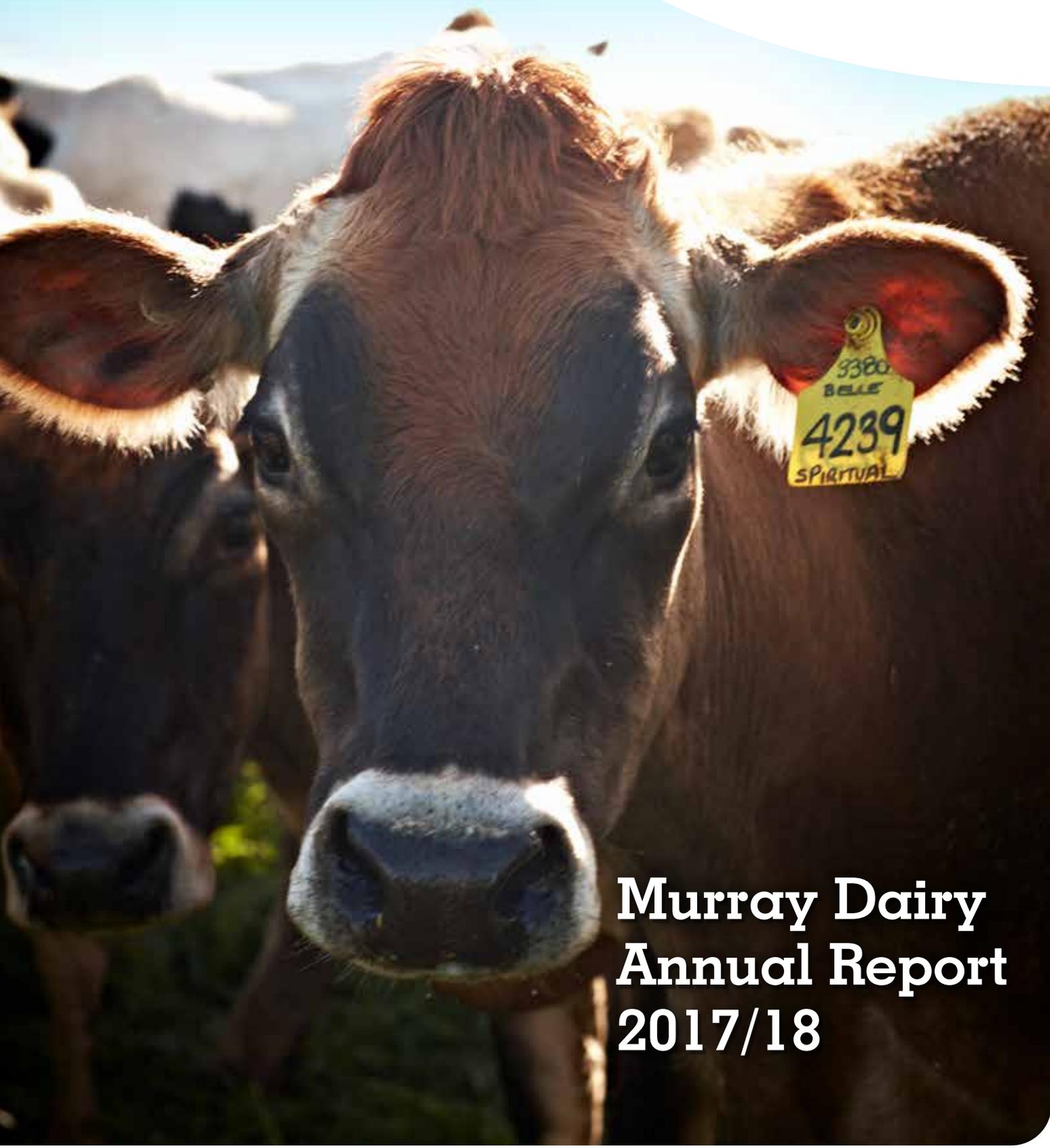




Your Levy at Work



Murray Dairy Annual Report 2017/18



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The Murray Dairy region's farmers produce nearly a quarter of Australia's National dairy exports. The region is the nation's largest milk producing area with over 8,500 people employed in the industry.

About Murray Dairy

Murray Dairy is a not for profit regional development program (RDP) led by farmers from the Murray Dairy region. Murray Dairy is funded by Dairy Australia via the dairy service levy, with matching investment from the Australian Government. Murray Dairy also attracts funding from other dairy and agricultural bodies such as the Geoffrey Gardiner Foundation, Victorian and NSW state governments and a number of other regional partners.

Each year Murray Dairy invests and delivers in a broad range of research, development, extension and education programs for farmers and the broader dairy industry. Priorities for program delivery are identified via a number of industry led engagement activities and incorporated into an annual operating plan which outlines resource allocation for the year.

.....
Murray Dairy is a not for profit regional development program (RDP) led by farmers from the Murray Dairy region. For every \$1 of levy funding a further \$4.00 of additional funding was leveraged via other investment sources in 2017-18.

Other investment sources include:

- State and Federal Government
- Gardiner Dairy Foundation
- Murray Local Land Services, North East CMA, North Central CMA and Goulburn Broken CMA
- Several of our regional milk processors

The Murray Dairy Board

Murray Dairy is run by a Board of Directors. An independent selection panel recommends appointments to the Board. The recommendations are based on criteria relating to skills, experience and a strong commitment to positive industry leadership.



Rick Cross
Chairman
Dairy Farmer, Toolamba



Greg Ault
Dairy Farmer,
Rochester



Karen Moroney
Deputy Chair
Dairy Farmer, Eskdale



Andrew Tyler
Dairy Farmer, Tongala



Andrew Mann
Treasurer
Senior Rural Manager,
Rabobank



Mark Bailey
Manager Water
Resources, GMW



Tony McCarthy
Dairy Farmer,
Dhurringile



Chris Thomas
Managing Director,
CT Consulting

Our Staff

Jenny Wilson

Chief Executive Officer (FT)

Lisa Birrell

Regional Extension Officer (PT)

Sarah Thompson

Regional Extension Officer (FT)

Ross Read

Regional Extension Officer (FT)

Lachlan Barnes

Regional Extension Officer (FT)

Lisa Menhenett

Regional Extension Officer (FT)

Amy Fay

Project Manager Accelerating Change (FT) - until Feb 2018

Strategic Project Manager (PT) - from March 2018

Harriet Bawden

Project Officer Accelerating Change (FT) - until Dec 2017

Engagement and Communications Officer & YDN
Coordinator - from Jan 2018

Melva Tyson

Engagement and Communications Officer (PT)
- until Jan 2018

Regional Extension Officer (FT) - from Feb 2018

Megan Bicknell

Project and Administration Officer (PT)

Liz Byrne

Project and Administration Officer (PT)

Groups and Committees

Murray Dairy supports a number of dairy industry groups and committees either through a facilitation, coordination or funding support role. These include:

- 13 Discussion Groups
- 6 Dairy Business Network Groups
- 5 Young Dairy Network Groups
- Regional Extension and Education Committee
- Regional Network Groups (Riverina, Eastern, Western, Central)
- Alpine Valley Dairy Pathways Project Steering Committee
- Murray Dairy Young Dairy Network
- Project-specific Steering Committees



Chairman's Report

2017/18 will be remembered for the dramatic rationalisation of processing assets across the state. Our largest co-operative ceased to exist after 68 years and was sold to an international processor. This event, along with the continuing evolution of dairy feeding systems and businesses continues to challenge the thinking of farmers and the industry across our region.

The need to work more closely with all stakeholders has never been more critical. People continue to be the greatest asset of any industry and, as such, Murray Dairy continues to drive development opportunities with a broad range of organisations and agencies. In May, Murray Dairy hosted the Pathways to Leadership forum. This forum brought together a vast array of guest speakers who shared their wisdom and experiences of leadership with a large audience. Included were partner organisations such as the Geoffery Gardiner Foundation who were able to highlight a number of Farm Business Management Scholarships and development programs available to our farmers. We must continue to develop and foster our own people through providing engagement and leadership opportunities with our Regional Network Groups (RNGs), the Regional Extension and Education Committee (REEC), Young Dairy Network (YDN), various committees and at a Board level.

This year saw the culmination of our flagship program Accelerating Change. The project has been at the forefront of understanding the changing operating environment for the dairy industry in northern Victoria. The project explored a number of strategies to ensure farm businesses can be supported to adapt to the current environment, increasing their resilience and profitability into the future. This project has generated considerable findings relating to our region's current and future feedbase and feeding systems whilst providing the broader dairy industry with resources and technical information that will continue to shape current and future projects.

During the year Murray Dairy, working with a number of stakeholders, has facilitated the development of the Murray region strategic plan, to be completed in coming months. This strategic plan will enable the industry to develop a shared vision for the future: what we need to achieve, the outcomes of this vision and how this will occur over time. This will help guide other organisations and agencies in clarifying how they best interact and support us as we aim to facilitate a sustainable dairy industry into the future.

This will be my last Chairman's report as I will be retiring at the AGM in October 2018. I would like to thank my fellow board members who all give up their time so readily, they do so because of their passion for our industry. Dairy has been good to us all, at times it is extremely challenging, but ultimately we all do what we do because we think as a group we can make a positive difference!

To the committed staff of Murray Dairy, led by Jenny, a big thank you. Without your commitment and dedication to the job, Murray Dairy's reputation wouldn't have the high standing it currently has, nor would have achieved as much over the past 12 months as it has.

As we head into a very challenging year I am confident that Murray Dairy will continue to develop and offer programs that you, as farmers, say you need.



A handwritten signature in black ink, appearing to read 'Rick Cross'. The signature is stylized and fluid.

Rick Cross
Chairman

CEO's Report

Murray Dairy is well advanced in the delivery of its strategic plan which is due for renewal in 2019. Investment throughout 2017-18 has seen Murray Dairy manage and deliver a large number of projects, courses and events valued in excess of \$2million. Funds have enabled Murray Dairy to deliver over 150 events engaging over 3000 participants, support 24 discussion groups, provide over 400 farm businesses with access to direct one-to-one advisory services and maintain a number of industry network groups, committees and leadership development opportunities. Investment was gratefully received from a range of sources including Dairy Australia, the Geoffrey Gardiner Foundation, Federal and State Government, milk processors and a number of other regional organisations.

In this report I am pleased to be able to highlight some of our major investments and achievements for 2017-18.

- Delivery of over 80 courses or workshops aimed at upskilling the industry in areas of feedbase management, animal nutrition, farm business management, natural resource management and, most importantly, how we work with people within our business.
- Completion of the three year project, Accelerating Change, which worked with over 654 farmers and 724 service providers; delivered 29 workshops and 8 field days; generated 46 technical news articles, 101 social media pieces and factsheets; and provided over 90 presentations to industry. The project undertook a comprehensive data collection process through measuring and monitoring the on-farm performance of different forage types, irrigation strategies and feedbase management decisions over a number of farms in the region. In addition, several extension programs were developed and successfully piloted. These will continue to be delivered by Murray Dairy going forward.
- We were pleased to begin the delivery of the project, Accelerating Farm Transition, funded under the Australian Government's Building Better Regions Fund. This project provides:
 - Up to 170 farm businesses with one-to-one financial mentoring and farm transition support and advice.

- Funding for the continuation of the Community Liaison Officers who are engaging with farm families and workers to connect them to support services and resources available through industry or government.
- Delivery of community events for dairy across the region
- Networks and groups are vital to our industry for shared learning. We have continued to support a number of Discussion Groups and Dairy Business Network (DBN) groups, establishing several new Young Dairy Network groups, which takes the number of groups supported to 24 across the region.

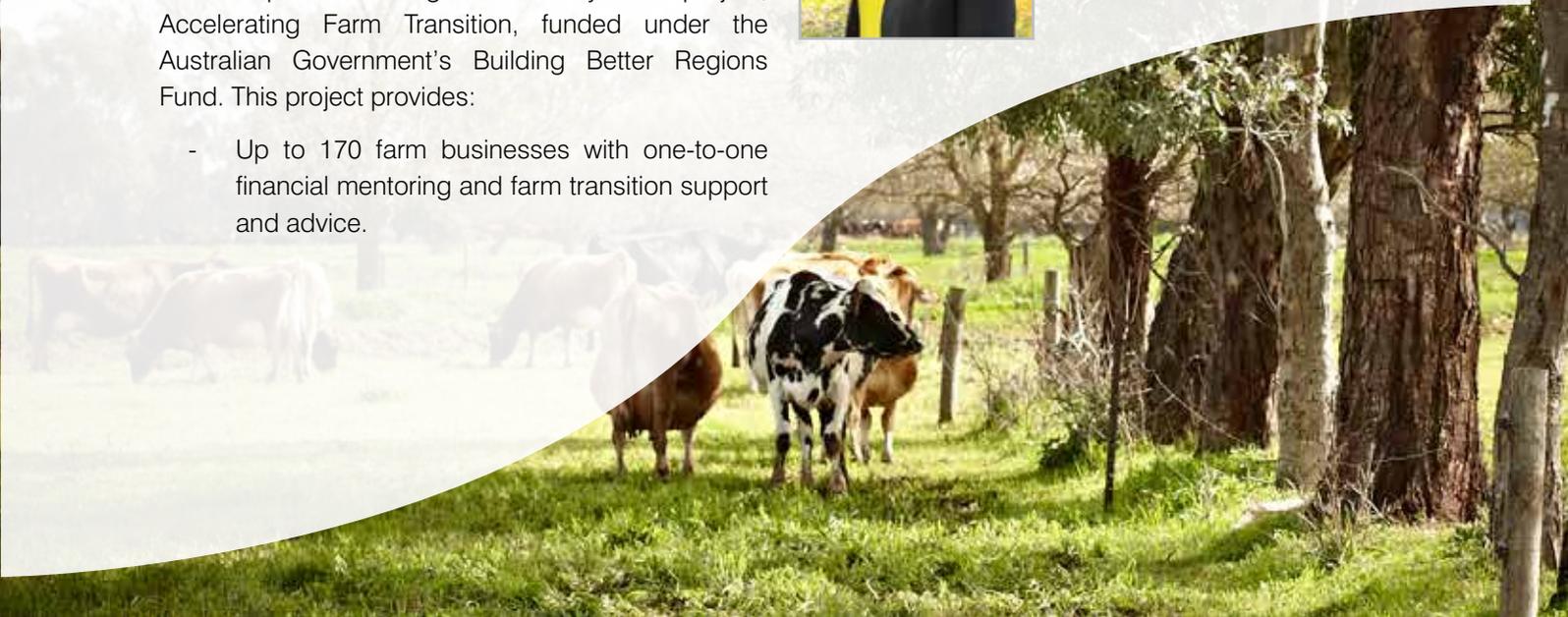
Looking forward, we are heading into yet another challenging season with dry conditions persisting over much of the east coast of Australia throughout the autumn period. With this in mind Murray Dairy is well positioned to respond and continue to partner with stakeholders in servicing the dairy industry across the region.

I am encouraged by the support of many in the industry and I am especially grateful to work with a team of dedicated and passionate professionals: Amy Fay, Lachlan Barnes, Ross Read, Liz Byrne, Megan Bicknell, Lisa Birrell, Lisa Menhenett, Melva Tyson, Sarah Thompson and Harriet Bawden. Their hard work and great enthusiasm is a huge asset for Murray Dairy. I would also like to thank Rick Cross, our retiring Chair, for his tireless efforts and the board for their continued confidence in myself and the team at Murray Dairy.



A handwritten signature in black ink, appearing to read 'Jenny Wilson', written in a cursive style.

Jenny Wilson
Chief Executive Officer



Our Region

The Murray Dairy region covers a diverse geographical landscape that encompasses the Goulburn Murray Irrigation District – including the Murray, Ovens and Goulburn River systems – high rainfall areas and the Great Dividing Range east to Corryong, and the drier, flatter Mallee landscape toward Swan Hill in the west.

The Murray Dairy region is one of the largest dairy regions within Australia. The diversity of geography and climate across the region is matched by the diversity in farming systems. A range of farm business models operate within the region from low cost entry-level options to high production large scale operations, and everything in between.

Irrigated agriculture provides the base for feed production in the region. Our close proximity to cropping regions also provides dairy businesses access to concentrate (grains) and fibre sources (hay, straw, silages) which further boosts the region’s competitive advantage. In response to changing climatic, policy and market driven influences, there has been an emergence of highly adaptable, resilient dairy farming businesses now operating across our region.



Key Trends

The Murray Dairy region had been continuing to recover from a decade of dry conditions which saw milk production drop from its peak of over 3 billion litres in 2001 down to 1.7 billion in 2009, recovering to 2.36 billion in 2015. However with dry conditions throughout the 2015 - 2016 season, followed by low milk prices and then one of the wettest springs on record, milk production had again dropped to 1.75 billion litres. The 2016-2017 season saw more favourable conditions resulting in milk production of 1.90 billion litres, up 8.4% from the year before, however cash flow on farm has remained tight.

The response at a farm level to the changing operating environment has seen an increasing diversity of dairy farming systems occur, with increasing ability to adapt decision making in response to seasonal, policy and market fluctuations.

Most noticeable is the increasing shift to a more complex and variable feedbase with a more opportunistic water-use strategy being applied.



Our Organisation

Vision

Committed to building profitable and valued dairy businesses.

Mission

Enabling the dairy industry to have the capacity to adapt to change.

Strategic Priorities

1. Growing skills and capability in the Murray Dairy Region

Building the skills and capability of the dairy industry is the major strategic priority of Murray Dairy and accounts for 70% of expenditure.

Delivery is aligned to the National Dairy Moving Forward strategic themes of:

- Feedbase & animal nutrition
- Animal performance
- Land, water & carbon
- Farm business management
- People

2. Protecting and promoting the dairy industry in the Murray Dairy Region

Activities in the Murray Dairy region build on and implement the initiatives taken at a National scale to maintain the industry's social licence to operate, respond and recover from emergencies and to attract people to work in the industry.

Murray Dairy delivery themes include:

- Business risks
- Disaster response and recovery
- Biosecurity and Animal welfare
- Careers & employment opportunities
- Encouraging and supporting new entrants

3. Strengthening Murray Dairy's partnerships

Murray Dairy is one of many organisations that provide services and resources to dairy farmers in the region. Opportunities exist to build on a number of collaborations aiming to attract more resources, improve delivery, access additional successful programs and skills to better meet the needs of dairy farmers in the region.

Organisation Values

Murray Dairy's four organisational values and behaviours outline how we go about achieving our vision and strategic objectives. They create a long term framework that is not negotiable even when times are tough. In addition Murray Dairy operates under the auspice of the Murray Dairy Code of Conduct which sets the standard by which our values and behaviours are implemented.

Leadership

Behaviours

- 1.1 We have a clear strategic vision
- 1.2 We celebrate our successes
- 1.3 We encourage and support professional development

Responsive

Behaviours

- 2.1 We deliver outcomes on time and as agreed
- 2.2 We have a diversity of two-way communication mechanisms in place to understand and respond to the needs of the region's dairy farm businesses.
- 2.3 We collaborate with partner organisations to deliver the best outcomes
- 2.4 We are well connected with relevant local, regional, national and international organisations
- 2.5 We work proactively to deliver on the needs of dairy farm businesses over short, medium and long term timeframes

Integrity

Behaviours

- 3.1 We maintain an ethics based culture with continued monitoring and oversight by the Board.
- 3.2 We hold ourselves accountable for our actions
- 3.3 We receive and give feedback to strengthen the organisation
- 3.4 We respect others and encourage a diversity of views

Innovation

Behaviours

- 4.1 We actively seek and embrace new ideas and different ways of doing business
- 4.2 We learn from our mistakes
- 4.3 Incremental innovations form part of our culture of continuous improvement.

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Murray Dairy Achievements Report 2017/18

Major Projects and Events

180 events delivered

Number of participants



3,300

2,000 farmers
900 service providers
400 students

Highest rated courses (value to participants)



Rating out of 10

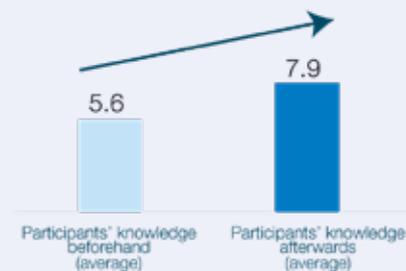
Develop Livestock Feeding Plans **9.5**
Feeding Pastures for Profit **9**
Cups on Cups off **9**
Euthanase Livestock **9.2**
Stepping Back **8.7**

Value of event to participant (average)

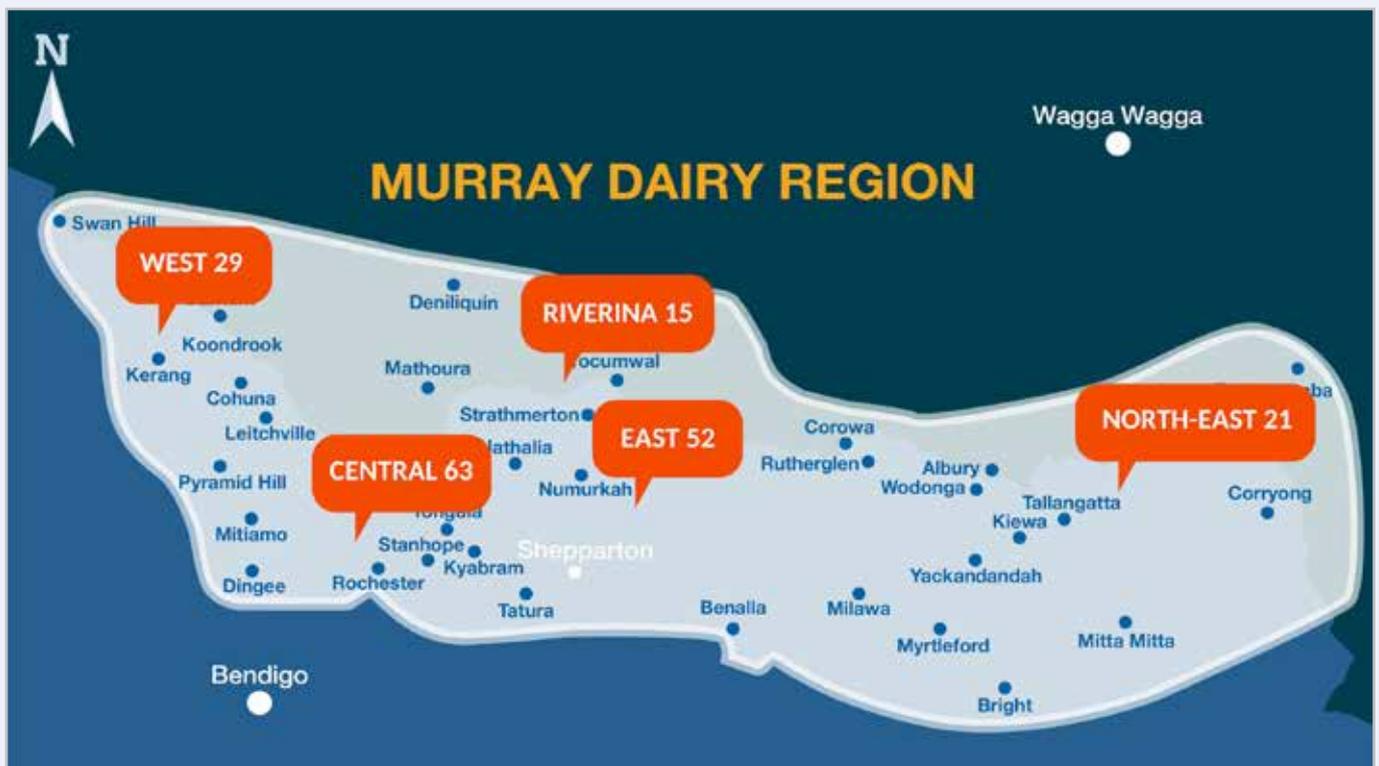


8.6/10

Increase in participants' knowledge (out of 10)



Regional Delivery



"This was a very worthwhile event. I would recommend this course to anyone looking to not only feed silage but to understand the cost of their home grown feed vs what they can purchase."

- Participant, Top Fodder Silage Workshops

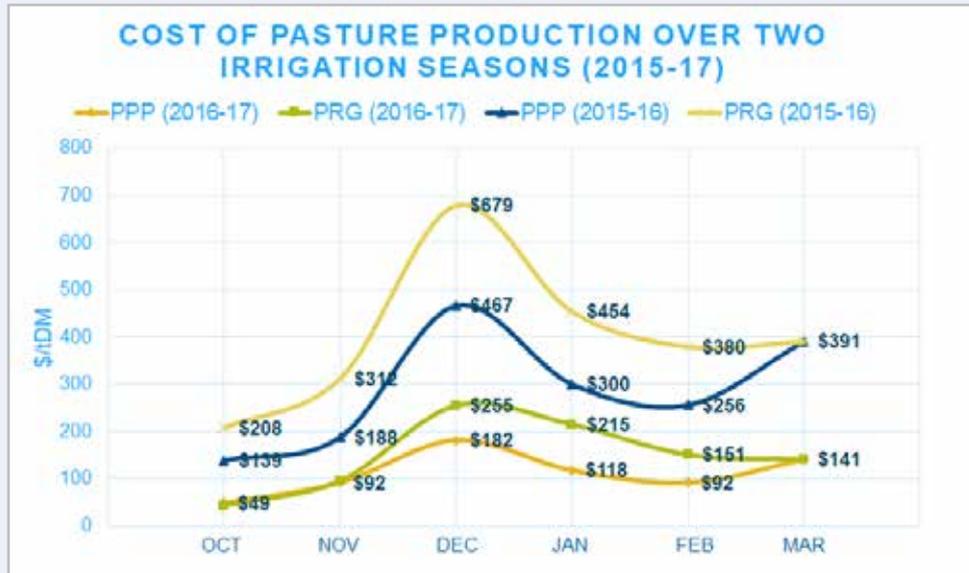
"An excellent day, great presenter and lots of opportunities to ask questions. I got lots of practical information to take home to improve calf rearing"

- Participant, Calf Rearing Workshop

Major Projects and Events: Accelerating Change

In three years, the Accelerating Change project has engaged over 650 farmers and 700 service providers in the delivery of 29 workshops, eight field days and over 50 presentations which address the current and emerging needs of the dairy industry in the Murray region.

The project's Monitoring and Measurement program has highlighted the impact of changing operating conditions on farm and the effectiveness of different feedbase strategies that dairy businesses are using to adapt.

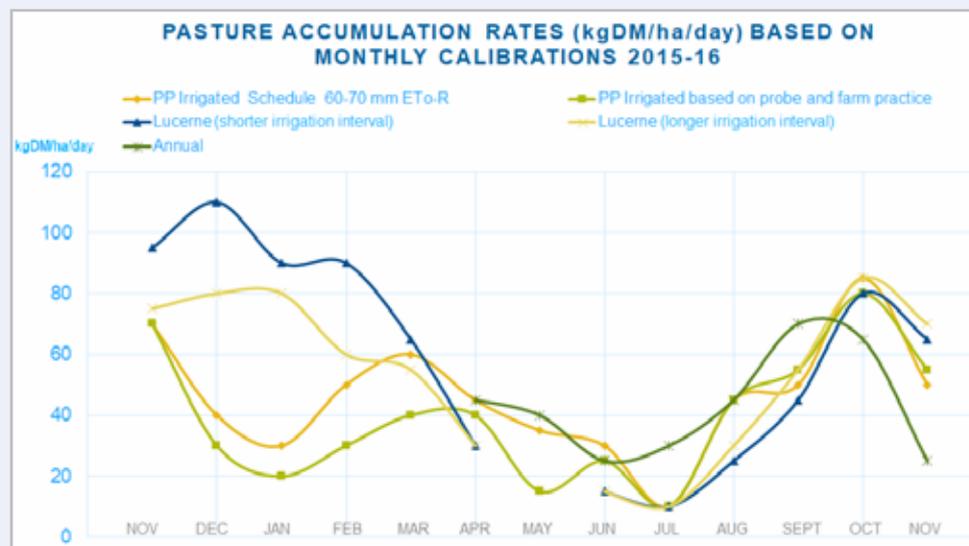


Water Price Over Two Seasons

Temporary water price has a significant impact on the cost of production, as shown from one season to the next.

PPP - perennial ryegrass with paspalum

PP - perennial ryegrass



Comparison of Forage Types in a Single Season

The growing season and accumulation rates of different forage types varies across the year. Increasingly, farmers are looking at annual and perennial species, including the use of pastures and crops.

.....
 "I'm not convinced that I can grow permanent pasture here anymore in the old traditional permanent pastures. So that's why my thinking has moved completely. Fescues will be my permanent pasture rather than perennial ryegrass. Lucerne will be a part of a permanent, semi-permanent kind of operation and then Italians."

- Murray farmer, Gardiner Foundation Feedbase Management Survey

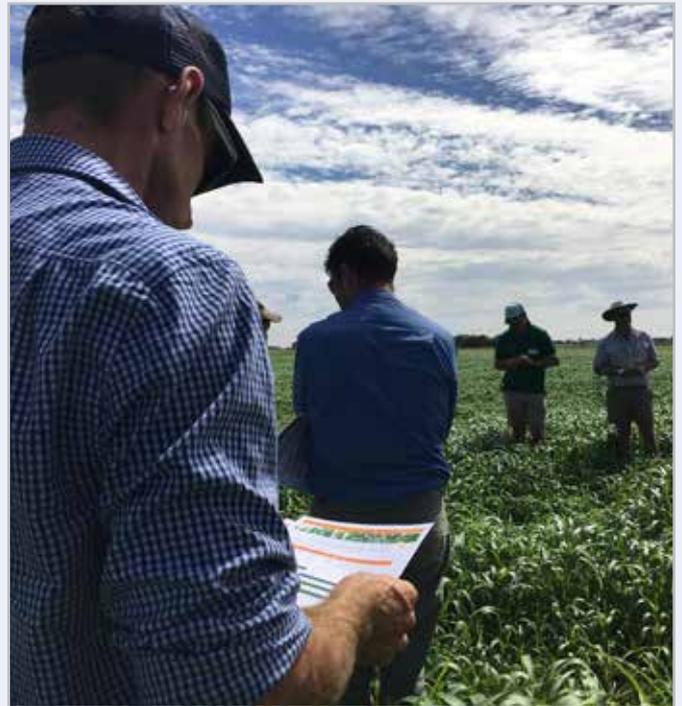
Major Projects and Events: Accelerating Change

Recognising the need for information and skills to manage a changing feedbase, the project focused on the development of resources and tools to support farmers in five key areas:

- **Forages** – exploring types to suit our climate and how to manage them effectively.
- **Cropping** - driving flexibility and return on investment through integration of high value crops in dairy feeding systems.
- **Soils** - identifying & remediating sub soil constraints to drive feedbase productivity.
- **Irrigation** - tools and techniques to get the most out of water applied.
- **Future Dairy Systems** – strategic planning and risk management to drive long term profitability and resilience.

The project has facilitated a broader industry discussion to highlight the current and future challenges for the region and opportunities to support the industry within this, including:

- Industry Futures Session
- Industry Summit
- Supporting the Gardiner Feedbase Survey
- Flexible Feeding Systems Project - case studies assessing the options for significant structural farm business change
- Regional Dairy Industry Strategy



.....
“The Accelerating Change Successful Winter Cropping workshop provided some excellent tools that are relevant to my business.”

“After the Summer Cropping workshops we are considering changing our crop rotation and using a deeper-rooted cereal to make sure we are using up soil moisture during winter. We will potentially grow out grain to cereal to make sure we get a drying period which will help improve the soil structure”.

- Participant, Accelerating Change Cropping Workshops
.....



Major Projects and Events: Focus Farm Celebration

After almost ten years of the Focus Farm project in the Murray Dairy region, current and former Focus Farmers and their support groups came together to discuss project learnings and the role of the project in addressing regional industry needs into the future.

The Focus Farm project aims to improve farm business management by supporting host farmers in their business planning and decision-making. Support is provided by an experience farm consultant, who acts as a group facilitator, and a selected group of farmers and local service providers who can share their knowledge, experience and ideas.

Over the life of the project farms have addressed themes that we can continue to learn from:

- Succession planning and transition
- Development of business skills
- Lowering the cost of home-grown feed
- Options for business growth
- Building equity as a new entrant
- Managing our water asset and learning to farm with less water

The Focus Farm Celebration generated ideas for the future of the project around emerging issues and opportunities: different business models; structural change; building resilience; mentoring; technology use; data collection and interpretation; and strategies for managing volatility in the operating environment.



Profile: The Pethybridge Family



John and Elise Pethybridge, Whorouly Focus Farmers, had just completed a farm succession when they became involved in the project. The main objective for John and Elise has been to reduce their business costs by growing as much home grown feed as possible, improving herd management and sharpening their business skills.

John and Elise are well on their way to achieving their goals. With a focus on pasture growth and heifer growth rates, they have improved business performance. Focusing on improving the genetic potential of their heifers has enabled them to focus on maintaining a quality herd, which is important given their limitations to expand. They have also tweaked their calving pattern to improve herd health.

Major Projects and Events: Accelerating Transitions for Strong Dairy Communities

This one year project, funded through the Australian Government's Building Better Regions Fund focuses on improving industry and dairy business capability by actively providing mentoring and developing "grass roots" leadership.

The continued engagement of Murray Dairy's Community Liaison Officers has been supported by this project. Our Community Liaison Officers are members of the dairying community who connect directly with farmers in their region, both those who are engaged in our services and those who are not.

The Community Liaison Officers have connected with over 700 people this year. Of this 700, 40 businesses have been referred to the Rural Financial Counselling service, 55 to the

Transition Consultations, also offered through the Building Better Regions Fund, and almost 150 to other services and resources that Murray Dairy offers.

In conjunction with AgBiz Assist, this project has also enabled us to offer personalised, one-to-one consultations to farm businesses undergoing transition either for growth, succession, structural change or exit. This complements the series of succession workshops offered by Murray Dairy and Dairy Australia across the region this year which provide the foundation and information participants need to start their planning.

Major Projects and Events: Farm Business Support - Taking Stock and Taking Stock Reviews

In June we wrapped up the delivery of Taking Stock which began 18 months earlier in response to market and climate conditions of 2016.

Over 320 one-to-one farm visits were delivered by consultants who partnered with Murray Dairy and Dairy Australia in supporting farmers to understand their business situation and work through their options and decisions for the coming season. The visits were followed up by a review visit to check in on the plans and adjust accordingly.

.....
"[Taking Stock] is a really valuable process that brings in someone from outside to look over your business. Whilst we continually plan and budget, we still come up against hurdles, and this helps us get a good understanding of what our options are.

Taking Stock enables you to crunch the numbers and give you a bit of confidence in what you're doing in the feed and water markets. It's a really good foundation to go on and do some business planning and set the direction of your business."

- Malcolm Holm, farmer, Blighty NSW
.....



Major Projects and Events: "Plan2Farm"

As a delivery partner of the North Central Catchment Management Authority (CMA), we are supporting this strategic planning project for irrigators in the GMID. The program works with participants to plan for and respond to the complex and significant changes occurring across

the region as a result of climate, policy and market volatility. With the support of a personal advisor, the project supports dairy farmers to develop a long-term strategy for their whole farming enterprise.

Major Projects and Events: Pathways to Leadership

With so many leadership roles and development programs on offer in the dairy industry, this event was designed to showcase the opportunities available to farmers in the Murray region.

Representatives from industry organisations including Dairy Australia, Murray Dairy, and Gardiner Foundation, and from regional programs such as Fairley Leadership, engaged with over 65 farmers and service providers about pathways to leadership in industry and community.

Guest speakers, including Barry Irvin (Bega Cheese), Ashley Hammond (UDV), Karen Moroney (Murray Dairy) and Sam Birrell (Committee 4 Greater Shepparton), impressed audiences with their experience and enthusiasm for their work.

.....

"Leadership isn't just about those out in front, it's about every person you meet, the quiet support and advice you come across each day."

- Barry Irvin, Pathways to Leadership

"After today I will put my name down to do the Dairy Australia Emerging Leadership course next year"

- Participant feedback

.....

Major Projects and Events: Accelerating the Adoption of Farm Business Management

Murray Dairy has begun delivery of this exciting project, funded through the Dairy Industry Fund NSW. This project will design and deliver Farm Business Management (FBM) projects to farmers and service providers following market research into barriers to adoption of industry standard FBM skills and processes.

The first stage of the project is being undertaken throughout 2018, including market research to identify barriers to farm

business management adoption; segmentation of needs and demand for farm business management upskilling. Stage 1 also includes research into the factors leading to the success of extension activities. This includes a desktop study of successful extension programs and surveying farm business owners, service providers, agribusiness sector and extension delivery specialists.



Major Projects and Events: Understanding Soil Constraints

In partnership with Goulburn Broken CMA and the North-East CMA, we delivered a series of on-farm workshops using soil pits to demonstrate sub-soil constraints and provide options for the remediation of soils in an irrigated environment. We examined pasture that was pugged or damaged from the previous season, through the use of soil pits and soil tests. The aim was to raise awareness of soil management techniques to assist with remediation with farmers able to visually see impacts down the soil profile.



Major Projects and Events: Murray Dairy Business Forum

In October 2017, Murray Dairy celebrated its 21st anniversary in conjunction with its annual one-day Business Forum, themed “Coming of Age”.

The theme recognised the change and maturing of dairy businesses through the two decades of challenges in changing climate, water availability and fluctuating commodity prices as well as opportunities presented by technological advancements, new research and global connectivity.

High calibre speakers included Mick Keogh, Managing Director of the Australian Farm Institute, sharing his experience of the evolution of farm careers, Mandy Johnson, a high-achieving business woman and author, specialising in business and workplace innovations, and Nathan Scott, who has a passion for profitability and productivity of livestock enterprises and enjoys the challenges of turning potential into performance.

The event was well received with over 150 participants

throughout the day and concluded with a dinner event with guest speaker Peter Davidson, one of the hero rescuers in the disastrous Sydney-Hobart Race of 1998 who inspired the audience with his ability to perform under pressure.

.....
“Mandy’s Johnson’s presentation on people was a stand out for me. The seven steps were awesome and were very clear about what sort of person you look for to work on farm or in a corporate environment. The rewards and the recognition part was really important.”

- Jo Duffy, Field Officer - Murray Goulburn
.....

Networks and Industry Partnerships: Discussion groups and Dairy Business Network Groups

Murray Dairy and Dairy Australia has continued to support groups across the region with over \$72,000 provided in funding last year alone. Engaging in a group provides participants with opportunity to talk through business matters they have in common and gain confidence in decision making through this process, network with other farmers and service providers, and develop skills and knowledge by learning from presenters and group members. Discussion Groups are run by an independent committee with the support of the Murray Dairy extension team.

Discussion group activities in 2017-18 have included casual meetings, on-farm workshops, guest speaker presentations and bus trips.

Dairy Business Networks (DBNs) are closed Discussion Groups which focus on farm financials and business development, goals and strategy.

More recently several new young dairy discussion groups have formed taking the total number of groups supported by Murray Dairy and Dairy Australia to 24.



.....
"My Dairy Business Network Group is critical to supporting my decisions on what and how I go about my dairying business. The value of peer to peer business review and learning should not be underestimated, it provides a forum where we can test ideas and question our results".

- Farmer - Central DBN
.....

Networks and Industry Partnerships: Regional Network Groups (RNGs)

One aspect of Murray Dairy's role is achieved through the coordination of education and extension services in collaboration with a number of other organisations serving the dairy industry. Murray Dairy utilises farmer participation in Regional Network Groups (RNGs) to help identify and prioritise future dairy industry projects, courses and events. Farmer input is essential in guiding these services that are run across the Murray Dairy region.

Murray Dairy conducted a review into the performance and effectiveness of the RNGs earlier in 2018. Key findings showed that there was dwindling engagement and participation due to participants being time poor, farmer fatigue and some confusion about industry organisations' roles and responsibilities. In addition facilitation of meetings was not effective in distilling information, facilitating conversation and obtaining clarity on future actions. As a result, and after considerable consultation with the RNGs, the model was modified and those changes are being piloted this year.



Networks and Industry Partnerships: Regional Extension and Education Committee (REEC)

The REEC is a subcommittee supported by Murray Dairy. It is responsible for overseeing the formulation and delivery of extension and education activities and events to both the dairy industry and its key stakeholders in the Murray Dairy region. The main role of the REEC is to work through the priorities identified by the RNGs and determine appropriate actions. It is based on this information provided to the REEC from the RNGs that service providers build their business plans and align their funding. Services are then created and disseminated back to dairy farmers throughout the region.

.....
"The importance of the REEC to me is knowing that the farmer's voice is heard by the Murray Dairy team and board. It's great to be a part of the REEC because it means that I'm involved in discussions about what's important for our industry and our region alongside other farmers and service providers, and I see how this is incorporated into what Murray Dairy do. - Chair Scott Fitzgerald
.....



Networks and Industry Partnerships: Agronomy Network

The Agronomy Network, supported by funding through Murray Dairy's Accelerating Change project, brings together agronomists and others working in the technical feedbase sector with dairy industry professionals and researchers. By strengthening relationships between these parties Murray Dairy aims to enhance collaboration and capability across the sector.

Over the last 12 months, the Agronomy Network, led by a Steering Committee of members and supported by Murray Dairy, met to discuss a variety of topics and hear from leading speakers. Topics covered include changing feedbase systems in the region including the agronomy and nutrition requirements of PMR & TMR systems; tropical and alternative forages; improvements in plant genetics for pastures and cereals; water policy; optimising nutrient management and addressing soil constraints in irrigated systems. The Agronomy Network also hosted a presentation skills session open to all service providers in the region.

The Agronomy Network has been an extremely valuable vehicle to connect the latest research and development with agronomists working closely with farmers on the ground. It has also allowed Murray Dairy to tap into extensive and high quality technical skills present in the group, which has supported the development and delivery of a number of farmer events throughout the year.



.....
"I've found the Agronomy Network really useful to hear from scientists and others working in the field on specific things that are happening in the dairy industry, and gives me ideas on how I can work better with my clients. Its also a great place to network and share with others who are dealing with the same things on farm." **Agronomy Network participant**
.....

Networks and Industry Partnerships: Young Dairy Network

In the past twelve months Murray Dairy has supported the establishment of 5 Young Dairy Network Groups in the Riverina, Numurkah, Rochester, North East and Tatura areas. The YDN has delivered discussion group meetings on a monthly basis and region-wide social and technical events to support young people in dairy, including a three-day Study Tour to NSW.

The tour took 35 participants to one of Australia's leading dairy businesses, Moxey Farms, as well as some of the most innovative dairy, beef and horticultural enterprises in the region. The tour provided an opportunity for participants to think about future dairy systems, look at the way different businesses have evolved, what strategies and structures they have in place, how they manage risk and what they do to keep improving farm profitability, sustainability and efficiencies. The tour also looked at social license and animal welfare in different cattle-based businesses.

The Murray YDN coordinated the trip with the NSW YDN which allowed participants to network with new faces and share the tour experience.

Most participants said that the trip exceeded their expectations, with two thirds indicating that they would change something in their business as a result of what they saw or heard.



.....
"I think visiting other dairying regions and getting an idea of how the dairy farmers there manage and run their farms is great, we can learn new things that we can use in our workplaces across different areas of the business."

- Participant, Young Dairy Network Tour to NSW

Courses, Training and Workshops: Feedbase and Animal Nutrition

The focus of program investment in Feedbase and Animal Nutrition is to provide sufficient knowledge to improve the variety and quality of forages and optimise feed growth and feed conversion to aid profitability and sustainability.

Course, Workshop or Event	Description	Activity
Feeding Pastures for Profit (FPFP)	The FPFP program aims to provide farmers with the fundamental skills and tools to achieve the profitable balance between home grown feed harvest and supplement use.	3 groups: North East, Kyabram and Numurkah
Dairy Herd	This course gives participants the opportunity to acquire and apply new approaches, information and tools in herd nutrition management; enable better integration of herd nutrition with the other components of the farm system and assess how key aspects of a farm's herd nutrition program are performing; and identify and pursue opportunities for improvement.	1 group
Top Fodder	The Top Fodder courses have been developed to cover the science of silage including harvesting, using inoculants, storing and feeding high quality silage. Participants are able to evaluate the role of silage within their system, reduce losses and wastage (during harvest, storage and feed-out), develop a better understanding of costing fodder conservation and make silage production more profitable.	2 workshops: Dederang and Tocumwal
Develop Livestock Feeding Plans	<p>These courses encourage farmers to maximise pasture consumption and then address feed gaps as cost efficiently and effectively as possible using supplements.</p> <p>Topics covered include:</p> <ul style="list-style-type: none"> • the importance of getting nutrition right • ruminant digestion and factors that limit intake • conditioning scoring • the cost of rearing young stock • nutrients supplied by different feeds • balancing the diet, feed budgeting and comparing the cost of nutrients 	4 courses: Cobram, Rochester and Kyabram



Courses, Training and Workshops: Accelerating Change Lucerne Masterclass

The Accelerating Change Lucerne Masterclass drew a crowd of 70 dairy farmers, contractors and service providers to Scott and Anna Fitzgerald's farm in Tongala. The day was structured to enable participants to look at how their lucerne was performing both above and below the surface, using soil pits to investigate soil and root structure.

Many farmers in the Murray Dairy region have been using lucerne or are thinking about using lucerne as it as a perennial, summer-active feed. Lucerne is often used on dairy farms to fill feed gaps in late spring or late autumn and provides a good source of protein throughout warmer months. It has a higher tolerance to water stress and higher irrigated water productivity than perennial ryegrass pastures which makes it an attractive feed source for those managing uncertainty in the water market and climate.

Luke Nagle, Agronomist from Advanced Ag, and Scott, kicked off the day, discussing the value of lucerne to the Fitzgerald's feedbase, and what separates a good lucerne stand from a great one. The overwhelming key take home message from Luke and Scott was that preparation was the key for stand longevity and performance of lucerne.

Getting everything right before lucerne goes in the ground, from soil preparation, to weed control, varietal selection and timing is critical to not only establishing a great stand but also the highest possible return on investment. This message was reiterated by presenter Frank McRae, Chair of the Australian Fodder Industry Association (AFIA) and Product Development Manager for AusWest Seeds, and Soil Scientist, Christian Bannan, who also presented to the group.



Courses, Training and Workshops: Strategic Planning and Risk Management

Supported by the Accelerating Change project and funding from NSW government, Murray Dairy developed and successfully piloted a strategic planning program, involving 25 farm businesses.

The course involves two group workshops and a one-on-one consultation. During the process farmers develop a strategy that encompasses business and personal goals. The strategy accounts for the skill and personality of the people involved and teases out the synergies and conflicts between individuals and the business. Participants test their strategy against operational, financial and personal strengths, opportunities and threats in the workshop and consultation. In the final workshop participants explain their strategy with their peers; finally how to make the plan operational, updated and remain relevant.

.....
"It really showed us how much focus was on operations for last few years, there has been no chance to look at bigger picture and realise our focus should have changed. (Now we have) re-focused from growth to consolidation, (the program) highlighting exciting opportunities and challenges for our business" - Participant
.....

Courses, Training and Workshops: Animal Performance

The focus of program investment in the area of Animal Performance is to ensure dairy farmers and industry stakeholders are implementing or advising on practices which improve cow productivity, reproduction, health and welfare.

Course, Workshop or Event	Description	Activity
Euthanase Livestock	These workshops update the skills of stock handlers who have responsibilities for the routine or emergency euthanasia of sick, injured and unsaleable cattle. Participants are provided with current information on best-practice methods of humane euthanasia of cattle with a special emphasis on new industry standards and guidelines that apply.	4 workshops” Finley, Rochester, Merrigum and Cobram
Cups On Cups Off (CoCo)	The CoCo Course is designed to help farm owners, managers and employees to deliver best practice management around milk harvesting and milk quality, with the emphasis on the detection, treatment and prevention of clinical mastitis.	10 courses: Tallangatta, Finley, Tatura, Whorouly, Cohuna, Shepparton, Strathmerton, Merrigum, Numurkah, and Cobram
Transition Cow Management	This program is designed to help farm owners and herd managers learn how to implement a successful transition feeding program pre-calving and achieve dramatic reductions in milk fever and other cow health problems around calving.	1 workshop: Numurkah
InCalf Project – Bull Fertility	This is a one day discussion group model on how best to manage your bull team.	1 workshop: Numurkah
Rearing Healthy Calves	These workshops aim to give farm owners, managers and employees a practical guide to all aspects of calf management using the Rearing Healthy Calves manual, such as: <ul style="list-style-type: none"> • pre-calving care • environment • nutrition and colostrum • health management • preparation for weaning 	4 workshops: Echuca, Numurkah, Kiewa and Kyabram
Down Cow	This on-farm, practical workshop gives farm owners and managers best practice protocols for dealing with ani-mals that are unable to get up.	1 workshop: Finley

Courses, Training and Workshops: Preventing Lameness

Murray Dairy hosted leading NZ vet, Neil Chesterton, at four events across the region, highlighting the importance of facilities and low stress handling of stock to prevent lameness. Neil discussed the different lameness conditions and risk factors, and the importance of factoring in cow behaviour and cow flow through your yards, laneways and dairy entry and exit designs. This workshop took place on farms across the region where Neil was able to demonstrate his theory in action, providing practical solutions to improve cow flow and reduce lameness for different layouts.



Courses, Training and Workshops: Farm Business Management

The focus of program investment in the area of Farm Business Management is to increase dairy farmers' and industry stakeholders' business capability and enable them to respond to the challenges and opportunities within the industry.

Course, Workshop or Event	Description	Activity
Dairy Farm Business Analysis	This three-day course provides participants skills and guidance to analyse their business performance in depth through the calculation and explanation of key performance ratios. Using DairyBase, participants learn to track business performance, interpret results and make decisions about business direction.	5 courses
Farm Business Fundamentals	This three-day course provides participants with the basis for capturing, understanding and interpreting farm business data. Using the Standard Chart of Accounts and cash budgeting tools, participants are introduced to management accounting and fundamental business management concepts.	2 courses
Dairy Farm Monitor	The Dairy Farm Monitor sessions provide an update on Dairy Farm Monitor results. Dairy Farm Monitor is a comprehensive analysis of farm performance based on financial performance and production for several businesses across the Murray region. The results include the last 11 years of historic data and data from other Victorian dairying regions.	3 sessions
Governance & Risk	This two-day program was offered via the Large Herds Project and provides participants with concepts, procedures and practical examples of running their dairy business as a corporate level, investment ready, professional business.	1 workshop

Courses, Training and Workshops: Land, Water and Carbon

The focus of program investment in the area of Land, Water & Carbon is to increase dairy farmers' confidence to manage long term sustainability including climate change, improving water use efficiency and managing nutrients.

Course, Workshop or Event	Description	Activity
Soil Management and Soil Pit demonstrations	In conjunction with Goulburn Broken CMA and the North-East CMA, soil workshops were delivered across the region. The sessions used soil pits to encourage participants to look at soil structure, constraints and remediation opportunities at each of the sites.	3 workshops: North-East
Murray Darling Basin Plan policy updates	These sessions provided an update on the MDBP and policy as the situation progresses.	Sessions were held across several venues in the region
Setting up your Season	Setting up your Season workshops provided information to enable farmers to have the best information available to kick start their season.	3 events
Cool Cows	A Cool Cows workshop was held to look at infrastructure opportunities on farm for the prevention of heat stress with the aim of identifying benefits to production and animal health.	1 session
Energy Summit	This workshop provided information about the opportunities for renewable energy on farm, grants supporting sustainable energy investment, as well as the current limitations of battery storage for most farms	1 event: Moama

Courses, Training and Workshops: Dairy Businesses for Future Climates

Irrigated farm systems in the Murray Dairy region have been heavily impacted by changes to water availability and price, caused by declining rainfall and changes to water policy. A variety of production systems are practiced but there are questions about what systems are best suited in the future.

The purpose of this project is to investigate climate change impacts on dairy farms in northern Victoria and analyse the performance of some potential adaptation options, particularly related to changing the feedbase.

The project will select a reference group and case study farm and use this information to 'test' a range of development options across a defined series of climate scenarios.



Courses, Training and Workshops: People

The focus of program investment in the area of People is to ensure dairy businesses are better equipped to manage, attract and retain good staff and have access to training programs to improve their knowledge, skills and competence to contribute to the industry's wealth and sustainability.

Course, Workshop or Event	Description	Activity
Employment Basics	An introduction to employing people correctly in the dairy industry. This practical workshop gives participants tools to apply learnings to individual dairy farm businesses to ensure that the workforce is managed successfully and that risk is reduced by being compliant.	6 workshops: Dederang, Cobram, Numurkah, Echuca, Tragowel, Tatura
Stepping up workshops	A workshop to support people transitioning in to dairy, usually an evening YDN event. Topics covered include <ul style="list-style-type: none"> • goal setting • career pathways • options to raise equity • financial calculations - know how to do the basics • managing relationships with business partners 	1 workshop: Shepparton
Stepping Back	The workshops are designed for people scoping the next steps in transition or family succession, or for farm owners considering reducing their level of active farm involvement. Topics might include- finding a manager, part ownership of business, share farming and shared equity arrangements, retirement.	3 workshops: Corryong, Rochester, Echuca
Taking Steps	Workshops outlining the details of share farming, leasing and shared equity arrangements for owners and share-farmers.	4 workshops: Echuca, Finley, Kyabram, Tallangatta
Farm Safety	Farm safety workshops were held with a range of discussion groups and milk factories to work through the Farm Safety Starter Kit. These were run as on-farm demonstrations and as presentations.	6 workshops

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Murray Dairy Financial Report 2017/18

Directors Report

For the year ended 30 June 2018

Directors

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

Richard Cross	-	Chairperson
Karen Moroney	-	Deputy Chairperson
Greg Ault		
Chris Thomas		
Tony McCarthy		
Andrew Mann	-	Treasurer
Andrew Tyler (Appointed 19 October 2017)		
Mark Bailey (Appointed 19 October 2017)		
Daryl Poole (Resigned 19 October 2017)		

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

Principal Activities

The principal activities of the company during the financial year remained unchanged and is to drive profitability, efficiency, skills growth, and to protect and promote the dairy industry in the Murray Dairy region.

Review of Operations

The profit/(loss) of the company for the financial year ended 30 June 2018 after provision for income tax was:

Year ended 30 June 2018
\$97,657

Information on Directors

Richard Cross	Chairperson
Qualifications	B.Ag.Sci (Hons), Graduate of the Australian Institute of Company Directors
Experience	Owner and Manager of dairy farm at Toolamba, Associate Director Tatura Milk Industries (2000 to 2002), Director Tatura Milk Industries (2002 to 2011), Deputy Chairman Tatura Milk Industries (2009 to 2011), discussions Member of Tatura Milk Industries Audit committee (2005 to 2007), Led the Tatura Milk Industries directors in merger with Bega Dec (2011), Director Bega Cheese (2011 to current), Assessor for innovation grants for Gardiner Foundation (2007 to 2011), Member of Horizon 2020 working group, Director of Murray Dairy (2013 to current)
Karen Moroney	Deputy Chairperson
Qualifications	Diploma in HAM (Dairy) (2011 Goulburn Riverina Institute TAFE), Rural Women's Governance Program through Alpine Valleys Community Leadership Program; Completed in May 2012, Diploma Rural Women's Leadership,
	April 2010 - Australian Government and DPI Program. Topics covered included building strong teams, leadership styles, communication and presentation skills, adapting to change, working with and lobbying government and local leaders, Various Small Business Courses through Albury TAFE: Units in Articles Writing, Law Commercial and Company and Small Business Administration.
Experience	Graduate – Australian Institute of Company Directors (2016) Azured XB Pty Ltd (2011 to current), Partner and Director Ausred Genetics Pty Ltd (1989-2011), Partner and Director Arajarra Red Breed Stud (2002 to current), Farm Stay Red Oaks (2014 to current), Head Bookkeeper and Administration Assistant - Albury Private Hospital (1980 -1984)

Directors Report

For the year ended 30 June 2018

Information on Directors (continued)

Greg Ault	Member
Experience	Owner and Manager of dairy farm at Rochester, ISG member for 8 years, UDV Member, Member of the Campaspe VFF branch Murray Dairy Board, Member as the ISG Representative, Extensive Farm Business Management, Broad Industry Knowledge & Networks, Strong Industry Funding Sources, Strong knowledge of Farming Systems
Chris Thomas	Member
Qualifications	Certificate IV in Training Assessment and Evaluation-GoTAFE Shepparton Masters in Corporate Leadership-Deakin University Masters in Applied Science (Rural & Regional Development) Uni of Western Sydney - Hawkesbury, Certificate in Rural Management, TAFE SA Diploma Management Practices, Australian Institute of Management (SA) - 1994 Graduate – Australian Institute of Company Directors (2017)
Experience	GMH Agcare - Rural Financial Counselling Services - Director Murray Dairy Regional Development Program - ISG Committee Member (14 years), DIAA (Dairy Industry Association of Australia) - Member Mcleod Thomas Irrigation - Owner/Manager, Farm Business Enterprise - Owner Operator, Dairy SA Founding Board Director, Field Officer - National Foods Ltd AgBiz Assist Board Member
Tony McCarthy	Member
Qualifications	Certificate in Farm Husbandry, Agricultural College, Ireland Graduation in Farm Management, Dairy & Beef Husbandry Certificate IV in Agriculture, Goulburn Ovens Institute of TAFE Diploma of Agriculture, Goulburn Ovens Institute of TAFE Advanced Diploma of Agriculture, Goulburn Ovens Institute of TAFE
Experience	Owner and Manager of dairy farm at Dhurringile Chairperson of the Goulburn Dairy Business Network Attendance at Regional Industry Updates Scholarship to New Zealand to work on dairy farms to gain knowledge on their farming systems
Andrew Mann	Treasurer
Qualifications	Bachelor of Applied Science(Agriculture) Melbourne University-Dookie College Graduate Diploma of Rural Science(Grain Production)-University of England
Experience	Fairley Leadership Program Agribusiness Manager-NAB Agribusiness Penrith, Credit and Risk Manager-NAB Agribusiness Toowoomba, Senior Rural Manager-Rabobank Shepparton
Andrew Tyler	Member - Appointed 19 October 2017
Experience	Owner and Manager of dairy farm at Tongala, Director of Australian Dairy Conference, Deputy Chair of the Australian Dairy Conference Board, Member of the Dairy Advocacy Reform Team, Chair of Rochester Bamawm Dairy Business Network Group

Directors Report

For the year ended 30 June 2018

Information on Directors (continued)

Mark Bailey	Member - Appointed 19 October 2017
Qualifications	Bachelor of Engineering (Civil) 1991 University of Melbourne Doctor of Philosophy (PhD) 2002 Monash University Australian Inter-service Incident Management System (AIIMS) certification 2013 PRINCE2 Foundation certification, 2013 International Association for Public Participation (IAP2) Certificate of Engagement 2016
Experience	Manager of Resources at Goulburn-Murray Water Project Manager for Amendments to GMW bulk entitlements implementing the Connections Project and the Northern Regional Sustainable Water Strategy Project Executive for projects on actions required under the Northern Regional Sustainable Water Strategy Member of the Carryover Review Committee for Murray, Goulburn and Campaspe systems
Daryl Poole	Member - Resigned 19 October 2017
Qualifications	Bachelor of Agricultural Science (Hons) (1989 Latrobe University), Diploma Australian Institute of Company Directors - 2010, Certificate IV in Training and Assessment, Diploma HR Management (Dairy) - 2013
Experience	Senior Consultant RMCG

Meetings of Directors

The number of Directors meetings attended by each of the Directors of the company during the year were:

	Director's Meetings	
	Number eligible to attend	Number attended
Richard Cross	8	7
Karen Moroney	8	8
Greg Ault	8	8
Chris Thomas	8	6
Tony McCarthy	8	8
Andrew Mann	8	8
Andrew Tyler	5	5
Mark Bailey	5	4
Daryl Poole	3	3

Significant Changes in the State of Affairs

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

Events Subsequent to the End of the Reporting Period

There are no matters of circumstance that have arisen since the end of the financial year that have significantly affected or may significantly alter the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Directors Report

For the year ended 30 June 2018

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulations

The operations of the company are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

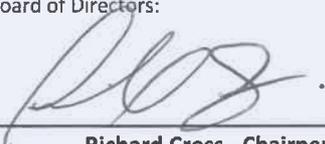
The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307 C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:

Director



Richard Cross - Chairperson

Director



Andrew Mann - Treasurer

Dated this

03 day of October 2018

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$
Revenue	2	2,021,837
Contracted employee benefits expense		(1,013,609)
Depreciation	3	(1,023)
Consultants and contractors		(454,827)
General and administrative expenses		(67,284)
Advertising and seminar/workshops		(196,863)
Occupancy and associated costs		(25,000)
Other expenses		(165,574)
Profit before income tax expenses		97,657
Income tax expenses	1	-
Profit/ (Loss) after income tax expense		97,657
Other comprehensive income:		
Items that will not be reclassified to profit and loss		-
Items that will be reclassified subsequently to profit or loss when specific conditions are met		-
Total other comprehensive income for the year		-
Total comprehensive income attributable to members of the entity		97,657

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$
Current Assets		
Cash and cash equivalents	4	1,364,033
Trade and other receivables	5	69,372
Other current assets	6	55,500
Total current assets		1,488,905
Non-current assets		
Property, plant and equipment	7	2,644
Total non-current assets		2,644
Total assets		1,491,549
Current Liabilities		
Trade and other payables	8	295,738
Total current liabilities		295,738
Non-current liabilities		
Total non-current liabilities		-
Total liabilities		295,738
Net assets		1,195,811
Equity		
Retained Earnings		1,195,811
Total Equity		1,195,811

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2018

Note	Retained Earnings \$	Total Equity \$
Balance at 1 July 2016	-	-
Loss for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of the entity	-	-
Transaction with owners, in their capacity as owners		
Shares issued		-
Balance at 30 June 2017	-	-
Profit for the year	97,657	97,657
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of the entity	97,657	97,657
Transaction with owners, in their capacity as owners		
Transfer of member funds Murray Dairy Inc	9	1,098,154
		1,098,154
Balance at 30 June 2018	1,195,811	1,195,811

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$
Cash flows from operation activities	10	
Receipts from customers		2,325,401
Payments to suppliers and employees		(2,196,469)
Interest received		10,954
Net cash provided by/ (used in) operating activities		139,886
Cash flows from investing activities		
Transfer of cash - Murray Dairy Inc		1,259,873
Net cash used in investing activities		1,259,873
Cash flows from financing activities		
Repayments of borrowings		(35,726)
Net cash used in financing activities		(35,726)
Net decrease in cash held		1,364,033
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year		1,364,033

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

Murray Dairy Limited applies Australian Accounting Standards - Reduced Disclosure Requirements

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a non-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering a service is recognised upon delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax.

(b) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

(c) Income Tax

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(e) Trade and other receivables

Trade and other receivables include amounts from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to note 1(h) for further discussions on the determination of impairment losses.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(f) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line or diminishing value basis or over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation Rate
Plant and equipment	15-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

(g) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the *effective interest method*.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

Impairment (continued)

For financial assets carried at amortised cost (including loans and receivable), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises that impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

(j) Employee benefits

Short-term employee benefits

No provision is made for short-term employee benefits as the company does not have any employees. Murray dairy services are delivered by employees of Dairy Australia. A cost recovery charged by Dairy Australia.

Other long-term employee benefits

No provision is made for other long-term employee benefits as the company does not have any employees. Murray dairy services are delivered by employees of Dairy Australia. A cost recovery charged by Dairy Australia.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

(k) Provisions

Provisions are recognised when the company 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(n) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(o) Critical accounting estimates and judgements

The director's evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on the current trends and economic data, obtained both externally and within the company.

Key Estimates

(i) Impairment

The company assesses impairment at each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing the recoverable amounts incorporate key estimates.

Key judgements

(i) Provision for impairment of receivables

Current trade receivable are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence than an individual trade receivable is impaired. As at 30 June 2018 trade receivables of \$2,775 (2017: N/A) were past due but not considered impaired as it is expected that these amounts will be received.

Notes to the Financial Statements

For the year ended 30 June 2018

		2018
Note 2.	Revenue & Other Income	\$
	Project income	1,837,920
	Interest received	10,954
	Other income	172,963
<hr/>		
Note 3.	Expenses	
	Contracted employee benefits expense (** Expense recovery is paid to Dairy Australia - the legal employer)	1,013,609
	Depreciation	1,023
	Rental expense on operating leases	25,000
<hr/>		
Note 4.	Cash and Cash Equivalents	
<i>CURRENT</i>		
	Cash at bank	1,133,296
	Short-term investments - bank deposits	230,737
		<u>1,364,033</u>
<hr/>		
Note 5.	Trade and Other Receivables	
<i>CURRENT</i>		
	Trade receivables	<u>69,372</u>
<hr/>		
Note 6.	Other assets	
<i>CURRENT</i>		
	Prepayments	<u>55,500</u>
<hr/>		
Note 7.	Property, Plant and Equipment	
<i>NON-CURRENT</i>		
Plant and equipment		
	Plant and equipment	
	At cost	3,667
	Accumulated depreciation	<u>(1,023)</u>
		<u>2,644</u>
	Total property, plant and equipment	<u>2,644</u>

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.	Trade and Other Payables	2018
		\$
<i>CURRENT</i>		
	Trade payables	140,547
	Sundry payables and accrued expenses	14,674
	Discussion group funds held	107,538
	ATO payable	32,979
		295,738

Note 9.	Change to legal structure
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During the year the entity changed its legal structure from an incorporated association to a company limited by guarantee. The members funds of previous entity Murray Dairy Inc were transferred to the company based on values as at 30 June 2017. The following assets and liabilities were transferred;

Cash	1,259,873
Trade and other receivables	176,425
Plant and equipment	3,667
Trade and other payables	(304,764)
Borrowings - Dairy Australia	(35,726)
Income in advance	(1,320)
	1,098,155

Note 10.	Cash Flow Information
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Reconciliation of cash flow from operations with profit after income tax

Profit/ (Loss) after income tax expense	97,657
Non-cash flows in profit:	
Depreciation	1,023
Changes in assets and liabilities	
(Increase)/decrease in trade and other receivables	107,053
(Increase)/decrease in other assets	(55,500)
Increase/(decrease) in trade and other payables	(9,027)
Increase/(decrease) in income in advance	(1,320)
Cash flow from operations	139,886

Notes to the Financial Statements

For the year ended 30 June 2018

Note 11. Capital and Leasing Commitments	2018 \$
(a) Finance lease commitments	
Payable - minimum lease payments:	
not later than 12 months	-
between 12 months and 5 years	-
later than 5 years	-
Minimum lease payments	-
Less future finance charges	-
Present value of minimum lease payments	-
(b) Operating lease commitments	
Non-cancellable operating leases contracted for but not capitalised in the financial statements.	
Property lease	
not later than 12 months	25,000
between 12 months and 5 years	-
later than 5 years	-
	25,000
The property lease is a non-cancellable lease with a one-year term, with rent payable in advance. Contingent rental provisions within the lease agreement require that the lease agreement shall be increased by CPI per annum. An option exists to renew the lease at the end of the term.	
(c) Capital expenditure commitments	
No capital commitment exist at 30 June 2018.	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 12. Director and Related Party Disclosures

Related parties include key management personnel, close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Note 13. Contingent Liabilities and Assets

The company's directors are not aware of any contingent liabilities or assets as at the date of signing this financial report.

Note 14. Company Details

The registered office of the company is:	The principal place of business is:
Murray Dairy Limited	Murray Dairy Limited
23 Nixon Street	255 Ferguson Road
Shepparton Victoria 3630	Tatura Victoria 3616

Directors Declaration

For the year ended 30 June 2018

The directors of the registered entity declare that, in the directors' opinion

- The financial statements and notes, as set out on pages 5 to 16, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - give a true and fair view of the registered entity's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
- In the directors' opinion there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director



Richard Cross - Chairperson

Director



Andrew Mann- Treasurer

Dated this

03 day of October 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Murray Dairy Limited

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Murray Dairy Limited, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In my opinion the financial report of Murray Dairy Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our [my] audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The responsible entities are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

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

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

Directors:

Adam Purtil, CPA
Karen Collins, CPA

160 Welsford Street, Shepparton VIC 3630
P.O. Box 5, Shepparton, VIC 3632

T (03) 5821 4622
F (03) 5821 1598

56 Denison Street, Finley NSW 2713
P.O. Box 229, Finley, NSW 2713

T (03) 5883 1477
F (03) 5883 2240

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

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The responsible entities are responsible for overseeing the registered entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Adam Purtil RCA 419507

Date: 3 October 2018

160 Welsford Street Shepparton, VIC 3630



Dairy
Australia

Your Levy at Work

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