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GippsDairy Annual Report 2009/10



The GippsDairy Board

An Independent Selection Panel recommends appointments to the Board. Recommendations are based on skills, experience and ability to commit to the role. There are up to six positions on the Board for dairy farmers and four positions for other people connected to dairying or with skills the Board requires.

In 2009/10, the Board met for one annual general meeting (AGM), one strategic planning session, six general board meetings and one extraordinary board meeting – a total of nine meetings. The Board directors are listed below, along with the number of meetings each attended from the 2009 AGM to the general meeting held in August 2010.

The Directors on the Operations and Risk Committee were Tyran Jones, John Verstedden, Neil Walker, Andrea Killeen and Sam Aggarwal.



Tyran Jones
Dairy farmer
Gruyere
Chairperson (9/9)



John Verstedden
Dairy farmer
Longwarry
Deputy
Chairperson (9/9)



Neil Walker
Dairy farmer
Nyora (9/9)



Matt Gleeson
Dairy farmer
Boolarra (9/9)
(Appointed
September meeting)



Bernhard Lubitz
Dairy farmer
Leongatha (3/9)
(Resigned at
February meeting)



Allan Fletcher
Rural Finance
Co-operative,
Leongatha,
GippsDairy
Public Officer (7/9)



Matt Harms
On-farm
Consulting (8/9)



Andrea Killeen
Farmer Newry
(9/9)



**Saurabh (Sam)
Aggarwal**
Longwarry
Food Park (5/9)
(Appointed September
meeting)

**The Board is
supported by:**



**Danielle
Auld, PhD**
Executive Officer



Melanie Smith
Executive
Assistant



Annette Zurrer
Project Director



Kylie Barry
YDDP Regional
Co-ordinator

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GippsDairy Mission

To facilitate the development of a sustainable, vigorous, world competitive dairy industry in Gippsland that provides economic and social rewards to the dairy industry and our wider community.

Overview of the Gippsland Dairy Industry

Dairying continues to be the largest agricultural contributor to the Gippsland economy (Figure 1). The biggest dairy shires are South Gippsland, Wellington and Baw Baw, which are home to more than 77% of Gippsland's 1,699 dairy farms (see Figure 2).

Dairy farmers finished 2009/10 in a better position than when they started the year. In July 2009, farm profitability was seriously challenged by low milk price and 52 dairy farms were still recovering from the February 2009 bushfires. An extremely wet Spring impeded fodder conservation on high rainfall farms and resulted in pugging damage on many pastures. Finances improved in the second half of the year and an excellent autumn break resulted in the best growing conditions for many years.

Interestingly, farm numbers fell by less than 1% between June 2009 and June 2010 (1,714 to 1,699, Dairy Food Safety Victoria), bucking the long-term trend of a 2-3% fall in the number of farm licences. Speculation is that people moving into the region are taking up farms that would otherwise leave the industry. Sneaking into the end of the financial year was the start of a grain price spike that will again necessitate well-planned management for 2010/11.

In 2009/10, the Gippsland dairy industry:

- produced 1.99 billion litres of milk, which was 22% of the national milk output, with an estimated farmgate value of \$658 million;
- directly employed around 6,800 people in farming and processing;
- grew 70% of the energy needed for milk production from ryegrass pastures;
- had 30% of farms on irrigation systems, 23% of farms in low rainfall areas and 47% of farms in high rainfall areas; and
- supplied 16 dairy factories with milk for manufacturing and processing – these ranged from large export-based businesses to smaller operations producing boutique cheeses for niche markets.

Dairy Australia's annual *Situation and Outlook* survey found that an average Gippsland farm:

- had a herd of 265 cows on a milking area of 130 hectares;
- produced 115,365 kg of milk solids (fat and protein) per herd;
- produced 1,541,300 litres per herd and 5,673 litres per cow (weighted average); and
- fed 1.4 tonnes of grain per cow compared to 1.33 tonnes in the previous year.

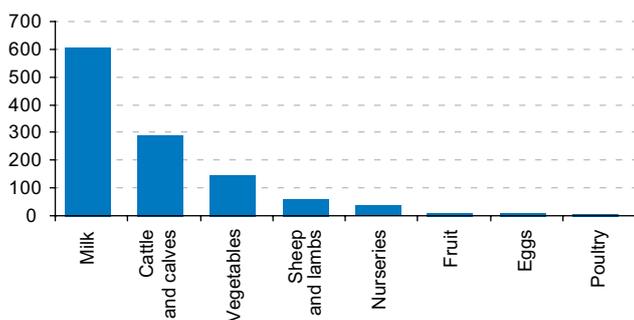


Figure 1: Dairying is the largest agricultural commodity in Gippsland (Source: Australian Bureau of Statistics, 2006/07).

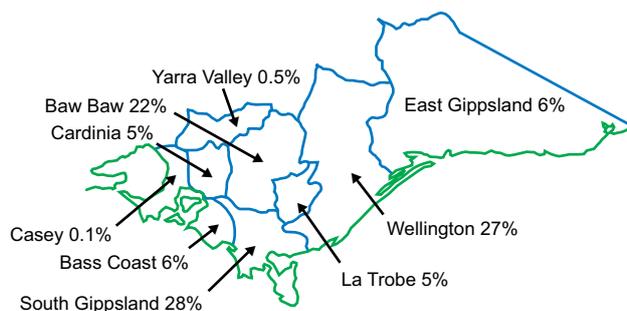


Figure 2: GippsDairy services 1,699 dairy farms from the outskirts of Melbourne to the Victorian east coast.

Report from the Chair

The 2009/10 financial year has been challenging for GippsDairy. The tight funding environment for projects focused on farm productivity has continued. The upside is that the success and profile of the core projects, YDDP and Focus Farms, have risen dramatically. The recent round of Focus Farm dinners had overwhelming support and heralds a new level of engagement of producers with GippsDairy. These functions have provided a great opportunity for producers to hear about the value the levy provides for the industry through the activities of Dairy Australia and GippsDairy. Producers have also raised issues with board members and staff of both organisations.

Through the efforts of our staff, the leverage GippsDairy provides for the \$535,000 invested by Dairy Australia continues to impress, at around 8:1! This includes some major corporate sponsorship of YDDP by Rural Finance and Genetics Australia.

Behind the scenes, GippsDairy has been actively informing policy makers of the value of dairy to the Gippsland economy and ensuring the impacts on productive agriculture are clearly understood in the areas of land use planning, the Gippsland Sustainable Water Strategy and, of course, the soil carbon discussion. GippsDairy is often the only organisation in the room with hard, quantitative industry data to inform discussions.

Dr Danielle Auldrist heads a stellar team that is nimble and flexible. The team excels in managing the portfolio of projects and can respond rapidly to crises such as the bushfires, or gathering information to help producers and the service sector cope with market volatility.

The long-term strategy is also sound, with projects such as the cockchafer taskforce searching for real solutions based on sound science. Supporting the industry with the latest research findings and implementing best practice across Gippsland dairy farms is our core business.

A big thank you to all our staff and to the directors who ensure GippsDairy remains focused and relevant to producers. Allan Fletcher has decided to leave at the end of his second term – we thank him for his contribution and wish him well. It is with sadness that I compulsorily retire from the board after seven years. I am confident that the new board will perform well as we welcome a new Chairperson and three new directors – Aubrey Pellett, Tracey Hollingworth and Judy Johnson.

This report provides a comprehensive insight to the priorities GippsDairy is investing in on your behalf. If you have ideas or issues that are not covered by the projects described, please approach a staff member or director and share – it could lead to something big.



Tyran Jones, Chairperson

Tyran Jones.

GippsDairy – a regional development program

Excellent leverage

Farmers in every agricultural sector pay levies to their national service body. The Federal Government also contributes to these funds, which are used for research, development and extension.

Dairy Australia is the dairy industry's national body. Dairy farmers contribute about two-thirds of its funds and about a third comes from the Federal Government. Dairy Australia uses this for research, development and extension work on-farm and for processing, trade, marketing and technical issues. It does not engage in lobby activities, but works with the United Dairyfarmers of Victoria and Australian Dairy Farmers to keep them well informed in their advocacy roles.

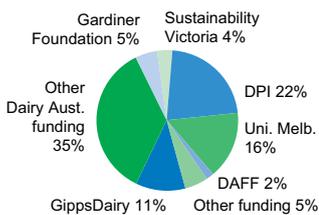


Figure 3: GippsDairy leveraged the \$535,000 from Dairy Australia to provide projects for Gippsland farmers valued at >\$4.9 million.

GippsDairy is one of eight regional development programs across Australia. Each is an independent organisation that partners closely with Dairy Australia to bring benefits to dairy farmers in its region. The funding each regional development program receives is roughly proportional to the volume of milk produced in its region.

In 2009/10, GippsDairy received \$535,000 from Dairy Australia. GippsDairy used those funds to develop projects and secure funding from many sources. In fact, it used the \$535,000 to provide projects into Gippsland valued at more than \$4.9 million. This is an impressive leverage of >\$8 for every dollar Dairy Australia invested in GippsDairy (Figure 3).

The GippsDairy project portfolio for 2009/10 included 20 large projects and 5 small projects. These are summarised on pages 8 to 12.

The additional funding GippsDairy secured to bring about the leverage of >8:1 came from the National Landcare Program, Sustainability Victoria, the Gardiner Foundation, the West Gippsland Catchment Management Authority, the Department of Primary Industries, the University of Melbourne and Dairy Australia.

In addition, GippsDairy managed the state-wide Young Dairy Development Program, which received sponsorship from Genetics Australia Cooperative, Rural Finance Corporation, Dairy Australia, GippsDairy, WestVic Dairy, Murray Dairy, the Victorian Department of Primary Industries, Fonterra, Warrnambool Cheese and Butter Factory, and the National Centre for Dairy Education Australia.

Reporting to farmers

In order to report back to farmers, GippsDairy hosted dinner meetings in the region (Priority Advisory Groups – PAGS). At these, GippsDairy staff explained how they are addressing the needs of dairying in Gippsland. Vitaly important at the meetings were the contributions made by farmers about the issues that need to be focused on (Figure 4). These priorities are used by GippsDairy and passed onto the United Dairyfarmers of Victoria and Australian Dairy Farmers (ADF). ADF is involved in forming Dairy Australia's Annual Strategic Plan. This process ensures Dairy Australia's projects are relevant to Gippsland dairy farmers.

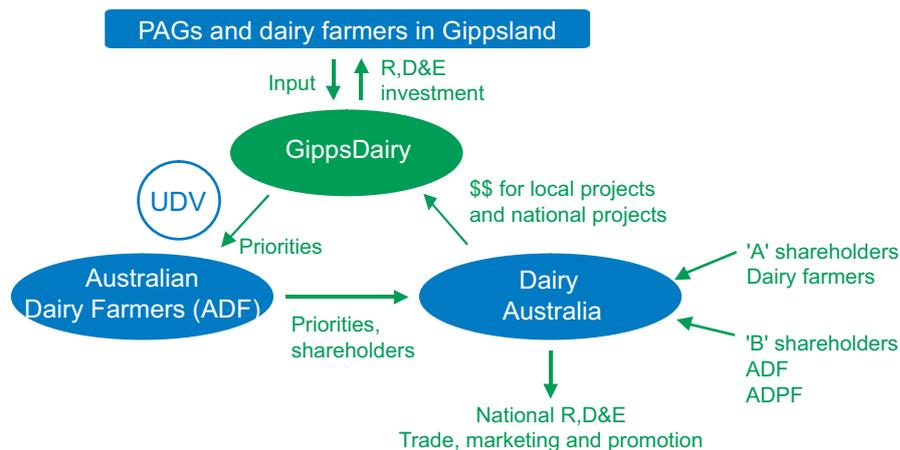


Figure 4: Farmer priorities drive GippsDairy's projects as well as investments by Dairy Australia.

High-priority issues included:

- the profitability of farming;
- maximising feed grown on-farm;
- credible information to local government about the importance of dairy;
- red headed cockchafers;
- water security; and
- entry of new people, retaining skilled people, career structure.

These priority issues drove GippsDairy's 2009/10 projects, which included:

- a feedbase reference group of farmers to guide project development about the extension of information related to growing feed;
- a modelling project testing the optimum profitability of Gippsland dairy farms;
- the second *4 teats – learn to grow* business expo about specific issues for younger or newer entrants to dairying;
- providing funds to farmers for individual financial consultations;
- gaining a seat on the Department of Sustainability and Environment's Sustainable Water Strategy committee;
- initiating a national taskforce about red headed cockchafers that involves CSIRO, Dairy Australia, the Victorian Department of Primary Industries (DPI), Australian National University, La Trobe University, the University of Melbourne and seeds companies; and
- continued close collaboration with the DPI about the extension of information to farmers and service providers.

Strategic plan

GippsDairy's Strategic Plan is a rolling five-year plan that is reviewed each December. Six broad areas are important to Gippsland dairy farmers, service providers and GippsDairy. Resources are apportioned to address these as shown in the Figure 5.

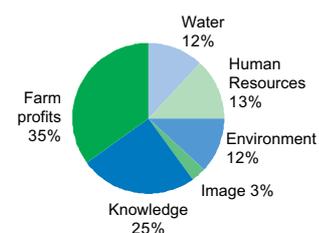


Figure 5: GippsDairy resources are used to address six key strategy areas.

Summary of GippsDairy Projects

GippsDairy had 20 large projects and 5 small projects in 2009/10. Its role in projects ranged from project development and management to providing funding. The projects are split into 4 major areas: Farm Business Management; Natural Resource Management; Feedbase; and Small Projects. A brief summary of projects is provided in the following table.

Farm Business Management

Project	Overview
Focus Farms	<p>GippsDairy's Focus Farm project is unique in Australia and probably the world. It involves a support group of up to 15 dairy businesses meeting monthly at the Focus Farm to analyse business performance, technical aspects of farming, decision making and progress towards the long-term goals set by the Focus Farm family. The current round of Focus Farms includes mentoring of a young service provider by the facilitator of the monthly meetings. The 6 Focus Farms are located at Nar Nar Goon, Denison, Maffra, Willow Grove, Tarwin and Foster. More than 140 people are directly involved in the project.</p> <p>Funding: Gardiner Foundation, Dairy Australia and GippsDairy</p> <p>Time frame: September 2009 – December 2011</p> <p><i>Contact: John Gallienne 0407 863 493 or Annette Zurrer T: (03) 5624 3900 E: projectdirector@gippsdairy.com.au; Website: www.gippsdairy.com.au</i></p>
Young Dairy Development Program (YDDP)	<p>YDDP has worked since 2002 for young farmers and people new to dairying. In 2007 it went statewide. During 2009/10, YDDP delivered more than 20 events in Gippsland that furthered the personal and professional development of participants. Many were about business or finance-related topics. Through its newsletter and website, YDDP made it easy for 420 Gippsland members to link with opportunities such as scholarships, travel tours, field days and courses. YDDP provides its members with a network of those who are either geographically or demographically isolated on-farm. YDDP events are developed by the East, West and South Gippsland committees, and are open to the whole dairy community to attend.</p> <p>Funding: Genetics Australia Cooperative, Rural Finance Corporation, Dairy Australia, GippsDairy, WestVic Dairy, Murray Dairy, the Department of Primary Industries, Fonterra, Warrnambool Cheese and Butter Factory, and NCDEA</p> <p><i>Contact: Kylie Barry T: 0428 889 337 or (03) 5624 3900 E: yddpgipps@gippsdairy.com.au; Website: www.yddp.org.au</i></p>
4 teats – learn to grow business expo	<p>In June 2010, the second 4 teats – learn to grow business expo was held, attracting 126 participants. The program was developed by the YDDP committees. The topics presented on the day included selecting and using advisers, contracts for sharefarmers, managers and lessees, farm safety, and sorting out where and whether to buy a farm.</p> <p>Funding: Dairy Australia and GippsDairy</p> <p><i>Contact: Kylie Barry T: 0428 889 337 or (03) 5624 3900 E: yddpgipps@gippsdairy.com.au; Website: www.yddp.org.au</i></p>
Dairy directions – analysing farm systems for the future	<p>The productivity and profitability of dairy farms are significantly affected by changes in costs, prices, policy and climatic conditions. This project aims to provide a robust analysis of the impact of these changing factors. Results are being used to inform decision making by farmers, advisers and researchers. The project also aims to build capacity in the Department of Primary Industries (DPI) to analyse businesses.</p> <p>Funding: Dairy Australia, DPI and GippsDairy</p> <p>Time frame: January 2008 – June 2011</p> <p><i>Contact: Katherine Tarrant T: (03) 5624 2222; E: Katherinetarrant@dpi.vic.gov.au</i></p>

Macalister Demonstration Farm (MDF) – profitability and extension project	<p>The aim of this project is to enhance the performance of the MDF as a resource for demonstration and extension. A newsletter, media articles and regular seminars help to explain decisions being made on-farm and how they relate to profit and sustainability.</p> <p>Funding: Dairy Australia and Macalister Demonstration Farm Time frame: September 2006 – June 2011</p> <p><i>Contact: Frank Tyndall T: (03) 5624 2222; E: ftyndall@ozemail.com.au</i></p>
MDF tracker project	<p>This project tracks pasture consumption on 20 commercial dairy farms. Monitoring of components of the farm systems occurs every 10 days. The graphs and comparisons with other farms are sent to each farmer every 10 days. Workshops help to understand the importance of monitoring pasture consumption and decisions about feeding cows. Information illustrated in the tracker graphs include pasture consumption/ha, cow feed intake, milk production and feed conversion efficiency.</p> <p>Funding: GippsDairy Time frame: August 2009 – October 2010</p> <p><i>Contact: Frank Tyndall T: (03) 5624 2222; E: ftyndall@ozemail.com.au</i></p>
Individual consultation sessions based around 'Taking Stock'	<p>In response to the global financial crisis, the step down in milk price and damage caused by bushfires, GippsDairy offered all Gippsland dairy farmers one-on-one sessions with consultants to do an assessment of their business health and to make a management plan. The sessions were based on Taking Stock or an equivalent analysis.</p> <p>Funding: Dairy Australia Time frame: February 2009 – April 2010</p> <p><i>Contact: Danielle Auld T: (03) 5624 3900 E: executiveofficer@gippsdairy.com.au</i></p>

Human Resources

Project	Overview
Don Campbell Memorial Tour to Tasmania	<p>The tour has been running annually since 1998 and is named in honour of Don Campbell's contribution to the industry. In February 2010, 16 young farmers participated in the five-day tour to the Tasmanian Institute of Agriculture Research, Ashgrove Cheese and eight dairy farms, each using different systems to be profitable. Participants received accreditation with a unit of the NCDEA Diploma of Agriculture.</p> <p>Funding: GippsDairy, Federal Government, participants Time frame: February 2010</p> <p><i>Contact: Kylie Barry T: 0428 889 337 or (03) 5624 3900 E: yddpgipps@gippsdairy.com.au; Website: www.yddp.org.au</i></p>

Natural Resource Management

Project	Overview
Dairying for Tomorrow coordinator	<p>Dairying for Tomorrow is a practical natural resource management (NRM) program to secure the future of Australia's dairy farms. It aims to support dairy farmers and the industry in reducing their environmental footprint by enabling activities such as reduced on-farm fertiliser loss, improved effluent systems, retaining native bush and the fencing of waterways. The coordinator works with GippsDairy, DPIV, Dairy Australia, Landcare and Catchment Management Authorities to facilitate opportunities for farmers to implement best practice on-farm. The role also helps highlight where dairying is demonstrating effective stewardship of natural resources.</p> <p>Funding: Dairy Australia Time frame: Ongoing</p> <p><i>Contact: Gillian Hayman T: (03) 5683 2663 E: ghayman@dcsi.net.au Website: www.dairyingfortomorrow.com.au</i></p>
Extending Nutrient Management to Gippsland Dairy Farmers	<p>The project will develop information pamphlets about dairy effluent systems and their management. It will also develop five case studies.</p> <p>Funding: Woolworths via Landcare Australia and West Gippsland Catchment Management Authority Time frame: Jan 2010 – Dec 2010</p> <p><i>Contact: Gillian Hayman T: (03)5683 2663 E: ghayman@dcsi.net.au Website: www.dairyingfortomorrow.com.au and www.gippsdairy.com.au</i></p>

Greenhouse Gas Audit Agriculture's contribution to greenhouse gases are increasingly under the spotlight. The aim of this project is to complete a greenhouse gas audit on commercial dairy farms along with recommendations on how to reduce production of greenhouse gases. Greenhouse gas production will be calculated using a 'tool' called the DGAS calculator which has been developed by the dairy industry. Audits will occur on the six Focus Farms so that results are well circulated in Focus Farm communications.

Funding: Woolworths via Landcare Australia
Time frame: February 2010 – October 2010

*Contact: Annette Zurrer T: (03) 5624 3900
 E: projectdirector@gippsdairy.com.au; Website: www.gippsdairy.com.au*

Green Cleaning This project brings together the farm, technical, regulatory and commercial sectors to develop the next generation of environmentally sustainable milking machine cleaning systems, and aims to have them available for the dairy industry to purchase off the shelf. The green cleaning systems will recycle water and chemicals, plus wash at significantly lower temperatures. The savings will include water, chemicals and power and will be very appealing in the current environment of increasing electricity costs and risks to water availability.

Funding: Gardiner Foundation and Sustainability Victoria
Time frame: 2008 – 2011

*Contact: Rob Greenall T: (03) 5611 1021 E: robertgreenall@agvetprojects.com.au
 Website: www.agvetprojects.com.au*

Accounting for Nutrients This project has nearly completed a standardised nutrient accounting framework for the Australian dairy industry that will better quantify nutrient inputs, outputs and farm nutrient efficiencies, and reduce nutrient accumulation and losses off-farm. This national project includes all dairying states and will enhance the collaboration between fertiliser companies, dairy industry stakeholders, state and federal government science and policy players, and dairy farmers and advisors. It will contribute to reducing the nutrients going into waterways and the atmosphere, in turn meeting with federal and dairy industry goals.

Funding: Dairy Australia, DPI, GippsDairy, the fertiliser industry, State and Federal governments
Time frame: December 2006 – June 2010

Contact: Cameron Gourley T: (03) 5624 2222; E: Cameron.gourley@dpi.vic.gov.au

Feedbase

Project	Overview
Project 3030	<p>Project 3030 is designed to help farmers who already have their forage system working well (typically ryegrass-based) and are looking for the next step. This project aimed to achieve a 30% improvement in Return on Asset through a 30% increase in the consumption of home-grown forage. This is critical if further productivity gains are to be made in dryland dairying in southern Australia. Information from Project 3030 assists with forage planning, including understanding the current forage position, selecting the best forage option for the business and managing risk. Research compares perennial pastures with double cropping systems and summer shoulder pastures using component research and modelling. Forage planning is central to the extension effort, which includes farmlet trials at Demo Dairy and on partner farms.</p> <p>Funding: Dairy Australia, DPI, University of Melbourne, Gardiner Foundation, GippsDairy, DairySA, WestVic Dairy, Murray Dairy Time frame: July 2008 – June 2011</p> <p style="text-align: right;"><i>Contact: Dave Henry T: (03) 9694 3810; E: dhenry@dairyaustralia.com.au</i></p>

Red headed cockchafer taskforce The pasture damage caused by red headed cockchafers has increased over the past 10 years, yet little research work has been done on this pest. GippsDairy formed a taskforce (CSIRO, Dairy Australia, DPI, the following universities – ANU, Melbourne, La Trobe – seed companies and consultants) to develop a project that has secured funding and will begin in September 2010.

Funding: GippsDairy with support from Dairy Australia

Time frame: July 2010 – June 2011

Contact: Danielle Auldist T: (03) 5624 3900; E: executiveofficer@gippsdairy.com.au

Feedbase reference group The group of 14 farmers, consultants and other service providers is focussed on understanding the feedbase that supports milk production in Gippsland. Its brief is to guide GippsDairy on how to assist farmers to increase the amount of feed grown on-farm and how to tackle challenges to the ryegrass feedbase. The taskforce has input to other feedbase work, such as the *Ute Guide for Pasture Management* and the red headed cockchafer work

Funding: GippsDairy

Time frame: Ongoing

Contact: John Mulvany T: 0409 935 578; E: onfarm@dcsi.net.au

Ute guide for pasture management A major priority for GippsDairy is optimising pasture production and utilisation. Projects with a strong extension element that work with farmers over many seasons are seen as high priorities (for example Gippsland Grows Green Grass). The pasture ute guide will be very useful for these types of projects as it brings together all the recommended best management practices in an easy-to-read guide.

Funding: GippsDairy

Time frame: 2009 – 2010

Contact: John Mulvany T: 0409 935 578; E: onfarm@dcsi.net.au

Demonstrating subsurface drip irrigation to Gippsland dairy farmers. Subsurface drip irrigation is a fairly recent technology. It requires a very different management approach to flood or spray irrigation as the water being used cannot be seen, so sophisticated monitoring techniques are required. This project provides demonstration of sub surface irrigation and monitors water use and pasture production at the Macalister Demonstration Farm. It is the only known site in Australia using subsurface drip irrigation with grazed ryegrass pastures.

Funding: Sustainability Victoria

Time frame: April 2008 – December 2010

Contact: Neil Baker T: 0400 806 246 E: neilbaker@aapt.net.au

Other Projects

Project	Overview
Raising awareness of the link between Dairy Australia and GippsDairy	The project will increase communications between GippsDairy and farmers. It will help to increase the understanding of how milk levy and Federal Government funds are used by Dairy Australia and GippsDairy. Input from farmers will help guide GippsDairy on the types of projects it develops and brings into Gippsland. Funding: Dairy Australia Time frame: April 2010 – Oct 2010

Contact: Danielle Auldist T: (03) 5624 3900; E: executiveofficer@gippsdairy.com.au

Range of collaborations with DPI	<p>DPI and GippsDairy both service the dairy industry. It is important we work together to give better service and to avoid duplication. The main collaborations include;</p> <ul style="list-style-type: none"> • The <i>How Now Gippy Cow</i> newsletter: both GippsDairy and DPI fund the newsletter and contribute to the content. • Service provider workshops: these forums enable service providers to share information about what they are seeing in the region and for them to be updated with relevant information. They include forums on the impact of low milk price, global financial market and challenges specific to the different growing regions of Gippsland. • Support to fire affected farmers: the DPI, GippsDairy, shire and the UDV worked together to ensure dairy farmers needs were met after the damage of the fire. • Milk price drop: GippsDairy commissioned a report about the low milk price and used this, with help from the DPI, to inform service providers, the UDV and local government about the impact on farm and rural communities.
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Funding: DPI, GippsDairy, Dairy Australia and Gardiner Foundation

Time frame: Ongoing

Contact: Danielle Auldist T: (03) 5624 3900 E: executiveofficer@gippsdairy.com.au

Small Projects

Project	Overview
Sponsorships – Australian Dairy Industry Conference, Wollongong	<p>Students from Swift's Creek Secondary School participated in a competition related to the secondary project called Cows Create Careers. The competition winners were announced at the Australian Dairy Conference in Wollongong.</p> <p>A young farmer from Gippsland also attended the conference. His travel, accommodation and meal costs were covered by joint sponsorship from GippsDairy, Dairy Australia and the conference committee. The young farmer met up with other young farmers from around Australia who had also received sponsorship.</p>
Sponsorship - Gippsland Dairy Youth Group Cattle Show	<p>GippsDairy was the main sponsor for the awards at the Annual Gippsland Dairy Youth Show. Forty head of cattle were exhibited by 20 members of the group. The group is also linked to the Young Dairy Development Program.</p> <p><i>Contact: Jackelene Norrie T: 0405 037 651 E: gipps_dairy_youth@hotmail.com</i></p>
Sponsorship - National All Breeds Youth Camp	<p>A five-day program attracted more than 40 participants from across Australia and New Zealand. They developed skills in cattle handling and knowledge of nutrition and physiology and expanded their networks. The aim of the camp was to foster the interest of young people with different backgrounds in dairy cows and the dairy industry.</p> <p><i>Contact: National Centre for Dairy Education Australia T: (03) 5622 6020</i></p>
Sponsorship - Cows Create Careers	<p>The project creates awareness among secondary school students of the career opportunities in the dairy industry and connects them 'first hand' with further education and training links, such as the National Centre of Dairy Education Australia. The six week project included rearing heifer calves on the school campus, completing the set curriculum, the involvement of a farmer mentor and an industry mentor, and a presentation day. Its legacy for students is a positive experience and a greater awareness of dairying.</p> <p><i>Contact: JayDee Events T: 0412 368 739 E: jaydee@dcsi.net.au</i></p>
Gardiner Getaway	<p>The bus tour took 12 Gippsland farmers and a DPI extension officer to North Eastern Victoria in April 2010. They learnt from farmers in that region about how they tightened their fixed costs and changed their production systems. The objective of the tour was to share knowledge about decision making processes when making changes to management and production systems.</p> <p>Funding: Gardiner Foundation</p> <p>Time frame: 2010</p> <p><i>Contact: Annette Zurrer T: (03) 5624 3900 E: projectdirector@gippsdairy.com.au</i></p>

GippsDairy Financial Report¹

ABN: 55 089 794 366

The financials presented reflect the monies that come through GippsDairy's accounts from Dairy Australia, as well as other groups such as Sustainability Victoria and the Gardiner Foundation. The funds were used to:

- (i) invest in projects that bring benefit to Gippsland dairy farmers; and
- (ii) to run the GippsDairy business, which is a not-for-profit organisation.

The portfolio of projects was valued at \$4.9 million, representing leverage of \$8 for every \$1 Dairy Australia invested in GippsDairy.

Income Statement

For year ended
June 30 2010

Income ¹	\$ 2010
Dairy Australia income – program conduct	380,700
Dairy Australia income – other	94,778
Project income	940,986
Interest	8,864
Total income	1,425,328
Expenditure	
Consultation and communication	29,603
Learning skills and development	22,026
Program administration	142,040
Program leadership	60,500
Program management	206,991
Project expenses	754,649
Total expenditure	1,215,809
Profit for the year	209,519
Retained earnings at beginning of financial year	467,026
Retained earnings at end of financial year	676,545

Balance Sheet

as at 30 June 2010

	\$ 2010	\$ 2009
Current assets		
Cash and cash equivalents	454,953	422,504
Trade and other receivables ²	284,583	75,239
Total current assets	739,536	497,743
Non-current assets		
Fixed assets		
Plant and equipment	17,320	12,518
Total assets	756,856	510,261
Current liabilities		
ATO creditor	21,383	7,558
Creditors	29,146	16,604
Input tax credits	-2,650	-1,005
GST payable	25,871	6,802
NAB / Visa card	742	490
Employee liability	5,819	12,786
Total current liabilities	80,311	43,235
Total liabilities	80,311	43,235
Net assets	676,545	467,026
Equity		
Accumulated funds ³	676,545	467,026

Statement by the Board

In accordance with a resolution of the directors of GippsDairy Board Incorporated, we state that:

'In the opinion of the directors, the financial statements on pages 13 and 14:

- a) give a true and fair view of the Board's financial position and performance for the year ending 30 June 2010; and
- b) comply with Australian Accounting Standards.

The opinion of the directors is also that there are reasonable grounds to believe that GippsDairy Board Incorporated will be able to pay its debts as and when they fall due.



Tyran Jones, Chairperson,
GippsDairy Board Incorporated

Notes to the financial statements for year ended June 30, 2010

1. Statement of Significant Accounting Policies – This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act Victoria. The management has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act Victoria and the following Australian Accounting Standards:

- AASB 100: Events after the Balance Sheet Date
- AASB 116: Property, plant and equipment
- AASB 1031: Materiality

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

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

Due to a change in bookkeeping package and a new coding structure it is not possible to provide meaningful profit and loss comparatives for the prior year.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

Fixed Assets – Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

2. Trade and other receivables	2010	2009
	\$	\$
Current		
Debtors	284,583	75,239
	<hr/> 284,583	<hr/> 75,239
3. Retained earnings		
Retained earnings at beginning of financial period	467,026	451,669
Net profit attributable to the association	209,519	15,357
Retained earnings at end of financial period	<hr/> 676,545	<hr/> 467,026



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Independent auditor's report to the Board Members of Gippsdairy Board Inc

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Gippsdairy Board Inc which comprises the balance sheet as at 30th June, 2010, and the profit and loss statement and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Board declaration.

The responsibility of management for the financial report

The Board is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Association and are appropriate to meet the needs of the members. The Board's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian auditing standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Association's financial reporting responsibilities under the Associations Incorporations Act 1981. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Gippsdairy Board Inc as of 30 June, 2010 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Signature
Neil Tyrrell B Bus, CPA, Reg'd Company Auditor
Partner

Dated this 29th day of July, 2010

Tyrrell Partners Pty Ltd ABN 86 086 407 776

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Acknowledgements from GippsDairy

The GippsDairy Board of Directors sincerely appreciates the financial assistance and support of many people and organisations. In particular, we would like to extend our appreciation to:

- all dairy farmers in Gippsland
- Australian Dairy Farmers
- CSIRO
- Dairy Australia
- Department of Primary Industries
- Geoffrey Gardiner Foundation
- National Centre of Dairy Education of Australia
- the seven other regional development programs across Australia
- the milk factories that source Gippsland milk: Alba Cheese, Bega Co-operative, Burra Foods, Florida Cheese, Fonterra Australia, Jindi Cheese, Longwarry Food Park, Maffra Cheese, Murray Goulburn Co-operative co., National Foods, Organic Dairy Farmers, Pantalica Cheese, Pauls Victoria, Tarago River Cheese and United Dairy Power
- United Dairyfarmers of Victoria
- Universities: Melbourne University, La Trobe University, Australian National University
- West Gippsland Catchment Management Authority
- Macalister Demonstration Farm.

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