



The GippsDairy Board's AGM will be a dinner meeting at Duart Homestead, 20 McLean St, Maffra, commencing at 6.30pm on Wednesday 30 September 2009. Guest speakers will be:

- Dave Morrison, Bureau of Meteorology, on weather patterns and the best forecast websites; and
- Dr David Nation, Dairy Australia, on genomics research on cows and plants.

Everyone is welcome to attend this public meeting. To assist with catering, please register your intention to attend by phoning Melanie on 5624 3900.

GippsDairy Annual Report 2008/09



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The GippsDairy Board

An Independent Selection Panel recommends appointments to the Board. Recommendations are based on a person's skills, experience and an ability to commit to the role. The Board is made up of six dairy farmers and four people connected to the dairy industry who have other skills needed by the Board. In 2008/09, the Board met for one annual general meeting (AGM), one strategic planning meeting and six general meetings, to make a total of eight meetings. The Board directors are listed below, along with the number of meetings each attended from the 2008 AGM to the August 2009 general meeting. The Directors on the Operations and Risk Committee were Tyran Jones, Neil Walker, John Verstedden and Tim McCue. The Committee met once during 2008/09.



Tyran Jones
Dairy farmer
Gruyere
Chairperson (8/8)



Neil Walker
Dairy farmer
Nyora
Deputy
Chairperson (8/8)



Allan Fletcher
Rural Finance
Co-operative,
Leongatha
Public Officer (7/8)



Bernhard Lubitz
Dairy farmer
Leongatha (8/8)



Bernie Dijs
Dairy farmer
Binginwarri (8/8)



John Verstedden
Dairy farmer
Longwarry (8/8)



Andrea Killeen
Dairy farmer
Newry
(7/7 new director)



Mary Bevilacqua
De Cicco
Industries (2/8)



Matt Harms
On Farm
Consulting (8/8)



Tim McCue
Johnstaff Projects
(1/8, plus governance
advice outside board
meetings)

The Board is supported by:



Danielle Auld, PhD
Executive Officer



Karen Romano
Project Director
(July 2008 to June 2009)



Annette Zurrer
Project Director
(June 2009 onwards)



Kaye McLaren
Administration
Officer (2002 to March 2009)



Melanie Smith
Executive
Assistant (April 2009 onwards)

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GippsDairy Mission

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

Cover picture courtesy of Martin Auldlist

Overview of the Gippsland Dairy Industry

Dairying is spread across Gippsland, with the Baw Baw, Wellington and South Gippsland shires having very high numbers of dairy farms (Figure 1). Dairying is important to the region's wealth, as it is the biggest agricultural contributor to the local economy (Figure 2).

In 2008/09, the region's rainfall was 16-30% down on the 30-year average, which impacted heavily on farms in the traditionally low rainfall zones of Yarra Valley, Phillip Island, Lang Lang, Gormandale, Yarram and parts of east Gippsland. Farms in these areas, therefore, had much reduced profits compared to those in the high rainfall zones and the Macalister Irrigation District, which generally did well financially, despite the decrease in milk price that occurred in December.

Gippsland dairy statistics:

- Gippsland dairy farmers produce 2.1 billion litres or 23% of the national milk production;
- the average farm is 155ha and milks 289 cows producing 1.7 million litres or 126,000kg of milk solids (fat and protein);
- 30% of dairy farms are staffed by the owner or ownership couple;
- 53% of farms calve on a seasonal basis and the others split calve to produce milk year-round;
- Gippsland dairying employs 6,800 people, who work either on-farm or in the processing and manufacturing sector;
- 16 dairy companies source Gippsland milk for processing and manufacturing;
- farm numbers fell 3% in 2008/09, from 1,779 to 1,714 (Dairy Food Safety Victoria);
- 30% of Gippsland dairy farms are located in the Macalister Irrigation District, 47% are in regions of high rainfall and 23% are in low rainfall zones, with some accessing groundwater to irrigate small areas; and
- 68% of the average cow's diet is ryegrass (85% from perennial ryegrass and 15% from annual ryegrass). Diets are topped up with grain and concentrate supplements (24%), followed by brought-in or home-grown fodder (8%).

More facts were collected by Dairy Australia during its annual 'Situation and Outlook survey' and are available at www.dairyaustralia.com.

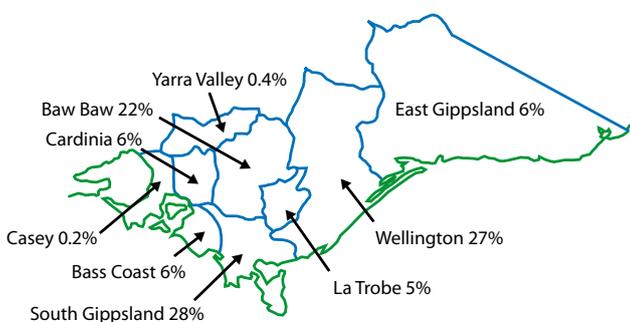


Figure 1: GippsDairy services 1,714 dairy farms from the outskirts of Melbourne to the Victorian east coast.

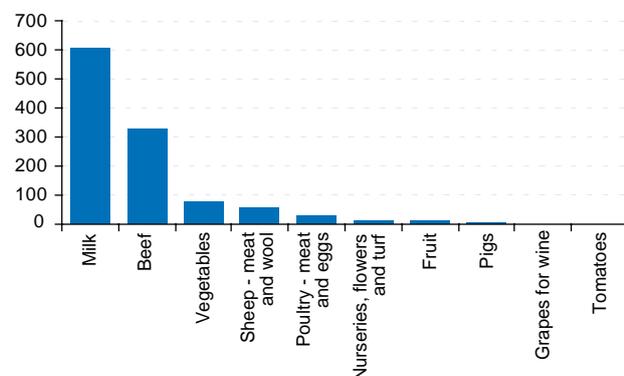


Figure 2: Value of agricultural commodities 2005/06, \$ million (Source: Australia Bureau of Statistics and the Department of Primary Industries, Victoria).

Report from the Chair

Your board is focused on improving business management and fostering profitable production. Unfortunately, GippsDairy has been operating in a much tougher funding environment since the change of Federal Government in 2007. GippsDairy staff are having to do a lot more work behind the scenes to secure funding for new projects. Two recent successes have been securing sponsorship for the Young Dairy Development Program and six new Focus Farms.

In 2008/09, GippsDairy received more than \$540,000 from Dairy Australia to run our business and invest in projects that deliver value for Gippsland dairy producers. The capabilities of GippsDairy's staff and their strong collaborations secured external funding for projects and activities valued at more than \$3.8 million.

Collaboration with the Department of Primary Industries (DPI) and the co-operation of our local dairy consultants are the keys to the success of GippsDairy's projects. With their help, we have provided support to farmers affected by fire, adverse growing conditions and the milk price drop. We have also done a comprehensive analysis of the impact of these circumstances on the industry, so that the service sector (Dairy Australia, DPI, financiers, accountants) understand what farmers are dealing with.

The red-headed cockchafer taskforce is an exciting development that involves CSIRO, Dairy Australia, the DPI and universities. Hopefully, in time, we will unearth management protocols that will reduce the heart-wrenching damage they are doing to our pastures and profitability. If you have some feedback or a great idea for a project, tell a GippsDairy director or a staff member; you never know what it could grow into.

Due to the vision and plans laid out by Executive Officer, Dr Danielle Auldish, GippsDairy has been able to tackle a much wider range of issues affecting the dairy industry than in the past. GippsDairy has been able to engage with policy makers and influencers across the region on issues such as planning and water management.

It was with regret that we said farewell to Karen Romano. In her year as GippsDairy's Project Director she injected a new level of professionalism and enthusiasm into our activities. Farewell also to Kaye McLaren who has provided much-valued support since 2002.

Thank you to all our directors, who have invested their time and effort to improve the position of dairying in Gippsland. Tim McCue, Mary Bevilacqua and Bernie Dijs are retiring, as we welcome Matt Gleeson and Saurabh (Sam) Aggarwal as new directors, and Melanie Smith as our new Executive Assistant and Annette Zurrer as Project Director.

I hope you find this year's Annual Report provides a good insight to GippsDairy's activities and wish you all the best for the challenging year ahead.



Tyran Jones, Chairperson

Tyran Jones.



GippsDairy Regional Development Program

Dairy Australia provides funding to eight Regional Development Programs across Australia. The funding is roughly proportional to the volume of milk produced in each region.

In 2008/09, milk production in Gippsland increased on the previous year and therefore so did Dairy Australia's funding. GippsDairy used these funds to develop projects and secure funding and in-kind contributions from other sources.

In 2008/09, Dairy Australia's \$543,153 investment in GippsDairy was leveraged to secure projects for Gippsland dairy farmers worth more than \$3.8 million. This is a leverage of >\$6 for every Dairy Australia dollar (Figure 3).

In 2008/09, GippsDairy invested in 22 projects. Of these, six were small projects (<\$10,000) and 16 were large projects. The large projects were funded by GippsDairy, Dairy Australia and/or external funders.

External funding was accessed through the National Landcare Program, AgFunds, Community Water Grants, Sustainability Victoria, Geoffrey Gardiner Foundation, universities, catchment management authorities and the Department of Primary Industries (DPI).

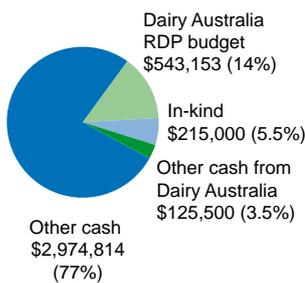


Figure 3: Total investment in GippsDairy projects in 2008/09.

Priority Advisory Groups

In order to report back to farmers, GippsDairy held Priority Advisory Group (PAG) meetings across the region.

During the meetings, GippsDairy presented its achievements and reported how it was responding to farmers' needs. What was vitally important at the meetings were the contributions made by farmers on what issues GippsDairy should focus on.

High-priority issues included:

- the profitability of farming;
- supporting farmers affected by seasonal conditions, fire and low milk price;
- red-headed cockchafer;
- water security; and
- labour, career structure and the entry of new people into dairying.

These priority issues drove GippsDairy's 2008/09 project program, which included:

- Gippsland Grows Green Grass (for more home-grown pasture);
- a modelling project to test the optimum profitability of different systems;
- investigation of the management of red-headed cockchafer;
- providing funds for individual financial consultations for fire-affected farmers; and
- continued collaboration with the DPI on extension of information to farmers and service providers.

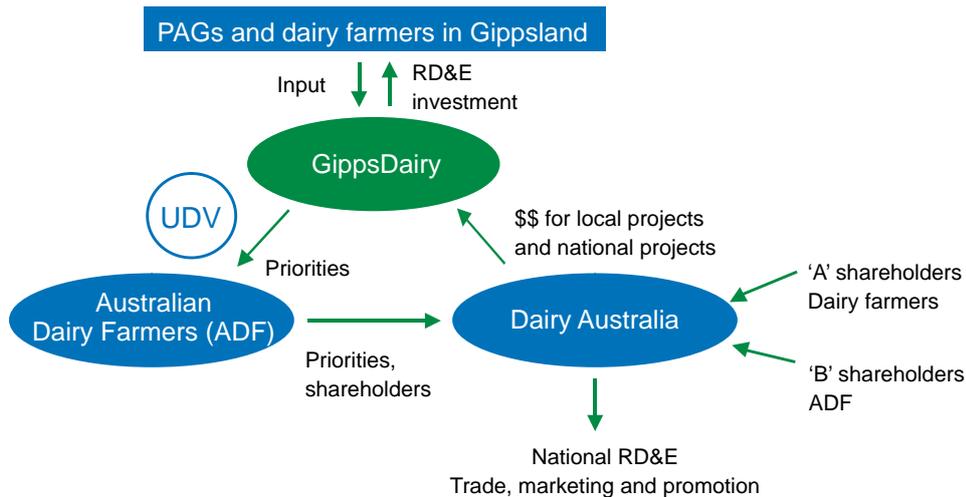


Figure 4: Flow of Gippsland dairy farmer priorities arising from GippsDairy's Priority Advisory Group meetings.

Figure 4 illustrates how farmer priorities are collated, used by the GippsDairy Board and sent to the United Dairyfarmers of Victoria, which then passes them on to the Australian Dairy Farmers (ADF). The ADF is involved in forming Dairy Australia's Annual Strategic Plan and can, therefore, ensure that its investments are relevant to Gippsland dairy farmers.

Strategic Plan

GippsDairy's Strategic Plan is a rolling five-year plan that is reviewed annually. Issues highlighted by the Priority Advisory Groups are incorporated in this process.

Seven key issues were identified as being of high importance to Gippsland dairy farmers, dairy industry stakeholders and GippsDairy:

- profitability;
- knowledge, extension and education;
- environment;
- water;
- human resources (especially labour);
- industry confidence and image; and
- relationship management.

In response to these key issues, the GippsDairy Board and management have identified specific core strategies to adopt and have adjusted the investment of Dairy Australia's funding, as reflected in Figure 5.

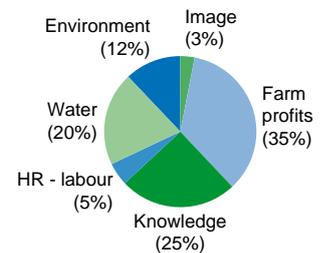


Figure 5: GippsDairy's partitioning of Dairy Australia funding into core strategies.



Summary of GippsDairy Projects

GippsDairy undertook a variety of projects in 2008/09. The organisation's role in projects varies, ranging from project development and management through to providing funding. Projects are split into five focus areas: Farm Business Management; Human Resources; Natural Resource Management; Feedbase; and Small Projects. A brief summary of the key projects within each focus area is provided in the following tables.

Farm Business Management

Project	Overview
Young Dairy Development Program (YDDP)	<p>YDDP was established in 2002 and went state-wide in 2007. Its objectives are to:</p> <ul style="list-style-type: none"> • deliver events that increase participants' professional and personal development; • make it easy for participants to be aware of opportunities that may interest them; and • engage young people or new industry entrants who are geographically or demographically isolated. <p>The YDDP Project Officer worked closely with the dairy industry service groups, including the Department of Primary Industries (DPI), milk factories, NCDEA and many other stakeholders. She supported YDDP committees in Warragul, Maffra and Fish Creek and helped them plan and deliver on their topics of interest (e.g. an information evening about calf rearing and a seminar 'Wages or a sharefarmer agreement?'). Worth special mention this year is the major sponsorship provided by Genetics Australia and Rural Finance.</p> <p>Funding: Genetics Australia Cooperative, Rural Finance Corporation, GippsDairy and a range of other smaller sponsors.</p> <p>Time Frame: July 2008 – June 2009</p> <p style="text-align: right;"><i>Contact: Kylie Barry T: 0428 839 337 or (03) 5624 3900 E: yddpgipps@dcsi.net.au Website: www.yddp.org.au</i></p>
Support to farmers affected by seasonal conditions, including fire and low milk price	<p>In collaboration with the DPI and the regional extension committee, support was provided to farmers affected by fire, low rainfall and low milk price. Quantitative reports and media articles were written. Forums for farmers and service providers transferred information about impacts and priorities for planning. Initiatives such as Taking Stock Taking Action were offered.</p> <p>Funding: GippsDairy and DPI</p> <p>Time Frame: July 2008 – June 2009</p> <p style="text-align: right;"><i>Contact: JayDee Events T: 0412 368 739 E: jaydeeevents@dcsi.net.au</i></p>
Modelling Gippsland Dairy Farm Systems	<p>Dairy farm businesses operate in an environment where changes in costs, prices, policy and climatic conditions significantly affect productivity and profitability. This project aimed to provide a robust analysis of the impact of changes in the operating environment on the profitability of different Gippsland dairy farm systems. The results of the investigation of these alternative futures will inform the decisions of dairy farmers, their advisers and researchers.</p> <p>Funding: Dairy Australia, DPI and GippsDairy</p> <p>Time Frame: January 2008 – June 2010</p> <p style="text-align: right;"><i>Contact: Dan Armstrong T: (03) 5624 2315 E: Dan.Armstrong@dpi.vic.gov.au</i></p>

Macalister Demonstration Farm (MDF) – Profitability and Extension Project	<p>This project aimed to enhance the performance of the MDF as a resource for demonstration and extension. This is needed to enable MDF to:</p> <ul style="list-style-type: none"> • demonstrate a pathway to increasing the profitability of a commercial dairy farm; • demonstrate a profitable and sustainable dairy farming system; • provide dairy farmers in Gippsland with a clear understanding of the drivers of profit and sustainability within that system; • demonstrate to dairy farmers in Gippsland that the system will be sustainable in the areas of farm profitability, lifestyle, milk quality, environmental stewardship, animal health and welfare, and occupational health and safety; and • support increased milk production in Gippsland to improve the sustainability of the industry. <p>The role of the Project Manager was to develop management plans, monitor progress and communicate information to the dairy community.</p> <p>Funding: Dairy Australia and Macalister Demonstration Farm</p> <p>Time Frame: September 2006 – June 2009 (and expected to continue another three years)</p> <p><i>Contact: Frank Tyndall T: 0409 940 782 E: ftyndall@ozemail.com.au</i></p>
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Focus Farms – Improving Environmental and Enterprise Management	<p>The methodology of Focus Farms is well established. It involves a committed support group meeting monthly with the Focus Farm farmers and facilitators. Major goals identified at the start are revisited each meeting, as well as timely business decisions and discussions about technical details. The process assists with improved decision making to achieve better management and higher profitability. The novel aspect the Mardan and Denison Focus Farms is the integration of environmental considerations into overall business management. Also, each farm has an environmental issue as one of its main goals. These issues are better management of dairy effluent, and improved use of fertilisers and nutrients on pastures.</p> <p>Funding: National Landcare Program and GippsDairy</p> <p>Time Frame: September 2005 – September 2008</p> <p><i>Contact: Mardan – John Mulvany T: 0409 935 578 and Denison – Brian Walker T: (03) 5145 1231 or John Gallienne T: 0407 863 493</i></p>
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Human Resources

Project	Overview
Workforce Planning	<p>This project is a Dairy Australia-driven concept that the organisation wanted to trial at a regional level. The objectives of the project were to:</p> <ul style="list-style-type: none"> • gain a greater understanding of the ways in which people capability on-farm is developed at an industry and regional scale; and • develop a workforce planning model for the dairy industry so that stakeholders can better organise to act strategically. <p>The benefit of this will be to have a template of a workforce planning process that allows the dairy industry and local communities to understand and articulate career paths, enable action on gaps in capability, prioritise efforts and track results. Another outcome will be an increased return on investment from people capability due to efficiency gains and the better-targeted action (effectiveness) of industry. This is part of an on-going initiative.</p> <p>Funding: Geoffrey Gardiner Foundation, the University of Melbourne, the People in Dairy Group in Dairy Australia, GippsDairy, NCDEA and the National Dairy Alliance</p> <p>Time Frame: March 2008 – February 2009</p> <p><i>Contact: Dr Ruth Nettle T: (03) 8344 4581 E: ranettle@unimelb.edu.au</i></p>

Natural Resource Management

Project	Overview
Improved Grazing Systems that Enhance Water Quality (Phase II)	<p>This project monitored the impact of farm fertilisers exported from grazed pastures on waterways over a diverse range of farming systems in Gippsland. Thus it has the ability to change the way that people think about the affect of dairying on catchments. The objectives of this project were to:</p> <ul style="list-style-type: none">investigate the processes responsible for phosphorus mobilisation and adsorption at the soil surface;test management strategies that could reduce phosphorus mobilisation and enhance phosphorus re-adsorption and their effects on nitrogen; anddevelop guidelines for management practices that reduce the off-site impacts of phosphorus and nitrogen in grazing systems. <p>Results arising from this research will provide balance to debates about the impact of dairying on catchments that previously was difficult to quantify and therefore emotive, with incorrect challenges that went unchallenged.</p> <p>Funding: Dairy Australia, DPI and GippsDairy Time Frame: January 2007 – October 2009</p> <p><i>Contact: Dr David Nash T: (03) 5624 2253 E: David.Nash@dpi.vic.gov.au</i></p>
Dairying for Tomorrow Coordinator	<p>The Dairying for Tomorrow program has built real capacity in the dairy industry to implement and better manage sustainable farming systems. As part of this project, a Project Officer was appointed with a role to:</p> <ul style="list-style-type: none">foster a sustainable and profitable dairy industry, through the regional adoption of national Natural Resource Management (NRM) strategies, programs and philosophies;improve links between the dairy industry and regional and state NRM initiatives; andwhere appropriate, ensure the public is aware of environmental stewardship by the dairy industry. <p>Enormous benefit was gained from the strong relationships forged by the Project Officer, resulting in the funding of many projects that married profitability with the responsible use of natural resources.</p> <p>Funding: Dairy Australia Time frame: July 2007 to June 2008</p> <p><i>Contact: Annette Zurrer T: (03) 5624 3903 E: gippsdairypd@dcsi.net.au</i></p>
Macalister Demonstration Farm – Effluent Project	<p>This project aimed to demonstrate better management of a two-pond effluent system in a commercial setting to assist farmers wanting to improve their own operations. The project will demonstrate the aerobic and anaerobic process of effluent degradation, as well as how to deal with sludge generated from the anaerobic process in the first pond. The project also aimed to use nutrient management plans that use effluent to do nutrient budgets and show how to incorporate effluent into the fertiliser regime.</p> <p>Funding: Geoffrey Gardiner Foundation, Macalister Demonstration Farm and GippsDairy Time Frame: July 2007 – September 2008</p> <p><i>Contact: Neil Baker T: 0400 806 246 E: neilbaker@aapt.net.au</i></p>
Gippsland Riparian Project (GipRip) Phase I & II	<p>Phase II of GipRip built on Phase I, which was held in four catchments within the West Gippsland CMA region. GipRip Phase I won an award in recognition of its community involvement, strong relationships between farmers and agencies, and lengths of stream and river frontage fenced and revegetated with native trees and shrubs. GipRip Phase II began delivery in the Westernport region, specifically on Pheasant Creek and the Minnieburn-O'Mahoney's catchment. The successful adult learning method 'Tell, Show, Do' will be applied in this project.</p> <p>Funding: Melbourne Water, Dairy Australia and GippsDairy Time frame: April 2005 to June 2009</p> <p><i>Contact: Jenny O'Sullivan T: (03) 5663 2386 E: osulliva@dcsi.net.au</i></p>

Natural Resource Management continued

Project	Overview
Community Water Grants	<p>The Australian Government's Community Water Grants program offered grants to help local community organisations save, recycle or improve the health of their local water resources. Grants were available for projects related to:</p> <ul style="list-style-type: none">• water saving and efficiency;• water recycling; and• water treatment – improving surface and groundwater health. <p>GippsDairy has successfully secured funding for three projects that demonstrate water savings associated with effluent management on dairy farms at Poowong East, Middle Tarwin and Maffra.</p> <p>Funding: Australian Government and GippsDairy</p> <p>Time Frame: July 2007 – October 2009</p> <p><i>Contact: Danielle Auldist T: (03) 5624 3900 E: gippsdairy@dcsl.net.au</i></p>

Accounting for Nutrients	<p>This project will develop a standardised nutrient accounting framework for the Australian dairy industry that will better quantify nutrient inputs, outputs and within-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 advisers. The project will contribute towards the objectives of a wide range of industry and government authorities, both at a state and federal level, including reductions in exports of nutrients to waterways and the atmosphere.</p> <p>Funding: Dairy Australia, GippsDairy, the fertiliser industry, all State and Federal Governments, and other key investors</p> <p>Time Frame: December 2006 – June 2010</p> <p><i>Contact: Dr Cameron Gourley T: (03) 5624 2226 E: Cameron.gourley@dpi.vic.gov.au</i></p>
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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 Assets through a 30% increase in the consumption of home-grown forage. This is critical for further productivity gains 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 DemoDairy and partner farms.</p> <p>Funding: Dairy Australia, DPI, University of Melbourne, Geoffrey Gardiner Foundation, GippsDairy, DairySA, WestVic Dairy and Murray Dairy</p> <p>Time Frame: July 2008 to June 2011</p> <p><i>Contact: Dr Dave Chapman T: (03) 8344 7587 E: d.chapman@landfood.unimelb.edu.au</i></p>

Gippsland Grows Green Grass	<p>Farmers were attracted to the project's aim of increasing pasture production and utilisation to improve profitability. Five groups of farmers across Gippsland improved their confidence, knowledge and skills to make better pasture management decisions for their farms. Changes on-farm were implemented according to environmental best practice, as identified by DairySAT. The leadership capacity of farmers was also built, owing to training in group facilitation and best practice in pasture management. Communication generated by the project explained a win-win for both farmers and the environment. Specifically this was an increase in farm profitability, as well as implementation of environmental best practice to reduce the impact of dairying on catchments.</p> <p>Funding: DAFF National Landcare Program, GippsDairy, Dairy Australia, DPI, Gippsland Lakes Rescue Package, and the Department of Sustainability and Environment</p> <p>Time Frame: September 2008 – October 2009</p> <p><i>Contact: Annette Zurrer T: (03) 5624 3903 E: gippsdairy@dcsl.net.au</i></p>
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Feedbase continued

Project	Overview
Red-headed Cockchafers	<p>An expensive aspect of drought for many Gippsland dairy farmers was the destruction of pasture by red-headed cockchafer grubs in 2006/07. An updated literature review revealed little scientific evidence about effective control methods or management techniques for this native, endemic grub. With pathogenic fungi unavailable for purchase (and ineffective in drought) and no registered insecticides, there is reliance on heavy seasonal rains to drown a portion of the population each autumn. Of concern are the warmer and drier climate forecasts for Gippsland, as these are conducive for red-headed cockchafers. Currently, the best way to manage red-headed cockchafers is to rip up heavily infested pastures and sow new pastures, rather than sod seed existing pastures. As a result of the project, GippsDairy has formed a national taskforce involving universities, CSIRO, DPI and Dairy Australia to identify how farmers can manage infestations in their pastures.</p> <p>Funding: DAFF AgFunds, GippsDairy, DPI and University of Melbourne</p> <p>Time Frame: August 2007 – September 2008</p>

Contact: GippsDairy T: (03) 5624 3900 E: gippsdairy@dcsl.net.au

Feedbase Stocktake	<p>This project aimed to better understand the feedbase that supports milk production in Gippsland. The knowledge makes it realistic to predict how climate change may affect the future feedbase for dairying in Gippsland. The three types of dairy regions in Gippsland are low rainfall (23% of dairy farms), high rainfall (47%) and irrigation (30%). While pasture production curves differ for each, estimates of the energy sources for milk and maintenance is ryegrass (68%, of which 85% is perennial and 15% is annual) with grain and concentrates making up 24% and the remaining 8% coming from home-grown fodder crops, imported fodder and agistment. Changes in growing seasons and water availability will see some shifts towards alternative forages, but ryegrass should still form the base of feeding systems. A group has been formed to provide GippsDairy with direction in feedbase work.</p> <p>Funding: Dairy Australia and GippsDairy</p> <p>Time Frame: August 2007 ongoing</p>
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Contact: GippsDairy T: (03) 5624 3900 E: gippsdairy@dcsl.net.au

Small Projects

Project	Overview
Planning for Growth – Fitting forages to system needs in the MID	<p>The project built on the knowledge of the FutureDairy project and partner farm work. The objectives were to:</p> <ul style="list-style-type: none">• enhance the capacity of up to 20 dairy farmers to plan and implement forage systems;• enhance the capacity of local advisors to support farmers;• build the knowledge base of the Macalister Irrigation District around the management keys and potential yields of alternative winter and summer forage crops; and• communicate this knowledge to appropriate people in the MID and beyond. <p>Funding: DPI and GippsDairy, with in-kind support from Dalys Feed & Fertilisers and Murray Goulburn Co-operative</p> <p>Time frame: July 2008 to October 2009</p>

YDDP 4 teats learn to grow expo	<p>More than 90 people, mainly young people, attended this one-day expo about share farming, equity partnerships, farm ownership, profit margins, employees and people issues.</p> <p>Funding: GippsDairy was the main sponsor, with many others groups also providing sponsorship</p> <p>Time frame: April 2009</p>
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*Contact: Kylie Barry T: 0428 839 337 or (03) 5624 3900
E: yddpgipps@dcsl.net.au Website: www.yddp.org.au*

Sponsorship of the 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. Ongoing links were made between this group and the YDDP.</p> <p>Time frame: March 2009</p>
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Melissa Anderson M: 0400 275 551

Small Projects continued

Project	Overview
Cows Create Careers	<p>This 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 for 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 greater awareness of dairying.</p> <p>Funding: Dairy Australia, Murray Goulburn, GippsDairy and NCDEA</p> <p>Time Frame: August 2008 – September 2008</p> <p><i>Contact: JayDee Events T: 0412 368 739 E: jaydeeevents@dcsi.net.au</i></p>
National All Breeds Youth Camp	<p>A five-day program attracted 45 participants from across Australia and New Zealand. They developed skills in cattle handling and knowledge of nutrition and physiology, as well as expanding their networks. The camp was held at Dookie College. Its aim was to encourage young people with different backgrounds to foster their interest in dairy cows and the dairy industry.</p> <p>Time Frame: January 2009</p> <p><i>Contact: Tracey Marsden, NCDEA T: (03) 5622 6020 E:tmarsden@ncdea.edu.au</i></p>
DairyLive conference	<p>A one-day conference with innovative technology that linked to speakers across the globe to discuss the state of the world and Australian dairy industries. The local implications were studied in the afternoon with a panel of farmers from five different growing regions of Gippsland.</p> <p>Funding: Federal Department of Agriculture, Fisheries and Forestry</p> <p>Time Frame: 25 June 2009</p> <p><i>Contact: Danielle Auldish, GippsDairy T: (03) 5624 3900 E:gippsdairy@dcsi.net.au</i></p>

Acknowledgements

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
- Dairy Australia
- Department of Agriculture, Fisheries and Forestry – Australia
- Department of Primary Industries
- Geoffrey Gardiner Foundation
- Land and Water Australia
- National Centre for Dairy Education Australia
- the seven other Regional Development Programs, in particular WestVic Dairy and Murray Dairy
- the University of Melbourne
- the 16 milk factories that source milk from Gippsland: Alba Cheese, Bega Co-operative, Burra Foods, De Cicco Industries, 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 and United Dairy Power
- United Dairyfarmers of Victoria
- East Gippsland Catchment Management Authority
- Port Phillip and Westernport Catchment Management Authority and Melbourne Water
- West Gippsland Catchment Management Authority
- Macalister Demonstration Farm.

GippsDairy Financial Report¹

ABN: 55 089 794 366

The financials presented reflect the monies that come through GippsDairy's accounts from Dairy Australia (DA) or other groups, such as the Geoffrey 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 for the year was valued at \$3.8 million, representing leverage of >\$6 for every dollar invested by Dairy Australia.

An example of leverage is the Young Dairy Development Program. GippsDairy contributes \$10,000 per year to the program. Other investors are WestVic Dairy, Murray Dairy, Genetics Australia, Rural Finance and many smaller contributors, to make a total investment of \$180,000 on a state level or \$60,000 per dairy region. GippsDairy's investment of \$10,000 has, therefore, leveraged another \$50,000.

Balance Sheet

as at 30 June 2009

	\$	\$
	2009	2008
Current assets		
Cash and cash equivalents	422,504	370,174
Trade and other receivables ²	75,239	112,614
Total current assets	497,743	482,788
Non-current assets		
Fixed assets		
Plant and equipment	12,518	7,190
Total assets	510,261	489,978
Current liabilities		
ATO creditor	7,558	2,950
Creditors	16,604	17,023
Input tax credits	-1,005	-1,548
GST payable	6,802	11,746
NAB-Visa card	490	367
Employee liability	12,786	7,771
Total current liabilities	43,235	38,309
Total liabilities	43,235	38,309
Net assets	467,026	451,669
Equity		
Accumulated funds ³	467,026	451,669

Statement by the Board

In the opinion of GippsDairy Board Inc., the accompanying financial statements on pages 14 and 15:

- a. present fairly the financial position of the GippsDairy Board Inc. as at 30 June 2009 and its performance for the year then ended
- b. have been prepared and presented in accordance with Australian Accounting Standards.

The Board has reasonable grounds to believe that it will be able to pay its debts as and when they fall due.

The Board states that during the year ended 30 June 2009:

- no director or officer or firm of which involves a director or officer
- no body corporate in which a director or officer has a substantial financial interest has received, or become

entitled to receive, a benefit as a result of a contract with GippsDairy Board Inc.

- no director or officer of GippsDairy Board Inc.

has received directly or indirectly any payment or other benefit or pecuniary value, other than self-employed and farmer Board directors, who are paid attendance fees and expenses incurred at meetings in accordance with the guidelines approved by Dairy Australia.

The above statement is made in accordance with a resolution of the Board and is signed for and on behalf of the GippsDairy Board Inc. by:



Tyran Jones, Chairperson,
GippsDairy Board Incorporated

Income Statement as at 30 June 2009

	\$ 2009	\$ 2008
Income		
DA income – operating grant	352,040	330,413
DA income – other projects	89,718	81,603
Project income – other	767,259	474,075
Interest	11,409	12,291
Total income	1,220,426	898,382
Expenditure		
Advertising and promotion	7,575	9,263
Administrative support	33,829	30,917
Auditor / accountant remuneration	5,455	3,950
Bank charges	507	414
Board meeting and sub-committee costs	1,620	2,956
Consultancy and board member fees	257,669	134,122
Decline in value of equipment	2,665	146
Insurance	6,940	5,828
Office operating costs	31,727	11,504
Postage and delivery	7,920	1,953
Printing and reproduction	31,888	19,662
Project development and expenses (incl. drought)	717,537	389,163
Seminars and training	14,528	18,478
Sponsorship	19,352	1,600
Strategic planning and regional action plan	12,668	2,546
Telephone and fax	7,191	2,492
Travel and accommodation	15,017	19,531
Other expenses	98	2,313
Other events	30,884	8,720
Total expenditure	1,205,070	665,558
Profit for the year	15,356	232,824
Retained earnings at the beginning of the financial year	451,670	218,846
Retained earnings at the end of the financial year	467,026	451,670

The accompanying notes form part of these financial statements

Notes:

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 is also 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.

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

Fixed Assets: Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation. The depreciation 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	2009	2008
	\$	\$
Current		
Debtors	74,813	112,614
ATO refund owing	426	–
	75,239	112,614

3. Retained earnings	2009	2008
Retained earnings at the beginning of the financial period	451,670	218,846
Net profit attributable to the association	15,356	232,824
Retained earnings at the end of the financial period	467,026	451,670



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"Glenra House" 39 Breed Street, Traralgon 3844. Phone: (03) 5175 0870 Fax: (03) 5176 0025

INDEPENDENT AUDIT REPORT TO THE BOARD MEMBERS OF GIPPSDAIRY BOARD INC.

Report on the financial report

We have audited the accompanying financial report of Gippsdairy Board Inc, which comprises the balance sheet as at 30th June 2009, and the income statement and statement of cash flows for the year then ended.

The responsibility of management for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian accounting standards (including the Australian accounting interpretations). This responsibility includes designing, implementing 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. 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 that 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

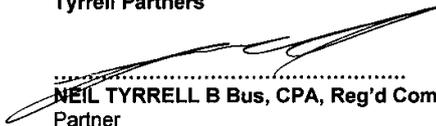
Independence

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 of 30th June 2009, and of its financial performance and of its cash flows for the year then ended in accordance with Australian accounting standards (including the Australian accounting interpretations).

Tyrrell Partners



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NEIL TYRRELL B Bus, CPA, Reg'd Company Auditor
Partner

Dated this 7th day of August 2009