



GIPPSDAIRY ANNUAL REPORT

2019/20



THE GIPPSDAIRY BOARD

GippsDairy is governed by a board of ten directors. The Board is made up of six dairy farmers, three specialist directors with skills required by the Board, and the Executive Officer. Board members are appointed for three year terms and can serve a maximum of three terms.

During 2019-20, the board met for an annual general meeting (24 October 2019), two strategic planning meetings (3 December 2019 and 5 March 2020), six general board meetings (August, October, December, February, March, June) and one extraordinary meeting via teleconference (16 September 2019). Two Operations and Risk Committee meetings were held (August 2019 and April 2020).

		Attended Board Meeting	Ops and Risk		Attended Board Meeting	Ops and Risk
	Chair (from 2017), Farmer Director Appointed 2012	10/10	2/2		Specialist Director Resigned October 2019	3/10 1/2
Grant Williams				Brian Gannon		
	Deputy Chair, Farmer Director Appointed 2014	10/10	2/2		Farmer Director Resigned October 2019	3/10
Lauren Finger				Ross Anderson		
	Public Officer, Farmer Director Appointed 2017	9/10			Specialist Director Appointed 2016	8/10
David Johnson				Dan Armstrong		
	Farmer Director Appointed 2017	10/10	2/2		Farmer Director Appointed 2017	9/10
Shiona Berry				Michelle Axford		
	Specialist Director Appointed 2019	5/10	1/2		Specialist Director Appointed 2016	9/10
Jack Fitzgerald				Richard Shephard		
	Executive Officer Appointed 2015	10/10	2/2		Farmer Director Appointed 2019	6/10
Allan Cameron				Sarah O'Brien		

RESILIENCE AND ADAPTION

Consistent with recent years, 2019/20 has presented challenges to GippsDairy and Gippsland dairy farmers that have been unlike others. Several years of dry conditions culminated in the January bush fires that ravaged much of East Gippsland, threatened some farms and disrupted many for weeks. Despite these challenges, the Orbost Discussion Group came together in February optimistic after the recent rainfall and outlook for the season.

COVID-19 has been an unprecedented challenge for our industry and society to manage. C19 has been a set-back to our way of life and yet it has also had the benefit of highlighting the importance of agriculture and dairy to every Australian household that relies on farmers for food. The importance of dairy is recognised in it being declared an essential industry with the businesses within it providing an essential service. A strange way for those operating within the industry to get the recognition that is deserved!

Like the farmers we serve, GippsDairy has had to quickly adapt to our changed operating environment. New challenges require innovation and this year has been no different. C19 social restrictions meant that the team was unable to deliver face-to-face and group based extension from March, which prompted a rapid shift to online extension delivery.

The success of Farm Business Fundamentals, Milking and Mastitis Management and a variety of informative webinars, highlights that online extension is a legitimate way to deliver timely and relevant information to dairy farmers. In fact, online delivery allowed many dairy farmers and service providers who would normally be unable to attend activities to participate. We expect online delivery to complement face to face extension well after the threat of C19 subsidies.

During the year, the team farewelled Irene Baker, Ruari McDonnell and Danny Buttler. Irene taking up an opportunity to broaden her career to work with a milk processor and both Ruairi and Danny taking on national roles within Dairy Australia. We were excited to have Libby Heard join the team in July and for Donna Gibson to return to GippsDairy in September, both bringing a combination of passion, knowledge and experience to GippsDairy.

The GippsDairy Board continued to evolve. We said goodbye to Ross Anderson and Brian Gannon at our AGM in October. Ross and Brian have been excellent contributors to GippsDairy and we thank them for their participation and wish them well for the new challenges they take on. At the AGM we welcomed Nambrok dairy farmer Sarah O'Brien and Warragul agribusiness banker Jack Fitzgerald to the board. For the past 12 years, Sarah has been running a successful dairy farm at Denison with her husband Michael, while Jack has wide experience in both the agricultural and financial sectors.

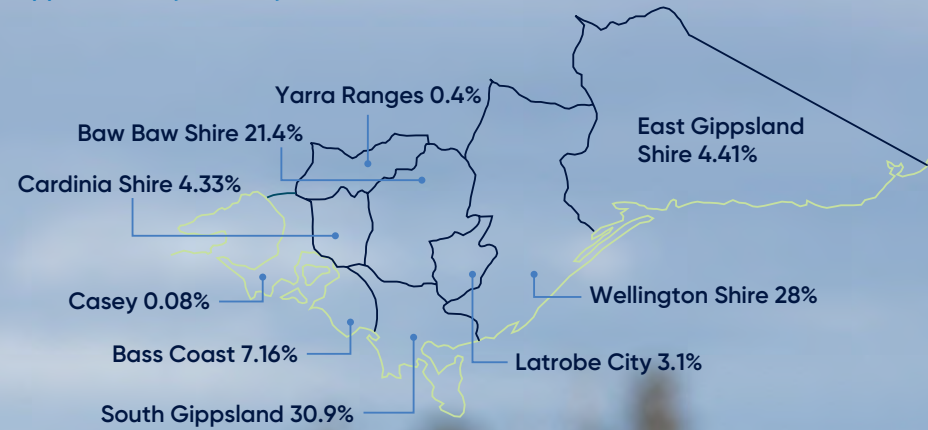
I'd like to thank everybody who contributed to GippsDairy's success during the 2019/20 financial year and for being prepared to question how they work, challenging themselves to adapt to a new way of working and having the resilience to rise to the challenges that occurred along the way.



G. L. Williams

Grant Williams GippsDairy Chair

Gippsland dairy farms by local Government area



SNAPSHOT



CHINA IS AUSTRALIAN DAIRY'S BIGGEST EXPORT MARKET (29%)

Gippsland produces **26%** of Australian dairy exports

EXPORTS TO ASIA ACCOUNTED FOR

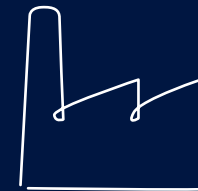
87%

of Australian dairy volume exports in 2019/20 (this includes all Asian countries, in both east, southeast and central Asia) with a value of \$2,960 million in 2019-20



MANUFACTURED PRODUCTS INCLUDE

whole milk powder, skim milk powder, infant formula, UHT milk, cream, cream cheese, hard and soft cheeses, yoghurt and butter



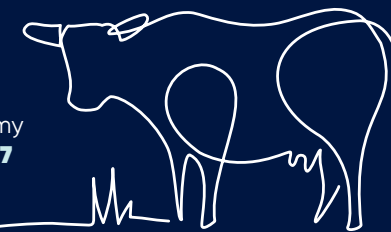
15

factories source Gippsland milk



GIPPSLAND DAIRY IS AN ALMOST \$3 BILLION FARM, manufacturing and export industry with farmgate milk value of about around \$1 billion

Dairy is the biggest agricultural contributor to the Gippsland economy with **316,000 COWS** producing **2,027 MILLION LITRES ON 1,217 FARMS**



Ryegrass-based production system



GIPPSLAND'S SHARE OF NATIONAL MILK PRODUCTION

23.1%

AROUND 9,000 PEOPLE IN GIPPSLAND ARE EMPLOYED IN DAIRY FARMING

(where around 5000 are working on farm)



TOTAL FARM NUMBERS IN GIPPSLAND

1,201

OUR VISION

Innovative and sustainable dairy farms that provide economic, social and environmental benefits to all participants and our wider community.

OUR MISSION

To excel at providing services that secure and enhance the wellbeing of dairy farmers, their businesses and the communities in which they live.

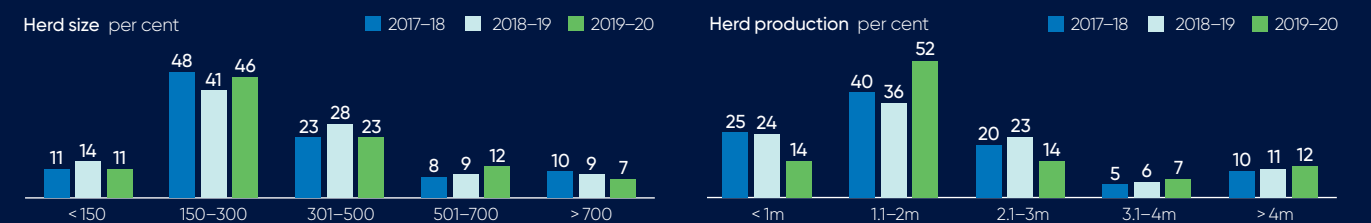
OUR SERVICES

Support the transfer of ideas, technologies, skills and resources for the benefit of the Gippsland dairy industry.

OUR STRATEGIC PRIORITIES

Profitable and Sustainable Farms
Reputable and Vibrant Industry
Capable and Professional People

Figure 1 Distribution of Gippsland Dairy farms by per cent



Source: Dairy Food Safety Victoria

PROGRAMS

GippsDairy offered the following programs during 2019–20

Animal Performance	
Cups on Cups Off	This 2 day workshop is suitable for anyone who milks cows on a dairy farm. Skills covered include how and why mastitis infections occur, practical methods to detect and deal with mastitis, adapting your milking process to reduce the risk of infections and how to develop an action plan to achieve best practice in milk harvesting.
Milking and Mastitis Management	Blended learning: online and on-farm training. The course takes participants through five modules for an effective, low-stress milking, including, bringing the cows into the dairy, putting cups on, taking cups off, post-milking teat disinfection, detecting clinical mastitis. Participants need to allocate at least 5 consecutive work days to complete.
Humane Euthanase of Livestock	Ensures the most humane treatment of your sick, injured or unsaleable cows with effective, swift and least painful methods.
InCharge Fertility Program	A 5 day workshop over 5 weeks to assist farmers with improving the fertility of their herd.
Transition Cow Management	This 1 day workshop which provides farmers with an opportunity to improve cow health, milk production and reproductive performance.
Heifers on Target	Well grown heifers are more likely to realise their full potential for milk production and recover their rearing costs earlier.
Rearing Healthy Calves	A 1 day interactive discussion about raising healthy, contented dairy calves. It is designed for calf-rearers and farm managers who are looking to take their preweaning calf management to the next level.
Facial Eczema Monitoring Program	Facial eczema is a liver disease caused by a fungal toxin in perennial ryegrass pastures. Spore counting on sentinel farms across Gippsland commences in January each year. If spore counts rise to dangerous levels, Dairy Australia will issue an alert to dairy farmers in the affected regions to monitor their own pasture spore counts and/or commence feeding of zinc oxide supplements to their milking herds.
Feedbase and Animal Nutrition	
Feeding Pastures for Profit	The FPPF program aims to provide farmers with the skills and tools to achieve the profitable balance between home grown feed harvest and supplement use. 2 days 'up-front' classroom style delivery plus 6 on farm group days over 10-12 months. Each participant receives a farm visit to support pasture rotation decisions.
Nutrition Fundamentals	Feeding dairy cows profitably is critically important to all dairy farmers. This course is practical and hands on and pitched at a basic level.
Advanced Nutrition in Action	Enable farmers to improve herd nutrition practices by providing the technical knowledge, problem solving and strategic planning skills, and tools to develop and implement appropriate, nutrition-related management strategies which support personal and business goals.
Top Fodder	A 2 day workshop + 1 day on farm. The Topfodder Silage program covers the science of silage making. It involves hands on inspection and assessment of silage on farms.
Land, Water and Carbon	
Fert\$mart	Fert\$mart encompasses the dairy industry's national nutrient management guidelines, developed to improve the efficiency and profitability of fertiliser use, and to improve soil health on Australian dairy farms.
Farm Systems and Business Management	
Our Farm our Plan	Our Farm Our Plan (OFOP) gives farmers a clear vision of their long-term business and personal goals and assists with better decision making, especially the big decisions.

Farm Business Fundamentals	This course runs over 2-3 days and focuses on farm financial management providing the skills and knowledge to pull together annual farm financial numbers. It also covers getting organised, budgeting, compliance and farm financial systems. It introduces the Dairy Standard Chart of Accounts and the Dairy Cash Management Planner.
Dairy Farm Business Analysis	This is a 3 day course that assists farmers and their advisers to better understand and analyse farm business performance. It uses DairyBase and covers the importance of getting annual farm physical and financial numbers right, how to interpret farm performance and to understand cash, profit and wealth for a dairy farm business using DairyBase reports. This course is recommended for all dairy farmers and their advisers.
Governance and Investment	A 2 day workshop introducing practical ways to implement effective business governance principles into your business and how to become investor ready.
Discussion Groups	Discussion groups to benefit farmers and support decision making on farms.
Focus Farms	The Focus Farms program supports a network of Australian farms, tracking real decisions on real farms under real conditions over a 2-year period.
Capable People	
Don Campbell Memorial Tour	5 day study tour of northern Tasmanian dairy industry by 10-14 young farmers.
Young Dairy Network	Technical and social events for young dairy farmers.
Farm Safety Starter Kit and Farm Safety Manual	Helping you to get started with farm safety.
Taking Steps	One day workshop, covering Share Farming, Leasing and Shared Equity arrangements.
Stepping Back	'Getting a Game Plan' one day workshop for those considering transition out of the industry.
Stepping Up	Understanding your options for a career in dairy.
Employment Basics	Workshop aimed at employers covering the pastoral award and how to employ people correctly in the dairy industry.
Employing Overseas Workers	Workshop to assist with employing overseas workers and relevant visa requirements.
Education	Various programs to promote a career in dairy to students such as Cows Create Careers, Picasso Cows and career days.

FINANCIAL REPORT

INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Income			
Dairy Australia Funding - Program Conduct		920,657	954,876
Other Project Funding		425,171	617,603
Interest Received		8,157	13,293
Total income		1,353,985	1,585,772
Expenses			
Depreciation on office equipment		17,726	1,423
Board and Panel Fees		45,489	43,651
Financial Services		6,715	6,500
Insurance		8,838	6,762
IT support		313	928
Operating expenses		76,755	179,423
Project expenses		179,499	434,673
Rent of Premises		13,354	28,253
Staff Expenses		968,596	896,659
Total expenditure		1,317,285	1,598,272
Current year operating surplus/(deficit)		36,700	(12,500)
Retained surplus at the beginning of the financial year		1,148,400	1,160,900
Retained surplus at the end of the financial year		1,185,100	1,148,400

The accompanying notes form part of the financial statements

ASSETS AND LIABILITIES STATEMENT FOR YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Current assets			
Cash and cash equivalents	3	1,215,334	1,243,652
Trade and other receivables	4	87,339	293,368
Prepayments		10,458	-
Total current assets		1,313,131	1,537,020
Non-current assets			
Right of Use of Asset		39,589	
Plant and equipment		9,898	12,024
Total non-current assets		49,487	12,024
Total Assets		1,362,618	1,549,044
Liabilities			
Current liabilities			
ATO creditor - GST		752	12,318
Trade and other payables	5	133,319	388,326
Accruals		1,138	-
Total current liabilities		135,209	400,644
Non-current liabilities			
Lease Liability		42,309	
Total non current liabilities		42,309	
Total liabilities		177,518	400,644
Net assets		1,185,100	1,148,400
Accumulated funds	6	1,185,100	1,148,400

The accompanying notes form part of the financial statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from Grants and Contributions		1,692,935	1,471,317
Payments to suppliers and employees		(1,716,530)	(1,285,319)
Interest received		8,157	13,293
Net cash provided by operating activities		(15,438)	199,291
Cash flows from investment activities			
Proceeds from sale of plant and equipment		-	-
Payments for property, plant and equipment		-	(8,691)
Net cash provided by (used in) Investing activities		-	(8,691)
Cash flows from financing activities			
Principal elements of lease		(12,880)	-
Net cash provided by (used in) Investing activities		(12,880)	(8,691)
Net increase in cash held		(28,318)	190,600
Cash at beginning of financial year		1,243,652	1,053,052
Cash at end of financial year		1,215,334	1,243,652

CASH FLOW INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Reconciliation of Cash Flow from Operations			
Surplus/(Deficit)		36,700	(12,500)
Non-cash flows in surplus			
Depreciation		17,726	1,423
Changes in assets and liabilities			
(Increase) Decrease in current receivables		206,029	(101,162)
(Increase) Decrease in prepayments		(10,458)	31,717
Increase (Decrease) in current payables		(265,435)	279,813
Total		(15,438)	199,291

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The financial statements cover GippsDairy Board Inc as an individual entity. GippsDairy Board Inc is a not for profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012*.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

In the opinion of the board, the Association is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the board, the *Associations Incorporation Reform Act 2012* and Dairy Australia.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 16 Leases and AASB 1054 Australian Additional Disclosures.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs.

2. Summary of Significant Accounting Policies

a. Plant and Equipment

Each class of plant & equipment is carried at cost and, where applicable, any accumulated depreciation.

Plant and equipment, excluding freehold land, is depreciated over the assets useful life to the association, commencing when the asset is ready for use.

b. Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

c. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d. Revenue and Other income

Revenue is recognised when the amount of the revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the association. Revenue is measured at the fair value of the consideration received or receivable.

e. Interest revenue

Interest revenue is recognised when received.

f. Leases

The new lease standard AASB 16: Leases has been applied for the 2020 financial year. This standard involves recognition of a right of use of asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low value assets) and Depreciation of right of use assets in line with AASB 116: Property, Plant and Equipment in profit and loss and unwinding of the liability in principal and interest components.

Notes	2020	2019
	\$	\$

3 Cash and cash equivalents

Cash at Bank - CBA Business Transactions	124,741	269,719
Cash at Bank - CBA Interest Earner Account	400,136	291,374
Cash at Bank - Capital Growth	690,457	682,559
Net cash provided by operating activities	1,215,334	1,243,652

Notes	2020	2019
	\$	\$

4 Accounts Receivable

Current

Dairy Australia	82,500	282,178
Other Accounts Receivable	4,839	11,190
	87,339	293,368

Notes	2020	2019
	\$	\$

5 Accounts Payable

Current

Dairy Australia	111,648	300,711
Other Accounts Receivable	21,671	87,615
	133,319	388,326

Notes	2020	2019
	\$	\$

6 Accumulated Funds

Project Funds held at June 30th	173,970	127,691
Funds held for reserves	129,500	129,500
GippsDairy Operating Funds	881,630	891,209
	1,185,100	1,148,400

Funds held for reserves are set aside in the event of GippsDairy wind up. The amount is calculated in accordance with the policy "Reserve funds to be held by GippsDairy"

Notes	2020	2019
	\$	\$

7 Audit fees

Audit Fees	6,500	6,500
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8 Association Details

The registered office and principal place of business is: 6 Endeavour Street, Warragul VIC 3820

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GIPPSDAIRY BOARD INC



INDEPENDENT AUDIT REPORT To the members of GIPPSDAIRY BOARD INC

We have audited the accompanying financial report, being a special purpose financial report, of GippsDairy Board Inc, which comprises the Assets & Liabilities Statement as at 30 June 2020, the Income and Expenditure Statement and the Cash Flow Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Board Members.

Board's responsibility for the financial report

The Board are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Reform Act 2012 (Vic) and are appropriate to meet the needs of members. The Board is also responsible for establishing and maintaining such internal control as the Board determine 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; 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 members. We have conducted our audit in accordance with Australian auditing standards. Those 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 assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report that gives a fair presentation, 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 committee 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 ethical pronouncements.

Audit Opinion

In our opinion, the financial report of the GippsDairy Board Inc presents fairly, in all material respects, the financial position as at 30 June 2020 and of its financial performance and its cash flows for the year then ended on that date and complies with Australian accounting standards Associations Incorporation Reform Act 2012 (Vic).

Basis of Accounting and Restriction of Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the GippsDairy Board Inc to meet the requirements of the Associations Incorporation Reform Act 2012 (Vic). As a result, the financial report may not be suitable to another purpose.

PATISON PARTNERS


KATRINA J. MAGYAR CA
Director

Dated this 10th day of September 2020

61-63 Victoria Street, Warragul

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Liability limited by a scheme approved under Professional Standards Legislation

10 September 2020

Allan Cameron
GippsDairy Board Inc
6 Endeavour Street
WARRAGUL VIC 3820

Via email: Allan@gippsdairy.com.au

Dear Board Members,

RE: Audit of GippsDairy Board Inc.

We are pleased to report the completion of our audit of the accounts for the year ended 30 June 2020. We enclose herewith our formal audit report attached to the financial statements.

We are pleased to advise that no major issues arose during our audit. We would however like to bring to your attention the following matters in relation to our audit:

Scope of the audit

Due to the cash nature of certain receipts as an audit procedure it was not practicable to extend our examination to all receipts, beyond the accounting for amounts received, as shown by the books and records of GippsDairy Board Inc.

We thank you for the courtesy shown to us by your staff in completing the audit this year, particularly Sallie Clynes, during what has been a challenging time for business. Your flexibility has been appreciated.

If you have any queries in relation to the audit of the financial statements, please do not hesitate to contact me.

Yours faithfully
PATISON PARTNERS



KATRINA MAGYAR
Director

KM:km

THE GIPPSDAIRY TEAM IN 2019-20



Allan Cameron

Executive Officer/Regional Manager



Donna Gibson

Regional Extension Officer



Karen Romano

Regional Extension Officer



Libby Heard

Regional Extension Officer



Leah Maslen

Regional Extension Officer



Ruairi McDonnell

Regional Extension Officer



Ashley Burgess

Regional Extension Officer



Sallie Clynes

Executive Assistant



Sarah Cornell

Regional Extension Officer



Katherine Vaughan

Administration Officer



Irene Baker

Regional Extension Officer



Danny Buttler

Communications and Engagements Officer

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
- Dairy Australia
- The seven other regional development programs across Australia: WestVic Dairy, DairySA, Western Dairy, DairyTAS, Dairy NSW, Murray Dairy, Subtropical Dairy
- United Dairyfarmers of Victoria

- Australian Dairy Farmers
- Geoffrey Gardiner Foundation
- Agriculture Victoria
- Melbourne Water
- TAFE Gippsland
- West Gippsland Catchment Management Authority
- Westernport Catchment Landcare Network
- The milk factories that process Gippsland milk



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Disclaimer

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ISSN: 2652-788X (Print) ISSN: 2652-7898 (Online)