

2019/20

# ANNUAL REPORT



Cover image: NSW dairy farmer, Brodie Game and her son, Harry. Their farm is at Bemboka, in the Bega region.

Photographer: Kevin Game, 2020.



A man with a beard and a brown cap is leaning on a metal railing, smiling. He is wearing a dark blue polo shirt. The background is a corrugated metal wall. The text is positioned in the upper right area of the image.

"Dairy Australia's national network of eight Regional Development Programs remains a source of strength for our organisation."

Jeff Odgers  
Chair, Dairy Australia

A thin, wavy yellow line graphic that spans across the bottom of the page, starting from the left edge and ending with a small loop on the right side.

# ABOUT THE AUSTRALIAN DAIRY INDUSTRY



ANNUAL PER CAPITA CONSUMPTION

**97 litres**

milk

**13.6 kg**

cheese



**29%**

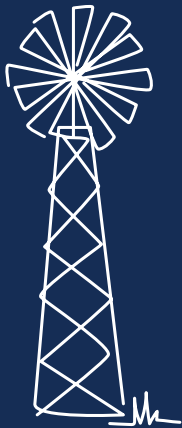
of milk production is exported



AVERAGE ANNUAL MILK PRODUCTION PER COW

**6,170**

litres



**4<sup>th</sup>**

Dairy is Australia's fourth largest rural industry



MAJOR EXPORT MARKETS tonnes

**244,460 t**  
Greater China

**73,984 t**  
Singapore

**86,269 t**  
Japan

**61,858 t**  
Malaysia

**51,843 t**  
Indonesia



TOTAL ANNUAL MILK PRODUCTION

**8,776**

million litres

VALUE OF FARMGATE PRODUCTION

**\$4.8 billion**



**43,500**

Dairy industry workforce



AVERAGE HERD SIZE

**279**

cows



AUSTRALIAN DAIRY HERD

**1.41 million**

cows

ANNUAL PRODUCTION OF MAIN COMMODITIES

**371,131 tonnes**

Cheese

**185,316 tonnes**

Milk powders

**72,548 tonnes**

Butter



AUSTRALIAN MILK UTILISATION

**39%** Cheese

**4%** Whole milk powder

**32%** Drinking milk

**3%** Other

**22%** Skim milk powder or butter



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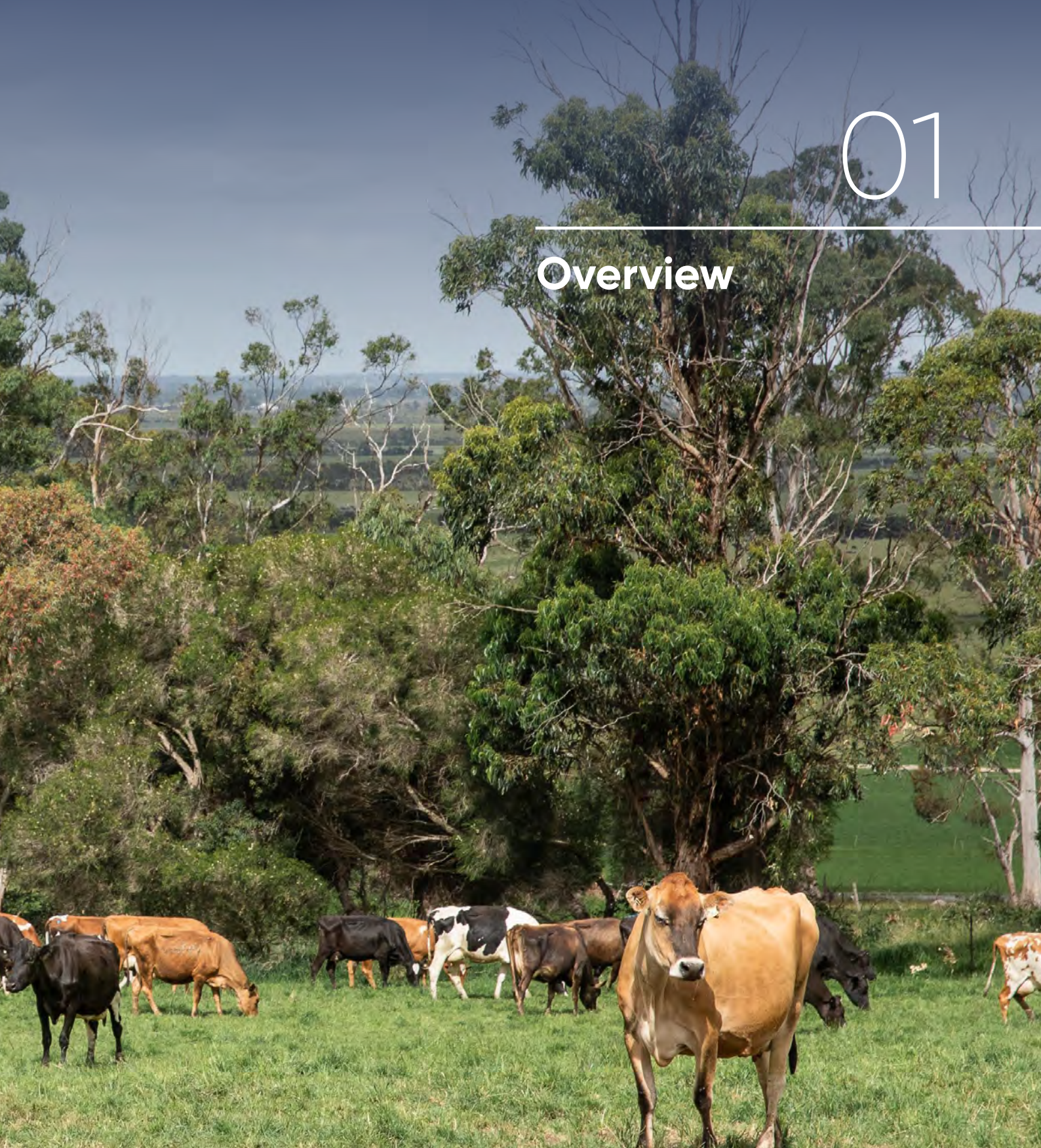
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# Overview



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# CHAIR'S REPORT

2019/20 was a year of sharp contrasts, with a number of events which challenged the industry along with important developments which see us on a stronger footing.

In the first half of the season we experienced a continuation of very dry weather conditions in most areas of the country, which culminated in damaging bushfires that impacted dairy regions in East Gippsland, parts of NSW and South Australia.

The industry's response to the bushfires saw our supply chain working together at its best, providing on the ground support to affected farms alongside government agencies. The support between farmers in different parts of the country keen to lend a hand to those in need was also fantastic, along with the assistance provided by local communities.

Conditions improved dramatically in the back end, with consecutive monthly year on year production increases from December to the season's close. National milk production finished the year down only 0.2% on the prior year, at 8.8 billion litres – a tremendous result given the difficult start to the season. Good rainfall also helped soften key input costs and provided the opportunity for farms in many regions to make decent profits.

Strong collaboration was seen again as our industry bodies pulled together to provide effective support to the supply chain during the COVID-19 pandemic, with Dairy Australia playing an active role in coordinating the industry's response. As with the bushfires, our Issues Management Framework was key to keeping key stakeholders from farmers, processors, government and broader industry informed and supported as events unfolded. This included working with government to ensure recognition of dairy's essential service status, developing a range of information resources for farmers and manufacturing businesses to help navigate potential implications for their businesses.

Improved industry collaboration is at the heart of the Australian Dairy Plan and Dairy Australia has played a significant role in the plan's development. We are already locked in behind the implementation of the Dairy Plan's five commitments through our program delivery, in key areas like attracting new people and investment to the industry, building skills, supporting improved business and risk management capabilities and an increased focus on industry marketing.

Dairy Australia has been 'at the table' working towards reform of industry structures. We see the opportunity for greater streamlining of industry services and the strategic alignment of our industry organisations which can benefit dairy as a whole.

There have been exciting developments in our research and innovation activities during the past year and we are looking forward to commercialisation outcomes in the near future that can deliver real benefits on farm.

DairyBio has planted demonstration plots of the world's first F1 Hybrid ryegrass at Hamilton, which are targeting yield improvements of 10-20%. The forage program is now looking at future forages for our changing climate, including rapid genetic improvement of short term and C4 grasses.

Our animal programs continue to make good progress and eight new Australian Breeding Values have been adopted into DataGene's improved genetic evaluation service.

DairyFeedbase programs are already getting traction. Pasture Smarts is readying for a pasture utilisation commercial release which will be game changing. While the First 100 days project promises around \$200 per cow, per lactation, with some simple feed tweaks.

We encourage everyone to read the DairyBio/ DairyFeedbase annual progress report, to see how bioscience and our applied research can deliver the profitability improvements that our industry continues to seek.



Dairy Australia's national network of eight Regional Development Programs remains a source of real strength for our organisation. It keeps a two-way conversation going with local farmer groups across the country and ensures we provide targeted and relevant services. Our regional teams have done a good job continuing to provide services and keep people connected during COVID-19 restrictions.

Our new five year Strategic Plan has been built on the substantial industry engagement that took place as part of the Australian Dairy Plan. It sets out 6 priorities and outcomes that contribute to delivering improved profitability and a more sustainable dairy industry, and a seventh priority that gives focus to organisational drivers of our performance. These priorities are aligned with the key commitments of the Australian Dairy Plan and will guide our delivery of this vital work on behalf of the industry.

The Board is also engaged in identifying opportunities for dairy to support Minister Littleproud's national innovation agenda for agriculture, in particular a cross sector approach to R&D investment.

This year's Annual General Meeting will be held online only due to continued restrictions and we hope you will be able to participate. Graeme Nicoll has announced his retirement from the Board and we thank him for his dedication to both Dairy Australia and GippsDairy over many years.



*J. R. Odgers.*

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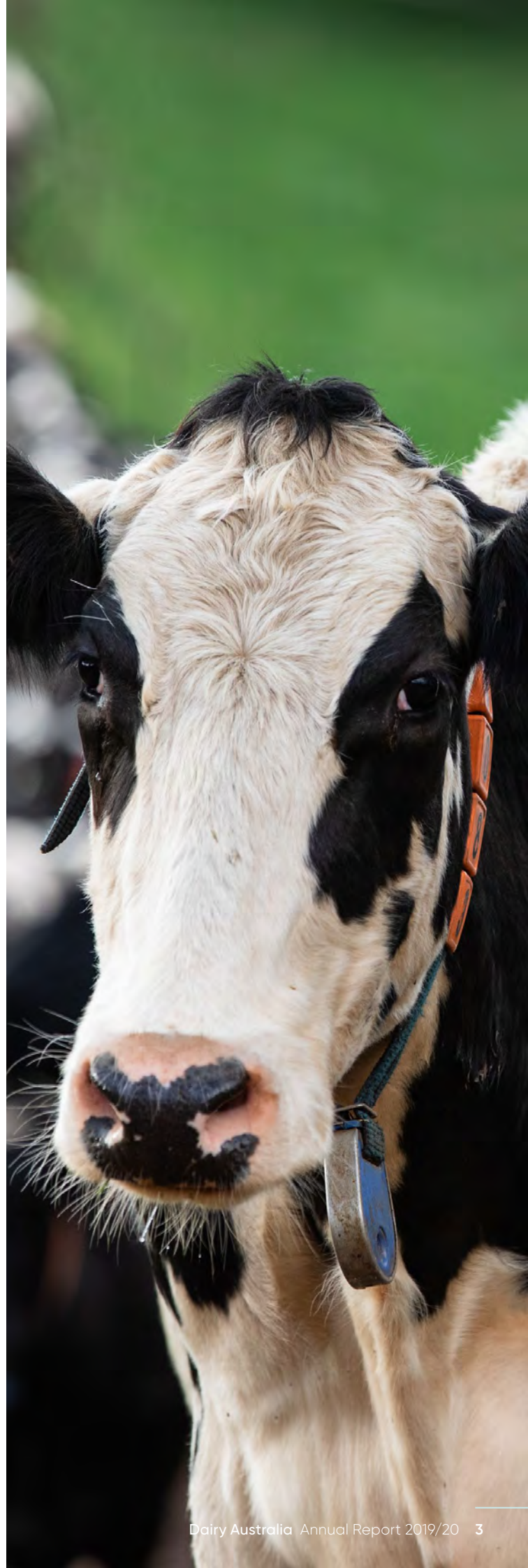
**Jeff Odgers** Chair



*James P. Mann.*

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**James Mann** Acting  
Chair from 25 March 2020  
Permanent appointment  
on 30 July 2020



# MANAGING DIRECTOR'S REPORT

Dairy Australia has continued to deliver on being leaders in shaping the profitability and sustainability of the dairy industry. Our 2019/20 contributions are broad, from supporting the immediate challenges facing farmers, from drought to bushfires and then COVID-19, through to investing to create opportunities for farmers from new innovations and from industry services.

The year started with drought still affecting many parts of the country. Farm profit had been reduced to only 16% of farm businesses reaching a profit target of \$1.50 of Earnings Before Interest and Tax (EBIT) per kilogram of milksolids produced, and industry confidence was deeply affected by farming conditions. This was an important backdrop as the Australian Dairy Plan actively sought the views of over 1,500 farmers and dairy people, consolidated the views of people from across the whole dairy supply chain and produced a draft plan in December. Feedback has since been incorporated into the plan, targets for success have been agreed, and the Australian Dairy Plan has now been published.

Five commitments have been agreed in the Australian Dairy Plan and Dairy Australia will actively contribute to each commitment.

Investments to shape future success in farm performance have also led to a range of innovations in critical areas of the feedbase, water use, development of people, genetics and business capability. A new flagship learning program for business planning called Our Farm Our Plan launched with ambitious targets for farmer participation. Genetic evaluation has been enhanced through the financial support of DataGene to improve the infrastructure required to run a modern evaluation service. New investment in the Smarter Irrigation for Profit project will focus on achieving more value out of irrigation use and also reduce energy requirements.

Dairy Australia has an important role to be a high impact voice for industry. The Dairy Matters industry marketing initiative continues to be successful in increasing the levels of trust for dairy producers and in dairy products. Our work to progress the industry's Sustainability Framework ensures that we continue to be world-class.

New targets for 2030 will further stretch the industry and demonstrate our commitment to sustainability challenges. Our long-term commitment to key export markets was personified by the 20-year celebration of the China Scholarship Program in October, and the depth of relationships between the Australian and Chinese dairy industries have been critical of late with global disruptions to trade.

We've made significant progress with our new Learning and Development strategy. This includes the enrolment of the first cohort of dairy farm management students at Marcus Oldham College and the launch of a new Dairy Farm Managers Masterclass with University of Tasmania. The necessity of moving face to face extension activities online during COVID-19 restrictions has created an important shift in our approach to service delivery in the future. Pre-COVID we had only 700 users enrolled in Enlight – our online learning platform. As of today we have 1,445 people using this service.

The Australian government has continued to review the dairy industry and also prepare new policy positions on innovation. Dairy Australia has been active in a new Senate inquiry as well as discussions to modernise rural research and development corporations. The strength of dairy industry organisations working together to produce the Australian Dairy Plan, to respond to government, and to focus on joint opportunities to advance the dairy industry has been critical at this time. Similarly, Dairy Australia is actively working with all rural research and development corporations to create new investments in agriculture that span rural sectors and better address the major issues facing all agricultural industries. A new investment company has been formed and initial investment strategies will include climate as a priority.

This year is the fourth and final year of the current strategy and has achieved significant outcomes in each of the three strategic priorities: more profitable dairy farms, capable people and a more trusted dairy industry. The highlights section of this report and the 2019/20 Performance Report set out a broad range of achievements.

We enter the new year with a new five-year strategy as well as a comprehensive effort to drive Dairy Australia to be a more innovative and responsive organisation. This includes new values which guides the way we work and deliver to farmers, a revised approach to prepare new projects for investment, enhanced digital platforms, and new finance systems.

People continue to be at the heart of all that we do, and this year has tested the resilience of all Australians. I'd like to recognise the efforts of all staff in these uncertain times. Dairy Australia staff have committed to deliver important industry services, our research partners have sought ways to continue their work without usual access to their facilities, and our industry partners in Australia and abroad have worked together to ensure that any impacts on dairy trade have been minimised – it's been a huge commitment. One of the most impressive feats of the past 12 months has been the work of all parts of industry to ensure that milk is collected every day from every farm, regardless of disruptions due to fires or COVID-19 restrictions. This is in stark contrast with many dairy industries overseas that have seen milk dumped at these times.

I would like to recognise and express my gratitude of all directors for their active involvement in developing a new industry plan, a new strategy for Dairy Australia, a more responsive organisation, an openness to participate in industry reform discussions and support for myself and staff through challenging times. This has been a substantial time commitment for all directors, who have willingly contributed their wisdom, critical questioning and support. Jeff Odgers, as chair through this year, has contributed so much to our organisation and has been a tireless advocate for our regional network and our innovation activities throughout his tenure. We are pleased that he will remain a Director following his decision to step down early from the role.

It is an exciting time for Dairy Australia and the dairy industry, with favourable seasonal conditions in much of Australia and growing confidence in the industry outlook. Our ambitious new strategy, motivated people, and great capacity to act collectively as an industry organisation will ensure we remain focused to deliver what matters most for industry.

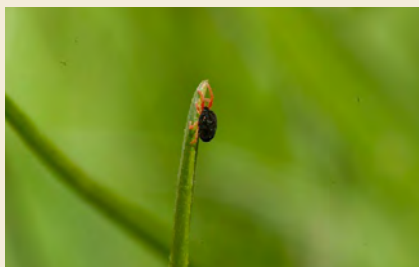


A handwritten signature in black ink, appearing to read 'D Nation'.

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**David Nation** Managing Director

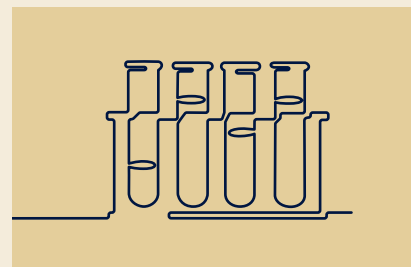
# 2019/20 key achievements



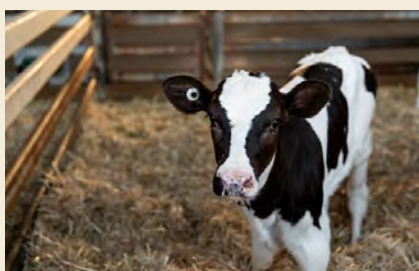
Delivered the **Insect Mapping study** in early 2020 which identified 148,000 invertebrates from over 2,300 samples and a further 19,000 from over 2,300 soil samples.



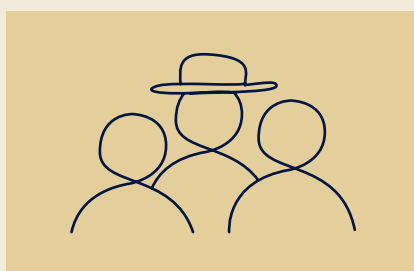
Published four years of economic data on profitability of farms with **Automatic Milking** compared with conventional farms – a global first.



Delivered the latest **ABV release** of eight new or updated traits. Three of these relate to health/welfare while five relate to type. This is a result of the commercialisation work done in DairyBio Animals projects.



A new method to enable farmers to identify low-fertility cows with 77% accuracy was developed. The milk mid-infrared spectroscopy (MIR) technology allows farmers to optimise herd management in their **animal breeding decisions**.



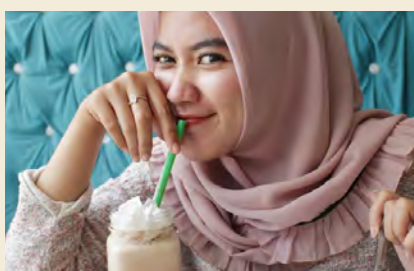
Made available **Our Farm, Our Plan** to farmers in all regions. The program has been committed to in the Australian Dairy Plan to rapidly increase farm business skills.



Launched **Transition Cow Management Online** which included four weeks of online learning. Participants rated the course an average of 9.3/10 for relevancy with 9.2/10 for recommending it to others.



Provided leading varieties of **F1 perennial ryegrass** from our current breeding program for evaluation in trials across Australia and New Zealand. These have shown significant success in both countries as the lowest cost and most profitable feed source.



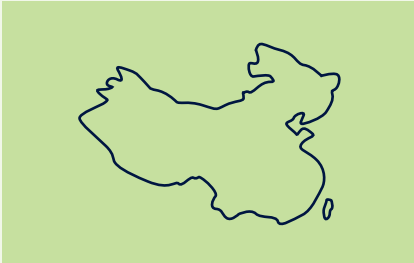
Provided extensive dairy industry input and worked with the Australian Dairy Industry Council towards the successful ratification of **trade negotiations** with Indonesia, Peru and Hong Kong. This will deliver improved market access and mechanisms to address non-tariff restrictions to trade.



Supported industry efforts to combat the European Union's push to impose a **Geographical Indicators** regime on Australia that is designed to restrict Australian manufacturers use of many common cheese names like parmesan and feta.



# 2019/20 key achievements



Celebrated the 20<sup>th</sup> anniversary of the **DA China Scholarship Program** training over 300 senior and middle managers from the three markets of China Mainland, Hong Kong and Taiwan.



Collaborated with dairy manufacturers to develop a **Dairy Packaging Roadmap** to 2025 to meet the Australian Government's 2025 National Packaging targets.



Adapted the delivery of extension as a result of COVID-19 and transitioned to delivery of **online extension** and remote facilitation.



Coordinated the dairy **COVID-19 response** including dairy specific resources related to managing workforce, human resources and industrial relations on farm during the pandemic.



Delivered **Dairy Passport**, an online platform that allows dairy farms to manage farm team members and link them to the key tasks that need to be undertaken on-farm.



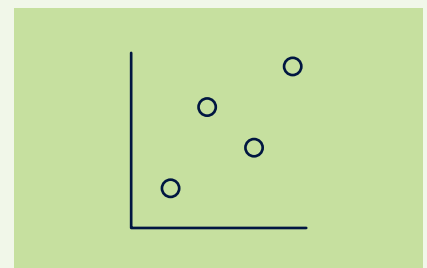
Established three **new partnerships** with education providers: Marcus Oldham College, the University of Sydney and University of Tasmania to attract more people to dairy.



Delivered the **Dairy Matters** campaign, reinforcing our commitment to health, our animals and our environment. As a result over 80% of socially conscious consumers (key target audience) trust dairy as a healthy and wholesome food.



Held the **Australian Grand Dairy Awards** which raised awareness of Australia's high quality dairy, with 83% of consumers feeling more positive towards the industry after seeing the campaign.



Provided significant **analysis and data insights** that have been vital in responding to uncertainty as a result of **COVID-19 response**.



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# 2019/20 key achievements



Celebrated the 20<sup>th</sup> annual **World Milk Day** with the 'milk matters' social media campaign led by the dairy industry's new ambassador and AFL footy legend Jonathan Brown.



Launched the **Dairy Matrix** with GPs and dietitians to reinforce dairy's unique health benefits, contributing to 88% of GPs feeling confident to recommend dairy as part of a balanced diet.



Reached 4.8M Australian's through the **Here for Dairy** campaign, delivered off the back of COVID-19 to reinforce that dairy farmers were continuing to provide fresh, nutritious dairy every day.



Delivered the **Picasso Cows** schools education program reaching over 18,750 students and providing in-depth learning about the industry and the health benefits of dairy.



Provided **strong policy support** to industry in areas including the Murray Darling Basin Plan, calving induction, labour, Health Star Rating scheme and labelling of plant based dairy alternatives.



Conducted a Materiality Review to support the **industry's Sustainability Framework** to determine what matters most to external stakeholders.

For a **comprehensive overview** of program highlights and achievements, details and key metrics are provided in our **2019/20 Performance Report**.





Mooroona  
Snapshot

Best Cow Design 2019  
Picasso Cows

90% of most cheese is milk

Udderly great Milk

Cowschew cud

Keep milk cold



02

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## Dairy Australia



About Dairy Australia  
Strategic Priorities

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## ABOUT DAIRY AUSTRALIA

As the national services body for the Australian dairy industry, our purpose is to support the profitability and sustainability of dairy farming.

We are funded by a combination of levies paid by dairy farmers and matching payments from the Commonwealth Government for eligible research and development activities.

### People are at the heart of everything we do.

Our focus is on attracting people to the industry, building skills, providing insights, informing policy formation and trade relations, promoting the benefits of dairy to consumers and meeting community expectations on issues such as environmental impact and animal welfare.


To shape our investment priorities, we work closely with our levy payers and other important stakeholders to understand their needs. Investments in innovation are focused on increasing farm productivity and the global competitiveness of our industry by providing practical tools, services and advice to assist farming operations and the dairy supply chain.

Our structure comprises a head office in Melbourne which supports on the ground delivery of services by eight Regional Development Programs (RDPs) located in dairy regions across the country.

We work closely with a wide range of industry, government and research organisations to advance the interests of dairy farmers. This includes Australian Dairy Farmers (ADF), state dairy farmer organisations, Australian Dairy Products Federation (ADPF), the Gardiner Dairy Foundation, state and federal governments, other Rural R&D Corporations (RDCs) and University research bodies. Our partnership funding arrangements with these organisations in major industry investments maximises the value of the dairy levy.

# STRATEGIC PRIORITIES

To achieve our core business objectives and guide investment activities, we develop and review annual strategic priorities. Our 2017–2019 strategy was extended to 2019/20 to align with the timelines of the Australian Dairy Plan. Dairy Australia's new strategy was launched in October 2020 and will be reflected in next year's Annual Report. The following is a list of our key programs for 2019/20. A complete list of our 2019/20 projects can be found in Section 6 – Appendices.

Strategic Priority – focus/scope	Strategic Programs
 <p><b>1 Profitable dairy farms</b></p> <p><b>Pre-farmgate</b> activities that contribute directly towards improving farm profitability by balancing cost of production, risk and total return on investment. The majority of this activity is productivity improvement-oriented R&amp;D, best practice identification and subsequent program development.</p> <p><b>Post-farmgate</b> activities are focused on improving farmgate sustainability and opportunities through supply chain cost reductions or improved conditions in key international markets.</p>	<ul style="list-style-type: none"> <li>• Animal Health, Welfare and Fertility</li> <li>• Genetics and Herd Improvement</li> <li>• Feedbase and Animal Nutrition (including AgTech and Innovation)</li> <li>• Farm Business Management</li> <li>• Land, Water and Carbon</li> <li>• International Market Support</li> <li>• Manufacturing Innovation and Sustainability</li> </ul>
 <p><b>2 Capable people</b></p> <p>Programs that enhance the capability of industry participants, including extension services (activities to assist the adoption of R&amp;D through activities that educate and inform or develop capacity to adopt change). This includes education and training activity, attracting people to the sector and assistance with career transitions.</p>	<ul style="list-style-type: none"> <li>• Regional Extension Service</li> <li>• People and Capability</li> </ul>
 <p><b>3 Trusted dairy industry</b></p> <p>Activities that have a strong focus on maintaining the industry's community trust including:</p> <ul style="list-style-type: none"> <li>• Marketing and communications to build consumer trust and confidence in dairy products and the industry</li> <li>• Informing industry and government policy development with industry insights and research</li> <li>• Collecting, analysing and distributing sector statistics and information for the benefit of industry stakeholders</li> <li>• Maintaining the sector's Sustainability Framework which sets and measures goals around sustainability credentials.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry and Community Marketing</li> <li>• Industry Risk and Reputation Management</li> <li>• Knowledge and Insights</li> </ul>



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## Investment activity



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Collaborative investment	21

## 2019/20 REVENUE

Dairy Australia's revenue is obtained primarily through the dairy service levy and Commonwealth Government funding for eligible Research and Development (R&D) activities.

The dairy service levy is deducted from payments made to farmers by milk processing companies which are then remitted to the Australian Government. In 2019/20, the rate of milk levies was 2.8683 c/kg milk fat and 6.9914 c/kg protein. Based on national average milk composition, these combined levies were equivalent to approximately 4.7399 c/kg milk solids.

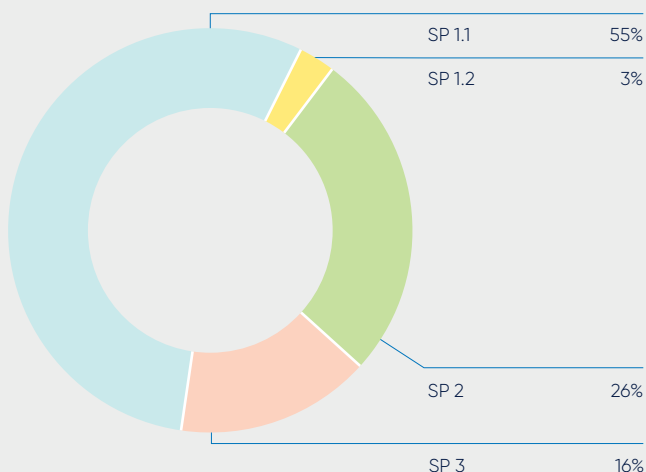
A Statutory Funding Agreement (SFA) between Dairy Australia and the Commonwealth Government of Australia (Commonwealth) includes the terms for the Commonwealth's provision of contributions which match the industry levy to a maximum of 50% of the gross annual milk production by the Australia dairy industry for eligible R&D activities.

The Commonwealth's important contribution of funds reflects the benefits of the agriculture industry including dairy to the Australian public and economy. Rural research and development corporations such as Dairy Australia are the mechanism by which dairy farmers and the Commonwealth co-invest in research and development for community and industry benefits.

Revenue	2020 (\$'000)	2020 (%)
Dairy service levy	31,643	56
Government matching payments	21,857	39
External contributions	1,923	3
Interest revenue	261	.5
Distributions from investments	231	.5
Royalties	9	-
Other income	456	1
<b>Total revenue</b>	<b>56,380</b>	<b>100</b>

## FUNDING ALLOCATION

### Project expenditure



### Strategic Priority 1

#### 1.1 Pre-farmgate activities

Funding allocation (\$'000) 30,419

#### 1.2 Post-farmgate activities

Funding allocation (\$'000) 1,659

### Strategic Priority 2

Funding allocation (\$'000) 14,380

### Strategic Priority 3

Funding allocation (\$'000) 8,849

**Total funding allocation (\$'000)**

**55,307**

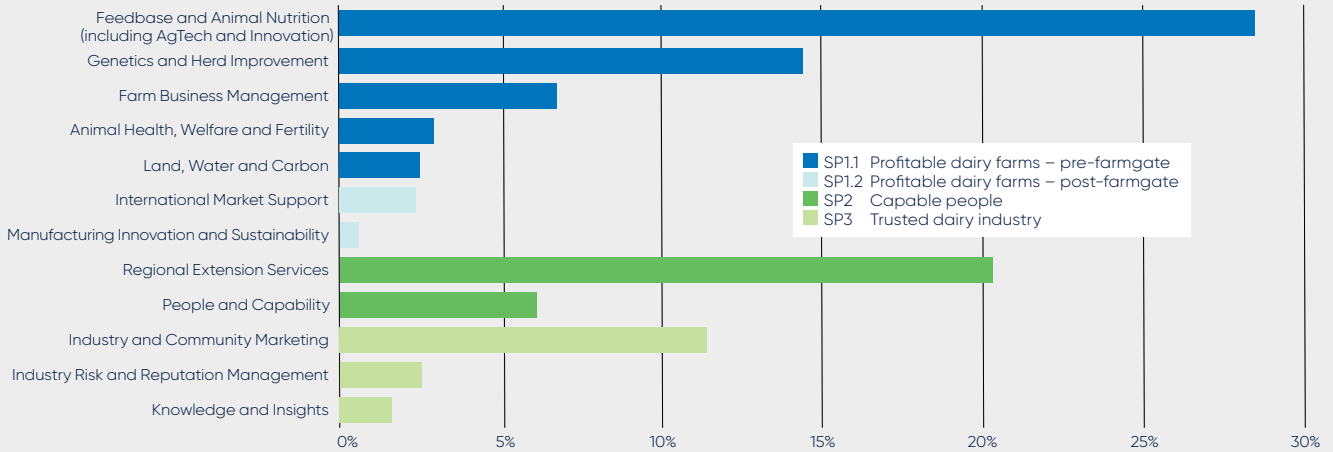
Dairy Australia maintains a balanced portfolio of RD&E investments which is achieved by investing:

- Over different investment time horizons including both long-term and short-term initiatives.
- In response to critical short-term issues e.g. feed shortage and more strategic initiatives.
- In projects following thorough consideration of the benefits (benefit-cost ratio) and risks.
- To maximise other industry funds while managing our risks i.e. with universities, Ag Vic and the Gardiner Foundation.
- In projects that consider Research, Development and Extension activities and recognise the importance of rolling out successful research to the industry.
- In projects with other RDC's to address similar agricultural-wide industry issues.
- In strategic initiatives to achieve long-term benefits for the dairy industry.



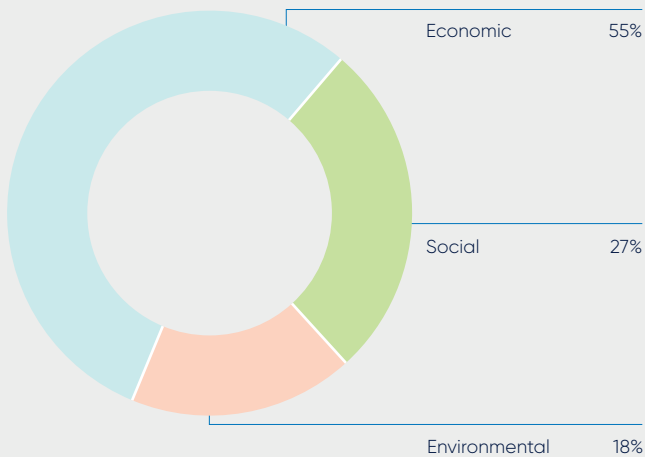
# PROGRAM INVESTMENT

How funding is allocated across Dairy Australia's strategic programs

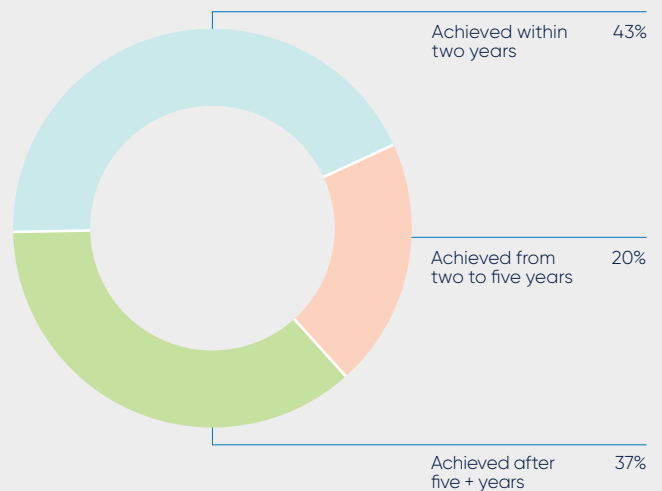


# INVESTMENT FOCUS

Triple bottom line allocation



Time horizon to achieve project benefits

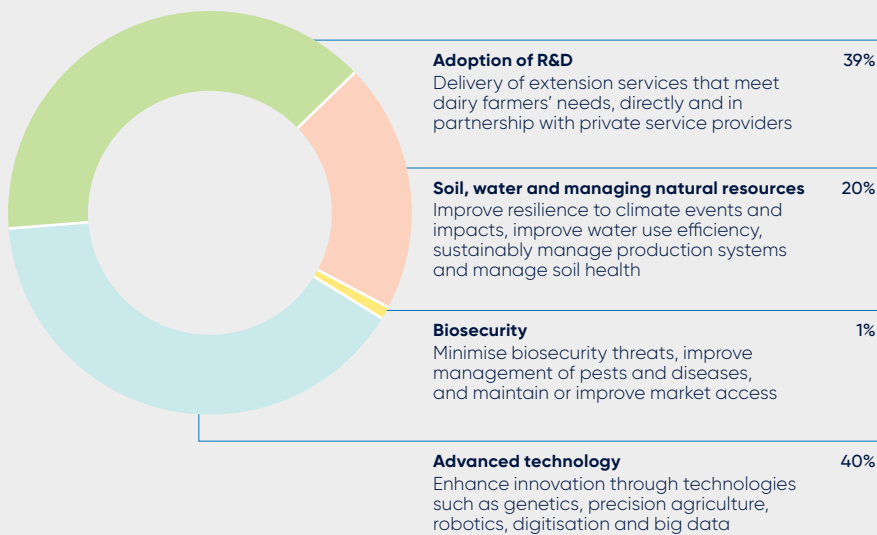


# AUSTRALIAN GOVERNMENT RESEARCH, DEVELOPMENT AND EXTENSION FRAMEWORK

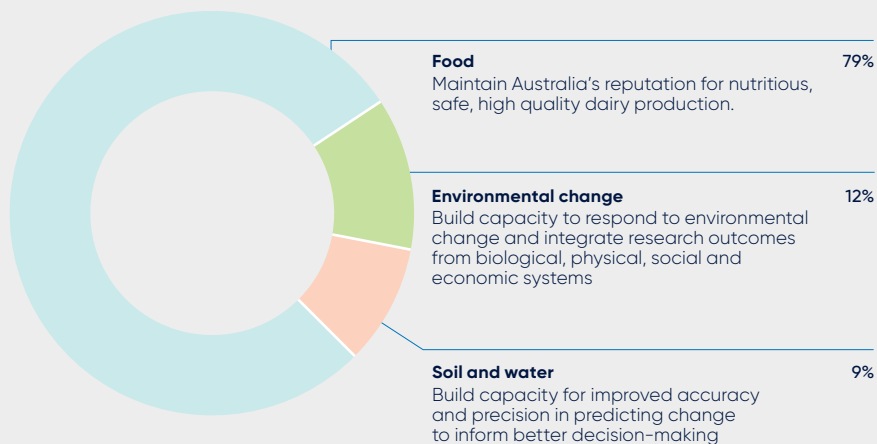
Our investments support the achievement of the Australian Government’s Science and Research priorities and Rural Research, Development and Extension (RD&E) priorities.

In 2019/20, approximately 80 per cent of our expenditure was directed towards activity that qualified as RD&E under government matching funding criteria.

## Rural RD&E priorities 2019/20



## Science and research priorities 2019/20



## COLLABORATIVE INVESTMENT

To deliver innovation and value to Australian dairy farmers, we collaborate extensively with a range of Australian and international partners.

Our partners include universities, state and federal governments, RD&E organisations, agricultural industry agencies, commercial agricultural companies, non-government organisations and Cooperative Research Centres. (See Section 6 – Appendices for further detail).

During 2019/20 we:

- Collaborated with all other RDCs through a number of key projects including Smarter Irrigation for Profit and Virtual Herding. Dairy Australia has an active cross-industry participation through the Council of Rural R&D Corporations and the Research and Innovation committee.
- We continued our collaborative investment with the Victorian Government, the Gardiner Dairy Foundation and a range of commercial partners in DairyBio and DairyFeedbase.
- In the final year of the Pastoral Genomics project, we partnered with DairyNZ, Beef & Lamb NZ, AgResearch and a number of commercial partners looking at plant genomic and phenomic research.
- Other collaborative investments continued with the Tasmanian Institute of Agriculture (TIA), the Queensland Department of Primary Industries, GRDC, MLA, AWI and AgriFutures Australia on a range of feedbase and animal nutrition projects including the National Pasture Genebank.
- The Milking Edge collaboration continued in 2019/20 with NSW Department of Primary Industries and DeLaval focused on extension modules around optimising automatic milking systems.
- Continued our partnership with the University of Melbourne in delivering the Dairy Vet Residency Program. A new relationship was also developed with Marcus Oldham College to support the next generation of Dairy Farm Managers.

In 2019/20, Dairy Australia contributed \$899,033 (not including in-kind contributions) to cross-sectoral collaboration. (see page 88 for details).





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## Corporate operations



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# OUR PEOPLE

We provide a challenging learning environment for our people to help advance and support our farmer, industry and community interests.

## Achievements

Our employees responded strongly to the global challenge presented by COVID-19, adapting to remote working that has resulted in greater contact between Southbank and our regional-based employees. With ongoing communication and resilience critical to our continued success, we increased our investment in wellbeing initiatives, including a new employee assistance and wellness coaching program which will run beyond 'lockdown' until our phased return to flexible office-based working.

Our annual employee engagement survey, quarterly pulse checks and resulting focus areas (vision, values, recognition, role clarity, team barriers and development) highlighted the need for increased capability and continuous improvement, framed by clear success measures for managers and employees. In addition to individual goals and objectives, team-based activities are well underway demonstrating our proactive approach to collaborative ways of remote working.

In 2020, we launched a talent acquisition and engagement platform, connecting Dairy Australia alumni, existing and prospective employees in a virtual community. The framework for employee onboarding and induction also took a digital turn, resulting in a streamlined candidate experience and more time dedicated to strategic projects.

Dairy Australia welcomed a redesign of our organisational values to align culture, purpose, brand and vision. Over the course of five months, our people collaborated through rigorous brainstorming, consultation, workshopping and sampling to arrive at four powerful values that embody our guiding principles and behaviours:

- **Farmer First** – farmer needs guide our purpose.
- **One Team** – we work together to achieve great things.
- **Innovative Thinking** – we are open to new ideas and learning as we go.
- **Decisive Action** – we make informed decisions and move quickly to implement.

## Key workforce data

To maximise the growth potential of our farmers, we provide holistic business support through our eight regional development programs.

Total headcount	FTE
186	156

Above statistics as at 30 June 2020

## Regional Development Program employees

Location	Headcount	FTE
GippsDairy	11	8.6
Murray Dairy	12	9.2
Dairy NSW	7	4.5
DairySA	6	4.0
Subtropical Dairy	5	3.3
DairyTas	7	4.4
WestVic Dairy	11	10
Western Dairy	10	5.7
<b>Total</b>	<b>69</b>	<b>49.7</b>

Above statistics as at 30 June 2020

**186**

people

**37%**

based in regional areas

**66%**

women

**57%**

women at executive level

**33%**

women at board level



**Jenelle Bowles**  
Western Dairy Regional  
Manager

We scoured the country far and wide to find a suitable replacement to lead the dairy front in the west, and to our delight we landed on rising talent within our midst, Jenelle Bowles.

Since May 2019, Jenelle has successfully managed communications for Western Dairy however as the COVID-19 pandemic took hold across the country in March 2020, she confidently stepped into the Regional Manager role.

While Western Australia is home to a relatively small dairy industry of 140 farm businesses, the industry manages some of the largest and fastest growing herds in the country. The regional team delivers meaningful outcomes through tailored extension, local pasture research, farm business performance and effluent management projects, as well as dairy traineeships and workforce development.

"What excites me most about our WA industry is witnessing an emerging group of progressive dairy farmers, who are generating new ideas and seeking information to build resilient and sustainable businesses."

Jenelle's role is a complex balancing act between the RDP Board, regional team, the broader Dairy Australia internal network and a myriad of external stakeholders and commitments. Yet she's managed all this with positivity and commitment amid the challenges of COVID-19.

"I care about our farmers, their families, and maintaining the viability of this vital industry in WA and Australia. I will continue to work collaboratively to ensure the right support and information is reaching those who need it," said Jenelle.

She has a strong background in journalism, communications and public affairs, however it is her experience in grassroots community engagement in Landcare that has seen her "hit the paddock running."

I want to connect more farmers through our face-to-face and virtual discussion groups and events so they can learn from each other. The team and I are also gaining greater insights from these conversations, so we can continually adapt and improve our service delivery.



**Sarah Xu**  
International Markets  
Manager

More than 20 years ago, the Greater China Scholarship program was introduced to help build and deepen Dairy Australia's relationships with China, Taiwan and Hong Kong.

The person behind that program was our International Markets Manager, Sarah Xu.

Sarah says the program was developed to build long-term relationships with a key international customer. The two-week program combines industry and technical presentations, hands-on activities and industry visits to farms and factories. Through this program, our customers gain high levels of trust and confidence in the Australian dairy industry and products.

Over 300 people from within the Chinese dairy industry have now been through the program with many progressing into positions of influence.

Sarah has also forged a close association with the Chinese Dairy Industry Association which plays a close role in our China programs. Her networks have been instrumental in smoothing the way for the ChAFTA agreement (China Australia Free Trade Agreement) which has dramatically opened up the Chinese market to Australian dairy exports and gaining intelligence on Australian dairy's largest overseas market.

Sarah has now taken on a similar role managing our Japanese Market Development program.

"Dairy Australia's engagement with Japan began more than 20 years ago and it's that long-term commitment to the market that's been greatly appreciated by our Japanese counterparts.

Sarah has also managed our interests in the Middle East. As a connector of people across industry and government in Australia and overseas, Sarah and her team have been a consistent factor in creating opportunities for new exports, attracting new investment and collaborating with other Australian agricultural RDCs in market.

## LEADERSHIP TEAM

Our Leadership Team is responsible for our day-to-day activities and ensures we deliver against the performance targets set out in our strategic and operational plans.

### **Dr David Nation** Managing Director

*BSciAg (Hons) PhD, Grad. Cert Bus Mgmt, GAICD*



David leads Dairy Australia and is Managing Director. In a career in dairy spanning 20 years, David brings extensive experience across the sector, including leading roles in a number of key dairy innovation pipeline projects. He has a background in agricultural science and has fulfilled various commercial and technical roles in the animal breeding and herd fertility service industries. Prior to joining Dairy Australia in 2018, David was Co-Director of DairyBio and DairyFeedbase, and Chief Executive Officer of the Dairy Futures Cooperative Research Centre.

### **Charlie McElhone** Group Manager – Trade and Industry Strategy

*BAgrEc, GDip (International Business), MBA, GAICD*



Charlie leads the Trade and Industry Strategy team at Dairy Australia and is responsible for facilitating profitable international trade of Australian dairy products and providing information, analysis and market intelligence to the Australian dairy industry. Charlie has a long history of working within the agriculture and food sector in areas related to policy, advocacy and informing decisions related to the market dynamics. Charlie came to Dairy Australia from the National Farmers Federation (NFF), where he was the General Manager of Policy. Apart from overseeing all policy activities of the NFF, he also took primary carriage of the organisation's advocacy in the Economics and Trade portfolios.

### **Peter Johnson** Group Manager – Farm Profit and Capability

*BSciAg MBA*



Peter leads the Farm Profit and Capability Group, which invests in research, development, extension and education activities to support the profitability, sustainability and competitiveness of Australian dairy farmers. He was previously the Program Leader of the Feedbase & Nutrition portfolio. Peter has a broad range of Agribusiness experience, coming to Dairy Australia from the Pasture Seed Industry where he was the National Sales and Marketing Manager of a large seed company and led a strong period of growth combined with a number of business acquisitions and integrations. Peter has worked for Rabobank, was an Agricultural Advisor in the Falkland Islands and worked in extension for NSW Agriculture delivering courses including Top Fodder and ProGraze.

### **Elizabeth Parkin** Group Manager – Business and Organisational Performance

*BBus, FFin, CAANZ, FINSIA*



Elizabeth leads the Business and Organisational Performance Group which includes Strategy and Corporate Planning, Portfolio Management Office, Finance, Information Technology, Company Secretariat, Legal and Risk Management. Elizabeth has over 25 years' experience in senior management and corporate advisory roles in KPMG and Lander & Rogers. She has a strong record of achievement in roles including corporate Finance Director and Chief Operating Officer. Elizabeth has broad board experience and has served as a director on multiple boards and the chair of audit and risk committees.



**Kendra Campbell** Group Manager – Marketing and Communications

*BBus (Marketing)*



Kendra leads the Marketing and Communications Group which includes consumer marketing, corporate and farmer communications, digital and design. Kendra has over 15 years' experience in marketing, corporate communications and public relations (PR). Previously she was Marketing Manager at Coles Express and General Manager of Marketing at Bakers Delight Holdings. Kendra has been responsible for entire portfolios spanning brand advertising, marketing, product development, PR, media relations, stakeholder communications and engagement, issues and crisis management, and internal/external communications.

**Helen Dornom** Manager – Sustainability including Food Safety and Integrity

*BAgrSc (Hons), GAICD*



Helen leads the Sustainability team at Dairy Australia including Food Safety and Integrity. She has a long history in the dairy industry having worked previously for CSIRO, the Australian Dairy Industry Council and the Australian Dairy Products Federation on research, development and extension strategies, issues management, supply chain, regulatory standards, policy frameworks, export facilitation, sustainability and international work including the development of International Dairy Federation/Food and Agriculture Organisation guides. As part of her role, Helen works with the Global Dairy Sustainability Framework and the Sustainable Agriculture Initiative.

**Imogen McBain** Human Resources Manager

*MCom (HR) BAppSc (Psychology)*



Imogen leads the HR team at Dairy Australia bringing over 10 years' experience to the role. She has previously worked in a variety of industries including engineering, consulting, media/technology and property development. Imogen also brings specialist experience in HR Analytics, HR Technology and Employment Relations. Prior to joining Dairy Australia Imogen led the HR function at Caydon Property Group. Imogen was on parental leave for the second half of the year, welcoming her second child.

**Melissa Kuti** Human Resources Manager (acting)

*MBA, Grad Dip Mgmt, BA Comms*



Melissa manages the HR function as a parental leave replacement and is responsible for activating the employee lifecycle across culture, talent acquisition, workforce planning, learning and performance development, engagement and workplace health and safety. With over 15 years of leading HR teams in sectors including professional services, education, childcare and not-for-profit, Melissa is a seasoned consultant whose experience includes start-ups, mergers and acquisitions, global workforce redesign and leading portfolios of talent advisory partners and centres of excellence.



# CORPORATE GOVERNANCE

To demonstrate our performance and accountability to members, levy payers, Government and other stakeholders, we are committed to an effective system of corporate governance.

Dairy Australia is an unlisted public company limited by guarantee. As the industry services body under the *Dairy Produce Act 1986* (Cth), we operate within a corporate governance framework consisting of:

- Dairy Australia Constitution
- *Australian Charities and Not-For-Profits Commission Act 2012* (Cth)
- Statutory Funding Agreement with the Commonwealth of Australia
- Other relevant laws such as the *Corporations Act 2001* (Cth).

## Statutory Funding Agreement

On 26 June 2017, Dairy Australia entered into the current Statutory Funding Agreement with the Department of Agriculture and Water Resources for a term of four years. Under this agreement, the Commonwealth agrees to pay dairy service levy funds from dairy farmers to Dairy Australia, together with government matched payments. The Statutory Funding Agreement also sets out:

- Corporate governance and board requirements.
- Requirements for a review of performance against the agreement.
- Management and application of the funds in accordance with Commonwealth guidelines.
- Consultation requirements with levy payers, members and the Commonwealth.
- Reporting requirements of Dairy Australia including Strategic Plan, Annual Operational Plan, Evaluation Framework.
- Risk management requirements including a risk management plan, compliance audit and certification reports.

The last external review of our performance was in 2017. All key improvement actions from this review have been implemented including performance dashboards, improvements to the annual report, improved marketing and promotional activities and enhanced communications to levy payers. The next independent assessment of compliance with the current Statutory Funding Agreement will occur towards the end of 2020.

## Constitution

Dairy Australia's constitution includes:

- The objects (purpose) of the company
- Membership eligibility criteria and voting rights
- Consultation processes with members
- Powers of the board
- Composition and selection of board members and committees.

The Constitution and Statutory Funding Agreement are available on our website.

## Membership

Under the Constitution, there are two classes of members:

- Group A members: dairy farmers who pay the dairy services levy and elect to become members. Group A members have voting rights on resolutions and director appointments.
- Group B members: bodies that represent the Australian dairy industry and currently consists of the Australian Dairy Farmers and Australian Dairy Products Federation. Group B members do not have voting rights but can move resolutions at general meetings.

While not a listed company, Dairy Australia draws on best practice corporate governance guidelines such as the ASX Corporate Governance Principles and Recommendations. A report against the 4<sup>th</sup> edition of the Principles and Recommendations for 2019/20 is provided on the following pages.

# PRINCIPLE 1

## Lay solid foundations for management and oversight

Our Board of Directors (the Board) acts in the interests of our major stakeholders – Group A and B members, non-member levy payers and the Australian Government in accordance with the Board Charter and Constitution.

The roles and responsibilities of the Board are set out in detail in the Board Charter which is available on our website. More specifically, the Board's responsibilities include:

- Open and transparent accountability to all stakeholders, particularly Group A and Group B members, non-member levy payers and the Australian Government.
- Reviewing, approving and monitoring progress against the strategic direction and financial objectives of Dairy Australia.
- Overseeing investment of the levy, government matching payments and other funds in essential activities across the dairy supply chain including research, development, extension and industry services aimed at enhancing the sustainability and profitability of the dairy industry.
- Approving the operating budgets, major capital expenditure and monitoring capital management ensuring a corporate governance framework is in place and effective monitoring of compliance and performance to ensure high standards of corporate governance.
- Considering the social, ethical and environmental impact of Dairy Australia's activities
- Ensuring risks are assessed and strategies in place to manage them.
- Encouraging dairy levy payers to join as Group A members.
- Ensuring there are adequate resources to meet Dairy Australia's objectives.
- Appointing the Managing Director, monitoring and reviewing his/her performance and overseeing succession planning.

Dairy Australia has a Delegated Authorities document which sets out financial delegations to management. At relevant Board meetings, the Board:

- Monitors progress on decisions delegated to management.
- Makes decisions on any matters above the authority of management.

In accordance with the Board Charter, each Board member participates in an annual review process which is based on the results of a peer assessment. A more extensive Board and Board committee performance review is undertaken every three years and is facilitated by an external specialist. The next review will be undertaken in 2021.

The last Board performance review, undertaken in 2018, highlighted a well-functioning board and recognised the diverse skillsets of Board members. A number of improvements have been implemented including:

- Earlier engagement on strategic planning facilitated by focus on the industry-wide Australian Dairy Plan.
- More targeted engagement to different stakeholders through improved communication materials.
- Improvements to the quality of performance monitoring and reporting.

The Board has established three standing committees that assist in discharging its responsibilities:

- Audit and Risk Management Committee
- Human Resources Committee
- Board Selection Committee.

Each committee has a Charter setting out its roles and responsibilities. These are available on our website. The frequency of Board meetings is outlined in Section 5.

The Board Selection Committee:

- Undertakes background checks on Board nominees.
- Provides written reports to the Board regarding the Board selection process.
- Assesses the skill requirements needed for the Board to adequately fulfill its responsibilities.
- Advertises Board position vacancies caused by Director retirement and engages an executive recruitment firm to assist in identifying relevant candidates.
- Assesses the candidates for each of the advertised vacancies and recommends a candidate for each vacant position.
- Provides information to assist members make director appointments at the Annual General Meeting.

The key terms and conditions applicable to the appointment of new directors are contained in a letter of appointment. Further details on the Director selection process are included in Principle 2.

# PRINCIPLE 2

## Principle 2 – Structure the Board to be effective and add value

An effective Board is crucial to achieving company and industry objectives. Our Board is structured to ensure it:

- Has the skills and experience necessary to deal with current and emerging dairy industry issues.
- Can conduct effective and independent reviews of management performance and decisions.

As at 30 June 2020, the Board comprised eight non-executive Directors (including the Chair) plus the Managing Director. The skills, experience and expertise of each Director are set out in more detail in the Directors' report (Section 5 – Financial report).

The Board skills matrix is used as a basis for identifying the skills and experience required of the Board as a whole and is reviewed annually. This includes skills reflective of all aspects of the dairy supply chain and in accordance with the Dairy Australia Constitution which requires the Board to have four milk producer Directors. The Board skills matrix is available on our website [dairyaustralia.com.au](http://dairyaustralia.com.au)

Each Director completes a self-assessment against the skills matrix annually. The results of this exercise are used to assist in developing:

- Actions and training requirements for individual Directors
- The specifications for any Director vacancies arising that year on the Board.

The Constitution provides for three-year terms for non-executive Directors, capped at a maximum of three terms (nine years). At each Annual General Meeting, Dairy Australia's Group A members elect Directors to fill Board vacancies created when Directors retire by rotation.

The Board Selection Committee comprises two representatives from each of the Group B members and one representative from the Board. This is a standing committee appointed by the Board approximately every 12 months. The Board Selection Committee for 2020 comprised:

- Paul Wood (Chair and Dairy Australia director)
- John Verstedden (Australian Dairy Farmers)
- Victoria Taylor (Australian Dairy Farmers)
- Corrie Goodwin (Australian Dairy Products Federation)
- Steve Oldridge (Australian Dairy Products Federation).

Once elected to the Board, all Directors participate in an induction program tailored to their specific learning needs. The Board's continuing education program is reviewed and updated on a periodic basis and is overseen by the Board Human Resources Committee.

The Board recognises that the relevant skills and experience requirements for Directors might, at times, lead to a potential conflict of interest for a Director. Each Director is required to disclose all interests, positions and relationships that may bear on his or her independence prior to being appointed to the Board. This disclosure is updated and shared with other Directors prior to each Board meeting. Our Policy on the Independence of Directors details a process for dealing with conflicts of interest once declared. The Policy on the Independence of Directors is available on our website [dairyaustralia.com.au](http://dairyaustralia.com.au)

## PRINCIPLE 3

### Principle 3: Instil a culture of acting lawfully, ethically and responsibly

We aim to maintain a high standard of ethical business behaviour at all times. Our Dairy Australia Code of Conduct establishes the ethical standards by which Directors, executives and employees are expected to abide. This includes:

- Complying with all laws and requirements that apply to the organisation.
- Acting ethically, responsibly, honestly and with high standards of personal integrity.
- Ensuring confidentiality and not using information gained in the course of a person's employment or position with Dairy Australia for one's advantage
- Declaring, or avoiding where appropriate, all conflicts of interest and otherwise refraining from acting or giving the appearance of acting contrary to the interests of Dairy Australia.
- Dealing with gifts and hospitality to safeguard against unethical payments or inducements.
- Reporting any breaches of the Code to maintain an appropriate culture of ethical behaviour.

No breaches of the Code were reported during 2019/20.

## PRINCIPLE 4

### Principle 4: Safeguard the integrity of corporate reports

Our Audit and Risk Management Committee assists the Board in fulfilling its responsibilities in relation to:

- Financial reporting and policies to ensure the balance, transparency and integrity of published financial information.
- Ensuring the effectiveness of the internal control and risk management systems.
- Processes for monitoring compliance with legislative requirements, internal policies and expectations of key stakeholders.
- Internal and external audit functions, including appointment and assessing the performance of internal and external auditors.
- Management of investments by reviewing investment strategy and monitoring performance.

Members of the Audit and Risk Management Committee are appointed at the first Board meeting of each calendar year and are selected on the basis of their skills and experience.

In 2019/20, the Audit and Risk Management Committee comprised three non-executive Directors plus the Board Chair who attended meetings in an ex-officio capacity. The chair and a majority of the Committee members are independent. The Charter for the Audit and Risk Management Committee requires that all members of the Committee be financially skilled, with at least one member having advanced accounting and financial expertise, and at least one member having a strong understanding of the dairy industry. Dairy Australia's external auditor Deloitte attends the Annual General Meeting and as per last year, was available to answer questions on the conduct of the statutory financial statements audit and the content of the audit report.

# PRINCIPLE 5

## Principle 5: Make timely and balanced disclosure

As an unlisted public company, Dairy Australia is not subject to the disclosure requirements of the Australian Stock Exchange. Regular updates are provided to levy payers and key stakeholders in addition to annual reporting on financial results and operations.

In 2019/20, we reviewed the efficiency and effectiveness of our performance and investments against the evaluation framework approved by the Dairy Australia Board and the Australian Government in December 2017. Refer to Dairy Australia's Performance Report for further detail.



# PRINCIPLE 6

## Respect the rights of security holders

As an unlisted public company, Dairy Australia does not have security holders however we maintain an extensive and active engagement program with members and other key stakeholders.

We are committed to open, accountable and responsive decision-making, informed by effective communication and consultation between Dairy Australia, levy payers, the Government and industry stakeholders. This is detailed in our stakeholder engagement plan.

Throughout 2019/20 we undertook a wide range of stakeholder communication and engagement initiatives ensuring levy payers had a strong voice in decision-making and understood our levy-funded programs. Prior to the COVID-19 pandemic, Dairy Australia's Managing Director, senior staff and Directors frequently travelled to dairy regions and attended industry events, providing numerous opportunities for levy payers to ask questions or raise issues. Post COVID-19, attendance at meetings and events has occurred virtually via teleconference or videoconference.

Initiatives included:

- Attendance and presentations at industry events such as farmer conferences, meetings and agricultural shows e.g. Australian Dairy Conference.
- RDP-led activities such as seminars, on-farm workshops, field days and priority-setting sessions.
- Pre-COVID-19, regular on-farm visits by senior Dairy Australia staff and Board members.
- Post-COVID-19, providing members with regular updates on the impact of the pandemic on the dairy industry.
- Media releases distributed to print, electronic and broadcast media.
- Regular news articles and features in regional and rural print and online press.
- Fact sheets and research reports in both print and online formats.
- Regular electronic and hard copy RDP newsletters to farmers and regional stakeholders.
- Dairy Australia's YouTube channel, featuring a broad range of farmer-facing content and topical Tactics for Tight Times information to support farmer decision-making.
- Electronic Direct Mail (EDM) email communications direct to levy payers regarding significant developments.
- Use of Dairy Australia and RDP social media channels (Twitter, Facebook, LinkedIn and Instagram) to highlight farmer related services, consumer campaigns and corporate news.
- Communications support to the Australian Dairy Plan process.
- Dairy Australia's DairyPod podcast, featuring farmers and experts from across Australia
- Attendance at the AGM both in person and via webcast.

In addition, we met regularly with ADIC, ADF, ADPF, their executive teams, others representing industry and the various state dairy farmer organisations. ADF and ADPF provide representatives to industry reference groups (such as special purpose committees), who work with our people in the areas of farm productivity and delivery, dairy food safety, nutrition, workforce development and trade to maximise the alignment of industry investments.

Our corporate governance documents are available on our website. Levy payers are also provided with the opportunity to ask questions at the Annual General Meeting.



## PRINCIPLE 7

### Recognise and manage risk

Our Risk Management Plan outlines Dairy Australia's approach to risk including how we identify, assess and manage risk. The plan also includes Dairy Australia's risk appetite statement which indicates the level of risk that is acceptable and guides the treatment of risk and development of controls or mitigation strategies. The Risk Management Plan is reviewed by the Audit and Risk Management Committee and endorsed by the Board.

We review the Risk Management Plan and update our risk profile regularly. Mitigation strategies or management actions are also monitored regularly by the Leadership Team, the Audit and Risk Management Committee and the Board.

The nature and scope of the work performed by the internal auditor is determined by the Audit and Risk Management Committee, in conjunction with management and the internal auditor. Dairy Australia's internal auditors – RSM Australia – are appointed by and report to the Audit and Risk Management Committee. The internal auditors ensure we have a systematic, disciplined approach to evaluating and continually improving the effectiveness of risk management and internal control processes. Wherever feasible, recommendations made by our internal auditors are adopted by the organisation. An internal audit of our Risk Management Framework in 2019/20 considered it 'sustainable' and appropriate for an organisation of Dairy Australia's size.

We maintain an insurance program that provides cover for identified, insurable risks. As provided for in the Constitution, Dairy Australia indemnifies Directors and Senior Officers for potential losses arising from a claim by reason of an act committed by them in their capacity as Director or Officer, unless the liability arises from conduct involving a lack of good faith.

## PRINCIPLE 8

### Remunerate fairly and responsibly

The role of our Human Resources Committee is to provide assistance to the Board in fulfilling its responsibilities to deliver our strategic direction and culture. The Committee provides oversight and direction on people and remuneration policies and practices by enabling Dairy Australia to:

- Attract and retain directors, executives and employees who will create sustainable value for farmers.
- Fairly and responsibly reward executives having regard to the performance of Dairy Australia.
- Comply with all relevant legislation and policies and reporting requirements.
- Commit to the achievement of a diverse and inclusive workforce.
- Facilitate identification and development of successors to executives and other business critical roles resulting in robust succession plan.
- Maximise the effectiveness of Dairy Australia's people management activities including deliver on agreed organisational culture outcomes.

In 2019/20, the Human Resources Committee comprised three non-executive Directors plus the Board Chair who attended meetings in an ex-officio capacity. The Committee is chaired by an independent Director and the majority of the committee members are independent.

Remuneration for Directors, key management and staff is externally benchmarked against general market data. Remuneration is in line with the market data against which it is benchmarked. Further information regarding the total remuneration paid to Directors and senior executives (Leadership Team) is set out in section 5.



# INTELLECTUAL PROPERTY MAINTENANCE AND PROTECTION

Dairy Australia has a portfolio of intellectual property. This is predominantly copyright existing in reports derived from research and development ('R&D') projects, other materials or works prepared by subject matter experts engaged by Dairy Australia, and to a lesser extent, patents, trademarks, domain names and interests in plant breeders' rights.

The core objectives of Dairy Australia's Intellectual Property Management are to:

- Ensure the intellectual property provisions contained in its contracts with third party educational institutions, research organisations and consultants commissioned to perform R&D or provide services requiring specialist knowledge and technical expertise allow Dairy Australia to own or use all outputs (hereafter 'Project Intellectual Property') in order to enable the free dissemination of the same to levy-paying farmers and generally make use of the Project Intellectual Property to achieve Dairy Australia's objectives and mission as the Industry services body.
- Maximise the benefit of R&D expenditure by ensuring relevant Project Intellectual Property is disseminated to Industry without charge or other encumbrances, in a timely manner and in a form or format that is easily digestible and user-friendly.
- Ensure Project Intellectual Property stemming from its R&D expenditure is competently examined and assessed at the time of its creation to ensure that opportunities to secure statutory protection or commercialise the Intellectual Property are not overlooked.
- Ensure Project Intellectual Property stemming from Dairy Australia's R&D expenditure is competently examined and assessed so that any likely benefits in pursuing further R&D in the relevant area are identified and, where commercially viable, pursued.
- Maintain procedures to effectively manage ongoing costs of protection of registered intellectual property.

The commissioning or funding of R&D initiatives by Dairy Australia is not driven by the prospect of generating a portfolio of intellectual property capable of returning a revenue stream through commercialisation. Rather, our investment goal is to return a real and direct benefit to industry by generating relevant and valuable outputs and delivering these to levy-paying farmers (and, where relevant, other industry stakeholders) efficiently and free-of-charge.

Where appropriate, Dairy Australia protects Intellectual Property created through the commissioning or funding of R&D initiatives by way of registration. Dairy Australia has an approved Intellectual Property Management Plan which provides clear direction to Dairy Australia and its personnel, and also research provider personnel, in respect of the identification, protection and management of Intellectual Property rights arising from Dairy Australia's R&D investment. This ensures the products and services arising from this investment are delivered to the Australian dairy industry through the most efficient and appropriate route to adoption and without excessive encumbrances.



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## Financial report



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# DIRECTORS' REPORT

The Directors of Dairy Australia Limited submit their report for the year ended 30 June 2020.

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

## Jeff Odgers Chair



**Appointed November 2013**

**Appointed Chair November 2017 (\*leave of absence from the Chair from March to June 2020)**

**Resigned from Chair in July 2020**

Ex-officio member – Audit and Risk Management Committee and Human Resources Committee (from December 2017)

Jeff owns a dairy farming business on properties near Shepparton, Victoria. He has over 30 years' experience managing large-scale farm enterprises in northern Victoria and Tasmania. Accordingly, he has a strong understanding of Australian dairy systems and their evolution and intensification, particularly over the past decade. He served as Director of Murray Dairy Inc. Regional Development Program (2006-12) and as Chair (2008-12). Jeff became a Director of Dairy Australia in 2013 and has led the organisation as Chair since 2017. Jeff served as a Director of Bega Cheese Ltd from 2011 until June 30, 2020. His formal qualifications include a Bachelor of Business (Agricultural Management) and an Associate Diploma in Farm Management.

## James Mann Chair from July 2020



**Appointed November 2015**

**Appointed Chair July 2020, Acting Chair March to June 2020**

Member – Audit and Risk Management Committee (from December 2017)

Member – Human Resources Committee (to November 2017)

James is the owner of Donovan's Dairying Pty Ltd in Wye, South Australia, which is one of the nation's leading dairy businesses. James has been involved in the Australian dairy industry for over 30 years, with experience in farm systems used in dairy farming and agriculture more broadly, across different regions in Australia as well as New Zealand and the United Kingdom. Donovan's Dairying supplies over 20 million litres per annum and milks 2,000 cows. James was the Chair of the DairySA Regional Development Program from 2002-2015 and has also performed other dairy industry leadership roles.

## Dr David Nation Managing Director



**Appointed July 2018**

David was appointed Managing Director of Dairy Australia in July 2018. Prior to his appointment, David was a co-Director for both DairyBio and DairyFeedbase, and Director of Dairy Strategy and Investment Planning (Agriculture Victoria/Dairy Australia). In that role, David led Dairy Australia's role in developing large innovation projects in partnership with the Victorian Government and jointly managed two of the key initiatives – DairyBio and DairyFeedbase. David has experience in managing large-scale science initiatives, including past roles as Chief Executive Officer (CEO) of Dairy Futures Cooperative Research Centre and in program management at Dairy Australia. David has also had technical and commercial roles in the animal breeding and herd fertility service industries.



**Tania Luckin**

**Appointed November 2017**

Member – Human Resources Management Committee (From February 2018)

Tania owns and operates a dairy farming business in South-West Victoria. She has more than 20 years' experience in the successful operation of small, medium and large-scale dairy farms. She has been involved in various industry organisations at regional and national levels and held a range of governance roles including Director of the WestVic Dairy Board, Director of the Bonlac Supply Company and Chair of the Warrnambool CBD Committee. Tania holds an Advanced Diploma of Agriculture and is currently undertaking a Bachelor of Agribusiness Management.



**Graeme Nicoll**

**Appointed January 2017**

Member – Human Resources Management Committee

Member – Audit and Risk Management Committee (from December 2019)

Graeme is a dairy farmer from South Gippsland, Victoria. He owns and operates a perennial pasture based dairy business, milking a crossbred herd, at Fish Creek in South Gippsland. Graeme holds qualifications in Horticultural and Dairy Science and Land Rehabilitation. He was awarded a Nuffield Scholarship in 2010, which provided him with the opportunity to study the global dairy industry. His industry roles have included Deputy Chair and subsequently Chair of the GippsDairy Regional Development Program. He has a strong national and international network of agricultural contacts. Graeme brings a deep passion for the dairy industry and extensive knowledge of dairy farming systems and technologies to the Dairy Australia Board.



**Josephine Rozman**

**Appointed November 2019**

Chair – Audit and Risk Management Committee

Josephine is an experienced non-executive director with strong finance, risk management and accounting skills, in addition to extensive marketing, sales, business development and CEO experience across a diverse range of industries globally including the USA and Asia. She has a thorough understanding of trade, compliance and regulatory issues in global markets and a robust appreciation of supply chain management issues, in particular pertaining to food, beverage and agricultural products. Josephine has served on the Boards of Elders Limited, Wine Australia Corporation and is currently a Director of AustOn Corporation which manages the Australian agricultural investments of the Ontario Teachers' Pension Plan. She holds a Bachelor of Economics (Advanced Economics, Accounting and Law), is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.



**Roseanne Healy**

**Appointed November 2018**

Member – Audit and Risk Management Committee

Roseanne is an experienced non-executive director who has served on the boards of not-for-profit and ASX listed companies, as well as statutory corporations in the corporate finance, agribusiness and innovation sectors. Roseanne is currently Deputy Chair of the Board of the Grains Research and Development Corporation (GRDC), Chair of Dairysafe and Director of Cashflow Manager, and was a former Director of the Rural Industries Research and Development Corporation (RIRDC). She holds a BA (Economics), Master of Business Administration, Master of Business Research (Commerce) and is a GAICD (International).



**Professor Paul Wood AO**

**Appointed November 2016**

Member – Human Resources Management Committee

Paul has over 30 years' experience in agricultural R&D. Paul has been successful as both a research scientist and an R&D leader. He is internationally recognised for his research in veterinary immunology, tuberculosis and vaccine development and in 2019 received the International Distinguished Veterinary Immunologist award. He has led R&D teams from CSIRO, CSL and Pfizer Animal Health (now Zoetis). He has been responsible for bringing a number of innovative products to the market, receiving recognition for his work including the CSIRO Medal and the Clunies Ross award. He has served on several boards with both R&D and commercial entities and currently is an Adjunct Professor at Monash University. Paul is also the Chair of the Global Alliance for Livestock Veterinary Medicines and Karma 3 and a Fellow of the Australian Academy of Technological Sciences and Engineering.



**David Lord**

**Appointed November 2018**

David is an experienced dairy industry leader with extensive capabilities in strategic planning and implementation, leadership and corporate governance. David has served as CEO and Managing Director of Parmalat Australia Ltd, Warrnambool Cheese & Butter Factory Company Ltd, and most recently as President and Chief Operating Officer at Saputo Dairy Australia. David holds an MBA (Executive) (MBS) and a Graduate Diploma of Business (Management) (Monash) and is a member of the Australian Institute of Company Directors.



**Jan West AM**

**Resigned November 2019**

Chair – Audit and Risk Management Committee to November 2019

Jan has more than 35 years' finance experience with Australian and international listed and private companies, government agencies and community organisations. She was an audit partner of Deloitte Touche Tohmatsu and retired from the practice in December 2011. Jan is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow and graduate member of the Institute of Company Directors and holds a Bachelor of Commerce degree from the University of Melbourne. Jan was awarded a Centenary Medal in 2001 and appointed a Member of the Order of Australia in 2007. Jan is currently a Non-Executive Director of Australia Post, and of Neurosciences Victoria Ltd until November 2019. She is also an independent member of the Audit and Risk Management Committee of the Victorian Department of Treasury and Finance, and the Audit and Risk Commission of International Federation of Red Cross Red Crescent Societies.



## Company Secretary



**Elizabeth Parkin**

Resigned August 2019, re-appointed February 2020

Elizabeth has over 25 years' experience in senior management and corporate advisory roles in multiple organisations such as KPMG and Lander & Rogers. She has a strong record of achievement in roles including as a corporate Finance Director and Chief Operating Officer. Her strength lies in the strategic planning for the companies she has served along with implementing these strategies and business improvement. Elizabeth has broad board experience and has served as director on multiple boards and as the chair of audit and risk committees. Elizabeth holds a Bachelor of Business and a Graduate Diploma of Finance and is a member of Chartered Accountants Australia and New Zealand and a member of Financial Services Institute of Australasia.



**Sheridan Verwey**

Appointed August 2019, maternity leave February 2020

Sheridan was appointed Company Secretary and Risk Manager in July 2019. She holds a Master of Business Administration (MBA) from Monash University after completing her undergraduate studies in Commerce. She is a Fellow of the Governance Institute of Australia and a Certified Practising Accountant (CPA). She has held executive risk, governance and change management roles both locally and internationally including in regional Australia.

## Meeting of Directors

Director	Directors' meetings		Committee meetings			
	A	B	Audit and Risk Management Committee		Human Resources Committee	
			A	B	A	B
Mr J Odgers	15	12 <sup>i</sup>	6	5 <sup>iii</sup>	4	3 <sup>iii</sup>
Mr J Mann	15	15 <sup>ii</sup>	6	6	1	1
Dr D Nation	15	14	6	5	4	4
Ms R Healy	15	14	6	6	-	-
Mr D Lord	15	15	-	-	4 <sup>i</sup>	3
Ms T Luckin	15	15	-	-	4	4
Mr G Nicoll	15	15	2	2	2	2
Mrs J West AM	5	5	4	4 <sup>i</sup>	-	-
Ms J Rozman	10	10	2	2 <sup>i</sup>	-	-
Professor P Wood AO	15	14	-	-	4	4

A Number of meetings held during the time the Director held office

B Number of meetings attended

i Indicates Chair

ii Indicates Chair from March 2020 to June 2020

iii Indicates attendance as an ex-officio member

## Limited liability of members (guarantee)

The Constitution states that, if the Company is wound up, the liability of members is limited as follows:

- Each member at the time the winding up starts, and
  - Each person who, at any time in the 12 months before the winding up started, was a member
- undertakes to contribute to the assets of the Company up to an amount not exceeding \$2 for payment of the debts and liabilities of the Company, including the costs of the winding up. The total amount that members of the Company are liable to contribute if the Company is wound up for 2020 is \$13,456 (2019: \$13,452).

Any surplus members' funds on winding up must not be paid to members but must be paid or transferred to another corporation with similar objects to the Company and with a constitution which prohibits the distribution of its income and property amongst its members.

## Statement of Corporate Governance

A statement of corporate governance is set out on pages 29-37.

### Registered office

Level 3, HWT Tower  
40 City Road  
Southbank Victoria 3006

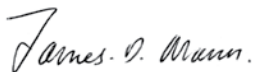
### Rounding

The amounts in the financial report have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under *ASIC Corporations Instrument 2016/191* (Instrument). The Company is an entity to which the Instrument applies.

### Auditor independence

The Auditor's Independence Declaration in relation to the audit for the year ended 30 June 2020 has been received by the Company. A copy follows the financial statements.

Signed in accordance with a resolution of the Directors.



James Mann  
Director

23 September 2020



David Nation  
Director

23 September 2020

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020	2019
For the year ended 30 June 2020		\$'000	\$'000
<b>Revenue</b>	2		
Dairy service levy		31,643	30,936
Government matching payments		21,857	20,058
External contributions		1,923	2,820
Interest revenue		261	394
Distributions from investments		231	147
Royalties		9	138
Other income		456	520
<b>Total revenue</b>		<b>56,380</b>	<b>55,013</b>
<b>Expenses</b>	3		
Farm Profit and Capability		28,881	30,768
Business and Organisational Performance		13,326	13,043
Marketing and Communications		7,867	9,137
Trade and Industry Strategy		5,233	5,841
<b>Total expenses</b>		<b>55,307</b>	<b>58,789</b>
<b>Surplus/(Deficit)</b>		<b>1,073</b>	<b>(3,776)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gains/(losses) on available-for-sale financial investments	6.3	(425)	843
<b>Other comprehensive income/(loss) for the period</b>		<b>(425)</b>	<b>843</b>
<b>Total comprehensive income/(loss)</b>		<b>648</b>	<b>(2,933)</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2020

	Note	2020	2019
For the year ended 30 June 2020		\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	14,214	8,191
Trade and other receivables	6.1	10,502	9,731
Other financial assets	6.2	560	560
<b>Total current assets</b>		<b>25,276</b>	<b>18,482</b>
<b>Non-current assets</b>			
Available-for-sale financial investments	6.3	15,114	18,063
Plant and equipment	4.1	1,879	1,962
Right-of-use assets	6.4	1,284	-
Intangible assets	4.2	888	367
<b>Total non-current assets</b>		<b>19,166</b>	<b>20,392</b>
<b>Total Assets</b>		<b>44,442</b>	<b>38,874</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6.5	12,849	10,140
Provisions	3.2.2	2,592	1,874
Lease liabilities	6.4	687	-
<b>Total current liabilities</b>		<b>16,128</b>	<b>12,014</b>
<b>Non-current liabilities</b>			
Lease liabilities	6.4	709	-
Provisions	3.2.2	604	394
<b>Total non-current liabilities</b>		<b>1,313</b>	<b>394</b>
<b>Total liabilities</b>		<b>17,441</b>	<b>12,408</b>
<b>Net assets</b>		<b>27,000</b>	<b>26,466</b>
<b>Reserves</b>			
Retained surplus		26,893	25,934
Available-for-sale reserve	6.3	107	532
<b>Total reserves</b>		<b>27,000</b>	<b>26,466</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Retained surplus	Available-for-sale reserve	Total
	\$'000	\$'000	\$'000
<b>For the year ended 30 June 2020</b>			
<b>At 1 July 2018</b>	<b>29,710</b>	<b>(311)</b>	<b>29,399</b>
Surplus / (Deficit) for the year	(3,776)	-	(3,776)
Other comprehensive income / (Loss)	-	843	843
<b>Total comprehensive loss for the period</b>	<b>(3,776)</b>	<b>843</b>	<b>(2,933)</b>
<b>At 30 June 2019</b>	<b>25,934</b>	<b>532</b>	<b>26,466</b>
Surplus / (Deficit) for the year	1,073	-	1,073
Effect of change in accounting policy for initial application of IFRS16	(114)		(114)
Other comprehensive income / (Loss)	-	(425)	(425)
<b>Total comprehensive income for the period</b>	<b>959</b>	<b>(425)</b>	<b>534</b>
<b>At 30 June 2020</b>	<b>26,893</b>	<b>107</b>	<b>27,000</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020	2019
For the year ended 30 June 2020		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Levy and government matching payment receipts		53,435	50,177
Receipts from customers and other contributors		1,784	7,699
Interest received		261	411
Distributions received	2.6	231	147
Payments to suppliers and employees		(50,188)	(61,649)
<b>Net cash flows provided by/(used in) operating activities</b>	<b>5.2</b>	<b>5,523</b>	<b>(3,215)</b>
<b>Cash flows from investing activities</b>			
Net proceeds from other financial assets		77	-
Net proceeds from/(purchases of) available-for-sale financial investments		2,107	(443)
Proceeds from disposal of plant and equipment		203	-
Purchase of plant and equipment		(557)	(743)
Purchase of intangible assets		(664)	-
<b>Net cash flows provided by/(used in) investing activities</b>		<b>1,166</b>	<b>(1,186)</b>
<b>Cash flows from financing activities</b>			
Repayment of the principal portion of the lease liability		(649)	-
Interest charged on the lease liability		(17)	-
<b>Net cash flows from financial activities</b>		<b>(666)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,023</b>	<b>(4,401)</b>
Add: opening cash and cash equivalents at beginning of year		8,191	12,592
<b>Cash and cash equivalents at end of year</b>	<b>5.2</b>	<b>14,214</b>	<b>8,191</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

## 1. About this report

### 1.1. Date authorised for issue

The financial report of Dairy Australia Limited for the year end 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 23 September 2020.

### 1.2. Corporate information

Dairy Australia Limited is a company limited by guarantee incorporated in Australia.

### 1.3. Basis of preparation

The financial report is presented in Australian dollars and has been prepared in accordance with the historical cost convention, except for available-for-sale financial investments, which have been measured at fair value.

For the purposes of preparing the financial statements the Company is a not-for-profit body.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

### 1.4. Economic dependency

Dairy Australia Limited is dependent upon receipt of the dairy service levy and Government matching payments.

## 2. Funding the delivery of services

The Company's main revenue streams are the Dairy service levy, Commonwealth Government matching payments and external contributions.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

### AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

In the current year, the Company has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2019.

The date of initial application of AASB 1058 and AASB 15 for the Company is 1 July 2019.

The Company have elected to apply AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated. The Company has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not 'completed contracts' as at 1 July 2019.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## Overview of AASB 1058 and AASB 15 requirements

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is that when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to any excess above the related amounts that would be immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118 (previous Revenue standard).

## General impact of application

The Company has applied the new income requirements to its main income streams, as listed below:

- Dairy Service Levy
- Government matching payments
- External contributions

## Government grants

The Company receives government grants – Dairy service levy and Government matching payments, under the Statutory Funding Agreement.

AASB 1058 requires that in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction should be accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Company has conducted an analysis of the Statutory Funding Agreement and analysed the terms of the Agreement to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. Under AASB15, grant contracts that are not enforceable or the performance obligations are not sufficiently specific, immediate income recognition under AASB 1058 is required. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.

Based on an analysis of the Company's Statutory Funding Agreement as at 1 July 2019, the Company notes that government grant revenue will be recognised as income upfront when receivable.

## Financial statement impacts

Apart from providing more extensive disclosures for the Company's revenue transactions, the application of AASB 15 and AASB 1058 has not had any impact on the financial position and/or financial performance of the Company.



## Structure

- 2.1 Summary of revenue that funds the delivery of services
- 2.2 Dairy service levy
- 2.3 Government matching payments
- 2.4 External contributions
- 2.5 Interest revenue
- 2.6 Distributions from investments
- 2.7 Royalties
- 2.8 Other income

### 2.1. Summary of revenue that funds the delivery of services

	Note	2020	2019
		\$'000	\$'000
<b>Revenue</b>			
Dairy service levy	2.2	31,643	30,936
Government matching payments	2.3	21,857	20,058
External contributions	2.4	1,923	2,820
Interest revenue	2.5	261	394
Distributions from investments	2.6	231	147
Royalties	2.7	9	138
Other income	2.8	456	520
<b>Total revenue</b>		<b>56,380</b>	<b>55,013</b>

### 2.2. Dairy service levy

The dairy service levy is paid by farmers based on milk production and is calculated per kilogram on milk fat or protein content. The rate of milk levies is 2.87c/kg milk fat and 6.99c/kg protein.

The levy is deducted from the payments milk processing companies make to farmers and paid to the Commonwealth Government. The proceeds are then paid to the Company in accordance with the Statutory Funding Agreement.

Dairy service levy revenue is brought to account at the time the milk is harvested, when it is probable that the levy will be received by the Company and the value of the levy can be reliably measured.

### 2.3. Government matching payments

The Commonwealth Government supports the dairy industry by providing matching payments for eligible research and development activities. The maximum amount of Government matching payments received each year is the lesser of 0.5% of the amount determined by the Minister of the Department of Agriculture, Water and Resources to be the gross value of whole milk produced ('GVP') in Australia in the financial year, based on a three-year average, and 50% of the amount that is spent by the Company on qualifying research and development activities.

The revenue from Government matching payments is recognised when qualifying research and development expenditure is incurred. That portion of Government matching payments which is owed but not invoiced by nor remitted to the Company at reporting date is reported as Government matching payments receivable.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 2.4. External contributions

	2020	2019
For the year ended 30 June 2020	\$'000	\$'000
Department of Agriculture and Water Resources	664	1,432
Geoffrey Gardiner Dairy Foundation Ltd	281	380
Australian Dairy Farmers Limited	271	60
Cotton Research & Development Corporation	174	11
Department of Economic Development, Jobs, Transport and Resources	158	121
Department of Primary Industries and Regional Development	100	150
Meat & Livestock Australia Ltd	20	153
Others	254	744
<b>Total External Contributions</b>	<b>1,923</b>	<b>3,051</b>

The Company receives external contributions from other dairy and agricultural bodies such as the Department of Agriculture and Water Resources, the Geoffrey Gardiner Foundation and the State Departments of primary industries. External contributions are joint projects between Dairy Australia and other external parties to deliver services and support the dairy industry.

Revenue from external contributions is recognised in accordance with the terms specified in contracts with co-funding partners. Where revenue is received in advance of providing services, it is treated as deferred revenue and brought to account as the services are provided.

## 2.5. Interest revenue

Interest revenue includes interest received on bank deposits and from available-for-sale financial investments. Interest revenue is recognised on an accrual basis using the effective interest rate method which allocates interest over the relevant period.

## 2.6. Distributions from investments

The Company receives distributions from the externally managed funds invested with First Sentier Investors (previously Colonial First State Global Asset Management). For more information, please refer to notes 6.3 and 7.1.

## 2.7. Royalties

Royalties are received from the commercialisation of intellectual property. Revenue from royalties is recognised on an accrual basis in accordance with the terms specified in contracts involving payment of royalties.

## 2.8. Other Income

	2020	2019
For the year ended 30 June 2020	\$'000	\$'000
Government grants	173	268
Sundry income	282	252
<b>Total other income</b>	<b>456</b>	<b>520</b>

Government grants represent the reimbursement of eligible expenses the Company received under the Commonwealth Government's Export Market Development Grants scheme. The grants are recognised at their fair value where there is reasonable assurance that the grant will be received.

Sundry income includes profit on sale of assets \$135,955 (2019: \$12,275).

## 3. Costs of delivering services

The Company's main activities are contributing to the promotion and development of the Australian dairy industry and Australian dairy produce by:

- Funding research, development and extension activities for the benefit of the Australian dairy industry and the Australian community generally
- Carrying out activities to develop the Australian national market for, and international trade in, Australian dairy produce
- Providing information and other services, and
- Carrying out other activities for the benefit of the Australian dairy industry.

These activities are aimed at developing and driving industry services and innovation for the ultimate benefit of dairy levy payers and they are implemented through a series of programs managed by the following business groups:

- Farm Profit & Capability
- Marketing and Communications
- Trade and Industry Strategy
- Business and Organisational Performance

### Structure

3.1 Lease and license payments

3.2 Employee benefits

3.3 Commitments for expenses

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

### 3.1. AASB 16 Leases

	2020	2019
	\$'000	\$'000
<b>Impact on profit/(loss) for the year</b>		
Increase in depreciation of Right-of-use asset	(647)	-
Increase in finance cost	(17)	-
Decrease in other expenses	812	-
<b>Increase/(Decrease) in profit for the year</b>	<b>148</b>	<b>-</b>

Office rent and car park leases relate to the lease of the Company's office at Southbank and office car park spaces. The office lease for the Company's office premises at Southbank commenced in August 2017 and runs for five years, with an option to renew for a further five years.

The Company has presented interest expense on the lease liability separately from the depreciation charge for the right of-use asset as a result of adoption of the IFRS 16 standard. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss and cash flows.

In the current year, the Company has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

Applying AASB 16, for all leases, the Company:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

### 3.2. Employee benefits

#### 3.2.1. Employee benefits in the statement of profit or loss and other comprehensive income

	2020	2019
	\$'000	\$'000
Salaries and allowances	13,866	13,347
Superannuation	1,246	1,148
Long service leave	579	(348)
Termination benefits	222	462
Workers compensation costs	103	51
<b>Total employee benefits expenses</b>	<b>16,016</b>	<b>14,660</b>

Employee benefits refers to all payments made to employees during the year. Payments include ordinary time, overtime, allowances, on-costs, fringe benefit tax, redundancy costs and workers compensation costs. Any employee benefits outstanding at year end are accrued.

Superannuation includes superannuation contributions made by the Company of up to 9.5% of employees' wages and salaries, as legally enforceable in Australia.

Termination benefits are payable when an employee accepts an offer of benefits in exchange for the termination of employment. These benefits can include payment of accrued long service leave entitlement.

### 3.2.2. Employee benefits in the statement of financial position

	2020	2019
	\$'000	\$'000
<b>Current employee benefits in respect of:</b>		
Long service leave	1,184	941
Performance-based remuneration	56	40
Annual leave (expected to be settled within 12 months)	940	726
Annual leave (expected to be settled after 12 months)	412	167
<b>Total provision for employee benefits – current</b>	<b>2,592</b>	<b>1,874</b>
<b>Non-current employee benefits in respect of:</b>		
Long service leave	604	394
<b>Total provision for employee benefits – non-current</b>	<b>604</b>	<b>394</b>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service and performance-based remuneration when it is probable that settlement will be required, and the benefits are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

The Managing Director's performance-based remuneration is based on a percentage of his remuneration package provided under the contract of employment. A provision is recognised and is measured as the aggregate of the amounts accrued under the terms of the contract to reporting date.

### 3.3. Commitments for expenses

#### 3.3.1. Research and development expenditure commitments

	2020	2019
	\$'000	\$'000
Commitments contracted at reporting date but not recognised as liabilities are as follows:		
Not later than one year	15,867	16,609
Later than one year but not later than five years	15,581	14,522
<b>Total research and development expenditure commitments</b>	<b>31,448</b>	<b>31,131</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

The Company enters into contracts with research organisations in respect of research, development and extension for the benefit of the Australian dairy industry. The Company performs a small proportion of research and development activities internally. Contracts are generally for periods up to a maximum of three years and include clauses which enable the Company to withhold or cease further funding in the event of factors arising which are outside the Company's control.

Research and development costs are expensed as incurred. Commitments for future expenditure are disclosed above at their nominal value exclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the statement of financial position.

### 4. Assets available to support the provision of services

The Company controls plant and equipment and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that are owned by the Company for use in the delivery of services.

#### Structure

4.1 Plant and equipment

4.2 Intangible assets

4.3 Depreciation and amortisation

## 4.1. Plant and equipment

	2020	2019
	\$'000	\$'000
Furniture and equipment at cost	1,120	1,207
Accumulated depreciation	(589)	(559)
<b>Total furniture and equipment</b>	<b>531</b>	<b>648</b>
Leasehold improvements at cost	1,365	1,333
Accumulated depreciation	(383)	(249)
<b>Total leasehold improvements</b>	<b>982</b>	<b>1,084</b>
Motor vehicles at cost	920	834
Accumulated depreciation	(554)	(604)
<b>Total motor vehicles</b>	<b>366</b>	<b>230</b>
<b>Total plant and equipment</b>	<b>1,879</b>	<b>1,962</b>

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial years are set out below.

	Furniture and equipment	Leasehold improvements	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2019</b>				
Opening balance at 1 July 2018	609	1,217	251	2,077
Additions	193	-	212	405
Disposals	-	-	-	-
Depreciation charge for the year	(154)	(133)	(233)	(520)
<b>Closing balance at 30 June 2019</b>	<b>648</b>	<b>1,084</b>	<b>230</b>	<b>1,962</b>
<b>Year ended 30 June 2020</b>				
Opening balance at 1 July 2019	648	1,084	230	1,962
Additions	186	32	339	557
Disposals	(145)	-	-	(145)
Depreciation charge for the year	(157)	(135)	(203)	(495)
<b>Closing balance at 30 June 2020</b>	<b>531</b>	<b>982</b>	<b>366</b>	<b>1,879</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## Initial recognition

The cost method of accounting has been used for all acquisitions of assets during the year. Cost is determined as the fair value of the assets given up at the date of acquisition plus any costs directly attributable to the acquisition. Fair value at acquisition is equal to cost.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's estimated incremental borrowing rate.

## Subsequent measurement

Plant and equipment is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised as expenses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Furniture and equipment: 1.5 to 10 years
- Leasehold improvements: 10 years
- Motor vehicles: 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

## Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Many assets of the Company are not held primarily for their ability to generate net cash inflows and are typically held for continuing use of their service capacity. Given that these assets are rarely sold, their cost of disposal is typically negligible. The recoverable amount of such assets is expected to be materially the same as fair value.

The recoverable amount of plant and equipment that generates cash inflows is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the surplus or deficit and allocated across functions.

## Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.



## 4.2. Intangible assets

	2020	2019
	\$'000	\$'000
Computer software at cost	1,304	1,030
Accumulated amortisation	(416)	(663)
<b>Total computer software</b>	<b>888</b>	<b>367</b>

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current and previous financial years are set out below.

	2020	2019
	\$'000	\$'000
Opening balance at 1 July	367	80
Additions	664	340
Amortisation charge for the year	(144)	(53)
<b>Closing balance at 30 June</b>	<b>888</b>	<b>367</b>

### Initial recognition

The Company's intangible assets consist of purchased computer software and are initially measured at cost.

### Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

- Computer software: 3 years

### Derecognition and disposal

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

### 4.3. Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Motor vehicles	203	233
Furniture and equipment	157	154
Intangible assets	144	53
Leasehold improvements	135	133
<b>Total depreciation and amortisation of non-current assets</b>	<b>639</b>	<b>573</b>

All plant and equipment and intangible assets that have limited useful lives are depreciated and amortised on a straight-line basis over the estimated useful life of the assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

## 5. Cash flow information and balances

This section provides information on the Company's cash flow and balances.

### Structure

5.1 Cash and cash equivalents

5.2 Reconciliation of operating surplus/(deficit) to net cash flows from operating activities

### 5.1. Cash and cash equivalents

	2020	2019
Year ended 30 June 2020	\$'000	\$'000
Cash at bank and in hand	14,214	8,191

Cash at bank earns interest at floating rates based on daily bank deposit rates.

### 5.2. Reconciliation of operating surplus/deficit to net cash flows from operating activities

	2020	2019
	\$'000	\$'000
<b>Operating surplus/(deficit)</b>	1,073	(3,776)
<b>Non-cash flows in operating surplus/(deficit)</b>		
Depreciation	495	520
Amortisation	144	53
Gain on disposal – fixed assets	144	-
<b>Changes in assets and liabilities</b>		
Trade and other receivables (increase)/decrease	(780)	4,549
Trade and other payables increase/(decrease)	3,519	(3,717)
Provisions increase	928	(844)
<b>Net cash flows provided by operating activities</b>	<b>5,523</b>	<b>(3,215)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 6. Other assets and liabilities

This section sets out the other assets and liabilities that arose from the Company's operations.

### Structure

- 6.1 Trade and other receivables
- 6.2 Other financial assets
- 6.3 Available-for-sale financial investments
- 6.4 Right-of-use assets and lease liabilities
- 6.5 Trade and other payables
- 6.6 Contingent assets and liabilities

### 6.1. Trade and other receivables

	2020	2019
	\$'000	\$'000
Levies receivables	7,134	6,086
Trade receivables	1,473	1,085
Sundry receivables and prepayments	1,895	2,560
<b>Total trade and other receivables</b>	<b>10,502</b>	<b>9,731</b>

Levies receivable are determined by a formula which includes the actual and estimated volume of milk production. The Company receives dairy service levy income based on the fat and protein content of milk produced. Due to a delay of approximately four months before milk production figures are known, levies receivable is estimated based on expected production for the last four months of the financial year and the estimated levy rate based on historical fat and protein content.

Trade and other receivables disclosed above include amounts that are past due at the end of June 2020 for which the Company has not recognised a loss allowance because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company always measures the loss allowance for trade receivables at an amount equal to lifetime Expected Credit Loss. Trade and other receivables are non-interest bearing and are generally 30-day terms. Due to their short-term nature, the carrying value is assumed to approximate their fair value. It is expected that these balances will be received when due. Bad debts are written off when identified.

#### 6.1.1. Ageing analysis of receivables

At 30 June, the ageing analysis of receivables is as follows:

	2020	2019
Year ended 30 June 2020	\$'000	\$'000
0-30 days	4,534	5,089
31-60 days	2,520	4,013
61-90 days	3,448	629
<b>Total</b>	<b>10,502</b>	<b>9,731</b>

The lifetime Expected Credit Loss is \$nil (2019: \$nil) because there has not been a significant change in credit quality and the amounts are still considered recoverable.

As at 30 June 2020, the nature of the receivables are such that they are considered recoverable. In particular, the balance within 61-90 days was subsequently received after the year end.

## 6.2. Other financial assets

	2020	2019
	\$'000	\$'000
Short-term deposits	560	560

Short-term deposits are for periods of three months or more and earn interest at the respective short-term deposit rates. Due to their short-term nature, their carrying value is assumed to approximate their fair value.

## 6.3. Available for sale financial investments

	2020	2019
	\$'000	\$'000
Externally managed funds, at fair value	15,114	18,063

These funds are invested with First Sentier Investors as a means to prudently manage the return on longer term cash reserves.

The portfolio is invested in one fund – Multi-Asset Real Return. The Fund objective is to protect against inflation and provide growth by achieving a positive return of 4.5% in excess of Australian CPI (trimmed mean) over a rolling five-year period. Asset allocation is to be dynamic to take advantage of market opportunities when they arise across the full spectrum of equities, bonds, currencies and commodities. The fair value of funds is determined by reference to the unit price of the investment funds which are available each day based on closing values of the previous day.

In the prior year, Dairy Australia's portfolio was comprised of two funds – Multi-Asset Real Return and Global Credit Income funds. During the year, the Company withdrew its' investment in the First Sentier Investors Wholesale Global Credit Income fund (\$2,669,100). As of 30 June, the withdrawal is included within cash at bank and in hand.

The fair value of the available-for-sale financial investments decreased by \$2,948,985 (2019: \$1,286,392) during the year. This was a result of the withdrawal from the Global Credit Income fund of \$2,669,100, income of \$145,115 (2019: \$443,202) and unrealised loss on available-for-sale reserve of \$425,000 (2019: \$843,190). The unrealised loss was offset against the unrealised gains of previous years, resulting in the available-for-sale reserve of \$107,115 (2019: \$532,116).

### Impairment

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Refer to Note 7.4 – Financial Instruments – Impairment, for further detail.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

### 6.4. Impact on assets, liabilities and equity as at 1 July 2019

	As previously reported	AASB16 Adjustments	As restated
	\$'000	\$'000	\$'000
Right-of-use assets	-	1,931	1,931
<b>Net Impact on total Assets</b>	<b>-</b>	<b>1,931</b>	<b>1,931</b>
Lease liabilities	-	(2,045)	(2,045)
<b>Net Impact on total liabilities</b>	<b>-</b>	<b>(2,045)</b>	<b>(2,045)</b>
<b>Retained earnings</b>	<b>25,934</b>	<b>(114)</b>	<b>25,820</b>

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 1%.

The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of \$1,931,173 and lease liabilities of \$2,045,377. This resulted in a decrease in other expenses of \$666,062 and an increase in depreciation of \$647,047 and interest expense of \$17,499. Additionally, the provision for straight line lease commitment as per AASB117 of \$146,429 has been derecognised during FY20.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by \$666,062, being the lease payments, and net cash used in financing activities has increased by the same amount.

### 6.5 Trade and other payables

	2020	2019
	\$'000	\$'000
Trade payables	6,345	5,245
Accrued research and development expenditure	2,160	1,255
Deferred revenue	2,414	1,238
Other payables	2,109	3,377
GST payable / (receivable)	(179)	(975)
<b>Total trade and other payables</b>	<b>12,849</b>	<b>10,140</b>

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. They are normally settled on 30-day terms and are unsecured.

Accrued research and development expenditure relates to work completed at 30 June 2020 where invoices have not been received.

Deferred revenue is the unutilised amounts of external contributions received on the condition that specified services are delivered or conditions are fulfilled.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

## 6.6 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and if quantifiable are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively where applicable.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These are classified as either quantifiable where the potential economic benefit is known or non-quantifiable.

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- Present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be measured with sufficient reliability.

### 6.6.1 Quantifiable contingent assets

The Company has no material contingent assets.

### 6.6.2 Non-quantifiable contingent liabilities

The Company has no material contingent liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 7. Financial instruments

### Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics.
- The carrying amounts of financial instruments.
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

### Structure

7.1 Categories of financial assets and liabilities

7.2 Financial instruments specific disclosures

7.3 Fair value determination

7.4 Impairment

### 7.1. Categories of financial assets and liabilities

	2020	2019
	\$'000	\$'000
<b>Financial assets</b>		
<b>Available-for-sale financial assets:</b>		
Available-for-sale financial investments	15,114	18,063
Cash and cash equivalents	14,214	8,191
<b>Loan and receivables:</b>		
Trade and other receivables	10,502	9,731
<b>Held-to-maturity investments:</b>		
Short-term deposits	560	560
<b>Total Financial Assets</b>	<b>40,390</b>	<b>36,545</b>
<b>Financial liabilities</b>		
Trade and other payables	12,849	10,140
<b>Total Financial Liabilities</b>	<b>12,849</b>	<b>10,140</b>

The carrying value of financial assets and liabilities approximates their fair value.



## 7.2. Financial instruments specific disclosures

Investments and financial assets in the scope of *AASB 9 Financial Instruments* are classified as either financial assets at amortised cost or investments in equity instruments designated at Fair Value Through the Statement of Other Comprehensive Income ("FVTOCI"), as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through other comprehensive income.

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

### (i) Amortised cost and effective interest method

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the financial asset on initial recognition.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

### (ii) Equity instruments designated at FVTOCI

Available-for-sale financial investments are non-derivative financial assets that are designated at fair value through other comprehensive income.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with AASB 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Distributions from investments' line item in profit or loss.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of AASB 9.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 7.3. Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or value in use in AASB 136 Impairment of Assets.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the available-for-sale financial investments is determined by reference to unit price of the investment funds, which are available each day based on closing values of the previous day. This is considered level 1 in the fair value hierarchy. There are currently no financial instruments with fair value estimated based at level 2 or level 3 in the hierarchy.

## 7.4. Impairment

### Impairment of financial assets

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

For the purposes of impairment assessment, the available-for-sale assets are considered to have low credit risk. Lifetime Expected Credit Loss has been considered for these assets upon initial application of AASB 9 until these financial assets are derecognised as it was determined on initial application of AASB 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of AASB 9.

For the purposes of impairment assessment, trade and other receivables are considered low risk on the basis of historical trends and the company having never written off any debts as bad in the current and past years. Lifetime Expected Credit Loss has been applied for trade and other receivables.

In determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers operate, obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

## 8. Director and executive disclosures

### Structure

- 8.1 Details of key management personnel
- 8.2 Compensation of key management personnel
- 8.3 Other transactions and balances with key management personnel

### 8.1. Details of key management personnel

#### (i) Directors

Mr J Mann	Chair (non-executive)	Appointed Board Chair August 2020
Dr David Nation	Managing Director	
Mr J Odgers	Director (non-executive)	Resigned as Board Chair August 2020
Ms R Healy	Director (non-executive)	Appointed November 2018
Mr D Lord	Director (non-executive)	Appointed November 2018
Ms T Luckin	Director (non-executive)	
Mr G Nicoll	Director (non-executive)	
Ms J Rozman	Director (non-executive)	Appointed November 2019
Mrs J West AM	Director (non-executive)	Resigned November 2019
Prof P Wood AO	Director (non-executive)	

#### (ii) Executives

Mrs K Campbell	GM Marketing and Communications
Mrs H Dornom	Manager Sustainability
Mr P Johnson	GM Farm Profit and Capability
Ms M Kuti	Human Resources Manager (maternity cover)
Ms I McBain	Human Resources Manager
Mr C McElhone	GM Trade and Industry Strategy
Ms E Parkin	GM Business and Organisational Performance

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 8.2. Compensation of key management personnel

Total consideration paid or payable to the key management personnel of Dairy Australia Limited was:

	2020	2019
	\$	\$
<b>Directors</b>		
Short-term employee benefits	841,885	810,681
Post-employment benefits	57,131	54,607
Other long-term benefits	9,186	11,461
<b>Total</b>	<b>908,202</b>	<b>876,749</b>
<b>Executives</b>		
Short-term employee benefits	1,593,726	1,520,030
Post-employment benefits	122,350	117,182
Other long-term benefits	86,951	26,115
Termination benefits	-	76,431
<b>Total</b>	<b>1,803,027</b>	<b>1,739,758</b>
<b>Total key management personnel compensation</b>	<b>2,711,229</b>	<b>2,616,507</b>

Short-term employee benefits include salary and fees, bonus, and other short-term benefits. Post-employment benefit refers to superannuation. Other long-term benefits include long service leave and long-term incentives.

Fees to directors of the Board comprise fixed remuneration only (base salary plus superannuation) and these fees have remained the same as the last financial year. Remuneration for all directors is in line with the market and is based on advice received from independent external remuneration consultants.

- Directors other than the Managing Director and Chair are remunerated at \$41,963 per annum (2019: \$41,963).
- Members of the Board sub-committees receive a further \$3,045 per annum (2019: \$3,045)
- Chairs of the Board sub-committees receive \$6,090 per annum (2019: \$6,090)
- The Chair of the Board receives \$87,871 per annum (2019: \$87,871) and is an ex-officio member of the Audit and Risk Management Committee and Board Human Resources Committee and receives \$6,090 per annum (2019: \$6,090) for this role.
- The Managing Director's remuneration package comprises a short-term performance-based component plus superannuation. The performance-based component is subject to satisfying performance measures approved by the Board.

The Board undertakes an annual review of its performance and the performance of the Board subcommittees and the Managing Director.

Board directors' fees are recommended by the Board Human Resources Committee and approved by the Board.

In respect to the prior year, the Managing Director's short-term incentive was included in the provision for employee entitlements and was subsequently paid in August 2019.

## Executives

Executives are eligible to receive fixed remuneration only.

### 8.3. Related party transactions

Transactions with key management personnel related entities are detailed below. Individual key management personnel did not receive any personal benefit as a result of the transactions.

#### Payments made to key management personnel-related entities

During 2020, \$16,652 (2019: \$239,878) was paid or payable to the following key management personnel-related entities under normal commercial terms and conditions.

		2020	2019
		\$	\$
<b>Entity</b>	<b>Dairy Australia key management personnel</b>		
Australian Dairy Conference Ltd	Mr C Murphy	-	44,527
Australia Post	Mrs J West	16,562	57,939
Australian Red Cross	Mrs J West	-	1,537
Marcus Oldham College	Mr J McKillop	-	135,875
<b>Total</b>		<b>16,562</b>	<b>239,878</b>

#### Income earned from key management personnel-related entities

During 2020, \$40,021 (2019: \$36,951) was received or receivable from the following key management personnel related entities under normal commercial terms and conditions.

		2020	2019
		\$	\$
<b>Entity</b>	<b>Dairy Australia key management personnel</b>		
Bega Cheese Ltd	Mr J Odgers	10,623	4,000
Grains Research and Development Corp	Ms R Healy	29,398	32,951
<b>Total</b>		<b>40,021</b>	<b>36,951</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 9. Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

### Structure

- 9.1 Events after balance sheet date
- 9.2 Income tax
- 9.3 Other taxes
- 9.4 Auditor's remuneration
- 9.5 Members' funds
- 9.6 Significant accounting judgements, estimates and assumptions
- 9.7 New accounting standards and interpretations

### 9.1. Events after balance sheet date

As the Dairy industry is considered an essential service in Australia, government restrictions have sought to minimise COVID-19 related business impacts on agriculture and food production. Despite heightened need for health and safety practices, detailed continuity and response planning, restrictions on staffing levels in some cases, and highly restrictive interstate border controls, the industry has largely been able to navigate constraints and maintain all critical production and processing activities. COVID-19 restrictions have had a significant impact on the operations of the Company, including on staff and extension activities in particular, but all have been managed in such a way as to maintain the output of the organisation.

There have been no other significant events occurring after reporting date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

### 9.2. Income tax

The Company is exempt from income tax pursuant to section 50-1 of the ITAA 1997.

### 9.3. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### 9.4. Auditor's remuneration

The auditor of Dairy Australia Limited is Deloitte Touche Tohmatsu. Amounts received or due and receivable by Deloitte Touche Tohmatsu are as below:

	2020	2019
	\$	\$
Audit of the financial report of the Company including Statutory Funding Agreement compliance	103,300	85,000
<b>Other services</b>		
– returning officer (AGM)	5,000	5,000
<b>Total auditor's remuneration</b>	<b>108,300</b>	<b>90,000</b>

In the event that other services are provided by Deloitte Touche Tohmatsu, they are approved by the Audit and Risk Management Committee and do not compromise the independence of the auditor.

#### 9.5. Members' funds

The Company is limited by guarantee. The Constitution states that, if the Company is wound up, each nominated member at the time the winding up starts and each person who was a nominated member at any time in the 12 months before the winding up started, is required to contribute a maximum of \$2 each towards payment of the debts and liabilities of the Company including the costs of winding up.

Any surplus members' funds on wind up must not be paid to members but must be paid or transferred to another corporation with similar objects to the Company and a constitution which prohibits the distribution of its income and property among its members.

	2020	2019
	number	number
<b>Group A members</b>		
Nominated	3,585	3,597
Joint	3,141	3,127
<b>Total</b>	<b>6,726</b>	<b>6,724</b>
<b>Group B members</b>		
<b>Total</b>	<b>2</b>	<b>2</b>
<b>Total Group A and Group B members</b>	<b>6,728</b>	<b>6,726</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2020

## 9.6. Significant accounting judgements, estimates and assumptions

The Company is required to make judgements, estimates and assumptions, which affect the reported amounts in the financial statements.

### Significant accounting judgements

Management has not made any other significant judgements which have a significant effect on the amounts recognised in the financial statements in the process of applying the Company's accounting policies, other than determining when an available-for-sale financial investment is impaired.

### Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. At reporting date, other than dairy service levy receivable, there are no other significant estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

### Classification of and valuation of investments

The Company has decided to classify the externally managed funds as available-for-sale investments and movements in fair value are recognised directly in equity. The fair value of funds has been determined by reference to the unit price of the investment funds which are available each day based on closing values of the previous day.

## 9.7. New accounting standards and interpretations

### Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended Australian Accounting Standards and AASB Interpretations that are relevant to its operations as of 1 July 2019:

- AASB 1058 Income of Not-for-profit Entities
- AASB 15 Revenue from Contracts with Customers
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 16 Leases
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities.

The adoption has not had any material impact on the Company.

### New and revised Australian Accounting Standards on issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 17 Insurance Contracts
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.

The Company is currently assessing the expected impact on its financial statements arising from the new and revised Australian Accounting Standards.



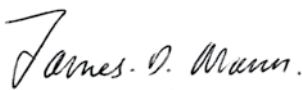
## DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- a) There are reasonable grounds to believe that the Company is able to pay its debts, as and when they become due and payable, and
- b) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with the Australian Accounting Standards – Reduced Disclosure Requirements and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the Board



**James Mann** Director

23 September 2020



**David Nation** Director

23 September 2020

# INDEPENDENT AUDITOR'S REPORT



Deloitte Touche Tohmatsu  
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Melbourne VIC 3000

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## Independent Auditor's Report to the Members of Dairy Australia Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Dairy Australia Limited (the "Entity") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the Directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the ACNC Act, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Report*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 Entity's internal control.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management' 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our 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 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Stephen Roche  
Partner  
Chartered Accountants  
Melbourne, 23 September 2020

# AUDITOR'S INDEPENDENCE DECLARATION



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23 September 2020

The Board of Directors  
Dairy Australia Limited  
Level 3, HWT Tower  
40 City Road  
Southbank VIC 3006

Dear Board Members

## **Auditor's Independence Declaration to Dairy Australia Limited**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Dairy Australia Limited.

As lead audit partner for the audit of the financial statements of Dairy Australia Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "S. Roche".

Stephen Roche  
Partner  
Chartered Accountants

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## Appendices



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## OUR 2019/20 PROJECTS

Strategic Program	Project number	Project name
<b>SP1: Profitable Dairy Farms (Pre-farmgate)</b>		
Animal Health and Fertility	P106	Managing Milk Quality
	P107	Improving Reproductive Performance
	P213	Animal Health and Welfare – On-farm
Genetics and Herd Improvement	P108	Dairy Bioscience – Animal Improvement
	P109	Herd Improvement
Farm Business Management	P240	Farm Business Information
	P241	Farm Business Management Capability
Feedbase and Animal Nutrition (including AgTech & Innovation)	P252	Supporting Practice Change
	P255	Forage Improvement
	P217	Dairy Bioscience – Forage Improvement
	P253	Integrated Feedbase RD&E
	P110	Advanced Management Technologies
	P254	Animal Nutrition and Feed Systems
	P264	Dairy Feedbase
Farm Business Management	P240	Farm Business Information
	P241	Farm Business Management Capability
Land, Water and Carbon	P128	On Farm Soil and Nutrient Management
	P130	Climate Change Support
	P272	Smarter Irrigation for Profit
<b>SP1: Profitable Dairy Farms (Post-farmgate)</b>		
International Market Support	P219	China
	P229	Japan
	P230	SE Asia
	P232	Other Markets
Manufacturing Innovation and Sustainability	P249	Supporting Manufacturing Innovation and Sustainability
<b>SP2: Capable People</b>		
Regional Extension Service	P103	Regional Development and Extension Programs
	P200	Large Supplier Engagement
	P271	Critical Response – Seasonal Adversity
People and Capability	P207	Attracting and Retaining People
	P203	Workforce Strategy, Planning and Action
	P154	Industry Education
	P260	Farm Safety



Strategic Program	Project number	Project name
<b>SP3: Trusted Dairy Industry</b>		
Industry and Community Marketing	P266	Maintaining Public Trust
	P262	Primary Schools Engagement
	P267	Influencer Engagement – Health
Industry Risk and Reputation Management	P153	Dairy Industry’s Sustainability Framework / Strategy
	P177	Managing Supply Chain, Food Safety and Integrity Issues
	P226	Human Health and Wellness Partnerships and Engagement
	P233	Policy Support for Improving Animal Health and Welfare
	P259	Technical Policy Support
	P261	Access to Agvet Chemicals
Knowledge and Insights	P237	Market Information and Insights





# RECOMMENDED CONDITIONS OF MATCHED AUSTRALIAN GOVERNMENT FUNDING

## Australian Government Rural Research and Development Policy Statement

The Australian Government's Rural Research and Development Policy Statement (July 2012) was released in response to reviews of the rural RD&E system by the Productivity Commission and the Rural R&D Council. It sets out eight principles that outline what is expected of RDCs as a condition of receiving government funding.

- **Principle 1**  
Invest in an R&D portfolio that appropriately balances long-term and short-term, high-risk and low-risk, and strategic and adaptive research needs (refer section 3.2).
- **Principle 2**  
Collaborate, as appropriate, with other RDCs and research organisations in cross-sectoral research (refer sections 2.7, 3.2).
- **Principle 3**  
Have in place suitably resourced processes to facilitate timely adoption of research results (refer section 3).
- **Principle 4**  
Use government funding solely for R&D and related extension purposes and not for any marketing, industry representation or agri-political activities (refer section 3).
- **Principle 5**  
Effectively and transparently communicate with levy payers, industry stakeholders, researchers and the Australian Government (refer annual report and Dairy Australia's Performance Report).
- **Principle 6**  
Publish relevant information on the outcomes of completed research projects in a timely manner (refer Dairy Australia's Performance Report).
- **Principle 7**  
Ensure that, over time, research programs include research that addresses the needs of levy payers in all regions (refer section 3 and Dairy Australia's Performance Report).
- **Principle 8**  
Pursue continuous improvements in administrative efficiency (see section 4).

# OUR COLLABORATION PARTNERS

## Industry groups

ADF Policy Advisory Groups  
Dairy Company QA Managers and Field Service Officers  
Australian Food and Grocery Council  
Infant Formula Nutrition Council  
International Dairy Federation  
Sustainable Agriculture Initiative  
Dieticians Association Australia  
Sustainability Consultative Forum  
Global Dairy Sustainability Framework  
SAFEMEAT  
Australian Meat Industry Council  
Red Meat Advisory Council

## Regulatory groups

DAWE – Dairy Export Industry Consultative Committee  
Food Standards Australia New Zealand  
CODEX Australia  
State Food Regulatory Authorities  
Environment Protection Authorities

## RDCs

AgriFutures  
Australian Egg Corporation Limited  
Australian Meat Processor Corporation  
Australian Pork Limited  
Australian Wool Innovation  
Cotton Research and Development Corporation  
Fisheries Research and Development Corporation  
Forest and Wood Products Australia Limited  
Grains Research and Development Corporation  
Horticulture Innovation Australia Limited  
Australian Livestock Export Corporation Ltd  
Meat & Livestock Australia  
Sugar Research Australia Limited  
Wine Australia

## Cross-agricultural committees

National Animal Biosecurity RD&E Strategy  
National Animal Welfare RD&E Strategy  
Animal Health Australia – Industry Forum  
Animal Health Australia – Members Forum  
Australian Pastures Genebank Steering Committee  
Climate Change Research Strategy for Primary Industries  
Managing Climate Variability Program  
Council of Rural R&D Corporations  
Plant Biosecurity Cross-Sector Strategy  
Research and Innovation Committee  
Soils Cross-Sector Strategy  
Water Use in Agriculture Cross-Sector Strategy  
Australian Food and Wine International Trade  
Collaboration Group  
Dairy Moving Forward strategy

## Key investment partners

Agriculture Victoria  
Austrade  
CSIRO  
DairyNZ  
Department of Agriculture and Water Resources  
Latrobe University  
Gardiner Dairy Foundation  
NSW Department of Primary Industries  
Pastoral Genomics  
Pasture Trials Network  
Queensland Department of Agriculture and Fisheries  
South Australian Research and Development Institute  
Tasmanian Institute of Agriculture  
University of Melbourne  
University of New England  
University of Sydney  
WA Department of Primary Industries and Regional  
Development

## FINANCIAL CONTRIBUTION TO CROSS-SECTIONAL COLLABORATION WITH OTHER RESEARCH AND DEVELOPMENT CORPORATIONS

Project Name	Collaborating RDCs	DA Contribution \$
Enhancing the profitability and productivity of livestock farming	AgriFutures, CRDC, GRDC, SRA	558,426
Enhancing the profitability and productivity of livestock farming through virtual herding technology	APL, AWI, MLA	76,232
More profit from nitrogen: enhancing the nutrient use efficiency of intensive cropping and pasture systems	CRDC, HIAL, SRA	50,000
Forewarned is forearmed: equipping farmers and agricultural value chains to proactively manage the impacts of extreme climate events	AgriFutures, APL, CRDC, GRDC, MLA, SRA, Wine Australia	50,000
Dairy Beef Supply Chain	MLA	40,000
People in Agriculture	APL, CRDC, GRDC, MLA, Australian Eggs	28,000
Black Soldier Fly	APL	20,000
Lifting farm gate profit through high value modular agroforestry	AgriFutures, FWPA	20,000
Rural Safety and Health Alliance	AgriFutures	20,000
Horizon Scholar - Alice Mitchell	AgriFutures	10,000
Phosphorus Efficient Pastures: delivering high nitrogen and water use efficiency, and reducing costs of production across Southern Australia	AWI, MLA	10,000
The AgriFutures Horizon Scholarship	AgriFutures	10,000
FGP Coordinator 2019/20 Funding LOI	APL	6,375
<b>Total revenue</b>		<b>899,033</b>

#### Disclaimer

The content of this publication including any statements regarding future matters (such as the performance of the dairy industry or initiatives of Dairy Australia) is based on information available to Dairy Australia at the time of preparation. Dairy Australia does not guarantee that the content is free from inadvertent errors or omissions and accepts no liability for your use of or reliance on this document. You should always make your own inquiries and obtain professional advice before using or relying on the information provided in this publication, as that information has not been prepared with your specific circumstances in mind and may not be current after the date of publication. Dairy Australia acknowledges the contribution made to this publication by the Commonwealth government through its provision of Matching Payments under Dairy Australia's Statutory Funding Agreement.

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