $16,680,432), the Foundation's surplus during the year amounted to $13,765,637 (2022: deficit $6,868,610).

### Review of operations

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

### Significant changes in state of affairs

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

### Principal activities

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 Foundation's principal activities during the financial year.

## Short-term and long-term objectives and strategies

### Strategy

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

Gardiner Foundation is embedded across the Victorian dairy value chain. The Foundation has the ability to be agile and flexible in its response to emerging industry priorities. Our strategic project investments are categorised into three programs:

### 1. Research, Development and Extension

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

### 2. People and Community Development:

Our strategic approach is for building the capacity and capability of the Victorian dairy industry's people resources, with a focus on leadership and priority skill development, and the strengthening of dairy communities. Initiatives include small infrastructure grants to community groups and scholarships.

### 3. Industry Engagement and Strategic Support:

Our strategy is to proactively achieve wide industry engagement, together with the provision of strategic thought leadership and tactical projects to respond to emerging industry needs and opportunities.

# Directors' Report

## Financial Key Performance Measures

The Foundation measures its performance through the use of both quantitative and qualitative benchmarks. These benchmarks are used by the Directors to assess the financial sustainability of the company and whether the company's short term and long-term objectives are being met.

The Foundation's operating surplus (net of total revenue and expenses) for the year was $2,664,501 (2022:$10,106,193). Any market or fair valuation movement in financial assets is recognised through profit and loss rather than Other Comprehensive Income, in line with Australian accounting standard AASB 9[1]. This is reflected in the surplus for the year line in the Statement of Profit and Loss and Other Comprehensive Income of $13,765,637 (2022: deficit of $6,868,610).

The Foundation's investment objective is to achieve an after fees return equivalent to inflation plus 4.50%per annum, over a rolling 10 - year period, whilst accepting the chance of a negative return in any financial year being less than one in four years. For the financial year ended 30 June 2023, the Foundation's composite after fee return on investment was 13.42%. The long-term investment objective of CPI (6.00%for FY2022/23) + 4.50% was 10.50% for the financial year ended 30 June 2023. For the same period Gardiner's largest asset class exposure, Australian Equity posted a return of 16.12%. The rolling five-year annualised return of the portfolio to 30 June 2023 was 8.45% with the investment objective of CPI + 4.50%being 8.04%.

In dollar terms, the Foundation experienced a total return of $19.14 million over the financial year. This was the net result of $8.03 million[2] from income (i.e., interest, distributions, dividends and franking credits (net of management fees) and $11.10 million[3] from appreciation in capital value. The closing value of the corpus being $156.39 million[4] at 30 June 2023, was above the inflation adjusted value. The inflation adjusted value required to maintain the real value of the original investment[5] at 30 June 2023 was $130.68 million (as per clause 29(4) of the Foundation's Constitution).

The Foundation's Corpus in FY2022/23 recovered strongly from the market fall in FY2021/22. The financial year was characterised by shifting financial markets. The early months witnessed instability attributed to escalating inflation, actions by central banks, geopolitical tensions, and apprehensions regarding a potential global recession.

Despite these challenges, the economy displayed resilience, and as the year progressed, global markets surged due to growing investor expectations that central banks were winding down rate increases amidst moderated inflation. Additionally, Europe's mild winter mitigated the energy crisis, while China's emergence from COVID restrictions further fueled optimism.

Volatility stemming from banking sector concerns, notably the collapses of Silicon Valley Bank and Credit Suisse, influenced market dynamics. Nevertheless, the financial year saw robust performance in global equities overall. A noteworthy driver behind the stock market rally was the exceptional performance of major technology stocks linked to strides in Artificial Intelligence.

Within Australia, stock market fluctuations were driven by diverse factors impacting the market. Resource stocks yielded substantial returns, though commodity prices faced weakening trends throughout the year.

In response to inflation, central banks substantially raised interest rates, amplifying turbulence in bond markets and causing bond yields to rise over the course of the year. Despite this, the Australian bond index delivered a marginal positive return in contrast to global bonds, which commenced the fiscal year with lower yields. Central bank policies played a pivotal role in currency market volatility, with the Australian dollar depreciating due to falling commodity prices and divergent rate hikes among other central banks. Conversely, the Japanese Yen weakened as the Bank of Japan continued its accommodative monetary policy stance.

Infrastructure investments generated robust returns during the year, whereas the property sector experienced a softer performance. This was particularly evident in the office segment, which was impacted by reduced tenant demand for space and the valuation effects of rising bond yields.

Total project funding expensed during the year ended 30 June 2023 was $4.95 million and from inception of the Foundation to 30 June 2023 is in excess of $90 million.

[1] Please refer to Note 1(f) of the Annual Financial Report for further explanation and the applicable accounting standard.
[2] Total revenue posted during the 2023 financial year was $8.15 million, which constitutes of net investment revenue ($8.03 million) and other income ($0.12 million). This is further explained in Note 3 of the Annual Financial Report.
[3] Total increase in capital value during the 2023 financial year was $11.10 million, which constitutes of net unrealised gain ($10.59 million) and net realised gain ($0.51 million) as reflected in the Statement of Profit and Loss and Other Comprehensive Income.
[4] The Gardiner Foundation's investment portfolio includes Australian Equities, International Equities, Unlisted Property, Unlisted Infrastructure and Cash is represented as Financial Assets in the Statement of Financial Position under the Non-Current Assets category ($156.39 million).
[5] Funds received at inception of Gardiner Foundation in the year 2000 was $62 million.





# Meetings of directors

| Directors | Board Meetings | | Finance, Audit, Investment and Risk Committee meetings | |
|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Dr Leonard Stephens | 7 | 7 | 4 | 4 |
| Mr Andrew Maughan | 2 | 2 | 1 | 1 |
| Mr René Dedoncker | 7 | 6 | 4 | 4 |
| Ms Conny Lenneberg | 7 | 7 | - | - |
| Mr Aubrey Pellett | 7 | 7 | - | - |
| Dr Michael Strachan | 5 | 5 | 3 | 3 |

### Members guarantee

The Foundation is incorporated under the Corporations Act 2001 and is a Foundation limited by guarantee. If the Foundation is wound up, the Constitution states that each member is required to contribute to a maximum of $10 each towards meeting any outstandings and obligations of the Foundation. At 30 June 2023 there were three members. The combined total amount that members of the Foundation are liable to contribute if the Foundation is wound up is $30 (2022: $30).

### Likely developments

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

### After balance date events

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

### Auditor's independence declaration

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

Michael G Strachan

Dr Leonard Stephens
Director

Dr Michael Strachan
Director

Signed on behalf of the board of directors.

Dated this 29th day of August 2023

# Auditor's Independence Declaration

PITCHER PARTNERS

**GEOFFREY GARDINER DAIRY FOUNDATION**
**ABN: 18094733418**

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

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

K L BYRNE

Partner

PITCHER PARTNERS

Melbourne

Date: 29th day of August 2023







# Statement of Profit or Loss and Other Comprehensive Income

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Revenue and other income** | | | |
| Investment revenue | 3 | 8,722,507 | 15,811,876 |
| Less: Management fees | 3 | (687,020) | (646,792) |
| Other revenue | 4 | 115,829 | 116,195 |
| | | 8,151,316 | 15,281,279 |
| **Less: expenses** | | | |
| Project payments | 5 | (4,947,656) | (4,682,471) |
| Administration expenses | 6 | (536,076) | (490,941) |
| Finance costs | | (3,083) | (1,674) |
| | | (5,486,815) | (5,175,086) |
| | | 2,664,501 | 10,106,193 |
| **Operating surplus** | | | |
| Net unrealised gains/(losses) on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure) | | 10,589,899 | (16,680,432) |
| Net realised gains/(losses) on financial assets held at fair value through profit and loss (Pooled Unit Trust Structure) | | 511,237 | (294,371) |
| **Surplus/(deficit) for the year** | | 13,765,637 | (6,868,610) |

# Statement of Financial Position

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 434,584 | 411,174 |
| Receivables | 8 | 3,730,454 | 6,524,343 |
| Other assets | 9 | 28,343 | 26,261 |
| **Total current assets** | | 4,193,381 | 6,961,778 |
| **Non-current assets** | | | |
| Other financial assets | 10 | 156,387,266 | 139,763,944 |
| Lease assets | 11 | 58,528 | 10,360 |
| Plant and equipment | 12 | 24,755 | 31,621 |
| **Total non-current assets** | | 156,470,549 | 139,805,925 |
| **Total assets** | | 160,663,930 | 146,767,703 |
| **Current liabilities** | | | |
| Payables | 13 | 275,514 | 190,440 |
| Lease liabilities | 11 | 54,877 | 11,081 |
| Provisions | 14 | 97,736 | 102,591 |
| **Total current liabilities** | | 428,127 | 304,112 |
| **Non-current liabilities** | | | |
| Lease liabilities | 11 | 4,668 | - |
| Provisions | 14 | 5,877 | 3,970 |
| **Total non-current liabilities** | | 10,545 | 3,970 |
| **Total liabilities** | | 438,672 | 308,082 |
| **Net assets** | | 160,225,258 | 146,459,621 |
| **Equity** | | | |
| Capital contribution reserve | | 62,126,314 | 62,126,314 |
| Retained earnings | 15 | 98,098,944 | 84,333,307 |
| **Total equity** | | 160,225,258 | 146,459,621 |





# Statement of Changes in Equity

| | Capital contribution reserve $ | Retained earnings $ | Total equity $ |
|---|---|---|---|
| **Balance as at 1 July 2021** | 62,126,314 | 91,201,917 | 153,328,231 |
| Deficit for the year | - | (6,868,610) | (6,868,610) |
| **Total comprehensive loss for the year** | - | (6,868,610) | (6,868,610) |
| **Balance as at 30 June 2022** | 62,126,314 | 84,333,307 | 146,459,621 |
| **Balance as at 1 July 2022** | 62,126,314 | 84,333,307 | 146,459,621 |
| Surplus for the year | - | 13,765,637 | 13,765,637 |
| **Total comprehensive income for the year** | - | 13,765,637 | 13,765,637 |
| **Balance as at 30 June 2023** | 62,126,314 | 98,098,944 | 160,225,258 |

# Statement of Cash Flows

| | 2023 $ | 2022 $ |
|---|---|---|
| **Cash flow from operating activities** | | |
| Dividends, distributions and franking credits | 11,565,968 | 12,208,248 |
| Rebates received | 234,312 | 154,175 |
| Other income received | 115,829 | 116,195 |
| Project expense payments and administration costs | (5,402,575) | (5,135,132) |
| Management fees paid | (149,108) | (148,506) |
| Interest paid | (3,422) | (1,674) |
| **Net cash provided by operating activities** | 6,361,004 | 7,193,306 |
| **Cash flow from investing activities** | | |
| Payment for plant and equipment | (6,905) | (15,186) |
| Payments for investments | (13,594,410) | (13,333,945) |
| Proceeds from sale of investments | 7,300,000 | 6,300,000 |
| **Net cash used in investing activities** | (6,301,315) | (7,049,131) |
| **Cash flow from financing activities** | | |
| Principal portion of lease payments | (36,279) | (36,194) |
| Net cash used in financing activities | (36,279) | (36,194) |
| **Reconciliation of cash** | | |
| Cash at beginning of the financial year | 411,174 | 303,193 |
| Net increase in cash held | 23,410 | 107,981 |
| **Cash at end of financial year** | 434,584 | 411,174 |

# Notes to Financial Statements

## Note 1: Statement of Significant Accounting Policies

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

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

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

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

### (a) Basis of preparation of the financial report

#### Historical Cost Convention

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

#### Fair value measurement

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

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

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

#### Significant accounting estimates and judgements

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

### (b) Going concern

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

### (c) Investment revenue and other revenue

#### Investment revenue

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

- Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument;
- Dividend revenue and distribution income is recognised when the right to receive a dividend has been established.
- Franking credits are recognised when the right to the franking credit arises, which is at the same time when the right to receive a dividend has been established.

#### Royalty income

Royalty income is recognised on an accrual basis in the period which the income relates to.

#### Will and bequests income

Bequeathed items are recognised as income when the entity has obtained a present legal right to, and therefore control of, the bequeathed items. This occurs when probate has been granted and the period for challenging the Will has expired and or the Will has been challenged and it is legally determined that the entity is entitled to particular assets or amounts.

#### Other revenue

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





# Notes to Financial Statements

## Note 1: Statement of Significant Accounting Policies (Continued)

### (d) Cash and cash equivalents

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

### (e) Employee benefits

#### (i) Short-term employee benefit obligations

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

#### (ii) Long-term employee benefit obligations

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

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

### (f) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Foundation commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

#### Classification of financial assets

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

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

(a) the Foundation's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

#### Financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Foundation for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Foundation are subsequently measured at amortised cost.

#### Receivables

Trade and other receivables arise from the Foundation's transactions with its customers and are normally settled within 30 days.

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

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. For units in managed funds, this is considered to be the redemption price of units as advised by the fund manager.

# Notes to Financial Statements

## Note 1: Statement of Significant Accounting Policies (Continued)

**(f) Financial instruments (Continued)**

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Foundation no longer has any significant continuing involvement in the risks and benefits associated with the asset. The cost base used to determine realised gains or losses on disposal of the financial asset is determined based on the closing fair value for the previous financial reporting period. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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

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

**(g) Income tax**

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

**(h) Leases**

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

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

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

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

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

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

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

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





# Notes to Financial Statements

## Note 1: Statement of Significant Accounting Policies (Continued)

**(i) Plant and equipment**

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

Plant and equipment
Plant and equipment is measured on the cost basis.

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

| Class of fixed assets | Depreciation rates | Depreciation basis |
|---|---|---|
| Leasehold improvements at cost | 16.6 | Straight line |
| Plant and equipment at cost | 20.0 - 25.0% | Straight line |

**(j) Capital contributions reserve**

The Gardiner Dairy Foundation is limited by guarantee and does not have share capital. The Foundation was formed for the purpose of managing the investment of funds to be used to benefit all sectors of the Victorian Dairy Industry and Communities in accordance with Section 65 of the Dairy Act 2000.

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

**(k) Goods and services tax (GST)**

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

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

**(l) Comparatives**

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

# Notes to Financial Statements

## Note 2: Significant Accounting Estimates and Judgements

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

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

(a) Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## Note 3: Net Investment Revenue

| | 2023 $ | 2022 $ |
|---|---|---|
| - Dividend income | 5,520,261 | 10,292,025 |
| - Franking credit revenue | 1,629,054 | 3,644,371 |
| - Distribution income | 1,573,192 | 1,875,480 |
| - Less management fees | (687,020) | (646,792) |
| | 8,035,487 | 15,165,084 |

## Note 4: Other Revenue

| | 2023 $ | 2022 $ |
|---|---|---|
| Other revenue | | |
| Other income | 115,829 | 116,195 |



Annual Financial Report

Notes to Financial Statements

## Note 5: Project Payments

| | 2023 $ | 2022 $ |
|---|---|---|
| Research, development and extension | 2,814,324 | 2,777,220 |
| Community and people development | 1,537,924 | 1,551,065 |
| Industry engagement and strategic support | 595,408 | 354,186 |
| Total Project payments | 4,947,656 | 4,682,471 |

Research, Development & Extension (RD&E)

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

People and Community Development (PCD)

The PCD projects support building the capacity and capability of the Victorian dairy industry's people resources, with a focus on leadership and priority skill development, and the strengthening of dairy communities. Projects in this category include the Small Grants program administered via the Foundation for Rural & Regional Renewal (FRRR), the Victorian Rural Community Leadership Programs and Tertiary Scholarships, Nuffield, Monash Industry Team Initiative Program and Our Farm our Plan program.

Industry Engagement and Strategic Support

Support industry wide engagement, together with the provision of strategic thought leadership and tactical projects to respond to emerging industry needs and opportunities such as Murray Dairy Flood Recovery Program and co-funding development of the Australian Dairy Pan.

## Note 6: Administration Expenses

Other expenses

| | 2023 | 2022 |
|---|---|---|
| - Occupancy expenses | 2,244 | 3,798 |
| - Depreciation and amortisation expenses | 27,738 | 18,616 |
| - Remuneration of auditors | 34,500 | 35,500 |
| - Consultant fees | 13,058 | 11,234 |
| - Legal fees | 6,467 | 926 |
| - Insurance expenses | 2,248 | 1,582 |
| - Record management | 1,749 | 1,233 |
| - Directors costs | 69,406 | 60,905 |
| - Employment expenses | 331,339 | 310,787 |
| - Other administration expenses | 47,327 | 46,360 |
| | 536,076 | 490,941 |

# Notes to Financial Statements

## Note 6: Administration Expenses (Continued)

Project related employee expenses are allocated to the project for which they have been incurred. Administration employment expenses are included in "Other expenses" above.

| | 2023 $ | 2022 $ |
|---|---|---|
| - Employee expenses | 901,236 | 780,933 |
| - Superannuation | 85,627 | 75,126 |
| | 986,863 | 856,059 |

## Note 7: Cash and Cash Equivalents

| | | |
|---|---|---|
| Cash at bank | 434,584 | 411,174 |

## Note 8: Receivables

CURRENT

| | | |
|---|---|---|
| Accrued income | 3,482,008 | 6,325,469 |
| Other receivables | 248,446 | 198,874 |
| | 3,730,454 | 6,524,343 |

Income accrued includes dividends owed but not received, franking credits on dividends received and franking credits earned on dividends accrued. Franking credits are claimed from the Australian Taxation Office after the year end.

The balance of accrued income at 30 June 2023 includes $1.6m (2022: $4.8m) of franking credits refundable.

## Note 9: Other Assets

CURRENT

| | | |
|---|---|---|
| Prepayments | 28,343 | 26,261 |





# Notes to Financial Statements

## Note 10: Other Assets

| | 2023 $ | 2022 $ |
|---|---|---|
| NON CURRENT | | |
| Financial assets at fair value through profit or loss | | |
| Australian equities | 74,684,778 | 67,800,594 |
| International equities | 33,862,812 | 28,580,167 |
| Unlisted property | 15,590,561 | 17,538,602 |
| Unlisted infrastructure | 24,800,280 | 18,631,648 |
| Cash and cash equivalents | 7,448,835 | 7,212,933 |
| | 156,387,266 | 139,763,944 |

## Note 11: Lease Assets And Lease Liabilities

### (a) Lease assets

| | | |
|---|---|---|
| Land and buildings | | |
| Under lease | 108,052 | 79,453 |
| Accumulated depreciation | (49,524) | (69,093) |
| | 58,528 | 10,360 |

### Reconciliations

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

| | | |
|---|---|---|
| Land and buildings | | |
| Opening carrying amount | 10,360 | 14,620 |
| Additions | 108,052 | 32,315 |
| Amortisation | (59,884) | (36,575) |
| Closing carrying amount | 58,528 | 10,360 |

### (b) Lease liabilities

| | | |
|---|---|---|
| CURRENT | | |
| Buildings | 54,877 | 11,081 |
| NON-CURRENT | | |
| Buildings | 4,668 | - |
| Total carrying amount of lease liabilities | 59,545 | 11,081 |

The lease of land and buildings was entered into for 2 years and expires on 01 August 2024. Monthly lease payments are $4,683

# Notes to Financial Statements

## Note 12: Plant and Equipment

| | 2023 $ | 2022 $ |
|---|---|---|
| Plant and equipment | | |
| Plant and equipment at cost | 50,123 | 62,433 |
| Accumulated depreciation | (25,368) | (30,812) |
| Total plant and equipment | 24,755 | 31,621 |

**(a) Reconciliations**

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

| | 2023 $ | 2022 $ |
|---|---|---|
| Plant and equipment | | |
| Opening carrying amount | 31,621 | 26,366 |
| Additions | 6,905 | 15,186 |
| Disposals | (1,965) | (459) |
| Depreciation expense | (11,806) | (9,472) |
| Closing carrying amount | 24,755 | 31,621 |

## Note 13: Payables

| | 2023 $ | 2022 $ |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities | 38,460 | 45,204 |
| Trade creditors | 237,054 | 145,236 |
| Sundry creditors and accruals | 275,514 | 190,440 |

## Note 14: Provisions

| | 2023 $ | 2022 $ |
|---|---|---|
| CURRENT | | |
| Employee benefits | 97,736 | 102,591 |
| NON CURRENT | | |
| Employee benefits | 5,877 | 3,970 |





# Notes to Financial Statements

## Note 15: Retained Earnings

| | 2023 $ | 2022 $ |
|---|---|---|
| Retained earnings at beginning of year | 84,333,307 | 91,201,917 |
| Surplus / (deficit) for the year | 13,765,637 | (6,868,610) |
| | 98,098,944 | 84,333,307 |

The Foundation is prohibited by the Constitution from making distributions to its members. In the event of winding up, the assets of the Foundation shall be applied in satisfaction of its debts and liabilities and any surplus after such application shall be given or transferred to one or more bodies ("Successor Body(s)") having objectives consistent with the objects of the Foundation. The allocation of the surplus between Successor Body(s) must be approved by unanimous resolution of each class of member and by the Minister of the Victorian Government whose portfolio or responsibilities include agriculture. If the Successor Body(s) fail to meet the objectives and surplus approval criteria by the date the Foundation is wound up, any surplus will be transferred to the Minister on behalf of the State of Victoria.

## Note 16: Commitments

| | | |
|---|---|---|
| Project expenditure commitments | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 1,395,000 | 2,827,500 |
| One to five years | 2,170,000 | 3,160,000 |
| | 3,565,000 | 5,987,500 |

## Note 17: Key Management Personnel Compensation

| | | |
|---|---|---|
| Directors and key management personnel compensation | 684,139 | 693,709 |

## Note 18: Related Party Transactions

**(a) Transactions with key management personnel of the Foundation**

During the year, the Foundation received external consulting services from Somerset Capital Pty Ltd for $5,310. Andrew Maughan, who was a director of the Foundation during the financial year, is a director of Somerset Capital Pty Ltd.

**(b) Transactions with other related parties**

There were no transactions with related parties during the current and previous financial year outside of those reported under Note 18(a) above.

# Notes to Financial Statements

## Note 19: Remuneration of Auditors

| | 2023 $ | 2022 $ |
|---|---|---|
| Remuneration of auditors for: | | |
| Pitcher Partners (Melbourne) | | |
| Audit and assurance services | | |
| - Audit of the financial report | 34,500 | 35,500 |
| Other non-audit services | | |
| - Investment administration services | 35,200 | 26,400 |
| Total remuneration of auditors | 69,700 | 61,900 |

## Note 20: Contingent Liabilities and Contingent Assets

In February 2014, the Foundation was advised by the executors of the Estate of Niel Black, that the Foundation was one of a number a beneficiaries of the late Mr Black's estate in accordance with his Will (the Will). The late Mr Black bequeathed a significant portion (the residuary estate) of his estate to the Foundation.

One of the conditions stipulated in the Will was that the Trustees of the estate will service and maintain Mr Black's Mt Noorat Homestead property (Homestead property), currently occupied by Mr Black's widow Mrs Eve Marie Black (life tenant). The Will however did not specify the amount to be set aside for the service and maintenance of the Homestead property. The maintenance obligation amongst other things include repairs, insuring the Homestead property against loss and damage by fire, keeping the house, garden and grounds in good order and condition and pay and discharge all rates, taxes and other outgoings while the life tenant resides at the property.

An agreement was reached between the Trustees and the Foundation for the Trustees to set aside out of the estate the sum of $1.0 million (Trustees funds) to fulfil the maintenance obligations for the Homestead property. In the event that the Trustees funds for the maintenance obligation is insufficient under a deed between the Trustees and the Foundation, the Foundation will be required to make a payment or payments to the Trustees up to a maximum amount in aggregate of $1.0m to enable the Trustees to fulfil the maintenance obligations. In the event that the life tenant vacates the Homestead property, the balance of the Trustees funds will be made available to the Foundation.



Annual Financial Report

Notes to Financial Statements

## Note 21: Fair Value Measurement

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

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

| | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **2023** | | | | |
| Australian equities | - | 74,684,778 | - | 74,684,778 |
| International equities | - | 33,862,812 | - | 33,862,812 |
| Unlisted property | - | 15,590,561 | - | 15,590,561 |
| Cash | - | 7,448,835 | - | 7,448,835 |
| Unlisted infrastructure | - | 24,800,280 | - | 24,800,280 |
| | - | 156,387,266 | - | 156,387,266 |
| **2022** | | | | |
| Australian equities | - | 67,800,594 | - | 67,800,594 |
| International equities | - | 28,580,167 | - | 28,580,167 |
| Unlisted property | - | 17,538,602 | - | 17,538,602 |
| Cash | - | 7,212,933 | - | 7,212,933 |
| Unlisted infrastructure | - | 18,631,648 | - | 18,631,648 |
| | - | 139,763,944 | - | 139,763,944 |

## Note 22: Events Subsequent to Reporting Date

There has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2023, of the Foundation, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2023, of the Foundation

# Directors' Declaration

The directors of the Foundation declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 9 - 27, satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012, including:
   (a) complying with Australian Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulations 2022; and
   (b) giving a true and fair view of the financial position as at 30 June 2023 and performance for the year ended on that date of the Foundation.
2. In the directors opinion, there are reasonable grounds to believe that the Foundation is able to pay all of its debts, as and when they become due and payable.

Dr Leonard Stephens
Director

Dr Michael Strachan
Director

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulations 2022.

Dated this 29th day of August 2023





# Independent Auditor's Report

PITCHER PARTNERS

**GEOFFREY GARDINER DAIRY FOUNDATION**
**ABN: 18094733418**

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

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Geoffrey Gardiner Dairy Foundation, "the Foundation", which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Foundation's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Foundation in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Foundation's directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

# Independent Auditor's Report

**GEOFFREY GARDINER DAIRY FOUNDATION**
**ABN: 18094733418**

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

*Other Information (Continued)*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Those Charged with Governance for the Financial Report*

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

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







# Independent Auditor's Report

**GEOFFREY GARDINER DAIRY FOUNDATION**
**ABN: 18094733418**

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

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

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

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

K L BYRNE
Partner

PITCHER PARTNERS
Melbourne

Date: 29th day of August 2023

GARDINER FOUNDATION

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Southbank, VIC 3006

GardinerDairy

gardinerdairy

gardinerdairy

gardiner-dairy-foundation

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