

DairySA Regional Development Program

DairySA
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Annual Report

2011–2012



DIRECTORS & DETAILS

James Mann	Chairperson
Michael Connor	Vice Chairperson
Glenn Dohnt	Farmer Director
Greg Gilbert	Processor Representative
Simon Gierke	PIRSA Representative
Ty Maidment	Farmer Director
Travis Telford	Farmer Director
Angus Williams	Farmer Director
Frank Young	Independent Director
Verity Ingham	Executive Officer

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STRATEGIC DIRECTION

Vision

To facilitate research, development, extension and education for a profitable, sustainable South Australian dairy industry.

Mission

To facilitate, communicate and/or coordinate dairy farm research, development, extension and education activities with stakeholders to support the implementation of effective extension and regional initiatives.

DAIRY in SOUTH AUSTRALIA – A SNAPSHOT

	2012	2011
Milk production (million litres)	599	603
Average farm output (million litres)	2.13	2.04
Average herd size per farm	313	311
Average production per cow (litres)	6,848	6,690

Source: Dairy Authority of South Australia (July 2012)

% plan more output in 3 yrs	44	46
% positive about industry future	62	45
% dairy farm expansion phase	22	22

Source: National Dairy Farmer Survey (March 2012)

CHAIRPERSON'S REPORT

As the 2011-2012 financial year drew to a close, ever present on peoples mind throughout the industry was milk price. In the volatile world dairy markets this is an unwelcome factor of dairy farming that we all have to face.

DairySA prides itself on being a responsive organisation and along with Dairy Australia has been providing farms businesses the opportunity to access a range of programs to assist in managing in tight times. Forums run across the state have provided farm members the latest information on commodity prices and helped farmers better equip their businesses for the bumpy ride of milk price. The DairySA Board has also brought forward the hugely popular DairySA Business Advice and Support funding so farmers have had access to it when they need it most.

A major focus of DairySA is to ensure farms and those working in the dairy industry have good access to relevant and practical extension information. We have been involved in a number of dairy extension models since PIRSA began retreating from providing Government funded extension. We've learnt a lot from these experiences and had some excellent outcomes along the way. We are now embarking on a centrally led extension service, funded by Dairy Australia. This service means **more extension** for dairy farms in SA, **more local presence** for DairySA and Dairy Australia, and **more opportunities** for people from farms to access relevant and timely information to help them and their farm.

The team at DairySA has been busy accessing funding and delivering programs to help increase productivity and profitability on your farm. These include the soil nutrient mapping and fertiliser project been offered across the State, the Fleurieu Forage Innovation trials, GPS Cows herd behaviour and nutrition project, LMRIA forage trials and a host more. We've got some exciting initiatives about to start with the Dairy Farm Energy Assessments about to commence and following from the very successful 2BHerd project some women's leadership development training and a state-wide conference.

DairySA is here to help your farm in the areas of extension and research. If you're looking for information, have an ideas or some feedback, please get in touch with us.

With the revised milk price and world markets, it looks like there might be light at the end of the tunnel. Use the information and resources available to you to assist in getting through this tough time. I hope for, and look forward to, a bright and sustainable future for dairying in SA.

James Mann
Chairman

DairySA Regional Development Program Inc.

THE DairySA REGION

DairySA Regional Development Program covers all dairying regions of South Australia and includes the South East, Adelaide Hills, Fleurieu, Murray Lands and the Barossa Mid North. These farming regions all have different issues to deal with due to differing climatic conditions, natural resources, infrastructure, processing, service industries and growth capabilities.

The 2011-2012 farm statistics from the Dairy Authority of South Australia indicate a drop in farm numbers from the previous year (-3.8%), bringing the total number of farms in South Australia to 275. Cow numbers also decreased with a drop of 3.0%.

	FARM NUMBERS		Change from last year (%)	% of Farms in SA	COW NUMBERS		Change (%)
	Year				Year		
	2012	2011			2012	2011	
Central-Adelaide Hills	26	28	-7.1	9%	3,890	4,329	-10.1
Fleurieu Peninsula	68	71	-4.2	25%	15,313	16,083	-4.8
Upper South East	12	11	9.1	4%	4,947	4,759	4.0
Lower South East	96	98	-2.0	35%	40,022	41,701	-4.0
Murray River	31	32	-3.1	11%	8,452	8,598	-1.7
Lower Lakes	16	18	-11.1	6%	7,674	7,404	3.6
Mid North	26	28	-7.1	9%	5,873	5,984	-1.9
TOTALS	275	286	-3.8		86,171	88,858	-3.0

Source: Dairy Authority of South Australia

Production by region

Statics from the Dairy Authority of South Australia report that South East SA produces around 60% of the states milk production, averages larger herds sizes and has an average herd production of 7,746L per cow.

As reported in the National Dairy Farmer Survey, South Australia farms lead the way in herd size and production, when compared with other milk producing states.

The Dairy Authority of South Australia has reported that the butterfat per cow the mid north is the same as the central zone, which suggests more Jerseys of higher butterfat content in the mid north.

Comparative statistics from 1974 and 1984 presented from the Dairy Authority of South Australia show that the production per cow has doubled and the production per farm more than 11 times greater than in 1974.

Milk statistics by region	Milk production (litres)	Cows numbers	Litres per cow	Farm numbers	Litres per farm	Cows per farm
Mid North	26,456,707	4,505	5,873	26	1,017,566	173
Central	221,926,332	35,329	6,282	141	1,573,946	251
South East	348,205,498	44,954	7,746	108	3,224,125	416
TOTAL	596,588,537	84,788	7,036	275	2,169,413	308
1984	273,176,320	74,720	3,656	962	283,999	78
1974	255,591,000	81,140	3,150	1,397	182,948	58

Source: Dairy Authority of South Australia

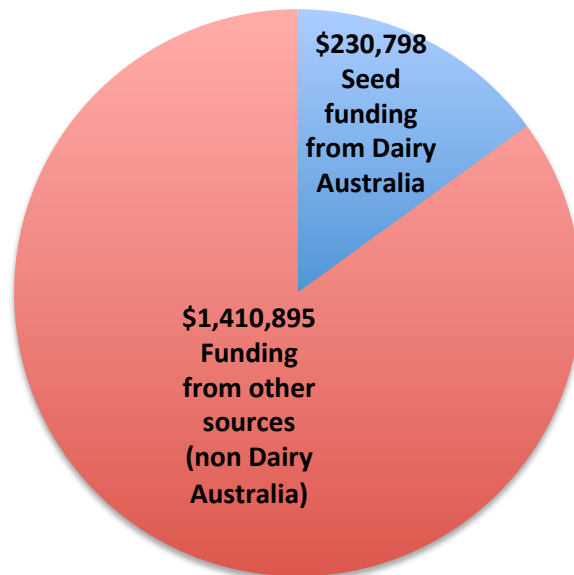


DairySA FUNDING

In 2011-2012, Dairy Australia allocated \$230,798 core funding to DairySA. This was a very slight reduction from the previous financial year. DairySA continued to develop and deliver programs and significantly leveraged cash and in-kind contributions from other sources.

Dairy Australia's investment in DairySA was leveraged to attract an additional \$1,296,860 from co-investors for South Australian dairy related projects.

Total investment in dairy related programs through DairySA totaled \$1,641,693.



Note: This pie chart does not include DairySA reserves or funds from Dairy Australia that are additional to seed funding.

Major sources of external funds were accessed through the Department of Agriculture, Fisheries and Forestry (DAFF), PIRSA, and various businesses.

In-kind contributions continue to be of significant value to DairySA. The highest contributors of in-kind support are attributed to dairy farmers across the state contributing time and resources within major projects, such as the *LMRIA Sustainable Soils* and *GPS Cows*.

REGIONAL INPUT & FEEDBACK

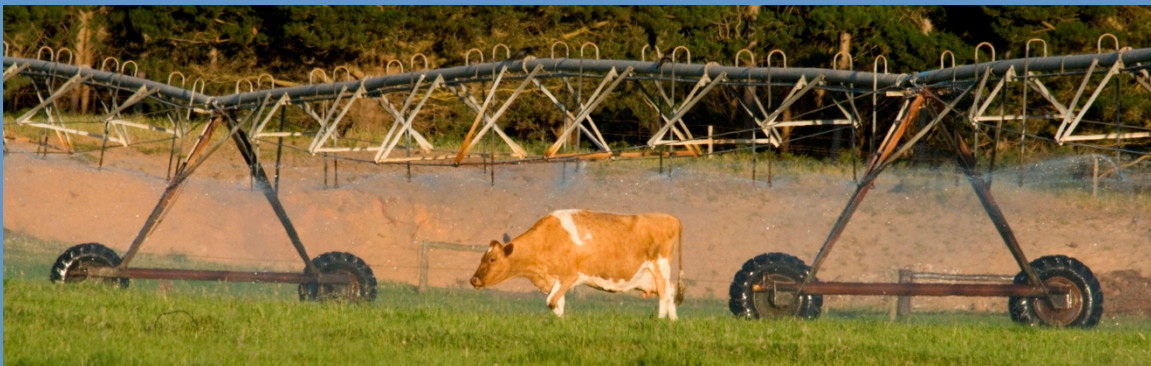
DairySA highly values input of resources and expertise through the DairySA board and project steering committees, with many hours invested in development and management of programs throughout the state.

Achieving farmer and industry participation in the development, extension and evaluation of its programs is central to the work of DairySA. The SE Regional Dairy Committee and project subcommittees help to achieve this. Farmers, processors, consultants, specialist advisers and PIRSA representatives are included in these groups.

DairySA acknowledges the significance of this input, ensuring that programs and projects have a high level of industry input and are relevant to today's dairy farming environment.

The DairySA communications strategy includes feedback mechanisms to dairy farmers and industry through industry updates and dairy innovation days. The DairySA newsletter, distributed monthly, is provided to all South Australian dairy farmers and interested people in dairy service industries. The DairySA website continues to be a reliable source of information for the South Australian dairy community and beyond.

Attendances or presentations by DairySA representatives at relevant forums also provide DairySA with key communication opportunities, as well as forums organised by DairySA—including innovation day.



DairySA seeks feedback from all regions from a variety of sources to ensure programs delivered are relevant and timely. This is achieved through farmer contacts, discussion groups, dairy extension officers, the South Australian Dairyfarmers' Association, PIRSA, service providers and feedback events held. DairySA constantly seeks to remain informed of dairy farm RD&E needs as well as dairy farm business issues of relevance.

DairySA is always keen for farmer feedback and kitchen table forums can be requested by farmers through DairySA as required. Feedback via phone or in-person is also welcomed.

The SE Regional Dairy Committee's is also an important form of feedback and direction for DairySA. The committee aims to provide ideas for the regional DairySA Innovation Day, including key themes and speakers, support the DairySA Innovation Day Event Manager, and seek feedback from farmer networks on current issues that could be addressed by DairySA.

The South East Regional Dairy Committee acts as a focal point for the dairy industry for development and delivery of regional initiatives.
DairySA recognises the importance of the SE regional committee and the significance of having 'grass roots' input at a local level.
Committee members freely give their time and expertise to ensure that the programs they are involved in are relevant to dairy farmers in their region.

South East Regional Dairy Committee

James Mann, *Chairperson*, Dairy Farmer

Rob Palamountain, SE NRM Board

Kylie Boston, *Executive Officer*, Consultant

Travis Telford, Dairy farmer

Lyndon Clegget, Dairy farmer

Mark Thompson, TafeSA

Sean Durcan, Dairy farmer

Sue Young, Dairy farmer

Rebecca Hehir, Elders Limited

SUMMARY OF DairySA PROJECTS

DairySA undertook a variety of projects in 2011–2012. The organisation’s role in projects varies, ranging from project development and management through to funding support. A summary of projects follows. This is not an exhaustive list of all projects DairySA was involved in, but describes major projects and depicts the key range of focus areas over the past year.

Details of the projects outcomes and activities can be viewed in the project library on the DairySA website www.dairysa.com.au.

Feedbase Production and Utilisation

DairySA supports feedbase projects that:

- develop profitable and sustainable dairy farming systems that best utilise regional resource availabilities.
- increase skills in forage management and utilisation.
- explore alternative feedbase systems to provide dairy farmers with adaptable and profitable options for feeding dairy cows.

PROJECT	REGION/S	FUNDING SOURCE/S and/or PARTNERS	INVESTMENT*
Fleurieu Forage Innovation	Fleurieu with resources for all dryland	DairySA, Dairy Australia, FP-AG and local farms	\$88,500
3030 Fleurieu Partner Farm	Fleurieu with resources for all dryland	Dairy Australia, DairySA, FP-AG and host farm	\$38,215
Forage Skills	All regions	DairySA	\$9,500

*This indicates the financial year investment only, not the full project budget for projects that operate over one or more financial years.

Natural Resources Management

DairySA supports natural resource management projects that:

- contain point source pollution on-farm.
- minimise diffuse source pollution.
- optimise production from utilised land and water resources.
- develop environmental stewardship, ensuring the environment on and off-farm is enhanced.
- assist South Australian dairy farmers to adapt their farming systems to cope with changes in climate.

PROJECT	REGION/S	FUNDING SOURCE/S and/or PARTNERS	INVESTMENT*
LMRIA Strategic Advice	Lower Murray Reclaimed Irrigation Area	PIRSA & SA MBD NRM Board	\$19,000
LMRIA Sustainable Soils	Lower Murray Reclaimed Irrigation Area	Department of Agriculture Fisheries and Forestry and local farms	\$223,380
Future Ready Dairy Systems (FRDS)	Murraylands, Barossa Mid North, Adelaide Hills	Department of Agriculture Fisheries and Forestry (DAFF) and Dairy Australia	\$51,700
SA Dairy Soil Nutrients	Barossa Mid North, Fleurieu, South East	Department of Agriculture Fisheries and Forestry (DAFF)	\$145,170

*This indicates the financial year investment only, not the full project budget for projects that operate over one or more financial years.

People in Dairy and Business Management

DairySA supports people in dairy and business management projects that:

- support farmers to develop better business skills.
- promote the industry and opportunities in dairying.
- enhance access to innovative process and procedures that develop efficient and profitable dairy businesses.
- engage in business performance and benchmarking programs.

PROJECT	REGION/S	FUNDING SOURCE/S and/or PARTNERS	INVESTMENT*
2BHerd – Learn Link Lead	All regions		\$67,500
Cows Create Careers	All regions	Dairy Australia , DairySA and commercial business	\$10,000
DairySA Innovation Day	South East	Department of Agriculture Fisheries and Forestry and local farms	\$45,500
iDairy – a sustainable dairy future	All regions	DAFF, business and participants	\$122,000
Tassie Tour for young farmers (Don Campbell tour)	All regions	DairySA and GippsDairy	\$970
Dairy business support and advice sessions	All regions	DairySA reserves	\$16,000

*This indicates the financial year investment only, not the full project budget for projects that operate over one or more financial years.

Animal Performance

DairySA supports people in dairy and business management projects that:

- assist farmers to maximise milk production and herd fertility while meeting the needs of the animals.
- promote industry initiatives regarding herd health and reproduction.

PROJECT	REGION/S	FUNDING SOURCE/S and/or PARTNERS	INVESTMENT*
GPS Cows	Applicable to large herds	DairySA, Dairy Australia and local farms	\$129,360

Education and Extension

PROJECT	REGION/S	FUNDING SOURCE/S and/or PARTNERS	INVESTMENT*
Dairy farmer workshops, tours and sponsorship	All regions	DairySA, Dairy Australia, business and local farms	\$73,527
Dairy Discussion Groups	All regions	DairySA and participants	\$45,000
DairySA Innovation Day	South East	DairySA, sponsors and participants	\$23,000
SA Dairy Extension Officers	All regions	PIRSA, Dairy Australia and DairySA	\$299,275

*This indicates the financial year investment only, not the full project budget for projects that operate over one or more financial years.

ACKNOWLEDGEMENTS

DairySA gratefully acknowledges the following organisations for their support:

Dairy Australia

South Australia Dairyfarmers' Association

Government of South Australia Primary Industries and Regions SA

Parmalat

Lion

Murray Goulburn Cooperative

Warrnambool Cheese and Butter





INDEPENDENT AUDITOR'S REPORT

To The Members of Dairy Sa Regional Development Program Inc.

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Dairy SA Regional Development Program Inc. which comprises the balance sheet as at 30 June 2012, the income and expenditure statement and notes to the accounts and a summary of significant accounting policies.

Committee's Responsibility for the Financial Report

The Committee is responsible for the preparation and presentation of the financial report in accordance with the financial reporting requirements of the Associations Incorporation Act (SA) and for such internal control as the Committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirement of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects the financial position of Dairy SA Regional Development Program Inc. as of 30 June 2012 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Accountants, Auditors
& Business Consultants

Laurie Galpin FCPA
David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
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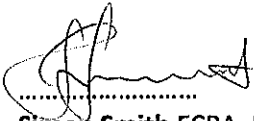
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Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist Dairy SA Regional Development Program Inc to comply with the financial reporting provisions of the Associations Incorporation Act (1985). As a result, the financial report may not be suitable for another purpose.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



.....
Simon Smith FCPA, Registered Company Auditor
Partner

.....
3/10/2012
Date

Dairy SA Regional Development Program Inc

Statement by Members of the Committee

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 5:

1. Presents fairly the financial position of Dairy SA Regional Development Program Inc as at 30 June 2012 and its performance for the financial year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Dairy SA Regional Development Program Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

Dated this _____ day of _____ 2012

Dairy SA Regional Development Program Inc

Committee's Report

Your committee members submit the financial report of Dairy SA Regional Development Program Inc for the financial year ended 30 June 2012.

Committee Members

The names of Committee members throughout the financial year and at the date of this report are: James Mann, Michael Connor, Glen Dohnt, Greg Gilbert, Simon Gierke, Frank Young, Ty Maidment, Travis Telford, Angus Williams.

Principal Activities

The principal activities of the association during the financial year were research and development for a profitable dairy industry.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating result from the association's activities was a deficit of \$87,969

Related Party Transactions

In accordance with section 35(5) of the Associations Incorporation Act 1985, the committee of Dairy SA Regional Development Program Inc hereby states that during the financial year ended 30 June 2012:

- (A) i) no officer of the Association;
ii) no firm of which an officer is a member; and
iii) no body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the association.
- (B) no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary nature.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the association in future financial years.

Signed in accordance with a resolution of the members of the committee.

Dated this _____ day of _____ 2012

Dairy SA Regional Development Program Inc

**Income and Expenditure Statement
For the Year Ended 30 June 2012**

	2012	2011
	\$	\$
Income		
Consulting Fees		
Total Dairy Australia Income	380,430	256,558
PIRSA Income	-	10,000
Project Funds	295,343	281,906
DWLBC/NRM Board	3,960	6,000
DFEEST	70,943	-
Other Project Funds	74,424	-
Sponsorship Income	35,866	18,227
Farmer Registration Fees	12,001	16,386
Interest Received	8,780	13,352
Other /Income - Extension Materials	-	1,196
Reimbursements (DA & Other)	24,104	3,656
Total Income	905,851	607,281
Expenses		
Accommodation Fees	13,750	7,246
Advertising	21,579	12,460
Auditor's Remuneration	4,973	4,135
Bank Charges	444	430
Consultation Fees	710,294	404,655
Catering	25,169	21,921
Fees, Licences & subscriptions	1,100	70
Attendance Fees	15,133	12,303
Gifts	186	427
Insurance	7,140	6,896
Licences and Registrations	2,328	1,605
Office Expenses	353	1,211
Postage, Printing and Stationery	19,819	22,075
Project Operating Expenses	79,991	40,586
Seminar Expenses	24,770	34,466
Sponsorship	8,697	1,569
Telephone	719	1,312
Travelling Expenses	55,561	36,583
Venue Hire	1,814	486
Total Expenses	993,820	610,436
Profit/ (Loss) from Ordinary Activities	(87,969)	(3,155)

The accompanying notes form part of the financial statements

Dairy SA Regional Development Program Inc

Balance Sheet
As at 30 June 2012

	2012	2011
	\$	\$
Current Assets		
Cash		
ANZ Business Extra Account	118,991	106,765
Rabo Plus Account	183,765	235,080
LMI Soils	168,434	-
Soils SA	13,752	-
Next Gen 2 Account	7,257	8,589
Next Gen 3 Account	5,445	49,005
ANZ GST Management Account	-	84,628
WUE & DGAS	-	179
Total Cash	497,644	484,246
Receivables		
Trade Debtors	55,842	92,653
Total Receivables	55,842	92,653
Total Current Assets	553,486	576,899
Total Assets	553,486	576,899
Current Liabilities		
Revenue Received in Advance		
Revenue Received in Advance	68,000	-
Total Revenue Received in Advance	68,000	-
Creditors and Borrowings		
Accounts Payable	26,167	52,684
Accruals	27,585	-
GST Paid/Collected	2,548	7,060
Total Creditors & Borrowings	56,300	59,744
Total Current Liabilities	124,300	59,744
Total Liabilities	124,300	59,744
Net Assets	429,186	517,155
Members Funds		
Retained Profits	429,186	517,155
Total Members Funds	429,186	517,155

The accompanying notes form part of the financial statements

Dairy SA Regional Development Program Inc

**Notes to and forming part of the Financial Statements
For the year ended 30 June 2012**

Note 1: Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act of South Australia 1985. The committee has determined that the Association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act of South Australia and the following applicable Accounting Standards:

AASB 110: Events Occurring After Reporting Date

AASB 1031: Materiality

No other applicable accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

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

(a) Income Tax

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

(b) Goods and Services Tax

Revenues and expenses are recognised net of the amount of goods and services tax (GST) except where the amount of GST is not recoverable or payable to the Australian Taxation Office.

Receivables and Payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is shown separately in the Balance Sheet.

Note 2: Retained Profits

Retained profits at the beginning of the financial year	517,155	520,310
Net profit (loss) attributable to members	(87,969)	(3,155)
Retained profits at the end of the financial year	<u>429,186</u>	<u>517,155</u>