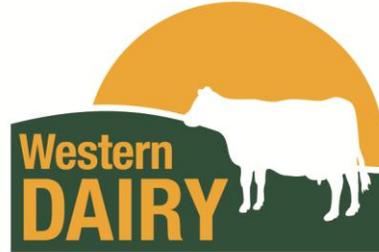


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WESTERN DAIRY INCORPORATED

The Regional Development Program for
the Western Australian dairy industry

Annual Report

For the financial year 2010/2011



Western Dairy Regional Development Program	
Office	Postal PO Box 341 Mundijong WA 6123 Delivery 14 Paterson St, Mundijong WA 6123 Tel 08 9525 9222; Fax: 08 9525 5008
Staff	Executive Officer: Esther Price esther@westerndairy.com.au Business Manager: Donna Sykes donna@estherprice.com.au Finances: Trish Whiting trish@estherprice.com.au Executive Assistant: Bev Hunt bev@estherprice.com.au
Board	
Dale Hanks Chair	336 Government Road, Harvey WA 6220 leanehanks@bigpond.com
Vic Rodwell Vice Chair	Boundary Road, BoyanupWA rod farms@bigpond.com
Kirk Reynolds	CSBP Bunbury Kirk.reynolds@csbp.com.au
Oscar Negus Snr	71 Armstrong Road, Tutanup WA 6280 negusent@activ8.net.au
Peter Oates*	312/ 84 Giles Rd Busselton WA 6280 peteroates@westnet.com.au
Advisory Panel	
Lorelle Fry	PO Benger WA 6223 katandrapark@bigpond.com
Elaine Haddon	588 Yoongarillup Road Sabina River, Busselton WA 6280 haddon@swisp.net.au

**Retiring board member*

Committees:

National Centre for Dairy Education Australia (NCDEA) Regional Advisory Committee – Chair – Oscar Negus
Future Ready Dairy Farms Regional Advisory Committee – Chair – Lorelle Fry
Regional Feedbase Development group – Kirk Reynolds

Consulting to Western Dairy:

Future Ready Dairy Systems regional coordinator – Sam Taylor
NCDEA training coordinator – Leanne Ablett (Resigned, May 2011)
Regional Feedbase Development Group manager – Dario Nandapi



The Western Dairy Charter

To enhance the economic and environmental wellbeing and image of the region's dairy farming industry through effective research, development and extension

Western Dairy will seek to achieve this vision by

- Working with regional stakeholders to identify and evaluate areas where research, development and extension may assist in the competitiveness and sustainability of dairying in the region, whilst enhancing industry image;
- Participating in national priority setting and strategic planning of farm research, development and extension;
- Ensuring responsible and timely use is made of the Research and Development levies paid by WA dairy farmers and where possible, using these funds to lever additional monies that can then add further value to current and planned research projects;
- Building and strengthening relationships to provide benefits for the local dairy industry in the areas of research, development, extension, education and industry promotion;
- Facilitating communication and integration between dairy farmers and the dairy research community.

Strategic Priorities

Western Dairy's strategic priorities for the year are developed against a context where:

- Stronger alignment with national research, development and extension through *Dairy Moving Forward* is essential to us doing business;
- WA's research strength is in the area of feedbase – and significant opportunities exist to drive productivity in WA through a greater understanding of more effective feedbase management strategies for WA conditions;
- There is an ever-increasing focus on environmental sustainability and risk management for climate change on farm;
- There is an increasing importance being placed on effective human resource management and training on farm;
- There is a clear need for better business management as a strategy to help improve farm productivity and profitability in a competitive environment;



Chair's Report

Western Dairy's 2010/2011 activities have been a combination of responding to immediate need and preparing for consideration change in the manner in which we conduct future research and extension. The here and now work has centred around responding to the economics and environment that have played havoc with our farming returns over the past twelve months.

This period has tested the mettle of even the most resilient of our farmers as the Challenge Cooperative went into administration at time when feed and water supplies were critical – increasing the pain already being felt.

Whilst we were dealing with responses to these situations, we were also preparing the industry to undergo significant change in the way we do business, as the reality of significant funding cuts to the Department of agriculture and Food WA began to hit home. The 10/11 year has involved for Western Dairy an extensive review on the utilisation of the Vasse Research Centre and the functionality of dairy extension.

As predicted last year, the Cowan Report that mapped out a pathway of research, development and extension priorities in WA, has been widely endorsed and as a consequence Western Dairy has driven the facilitation of two emerging scenarios:

- An industry/government collaboration in the appointment of an independent dairy industry development specialist; and
- The transition of the Vasse research centre into a self-sustaining entity that still retains a vital role in research and extension.

The development of these scenarios has been a big part of my first year in the chair, but in addition to these core bodies of work, Western Dairy has continued to maintain a strong presence in the field of dairy training, while also working extensively with GeoCatch in the development of an effluent code of conduct and providing support to dairy farms seeking to upgrade effluent systems.

Meanwhile, I would like to take this opportunity to acknowledge the role of a number of key persons within the Western Dairy family.



Firstly, to Peter Oates – whose contribution to the Western Dairy board, including three years as an advisory panel member working with a special interest in feedbase and as chair of the Regional Feedbase Development Group; and then in his capacity as board member, vice chair and ultimately interim chair, has been outstanding. Peter has not sought renomination for a second term on the board and it is with regret that we will no longer have him around the Western Dairy board table.

His departure has made way for incoming director Ruth McGregor. Ruth and her husband Ian had an inside look at the workings of Western Dairy as they hosted our 2012 Dairy Innovation Day in May. I am confident that Ruth will make a great contribution to the board and we look forward to her joining.

We also welcomed Kirk Reynolds to the board as a mid-year appointment, following the sudden departure of Brendon Hurst, who moved with National Foods to Queensland. Kirk had been invited to the position of advisory member in the area of nutrients last year and was well placed to step up to the vacancy. Kirk has already made a solid contribution to the board with his expertise in fertilisers in particular but also agricultural science in general.

Western Dairy's two advisory panel members – Lorelle Fry and Elaine Haddon have also been highly valued members of the network. Lorelle's experience in natural resource management politics and strategy and Elaine's passion for training and education has meant each have championed a special interest and we are all very grateful for this. We look forward to their ongoing contribution.

Another key Western Dairy contributor over many years is Leanne Ablett who has until recently led our dairy training and human resource management projects. We were sad to lose Leanne to full time employment, but not before she had helped Western Dairy reach significant milestones including the introduction of dairy training under the banner of the National Centre for Dairy Education Australia (NCDEA). We will miss Leanne's knowledge of the training sector and her contribution to this portfolio.

I am confident that your Western Dairy team has the necessary skills and drive to continue to rigorously manage astute investment of the WA dairy farmer levy and in that process work to attract additional funds in order of the board to continue to deliver projects and initiatives of value to WA dairy farmers and to help move towards our vision of a more sustainable and vibrant WA dairy industry.

Dale Hanks

Chair, 2010/2011



SUMMARY OF DIRECTORS' ATTENDANCE AT WESTERN DAIRY BOARD MEETINGS – 2010/2011

Board Members	August 13, 10	Sept 15, 10	Nov 15, 10	Feb 8, 11	Apr 14, 11	June 30, 11	Total
Dale Hanks	1	1	1	1	1	1	6/6
Vic Rodwell	N/A	1	1	1	1	1	5/5
Peter Oates	1	1	1	1	1	1	6/6
Oscar Negus	1	1	1	1	0	1	5/6
Brendon Hurst	N/A	1	1	1	N/A	N/A	3/3
Kirk Reynolds	N/A	N/A	N/A	N/A	1	1	2/2
Gerard Leddin*	1	* Term completed effective September 2010					

Summary of additional governance meetings attended

DATE	Event	Attended by
Nov 10	RDP Meeting, Melbourne	Dale Hanks, Vic Rodwell
Nov 10	ADIC Meeting, Melbourne	Dale Hanks, Vic Rodwell
Nov 10	Dairy Australia AGM	Dale Hanks, Vic Rodwell
Dec 10	WA Farmers joint meeting	Dale Hanks
May 11	RDP Meeting, Melbourne	Dale Hanks, Vic Rodwell



The project year in review

It is important to constantly remind our farmer base that all of these activities discussed in this report are examples of the dairy service levy at work and a great demonstration of the determination Western Dairy and Dairy Australia have in ensuring that WA dairy farmers have access to the latest technologies and farming practices to support their businesses into the future.

Western Dairy continues to invest time in strategic planning and prioritisation and has worked closely with WA Farmers Dairy Section, Dairy Australia and Australian Dairy Farmers in ensuring our WA priorities are heard at a national level and are consistent with the broader national strategies. This process helps us ratify that the projects we invest in or plan to invest in, are consistent with the needs and expectations of industry. In November 2010 we completed a new five-year strategic plan for Western Dairy, which has been endorsed by all key stakeholders.

Our priority planning process is mapped against the six key areas of business contained within our annual operating plan, which have now been fully acquitted:

	Dairy Australia RDP Funds		Other Funds		Total Funds	
	\$	%	\$	%	\$	%
Program Conduct	125,000	62.5	172,100	45.1	297,100	51.1
Feedbase	60,000	30.0	42,260	11.1	102,260	17.6
Natural Resource Management	0		36,100	9.5	36,100	6.2
Farm Business Management	15,000	7.5	73,000	19.1	88,000	15.1
Animal Performance						
People			48,000		48,000	8.3
Other Programs	0		10,000		10,000	1.71
Total	200,000	100	381,460	100	581,460	100



Feedbase

This critical business unit and the one that offers the greatest links with the national RD&E effort, has been under significant review this financial year. The program began with Western Dairy co-commissioning a report authored by Tom Cowan in conjunction with Glenys Hough, Steve Hossen and Colin Bosustow to evaluate the RD&E priority needs and to make recommendations of an appropriate pathway forward in an environment with less DAFWA funds and human resources available for dairy RD&E.

The report was tabled and accepted by DAFWA and Dairy Australia and included recommendations of injecting a commercial element to Vasse so that it may become self-sustaining whilst at the same time making a contribution to dairy development and extension – with some capacity to undertake research as part of a national dairy research collaboration.

Western Dairy has then facilitated a number of next steps that bring the recommendations of the Cowan Report to fruition, including, including:

- The creation of an ‘industry development officer’ role – a position that is cofounded by DAFWA and Dairy Australia but will sit independently of both, reporting in the first instance to Western Dairy – and whose priority task will be to facilitate quality extension and development activities for the WA industry;
- The commissioning of a working document to map the pathway forward for a transition for Vasse to incorporate a commercial entity;
- The development of a research project that will compliment the Dairy Moving Forward strategy and link with works being undertaken at Ellinbank (Vic).

Other key activities within the Feedbase Portfolio

The Regional Feedbase Development Group, led by Nutritionist Dario Nandapi and chaired in FY10/11 by Peter Oates has a role of identifying and prioritising the most relevant feedbase information for distribution through the quarterly publication “The FeedTrough”.

This has been a most successful partnership between industry and government, that has featured many of the Greener Pastures key messages, while also showcasing alternative forage systems from other dairying regions. The FeedTrough is published by Western Dairy and distributed to every dairy farmer in WA plus numerous service providers.



Meanwhile, in direct response to the dry season, the group commissioned a series of Feed Budgeting workshops in December that were staged in Denmark, Busselton and Harvey. These workshops delivered by Peter Rosher and Dario Nandapi were well attended and a timely reminder in relation to the season.

Business and Human Resources

Under the guidance of Leanne Ablett, Western Dairy has developed a strong working relationship with Great Southern TAFE in order to facilitate nationally accredited dairy training in WA. A total of 17 people participated in the Cups on Cups Off course at Vasse in December; and 12 dairy trainees have completed their course via the Great Southern Institute. There are also 10 businesses participating in the next round of recognition of prior learning - Dairy Skills Passport program, funded by DAFF/AgriFoods Australia.

Western Dairy has a strong charter to promote a positive image in WA dairy circles and two activities that play a key role in that field are Cows Create Careers and Picasso Cows.

Cows Create Careers was implemented in six schools in 2010/2011. The program requires the school to rear a calf for a short period of time and then prepare projects around the opportunities for careers in the dairy industry and culminates with a significant awards ceremony. Over 200 students and industry representatives attended the celebration seminar at the end of the project.

Picasso Cows – the project that involves schools painting life-sized cows in a dairy-related theme to educate and inspire people about dairying – was another successful project of 2010/11 and was delivered this financial year in the Dardanup region). This is largely an industry image project that results in quality media coverage and promotion of dairy as an industry.

Also falling under the human resource portfolio was a series of activities linked to the dry season and the Challenge collapse. Western Dairy began the support by delivering “Dry Season” workshops in November. We staged three farmer meetings and one service provider meeting, featuring a northern Victorian dairy farmer, a northern Victorian dairy consultant and a psychologist, all of whom shared their experiences of surviving tough times. These workshops were extremely well attended – including 100% turn out of all dairy businesses in the Albany region. Exit surveys suggest that those who attended valued the experience highly.



Following on from that series and in conjunction with the South West Development Commission, Western Dairy was instrumental in offering one-on-one support to all Challenge suppliers, making on-farm visits with a Christmas hamper comprising a range of donated goods – and providing a series of support opportunities to each impacted farm business.

Natural Resource Management (NRM)

There are two key bodies of work in this area at present. Future Ready Dairy Systems (FRDS) is a national program and its WA 'cell' is being led by agronomist Sam Taylor. Sam has a reference group chaired by Lorelle Fry and the key focus at present is to identify several demonstration farms and a body of work that relates to preparing farms for climate change. The key focus in WA to be in the area of energy audits, having identified the opportunities for power savings in dairies. (Nick Bullock who was a speaker at the 2010 Dairy Innovation Day is being commissioned to undertake more work in this area and will be heading up a service provider training workshop later in the year to progress the concept of energy audits on WA dairy farms).

Western Dairy is also working closely with Geocatch to develop a Dairy Effluent management code of Conduct. The code is now complete and scheduled to be formally launched later this year. Western Dairy is conscious of the need to demonstrate a high degree of uptake in the area of effluent best management practise. We are delighted to advise that a new round of funding will extend the assistance package for effluent upgrades beyond the Geographe catchment, expanding as far afield as Scott River in the south and well north of Bunbury.

WA dairy industry business breakfast

Western Dairy's annual business and bankers breakfast continues to receive solid support from industry as a mechanism to provide the latest business information with regard to milk price and milk price outlook. The 2010 breakfast brought the dairy business community together to keep the community accurately informed about the opportunities and challenges that our dairy farmers face. The function plays a key role in ensuring their service to industry is underpinned by accurate information. Over 70 service providers including representatives from all banks with dairy clientele in the south west, attended the 2010 business breakfast conducted in July 2010 just prior to the WA Farmers Dairy Conference.



Dairy Innovation Day

Busselton farmers Ian and Ruth McGregor took on the mantle of hosting what was the 12th annual Dairy Innovation Day.

Over 300 farmers and service providers turned up to celebrate dairy industry successes and enjoy an exploration of new technologies and systems. There were several highlights to the day, including the hoof trimming demonstration provided by US veterinarian Dr Karl Burgi – and the precision dairy farming discussion from NZ-based dairy farmer Craige Mackenzie.

Western Dairy extends its sincerest thanks to the McGregors for being so prepared to throw open their doors and their hearts and welcome the industry to their farm.

With such a strong following of Innovation Day, this event has established itself as Western Dairy's flagship event that is the most visual demonstration of the WA dairy farmers' levy at work.



Western Dairy Financial Report

WESTERN DAIRY INCORPORATED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2011**



INDEPENDENT AUDIT REPORT - To the Executive of Western Dairy Incorporated

Scope

I have audited the attached special purpose financial report comprising the Statement of Financial Position and Statement of Financial Performance of Western Dairy Incorporated for the year ended 30th June 2011. The Executive is responsible for the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the Western Dairy Incorporated's constitution and are appropriate to meet the needs of the Executive. I have conducted an independent audit of the financial report in order to express an opinion on it to the Executive of Western Dairy Incorporated. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the association.

The financial report has been prepared for distribution to the Executive for the purpose of fulfilling the Associations financial reporting requirements under the constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Executive, or for any purpose other than that for which it was prepared.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free from material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies adopted by the association and all relevant Accounting Standards. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia. The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting my audit I have complied with the independence requirements of Australian Professional Ethical Pronouncements.

Audit Opinion

In my opinion, the financial report presents a true and fair view, in accordance with the accounting policies adopted by the association and all relevant Accounting Standards, of the financial position of Western Dairy Incorporated as at 30th June 2011 and the results of its operations for the year then ended.

A handwritten signature in black ink, appearing to read "E.B. Taylor".

.....
E.B. TAYLOR FCPA (TAXATION) FTIA
Auditor

30th August 2011
21 Forrest Avenue
BUNBURY WA 6230



WESTERN DAIRY INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

	2011	2010
	\$	\$
Equity		
Accumulated Funds	119634	148793
Profit/Loss from Ordinary Activities	16358	(37350)
Bank Balance TSF from Project A/C	-	8191

Total Equity	135992	119634

Represented by:		
Current Assets		
Cash at Bank	42400	18702
Trade Debtors	48110	44536
Commonwealth Cash Management Investment Fund	10464	9997
Commonwealth Bank Term Deposit	46800	46800
GST Receivable	15285	3646

Total Assets	163059	123681

Current Liabilities		
Trade Creditors	9327	-
GST Liabilities	17740	4047

Total Liabilities	27067	4047

Net Assets	135992	119634



WESTERN DAIRY INCORPORATED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
<u>Income</u>		
Dairy Australia Funding	125000	177650
DID Sponsorship	32523	20700
“People” People	-	1364
Interest Received	3722	674
Nutrient Man Ext Tools	17850	15000
AgriFoods RPL	24885	-
Taking Stock Assessments	39000	-
YDF Funding	2570	1000
Contribution New Nutrient Management System for Dairy Farm	-	3075
RD & E Project	46017	-
Industry Show Case Tour	-	3271
Dry Seasons Workshop	36857	-
Vasse Research WAP13901	15000	-
Feed Base Integration Funding	25000	63200
Dairy Farm Skills Passport Project		18731
Extension Resource	5000	-
Labour For The Future	5000	-
Greener Pastures Extensions	12840	-
Future Ready Dairy	34600	-
Levy Attribution Project	10000	-
	-----	-----
Total Income	435864	304665



Less Expenses

Advertising	2121	1149
Audit Fee	4100	4782
Charge Card Fees/Bank Fees	266	145
Board Sitting Fees	11379	10575
Board Travel Expenses	4350	3668
Board Expenses – Meeting/Training	3801	5389
Small Project Board Nomination	4002	500
Dairy Investment Project	-	8593
RD & E Priority Project	46602	-
DID Expenses	59377	52146
Exhibitor & Sponsorship Write Backs	-	4273
R.F.D.G. 10/11	18796	24628
Levy Attribution Project	5523	9282
AgriFoods RPL Expenses	14925	-
NRM	5636	-
EO Development/Consulting Fees	56200	66400
EO Project Development Expenses	3269	3412
Project Development Costs	125	1847
Project Development Costs - Travel	3010	1594
Extension Resource Planning	9858	5069
DVD Project	-	14419
Spana	-	16720
Feed Base Project	7605	17290
Cows Create Careers	-	5000
Business Breakfast	5248	5593
Insurance	4770	4486
Survival & Performance	-	1300
Feed Efficiency- Neil Moss	3597	-
NMS Project	-	8238
Feed, Water, Mind	33885	-
Photocopying, Printing & Postage	3663	2183
“People” People	-	8115
Calf Rearing	-	5714
Web Site	3043	602
Young Dairy Farmers (YDF)	2835	407
Greener Pastures Extension	7888	-
Stamp Duty	431	264
Taking Stock Project	41169	-
DFT Coordinator	13940	-



NCDEA Project	9072	4903
Subscriptions	120	-
Farm Training Grant	2045	40612
Careers Booklet	1568	-
DA\RDP Expenses/Reimbursement	10287	1435
YDF Prof Development	-	1282
Vasse Feasibility	15000	-
	_____	_____
Total Expenditure	419506	342015
	_____	_____
NET PROFIT	16358	(37350)
	_____	_____



WESTERN DAIRY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2011

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 (Western Australia). The Executive 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 (Western Australia) and the following Australian Accounting Standards:

AAS 3	Accounting for Income Tax
AAS 5	Materiality
AAS 8	Events Occurring After Reporting Date
AAS 17	Leases

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

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

- a) Investments**
Investments are measured on the cost basis

- b) Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.



WESTERN DAIRY INCORPORATED
STATEMENT BY MEMBERS OF THE EXECUTIVE

The Executive has determined that Western Dairy Incorporated 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 Executive the financial report

1. Present a true and fair view of the financial position of Western Dairy Incorporated as at 30th June 2011 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Western Dairy Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Executive and is signed for and on behalf of the Executive.

Executive _____

Full Name _____

Executive _____

Full Name _____

Dated this 30th August 2011



AUDITOR'S STATEMENT OF ANNUAL EXPENSES

F4



DAIRY AUSTRALIA
Delivering for the dairy industry
DAIRY AUSTRALIA
LEVEL 5, IBM TOWER, 60 CITY RD, SOUTH BANK VIC 3006
TEL: (03) 9889 0577 FAX: (03) 9889 0053

COMMITTEE: WESTERN DAIRY INCORPORATED _____

(Committee Title) DALE HANKS

(Name in Capitals)

AUDITORS STATEMENT

I confirm that I have examined the Reports of Expenses disbursed for the financial year ended 30 June 2011.

The total expenditure recorded for the financial year in the above committee's books is:

Sitting Fee	\$ 11379.11	Travel / Travel	\$ 4349.93
Other Expenses	\$	Allowance	

In my opinion the Reports accurately reflect the expenditures for the periods examined.

SIGNED BY
AUDITOR _____

FULL NAME OF
AUDITOR EDWIN BRYAN TAYLOR _____

COMPANY NAME &
ADDRESS E.B. TAYLOR & ASSOCIATES _____

21 FORREST AVENUE BUNBURY WA 6230

DATE 30th August 2011 _____