



## Sub-tropical Dairy Programme Ltd. Annual Report 2017 - 2018







**Sub-tropical Dairy Programme is a not-for-profit Research, Development, Extension and Education company, limited by guarantee, led by a skills based Board elected by Queensland and northern NSW dairy farmers. During 2017 - 18 it has delivered, in conjunction with industry partners, \$1.4 million of projects that focus on improved profitability and sustainability of dairy farms. Sub-tropical Dairy receives core funding from Dairy Australia and the Dairy Services Levy.**

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### Vision

A profitable, sustainable and market focused industry, practicing responsible resource management, and offering a fulfilling lifestyle to adaptable, professional people operating in a global environment.

### Mission

To foster a collaborative and unified approach to farm viability, by facilitating research, development, extension and education, improving technology and empowering people in the industry.

## Sub-tropical Dairy meets these outcomes through:

- Delivering extension services across Queensland and northern NSW through information provision, facilitating groups, networks, workshops and events, and supporting mentoring and one-on-one technical advice;
- Capacity building in terms of farm practices, management, compliance, leadership and career development;
- Identifying and facilitating projects and relationships providing benefit for the local dairy industry;
- Advocating best practice in animal health and welfare, environmental and natural resource management, and business management in the interests of the long-term sustainability of the northern Australia dairy industry;
- Working with dairy farmers to identify, evaluate and implement areas where RD&E may assist in the competitiveness and sustainability of our region;
- Developing partnerships with industry stakeholders to maximise the benefits gained from the investment of the Dairy Services Levy;
- Where possible using Dairy Services Levy funds to leverage funds from other sources that can add value to current and future projects;
- Participating in national priority setting and strategic planning of farm RD&E;
- Ensuring responsible and timely use is made of the Dairy Services Levy paid by the region's dairy farmers;
- Applying appropriate corporate governance policies and principles in the operation of the business; and
- Monitoring and evaluating the effectiveness and efficiency of all the above.

## Sub-tropical Dairy Programme operates under its current Strategic Plan 2017–2022.

### This plan and its pillars are :-

Key strategic response and disciplines	Desired outcome
<b>Services improvement</b>	
Service improvement	<p>Develop and deliver world-class RD&amp;E that is regionally relevant, contextualised and adapted to business needs</p> <p>Improve the delivery model to drive participation and adoption (practice change)</p> <p>Improve participation and adoption through better marketing and communication</p> <p>Overcome barriers to practice change post-participation</p> <p>Co-invest in contemporary RD&amp;E for tropical and sub-tropical dairy businesses through global relationships</p>
<b>Profitable, resilient businesses resulting from the adoption of proven technology and practices</b>	
Farm Business Management	<p>Dairy farmers increase profitability by improved decision making based on appropriate analysis and interpretation</p> <p>Increase long-term profitability and business resilience through enterprise strategic planning</p> <p>Inform farmers and aspiring farm owners about business and ownership models that can enable transition in and out of the industry</p>
Agronomy and herd nutrition	<p>Increase forage production and utilisation</p> <p>Improve management of herd nutrition</p> <p>Investigate management techniques of tropical grasses to significantly increase intake and/or digestibility</p> <p>Less herd nutritional disorders</p> <p>Address market failure in tropical grass breeding programmes</p>
Herd reproduction and cow comfort	<p>Improve herd reproduction, especially during hot conditions</p> <p>Mitigate heat loads on milking herds</p>
Mastitis and herd health	Improved levels of mastitis management
Markets	Farms selling milk to sustainable high value markets
Staff	<p>A culture of safe work practices is embedded in all dairy farm businesses</p> <p>Farmers are preferred employers and skilled managers</p>
<b>Investing in people for today's and tomorrow's industry</b>	
Leadership	Develop new leaders
Skills	Farm businesses invest in the skill development of their staff
<b>Farming to meet legal and social expectations</b>	
Farmers operating at best practice in animal husbandry	Adoption of best practice by dairy businesses. Advisers are advocates for these practices
Natural Resource Management	Build industry capability to manage land, water and energy resources to minimise environmental impact whilst enhancing profit, and improving industry capacity to mitigate climate risk

# Sub-tropical Dairy Programme Board

An Independent Selection Panel recommends appointments to the Board, which are voted upon at each Annual General Meeting. Recommendations are based on skills, experience and ability to commit to the role. The Constitution allows for between six and nine Board members with the majority needing to be Sub-tropical dairy farmers.

During 2017-18, the Board met thirteen times, including the Annual General Meeting. The Board Directors are listed below with a record of attendances. The Board also has committees including Finance and Audit, Projects, Strategy and Innovation. It also participates in other committees overseeing collaborative projects such as Natural Resource Management (NRM), Young Dairy Network (YDN).



**Paul Roderick**

Dairy Farmer - Harrisville,  
Chair  
Strategy and Innovation  
Committee  
(13/13)

**Rachael Parkes**

Dairy Farmer - Ellangowan,  
Resigned 20-3-18  
Finance & Audit Committee  
YDN Strategic Steering  
Committee.  
(7/10)



**Luke Stock**

Dairy Farmer - Glenore Grove,  
Deputy Chair  
Projects Committee  
NRM Executive Committee  
YDN Strategic Steering  
Committee  
(13/13)

**Katrina Sinclair**

NSW DPI,  
Projects Committee  
NRM Executive Committee  
(8/10)



**Jo Davey**

Independent Director  
Projects Committee  
Finance & Audit Committee  
Strategy & Innovation  
Committee  
(11/13)

**Matt Trace**

Dairy Farmer - Kenilworth  
Appointed 16-11-17  
Strategic & Innovation  
Committee  
(7/7)



**Ian Hollindale,**

Independent Director  
Finance & Audit Committee  
(10/13)

**Bill Tranter**

Independent Director  
(13/13)



**Ross McInnes**

Dairy Farmer - Harrisville,  
Resigned 4-11-17  
Strategy & Innovation  
Committee  
UQ Dairy Mgt Committee  
(4/5)

**Paul Weir**

Dairy Farmer - Kyogle,  
Finance and Audit Committee  
Projects Committee  
(12/13)





# Sub-tropical Dairy Staff

Sub-tropical Dairy employs one full time and six part time staff members. These staff are a mix of Dairy Australia employees and contractors. Sub-tropical Dairy also engages consultants on an as needs-basis as project managers.



## **Brad Granzin**

Executive Officer Sub-tropical Dairy  
Regional Manager Dairy Australia  
Sub-tropical Programme Ltd.  
Company Secretary



## **Alicia Richters**

(appointed November 16, 2017)  
Dairy Australia Extension  
Co-ordinator: Northern NSW,  
Young Dairy Network  
Co-ordinator: Far North Coast  
NSW, South-east Queensland and  
Darling Downs



## **Belinda Haddow**

Dairy Australia Extension  
Co-ordinator: South-east  
Queensland and Darling Downs/  
Burnett



## **Kylie Dennis**

Dairy Australia Extension  
Co-ordinator: Sunshine Coast and  
Central Queensland  
Young Dairy Network  
Co-ordinator: Sunshine Coast



## **Jo Srhoj**

Dairy Australia Extension  
Co-ordinator: Far North Queens-  
land

## **Brie Bratfield**

(appointed November 1, 2017)  
Young Dairy Network  
Co-ordinator: Far North  
Queensland



## **Heath Cook**

Young Dairy Network  
Co-ordinator: Mid North Coast  
NSW



## **Katina Trout**

(resigned December 31, 2017)  
Dairy Australia Extension  
Co-ordinator: Northern NSW  
Young Dairy Network  
Co-ordinator: Far North and Mid  
North Coast NSW



## **Viv McCollum**

Young Dairy Network Program  
Manager  
(resigned September 30, 2017)  
Focus Farm Project Manager  
(appointed May 1, 2018)



# Report from the Chair

Following on from floods in March last year and a mild spring, we saw the return of dry conditions and high input prices in autumn and winter 2018 over much of Queensland and northern NSW.

During 2017 - 18, Sub-tropical Dairy continued to attract additional external funding to leverage the \$245,000 of Program Conduct funding received from Dairy Australia through the Dairy Services Levy. Dairy Australia funded an additional \$324,000 directly for Sub-tropical Dairy projects, such as the employment of regional extension co-ordinators and the local delivery of national extension programmes. Sub-tropical Dairy also attracted an additional \$189,000 of external funding from other sources. Our joint NRM project with Queensland Dairyfarmers' Organisation, Dairying Better 'n' Better, delivered projects valued in excess of \$600,000 during 2017-18. The total amount of funding Sub-tropical Dairy generated from a variety of sources was close to \$1.4 million. These funds were invested in a variety of projects, all of which are aligned to our priorities outlined in our Strategic Plan 2017-2022.

Between July 1 2017 and June 30 2018, Sub-tropical Dairy delivered 82 workshops and events directly to industry. Attendance totalled 1040 farmers (and staff) and 220 service providers. These events covered herd health, farm business management, herd nutrition, managing people, farm safety plus other topics. Our two-day Northern Australian Dairy Conference in November 2017 was a major achievement for the year. In addition, Sub-tropical Dairy facilitated 27 meetings relating to the Young Dairy Network, our Regional Groups, Focus Farm and Service Provider Advisory Group. 91 farmers and 87 service providers attended these meetings. We also co-delivered eight workshops with Queensland Department of Agriculture and Fisheries, focusing on grazing management in summer and winter. 92 farmers and 17 service providers attended these days. Overall 2017-18 saw us invest in 117 workshops and events, with a total attendance of 1,547 farmers, their staff and service providers.

During the year, we published six editions of our regional RD&E newsletter, Northern Horizons. Each edition was emailed to 950 recipients and 500 paper copies were mailed out. In a survey by Dairy Australia early in 2018, Northern Horizons ranked as the most valued newsletter by farmers nationally amongst seven Regional Development Programmes and Dairy Australia publications. This year also saw us develop a new eNews which is emailed to approximately 1000 recipients every week. Sub-tropical Dairy also continues to co-invest with Queensland Department of Agriculture and Fisheries in our regional website, [www.dairyinfo.biz](http://www.dairyinfo.biz). This site is recognised internationally as leading source of tropical and sub-tropical dairy RD&E.

During 2017-18, Sub-tropical Dairy invested in six farmer-led regional RD&E projects. These were a soil phosphorus survey in Far North Queensland, a fertiliser plot trail in South East Queensland, the calibration of new pasture meters in South East Queensland (in conjunction with Queensland Department of Agriculture and Fisheries), financial benchmarking in Far North Coast NSW (in conjunction with NSW Department of Primary Industries), a review of feed additives to manage heat stress (Sunshine Coast) and the establishment of a legume and kikuyu variety plot trial on the Sunshine Coast. A few of our other achievements included: funding one-on-one advisory support for businesses in financial crisis (Taking Stock); developing an investment plan to overcome market failure in perennial tropical grass breeding; developing extension resources regarding compost sheds, and funding regional discussion group activities.

I must thank our staff, consultants and collaborators who work tirelessly with us to achieve industry outcomes. The ongoing support of the Department of Agriculture and Fisheries Queensland, Queensland Dairyfarmers' Organisation, NSW Farmers Association, NSW Department of Primary Industries, North Coast Local Land Services, regional processors, agribusiness, universities and a range of other stakeholders is critical in allowing us to remain relevant to the dairy farmers of our region. I thank my past and current Board members for their diligence and governance over the 2017'18 year to ensure that we remain focused and servicing the needs of our industry through maximising the return on farmer levy investment. I would like to especially thank Ross McInnes who after eight years of service left the Sub-tropical Dairy Board in November 2017. 2017-18 also saw Viv McCollum resign as Young Dairy Network Program Manager after eight years in this role. Many thanks Viv for all your years of service. I would also like to acknowledge our Regional Groups, their chairs and secretaries who are the foundation and members of Sub-tropical Dairy. Finally, I would like to thank our Executive Officer, Dr Brad Granzin, and our Extension and Young Dairy Network co-ordinators: Belinda Haddow; Alicia Richters, Jo Srhoj, Kylie Dennis, Brie Bratfield and Heath Cook for their hard work during the year.



**Paul Roderick - Chairman**

**Sub-tropical Dairy Programme Ltd**





# Report from the Executive Officer

2017-18 saw Sub-tropical Dairy deliver 34 projects valued in excess of \$750,000. In addition to this, we jointly delivered in conjunction with Queensland Dairyfarmers' Organisation a further eight NRM projects valued in excess of \$2.5 million.

Key projects delivered this year included:

- Our networks such as our Regional Groups, Young Dairy Network and Service Providers;
- Workshop delivery in the disciplines of Animal Performance, Human Resources, Farm Business Management and Feedbase and Nutrition;
- Our communication and engagement platforms such as our bimonthly newsletter, Northern Horizons, our website, [www.dairyinfo.biz](http://www.dairyinfo.biz) and various other engagement activities such as regional dinners;
- Regionally targeted applied R&D which is often instigated by Regional Groups. Forage production and animal performance were key disciplines investigated during the year.

2017-18 saw us move to capturing much of evaluation data from workshops electronically. This data has shown that participants rank our workshops 8.9 out of 10 in terms of value to their business, with a range of 8.3 to 10. However, farmers and staff getting time off-farm to attend events, and having revenue to implement change, still remain as major barriers to practice change on our farms.

2017-18 also saw the first year of implementation of Sub-tropical Dairy's Strategic Plan 2017-2022. Key projects initiated during 2017-18 relating to this plan were: an investigation of investment options for tropical grass variety development; the publication of extension resources relating to compost sheds; and the delivery of more post-workshop events to assist with the integration of new skills and knowledge into dairy businesses.

Our main funders during the year were Dairy Australia with significant in-kind investment from the Queensland Government, milk processors and agribusiness. We continued our partnership with Queensland Dairyfarmers' Organisation during 2017-18 to deliver excellent NRM services to the northern Australian dairy industry. Many thanks to Ruth Chalk and her team for making this possible. Department of Agriculture and Fisheries Queensland continues to be a key partner to Sub-tropical Dairy in the delivery of feedbase and business management RD&E. C4 Milk, the lead R&D feedbase project for the Sub-tropical Dairy region, is delivering key transformational applied knowledge to maximise cow productivity through utilising more home-grown forage.

This year saw the resignation of Viv McCollum from the role of YDN Program Manager after eight years of service. I would like to thank Viv for all her hard work in this role and the success this project has had. 2017 also saw Katina Trout resign as the extension co-ordinator for northern NSW. Many thanks Katina for your hard work in this role. Katina's resignation saw Alicia Richters join the Sub-tropical Dairy team as the Extension Co-ordinator for northern NSW and YDN Co-ordinator for southern Queensland and Far North Coast NSW.

Looking forward we are well placed to support and assist the dairy farmers of the Sub-tropical Dairy region.

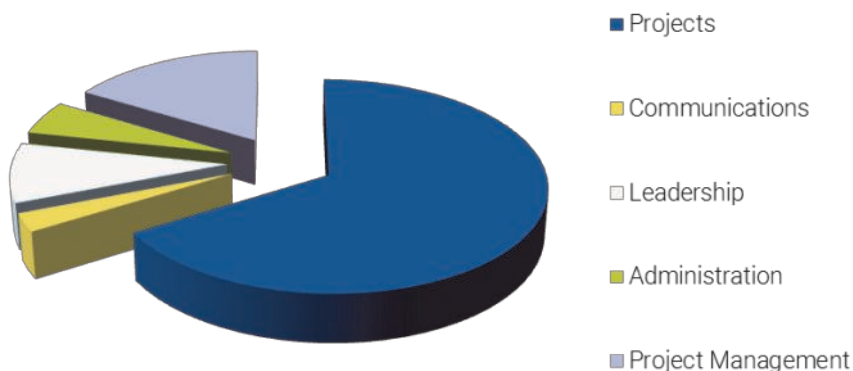
I greatly appreciate the support of everyone in industry. I am especially grateful to work with a team of dedicated and passionate professionals: Kylie Dennis, Belinda Haddow, Alicia Richters, Jo Srhoj, Heath Cook and Brie Bratfield. Their hard work and great enthusiasm is a huge asset for Sub-tropical Dairy. Many thanks also go to Di Gresham for managing our industry website [dairyinfo.biz](http://dairyinfo.biz). Finally, I would like to thank Paul, Luke and the Board for the confidence shown in myself to carry out this role.



**Brad Granzin**  
**Executive Officer**  
**Sub-tropical Dairy Programme Ltd**

Sub-tropical Dairy always endeavours to provide the most effective and efficient spend of funds. The graph of expenditure under a range of headings, is shown to the right.

## OUR LEVY INVESTMENT 2017 - 18





# Young Dairy Network

The Young Dairy Network (YDN) is an initiative of Sub-tropical Dairy and is supported by local milk processing companies.

The strategic statement for the YDN is *'to enhance the future viability of the dairy industry by supporting its young people'*.

The key aims of the network are to:

- **GROW** – develop the personal, technical, business, communication and leadership skills of young dairy farmers
- **SUPPORT** – create a network of young farmers that shares challenges and successes and boosts morale through challenging periods.
- **INSPIRE** – a group of young farmers to grow and develop together that are engaged with local, regional and national networks of young dairy farmers and the wider industry.

The project is managed by Sub-tropical Dairy and is delivered by a coordination team to the following regions: Far North Queensland, Sunshine Coast, Darling Downs/Burnett, South-east Queensland, Far North Coast NSW and Mid North Coast NSW.

After being supported by federal government funding for the last eight years, 2017-18 was the first year YDN did not receive this support. Consequently, the project was required to utilise reserves to maintain project delivery, resulting in a financial loss of approximately \$25,500.

As of 30 June 2018, YDN comprised of the following classes of membership:

- 550 members registered on the YDN database;
- 324 members on the closed YDN Facebook page with a 190 in six regional Facebook pages;
- The bimonthly YDN newsletter is distributed to 602 recipients with an opening rate of 30%;

The YDN is overseen by a Strategic Steering Committee (SSC), with Operational Steering Committees imbedded in each region. During 2017-18, the SSC met four times.

The Strategic Steering Committee for the 2017-18 financial year was:

Representative Organisation	Representative 2017	Representative 2018
Sub-tropical Dairy Farmer Representative	Todd Brown	Todd Brown
Queensland Dairy Organisation Farmer Representative	Francis Hayden (Chair)	Francis Hayden (Chair)
NSW Young Farmer Rep	Jai Woolridge	Jai Woolridge
QLD Young Farmer Rep	Jason McInnes (Vice Chair)	Jason McInnes (Vice Chair)
NSW Farmers Rep	Vacant	Vacant
Department Agriculture & Fisheries Queensland	Dominique Hinchliffe	Vacant
Milk Processor Representative 1	Charlie Ernst (Parmalat)	Charlie Ernst (Parmalat)
Milk Processor Representative 2	Sally Hopper (Maleny Dairies)	Sally Hopper (Maleny Dairies)
Queensland Dairy Organisation Executive Officer	Eric Danzi/Joe Bradley	Joe Bradley
Sub-tropical Dairy Executive Officer	Brad Granzin	Brad Granzin
Young Dairy Network Program Manager	Viv McCollum	Viv McCollum/Brad Granzin
Queensland Dairy Organisation Board Member	Matt Trace	Matt Trace
Sub-tropical Dairy Board Member	Rachael Parkes	Rachael Parkes/Luke Stock

Photo below left: Sub-tropical Dairy's Chairman, Paul Roderick farewelling YDN Program Manager, Viv McCollum after eight years of service at the Northern Australian Dairy Conference (November 2017)

Top right: Sunshine Coast Young Dairy Network members at a First Aid training day (June 2018)

Middle right: Mr Phil Hentschke and Ms Karen Yarnold discussing cow conformation with the South-east Queensland Young Dairy Network at Veresdale (May 2018)

Bottom Right: Sunshine Coast Young Dairy Network at a Rearing Healthy Calves workshop at Conondale Sunshine Coast (October 2017)





Over the year, the YDN network delivered 21 events (excluding meetings) during 2017-18 with a total attendance of 324 people.

**Table 1 – Young Dairy Network events held during 2017-18 financial year**

Activity	# Events	Total # Individuals attending*	Details
Network Functions	6	118	Events included dinners on the use of contemporary technology on-farm and general social networking functions.
Technical Events/Farm Walks	15	206	Events included workshops covering cow conformation, setting up a home office, first aid and accessing finance.
YDN Meetings	16	71	Three SSC meetings were held throughout the year plus 13 OSC meetings were held within the regions

*\*some individuals attended multiple events*

Some major outcomes and achievements for the Young Dairy Network during 2017-18 were:

- The upskilling of YDN members in business management, cow genetics and conformation, alternative business models and accessing finance;
- Providing opportunities for members to network with their dairy industry peers;
- Promoting the personal development of young people;
- Delivery of career pathways programmes for business succession within the industry

**Photo below: Victorian farmer, Mark Billings, sharing his experience with emerging technology at a Young Dairy Network and Sub-tropical Dairy dinner in Gympie on the Sunshine Coast (April 2018).**



# Natural Resource Management

Sub-tropical Dairy invests in NRM projects that build industry capability to manage land, water and energy resources to minimize environmental impact whilst enhancing profit and mitigating climate risk.

## Dairying Better 'n' Better

The Dairying Better 'n' Better (DBnB) program is a joint initiative between Sub-tropical Dairy and Queensland Dairyfarmers' Organisation (QDO) which assists dairy farmers to improve their natural resource management practices. QDO manages the program on behalf of both partners.

The project is overseen by a Steering Committee which comprises of board, executive and farmer representatives from both organisations. The Steering Committee is chaired by a dairy farmer (Luke Stock).

## The Dairying Better 'n' Better Team

The DBnB team for the 2017-2018 financial year are shown below:



Ruth Chalk  
Program Manager



Raelene Rosevear  
Reporting Officer



Sarah Childs  
Industry Development Officer  
Southeast Queensland



Joanna Srhoj  
Industry Development Officer  
Far North Queensland



Graham Chambers  
Project Delivery

## Projects

In 2017-18 the DBnB program team assisted farmers to improve resource management practices on-farm through a range of programs with a major focus on soils, nutrient, water use efficiency, and effluent management and reuse. Projects and program delivered through the DBnB vehicle are summarised in the table on page 13. Throughout all of the programs, DBnB engaged with 20% of the current dairy farms in Queensland during 2017-18.

### Photo below :Fertigation Trial at Harrisville



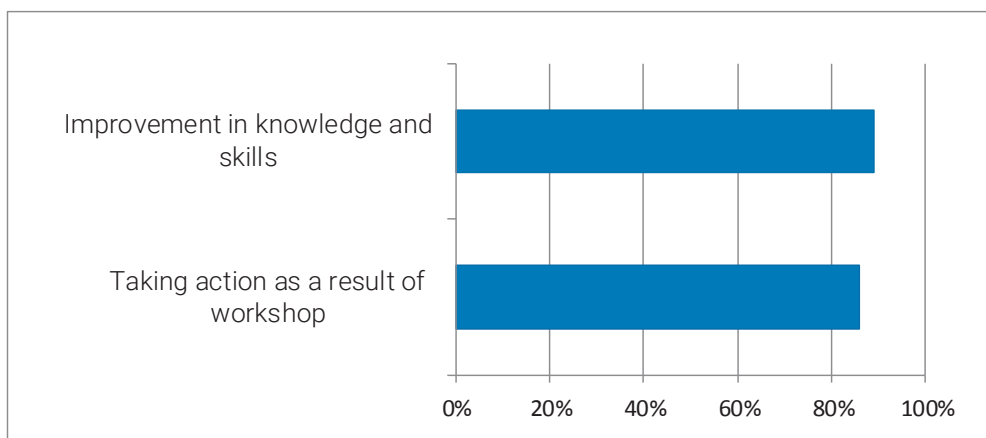


**Table 1. Projects, partners and investors of Dairying Better 'n' Better projects delivered during 2017- 18**

Project Name	Sub-tropical Dairy Partners	Total Project Funding \$ (excl. GST)
WQP14-0001 Dairying Better 'n Better Reef Partnerships	QDO, Australian Government Department of Sustainability, Environment, Water, Population and Communities	\$350,000
Let the Benefits Flow – A Cost-Benefit Analysis of Fertigation in Sub-tropical Dairying Systems	Australian Government Department of Agriculture and Water Resources and Sub-tropical Dairy	\$44,727
“The Secret’s in the Soil” - Checks and Balances for Healthy Soils on Darling Downs’ Dairy Farms	Australian Government Department of Agriculture and Water Resources and Sub-tropical Dairy	\$49,990
Reef Trust: Reef Alliance – Growing a Great Barrier Reef	Australian Government Department of Environment, Queensland Farmers’ Federation and Sub-tropical Dairy	\$487,700
Rural Water Use Efficiency Irrigation Futures	Queensland Government Department of Natural Resources and Mines and Department of Agriculture & Fisheries	\$1,218,500
Rural Water Use Efficiency Irrigation Futures - Callide Valley	Queensland Government Department of Natural Resources and Mines	\$93,500
Delivery of Sub-tropical Dairy NRM Outcomes in Queensland	Dairy Australia via subcontract to Sub-tropical Dairy	\$30,000
Rural Water Use Efficiency Irrigation Futures 2017-2018	Queensland Government Department of Natural Resources and Mines and Department of Agriculture & Fisheries	\$308,625

## Training

The DBnB team continues to deliver training through a range of group-based activities including workshops and field days. Throughout the year a total of nine (9) training activities were delivered by the team which attracted 107 attendees (80 dairy farmers) and, collaborated to deliver an additional nine training events which attracted 66 attendees. The activities continue to have a positive impact on-farm with the 89% of attendees taking action as a result of attending training events and 86% noted that the events improved their knowledge and understanding of the training activity topic.



## Technical Advisory Services

Throughout the year advisory services focused on the area of soils and nutrients.

Assessments/Plans	Number of farms
Soil Testing Service	10
On Farm System Assessments	27
On Farm Technical Visits (Reef Trust)	35 (91 visits)

## Incentives

In 2017-18, the DBnB program through the Dairy & Fodder Water for Profit supported 13 dairy farmers with improvements to their irrigation system or effluent management system. The grant program awarded a total of \$129,734 for on-farm projects costing \$1.9 million.

Sub-tropical Dairy would like to recognise all contributing organisations involved in the delivery of DBnB and those who have provided funding to continue to assist dairy farmers with improved management practices.







# People Portfolio

Sub-tropical Dairy supports projects that:

- Support young people in the dairy industry;
- Embed a culture of safe work practices in all dairy farm businesses;
- Result in farmers being preferred employers and skilled managers;
- Develop new leaders;
- Increase the capacity of staff.

Project	Sub-tropical Dairy Partners	Project Value
Young Dairy Network	Queensland Dairyfarmers' Organisation	\$80,000
Farm Safety Starter Kit and Manual workshops (6)	Dairy Australia, government WH&S departments	\$30,000
Cows Create Careers (2)	Dairy Australia, JD Events, sponsor dairy farmers and selected schools	\$22,000
Employment Starter Kit Initiative workshops (3)	Dairy Australia	\$15,000
Education engagement	Various secondary schools	\$6,000

Improving farm safety is a key national strategic priority for the dairy industry. During 2017-18, Sub-tropical Dairy delivered farm safety workshops at the entry level and also to equip farm business owners to undertake risk assessments and develop safe operating procedures.

This year also saw Sub-tropical Dairy continue the delivery of the Employment Starter Kit Initiative (ESKi). ESKi provides information to dairy businesses covering various aspects of employing staff: legal; financial; safety and recruiting. The ESKi manual is regularly updated by Dairy Australia as changes are made to employment laws throughout Australia.

Sub-tropical Dairy participated in two career events across Queensland: Moo Baa Munch and Rural Discovery Day. These two days attracted around 1,200 primary and secondary school students. Sub-tropical Dairy also continued supporting Cows Create Careers, with programmes delivered in Toowoomba and Lismore.





# Animal Health and Welfare Portfolio

Sub-tropical Dairy supports animal management projects that:

- Improve herd reproduction, especially during hot conditions;
- Mitigate high heat loads on milking herds;
- Improve levels of mastitis management;
- Results in farmers operating at best practice in animal husbandry.

Project	Sub-tropical Dairy Partners	Project Value
Healthy Hooves workshops (8)	Dairy Australia	\$40,000
Compost Shed extension resource development (R&D)	Dairy Australia	\$39,000
Heifers on Target workshops (6)	Dairy Australia	\$30,000
Heat Detective workshops (3)	Dairy Australia	\$25,000
Rearing Healthy Calves workshops (2)	Dairy Australia	\$20,000
Low Stress Calving workshops (3)	Dairy Australia	\$15,000
Euthanasia workshops (2)	Dairy Australia	\$10,000

Over the last few years, farmers and service providers consistently rank fertility and reproduction as the top technical priority. In response to this, Sub-tropical Dairy has placed significant emphasis on the delivery of workshops covering this discipline. These include Heat Detective and Low Stress Calving workshops. Similarly, calf and heifer management also rank consistently within the top ten priorities. The delivery of Rearing Healthy Calves and Heifers on Target workshops helped to meet industry needs.

Over the last three years, we have seen dairy producers in various Australian regions invest in compost sheds. There was a lack of data and information regarding the financial and productivity benefit/cost of integrating compost sheds into northern Australian dairy systems, particularly under various economic and biophysical operating environments. To address this gap, Sub-tropical Dairy commissioned a project during 2017-18 to review existing knowledge on compost sheds, undertake case studies and identify R&D projects going forward.

**Photo below left: Heifers on Target workshop, Cedar Pocket, Sunshine Coast (November 2017)**

**Photo below right: Heat Detective workshop, Gympie Sunshine Coast (February 2018)**



# Communications and service improvement

Our ability to interact with farmers through a range of two-way communication channels is essential for Sub-tropical Dairy to provide effective and efficient services and products to our levy paying dairy farmers.

Sub-tropical Dairy invests in projects that:

- Improve the extension model to drive participation and adoption (practice change);
- Improve participation and adoption through better marketing and communication;
- Overcome barriers to practice change post-participation;
- Co-invest in contemporary RD&E for tropical and sub-tropical dairy businesses through global relationships.

Project	Sub-tropical Dairy Partners	Project Value
Regional groups	Seven regional groups	\$45,000
Northern Horizons bimonthly newsletter	Department of Agriculture and Fisheries, Agribusiness	\$36,000
Annual Regional dinners (6)	Agribusiness, Dairy Australia	\$35,000
Northern Australian Dairy	Agribusiness, Milk processors, Dairy Australia	\$32,000
Dairyinfo website	Department of Agriculture and Fisheries Qld	\$10,000
Service Provider Advisory Group	Milk processors, Agribusiness	\$10,000
Weekly eNews	Dairy Australia	\$3,000

2017-18 saw our regional groups in Far North Queensland, Darling Downs/Burnett, Sunshine Coast, south-east Queensland, Far North Coast and Mid North Coast NSW meet between two to four times a year. Each Regional Group has an annual budget of \$5,000 to invest in local R,D&E projects. These are funded through submissions to the Sub-tropical Dairy Board Projects Committee. This year saw Sub-tropical Dairy support projects examining soil phosphorus status, the efficacy of calcium nitrate fertilisers during winter, kikuyu sward development and the benefit/cost of additives to mitigate heat stress.

2017-18 saw the first full year of publication of our bimonthly newsletter, Northern Horizons. This publication focuses on contemporary RD&E for our region. We sincerely thank all of our sponsors and contributors to Northern Horizons. Despite the transition towards electronic communication, the decision was made to mail Northern Horizons in hard copy to all Sub-tropical Dairy businesses. An independent review by Dairy Australia has ranked Northern Horizons Australia as the most farmer-valued publication nationally.

2017-18 also saw the delivery of the inaugural Northern Australian Dairy Industry Conference at Gatton during November 2017. This two-day event consisted of leading Australian speakers covering the latest advancements in forage management, herd nutrition and health, breeding and reproduction, markets and drones. Day 2 saw participants visit two of our leading dairy farms on the Darling Downs.



Sub-tropical Dairy and Department of Agriculture and Fisheries Queensland continued co-investment in the regional website [www.dairyinfo.biz](http://www.dairyinfo.biz).

**Photo left: Northern Australian Dairy Conference participants inspecting maize headlage at Chris and Andrew Mullins farm, Allora, Darling Downs (November 2017)**



# Farm Business Management

Sub-tropical Dairy supports farm business management practices that:

- Increase profitability by improved decision making based on appropriate analysis and interpretation;
- Increase long-term profitability and business resilience through enterprise strategic planning;
- Inform farmers and aspiring farm owners about business and ownership models that can enable transition in or out of the industry.

Project	Sub-tropical Dairy Partners	Project Value
Focus Farm	Dairy Australia, Agribusiness	\$38,000
Setting Up Your Office workshops (6)	Dairy Australia	\$30,000
Farm Business Fundamentals workshops (5)	Dairy Australia, Department of Agriculture and Fisheries Qld	\$25,000
Business Governance and Investment workshop	Dairy Australia	\$22,000
Taking Stock consultations	Agribusiness, Milk processors	\$12,000

Following from the previous Focus Farm project in Far North Coast NSW, Sub-tropical Dairy established a new Focus Farm at Gowrie Junction on the Darling Downs in mid-2017. This farm is owned by Paul and Jo Judge. As an approach to extension, focus farms provide a vehicle to support farmer decision making that addresses current conditions, providing relevance to farmers in a given region and/or with a similar farm system.

2017-18 also saw the delivery of Setting Up Your Office workshops. The primary outcomes from these workshops were for participants to learn new skills covering office layout, practical office procedures & processes, efficient and effective record keeping processes and to be made aware of dairy industry and business administration support tools and resources. Overall, 65 people attended these workshops.

Within a continuation of tight operating margins across northern Australia, we are seeing a growing interest amongst producers regarding cost management and profit drivers. 2017-18 saw Ray Murphy from Department of Agriculture and Fisheries Queensland deliver a series of workshops focused on managing farm financial and physical data and information. Key topics covered during these workshops were establishing business vision and goals, farm business management concepts, the Dairy Australia Standard Chart of Accounts, budgeting, monitoring, reviewing and keeping good records.

January 2018 saw the inaugural delivery of the Good Business Governance and Investment workshop at Maleny on the Sunshine Coast. This two-day workshop discussed practical ways to implement effective business governance principles, implementing strategic planning, options for family businesses to grow their wealth, and risk management.

During 2017-18, Sub-tropical Dairy funded the delivery of nine Taking Stock consultations across it's region. These one-on-one business consultations often are undertaken with businesses in financial crisis.



**Photo left: Setting Up Your Office workshop, Gympie, Sunshine Coast (April 2018)**

# Financial Reports

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Revenue	2a	700,202	782,906
Depreciation expenses		(86)	(102)
Operating expenses	2b	(661,361)	(752,774)
Surplus (Deficit) before income tax expense		38,755	30,030
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Sub Tropical Dairy Programme Ltd		38,755	30,030
<b>Other comprehensive income for the year net of tax</b>			-
<b>Total comprehensive income / (loss) for the year, attributed to members</b>		38,755	30,030

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	552,628	519,285
Trade and other receivables	4	48,508	59,375
Other financial assets	5	377,490	368,398
Other current assets	6	4,827	4,823
<b>TOTAL CURRENT ASSETS</b>		<b>983,453</b>	<b>951,881</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	489	575
<b>TOTAL NON-CURRENT ASSETS</b>		<b>489</b>	<b>575</b>
<b>TOTAL ASSETS</b>		<b>983,942</b>	<b>952,456</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	23,459	30,818
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,459</b>	<b>30,818</b>
<b>TOTAL LIABILITIES</b>		<b>23,459</b>	<b>30,818</b>
<b>NET ASSETS</b>		<b>960,393</b>	<b>921,638</b>
<b>EQUITY</b>			
Retained surplus		960,393	921,638
<b>TOTAL EQUITY</b>		<b>960,393</b>	<b>921,638</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

Note	Retained Surplus	Total
	\$	\$
<b>Balance at 1 July 2016</b>	891,608	891,608
Surplus for the year	30,030	30,030
<b>Balance at 30 June 2017</b>	<b>921,638</b>	<b>921,638</b>
Surplus for the year	38,755	38,755
<b>Balance at 30 June 2018</b>	<b>960,393</b>	<b>960,393</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from grants		697,720	720,447
Payments to suppliers and employees		(667,670)	(733,582)
Interest received		12,385	14,279
Net cash (used in)/generated from operating activities	9	<b>42,435</b>	<b>1,144</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Debentures and deposits		(9,092)	(10,194)
Increase (decrease) in cash held		<b>33,343</b>	<b>(9,050)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>			
		519,284	528,335
<b>Cash and cash equivalents at the end of the financial year</b>			
	3	<b>552,628</b>	<b>519,285</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Sub-tropical Dairy Programme Limited as an individual entity. Sub-tropical Dairy Programme Limited is a not for profit company limited by guarantee, incorporated and domiciled in Australia.

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. These financial statements are therefore special purpose financial statements that have been prepared to meet information requirements of the members.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The financial statements are presented in Australian Dollars, which is Sub Tropical Dairy Programme Limited's functional and presentation currency.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

The accounting policies that have been adopted in the preparation of this report are as follows:

### Accounting Policies

#### a. Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant which is usually at the time of receipt of the grant.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

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

#### b. Trade receivables:

Trade and other receivables are measured at amortised cost, less any provision for impairment.

#### c. Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

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

#### d. Cash and cash equivalents

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

#### e. Other financial Assets

Term deposits with original maturities of more than 3 months are classified as other financial assets – held to maturity. These term deposits are measured at amortised cost using the effective interest rate method.

#### f. 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

#### g. Income Tax

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

#### h. Comparative Figures

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 CONT.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

#### i. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. There were no significant

Sub-tropical Dairy Programme Limited is dependent on Dairy Australia for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe Dairy Australia will not continue to support Sub-tropical Dairy Programme Limited.

#### k. New accounting standards for application in future periods

The company has considered the impact of new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that have pending and not mandatory application to the current financial report. These pending standards and interpretations are not expected to have a material impact on the future financial reporting of Sub- Tropical Dairy Programme Limited.

### NOTE 2: SURPLUS/(DEFICIT) FOR THE YEAR

	2018	2017
	\$	\$
<b>a. Revenue</b>		
Funding Received	687,679	769,152
Interest Received	12,523	13,754
	<b>700,202</b>	<b>782,906</b>
<b>b. Operating Expenses</b>		
Project Expenses	409,924	466,691
Industry Meetings	65,949	93,742
Communication	19,501	21,370
Learning and Skills Development	10,000	10,000
Project Management	117,963	120,558
Administration	34,524	32,638
Audit Fees	3,500	7,775
	<b>661,361</b>	<b>752,774</b>

### NOTE 3: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank	552,628	519,285
	<b>552,628</b>	<b>519,285</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 4: TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
CURRENT		
Trade receivables	45,816	57,200
GST refundable	379	-
Interest accrued	2,313	2,175
	<b>48,508</b>	<b>59,375</b>

### NOTE 5: OTHER FINANCIAL ASSETS

	2018	2017
	\$	\$
Term deposits (Held – to – Maturity Investments)	377,490	368,398
	<b>377,490</b>	<b>368,398</b>

### NOTE 6: OTHER CURRENT ASSETS

	2018	2017
	\$	\$
Prepaid insurance	4,827	4,823
	<b>4,827</b>	<b>4,823</b>

### NOTE 7: PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Plant and equipment – at cost	13,320	13,320
Less accumulated depreciation	(12,831)	(12,754)
Total plant and equipment	<b>489</b>	<b>575</b>

### NOTE 8: TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Other amounts payable	23,549	30,180
GST Payable	-	638
	<b>23,549</b>	<b>30,818</b>



## NOTE 9: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of cash flows from operations with		
Surplus / (Deficit) for the year	38,755	30,030
Non cash flows		
Depreciation	86	102
Changes in assets and liabilities		
	9,900	(59,066)
	(6,305)	30,078
Net Cash flows (used in)/provided by operating activities	<b>42,436</b>	<b>1,144</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 10: ENTITY DETAILS

The registered office of the company is:

455 Tregeagle Road Tregeagle NSW 2480

The principal place of business is:

455 Tregeagle Road Tregeagle NSW 2480

### NOTE 11: MEMBER GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee.

If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 (2017 - \$10) each towards meeting any outstanding obligations of the company.

At 30 June 2018 the number of members was 7; at 30 June 2017 the number of members was 7.

### DIRECTORS' DECLARATION

The directors of the company declare that:

- A. The financial statements and notes, as set out on pages 8 to 15 are in accordance with the *Corporations Act 2001* and:
  - i. comply with Australian Accounting Standards to the extent of Note 1;
  - ii. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.
  
- B. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Roderick - Director



Luke Stock - Director

Dated this 28<sup>th</sup> day of August 2018

## Sub-Tropical Dairy Programme Limited

### Independent Auditor's Review Report to the Members of Sub-Tropical Dairy Programme Limited

We have reviewed the accompanying financial report of Sub-Tropical Dairy Programme Limited (the Company), 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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with Standard on Review Engagements ASRE 2400, Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity.

ASRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ASRE 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Australian Auditing Standards. Accordingly, we do not express an audit opinion on these financial statements.

*Crowe Horwath Audit Queensland is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for the acts or omissions of financial services licensees.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Sub-Tropical Dairy Programme as at 30 June 2018, and of its financial performance and cash flows for the year then ended, in accordance with the Australian Accounting Standards.

## Crowe Horwath Audit Queensland



**Jessica Galvin**  
Partner

Dated at Toowoomba this 30th day of August 2018

# Acknowledgements from Sub-tropical Dairy Programme

The Sub-tropical Dairy Board of Directors sincerely appreciates the financial assistance and support of many people and organisations. In particular we would extend our appreciation to the following: -

All Dairy Farmers in the Sub-tropical Dairy region  
All project and program supporters and sponsors  
AgForce  
AGK Services  
Allflex Australia  
Alltech  
Auswest Seeds  
Austsafe Super  
Bendigo and Adelaide Bank  
Biomim Australia Corporation  
Barb Bishop and Associates  
Chairs and Secretaries of SDP regional groups  
Conrad Carlile Accountants  
Crowe Horwath  
Dairy Australia  
Dairy Connect  
Dairy Express  
Dairy Farmers Milk Co-Operative  
Dairy NSW  
Daviesway  
Department of Agriculture and Water Resources  
Department of Agriculture and Fisheries (Qld)  
Department of Environment (Qld)  
Department of Natural Resources and Mines (Qld)  
Department of Sustainability, Environment, Water, Population and Communities  
DHA Rural Sales  
Direct Feeds  
Far North Coast Dairy Industry Group  
Feed Central  
Gympie Veterinary Services  
Jaydee Events  
Jefo  
Lallemand Animal Nutrition  
Lion  
Lockyer Bookkeeping Service  
Maxum Animal Nutrition  
Mid North Coast Pasture Council  
Nanango Community Bank  
National Australia Bank  
NSW Department of Primary Industries  
Norco  
North Coast Local Land Services  
New South Wales Farmers Association  
Parmalat  
Queensland Dairyfarmers' Organisation

Queensland Farmers' Federation  
Qld Rural & Industry Dev Authority Brisbane  
Queensland Machinery Agency  
Queensland Water Engineering  
Rabobank  
Riverina Stock Feeds  
RuralVet  
Safe Food Production Queensland  
Semex Australia  
Stoller Australia  
Tableland Veterinary Services  
TAFE in various regions  
Terrain Natural Resource Management  
The Milk Processors that source Sub-tropical Dairy milk:  
Barambah Organics, Cooloola Milk, Lion, Maleny Dairy,  
Mungalli Dairy, Norco, Parmalat, Richmond Dairies and  
Scenic Rim 4 Real Milk  
The other six Regional Development Programs across  
Australia  
University of Queensland  
Zoetis

