



MACALISTER DEMONSTRATION FARM

POLICY MANUAL

MARCH 2012

CONTENTS

1. BOARD MEMBER ROLES AND RESPONSIBILITIES	3
2. GOVERNANCE	
2.1 Instrument of Delegation	15
2.2 Voting for Directors	19
2.3 Election of Office Bearers	19
2.4 Term of Office	19
2.5 Secretary Remuneration	19
2.6 Decision Making	19
2.7 Reporting	19
2.8 Annual Budget	19
2.9 Meeting Structure	19
3. PROJECTS	
3.1 Project Assessment Process	20
3.2 Project Fees Policy	21
3.3 Co-operative Manager Charge-out Policy	21

1. Board Member Roles and Responsibilities

Introduction

This document is intended to be an operational document, contributed to and accepted by the Board. There are several reasons to document how we would like the Board to function:

- To reach a common understanding by Board members of the expectations associated with being part of the MDF.
- To provide one of a number of tools the Chairperson can refer to as they manage the ever changing dynamics of the Board and the Board/Staff relationship.
- As a framework to help the Board deal with new scenarios as they inevitably arise.

About the Macalister Demonstration Farm

The Macalister Demonstration Farm (MDF) in the heart of the Macalister Irrigation District in Gippsland is unique in two respects: it is owned and operated by the local community and it is dependent on the successful operation of a commercial dairy farm for the conduct of an ongoing programme of demonstration and extension to the dairy community.

The Co-operative Society which owns the farm was set up for the purpose of establishing a demonstration dairy farm in 1960. The Co-operative is registered as a non-trading co-operative with shares, under the Co-operatives Act 1996 (Vic). It purchased its first property and commenced operations in 1962. Since then the MDF has embarked on a programme involving expansion of the dairy operation through strategic land purchase and sale, improved grazing management, improved herd genetics, and pasture and irrigation development.

The MID encompasses 30% of the Gippsland dairy industry and in 2009-10 produced 590 million litres of milk from 510 dairy farms worth \$198 million at the farm gate. The industry is a vital element of the region's economy and the ability of farmers to make a profit is crucial to the health and wealth of the region. Making a profit is difficult with high input costs compared to milk price paid. It is therefore important that dairy farmers are well equipped with technical knowledge and skills to make farm decisions that lead to profit. The MDF fills an important role in supporting this need through access to facilities operating at a commercial scale and quality demonstrations information.

The shareholders of the MDF have set a mission for the farm:

"To enable dairy farmers to improve the profitability of their farms and lifestyles, through the demonstration of superior and sustainable management systems, and the provision of education programmes necessary for their adoption."

It is worth noting that while many projects undertaken by the farm are specific to the region, a significant number of the demonstration projects apply to a very wide dairy audience. The MDF currently has 290 farmer shareholders of the cooperative and links with another 300 dairy farmers and industry professionals that look to the MDF for leadership in the demonstration of new and emerging technologies and production systems.

The Co-operative is administered by a Board of seven directors elected for a term of two years from the local dairy community, all of whom are shareholders and more than half are or have been farmers. The Board employs a part-time Secretary who is responsible for finances and convenes monthly meetings. A farm manager is also in place and works closely with a part-time Project Manager to manage the farm operation to meet performance goals set by the Board. A part-time Project Coordinator looks after all of the demonstration projects and trials on the farm and also works closely with the Project Manager to ensure the delivery of a quality extension program to the dairying community. The existing team at the MDF has well established communication channels with dairy farmers and service providers throughout Gippsland and the wider agriculture sector. Many local farmers have been involved with the MDF since 1961.

The farm itself is 91 ha of prime agricultural land with an irrigated grazing area of 72 ha. In the 2009-2010 season it has milked 285 cows to produce 145,726 kg of milk solids (520 kg MS/cow) from 1,870,535 litres of milk (6673 litres/cow).

Role of the Board

The Macalister Demonstration Farm is an independent entity so Board members are legally and practically responsible for the performance of the organization. The MDF receives funding and support for projects from a number of sources, including from the farm operation itself, to deliver a range of projects. All of the MDF's funding partners have project deliverables and reporting requirements that must be met. The Board must ensure that contract deliverables and client expectations are met.

The success of the MDF in meeting the needs of its stakeholders is also dependent on the success of the dairy operation. The reputation of the MDF is a key element in the power of the message that is delivered to the dairying community. The Board is responsible for making the big picture settings for each season, monitoring farm performance and making decisions to bring performance back to expectation as required.

The following extract from an Australian Institute of Company Directors (AICD) document summarises the role of the Board:

“The board is responsible for overseeing management, not managing the company. Generally, two broad areas of activity:

- 1. Overseeing the strategic direction of the company; and*
- 2. Monitoring the company's conformance with that direction and legal obligations.*

To do the job of overseeing business performance, and compliance performance, directors must put in place a system to control and monitor – or ‘govern’ – the organisation. The common term for this system is ‘corporate governance’. This requires that the directors perform the following essential functions”

- Strategic direction: participate with management in setting policies, goals, strategies and performance targets for the organisation to meet both commercial and community expectations*
- Resources: make available to management the resources to achieve the strategic plan – the money, management, manpower and materials, the CEO's appointment and a succession plan*

- *Performance: monitor the organisation's performance against its strategies and targets*
- *Compliance: ensure that there are adequate processes in place to comply with legal and accounting requirements*
- *Risk: ensure that the risks to which the organisation is exposed are clearly identified and that suitable processes are in place to manage those risks*
- *Accountability to shareholders: report progress to the shareholders as their appointed representatives and align the collective interests of shareholders, board, management and employees".*

In all dealings between Board members and between Board members and the management team common decency, courtesy, respect for professional standing and privacy shall be observed by Directors at all times.

Functions of the Board in Performing its Role

The main functions of the Board in carrying out its role are as follows:

- keeping under review the general progress and long term development of the MDF in the light of the political, economic and social environments in which it operates;
- determining the ethos of the MDF and ensuring that it adheres to appropriate standards and values and that proper policies are developed and followed in relation to:
 - compliance with laws;
 - safety, health and environmental matters; and
 - the reputation of the Company;
- deciding on major changes in organisation and the shape of the business, including entry into new fields of operation and departure from those which are no longer appropriate;
- controlling and monitoring the financial state (including fixed assets and intellectual property) and performance of the MDF, including approval of the budget;
- defining the powers to be reserved to the Board and those to be delegated to the management team;
- assisting the management team in the discharge of their responsibilities;
- reviewing the Board's structure and performance from time to time and making decisions on new appointments to the Board;
- giving approval or support, as appropriate, to the appointments in the business and ensuring that adequate career development, succession and remuneration arrangements exist for them; and
- ensuring that proper policies are developed, adopted and followed in relation to corporate governance, monitoring changes in corporate governance practices and regulatory requirements, monitoring the MDFs ethics and ethical culture and overseeing preparation of the corporate governance statement in the annual report.

Powers of the Board

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- appointment and termination of the management team and determination of their terms and conditions (including remuneration);

- (b) approval of the terms of appointment of direct reports to the Co-operative Manager;
- (c) any matters in excess of powers that it may have from time to time delegated to the Executive Officer; and
- (d) approvals of each of the following:
 - (i) the corporate strategy;
 - (ii) the budget, at least annually;
 - (iii) the balance of delegated responsibilities between the Chairperson, management team and other directors, at least annually;
 - (iv) significant changes to organisational structure and the appointment of such senior officers as the Board may determine;
 - (v) the establishment, or cessation of any significant business activity;
 - (vi) the making of any public statements which reflect significant issues of MDF policy or strategy where such significant issues of policy or strategy have not been previously approved by the Board; and
 - (vii) any change to the powers delegated from the Board.

Chairperson

The Chairperson is elected by the board and is thus answerable to the board.

Again, from an Australian Institute of Company Directors training document:

“Functions or responsibilities of the chairman in ensuring that the board as a whole:

- *Provides leadership and vision to the organization;*
- *Has the right composition and balance of membership;*
- *Sets the aims, strategy and policies;*
- *Monitors those aims and ensures they are achieved;*
- *Reviews the company and ensures the resources are appropriate to the achievement of the aims;*
- *Has the information it requires for effective decision making.*

In essence there are 4 areas that are critically important in the role of the chairman:

1. *There is the chairman’s role in the boardroom in ensuring that meetings run effectively and that the focus and the energy of the board is on matters that are appropriate and about which the board is in a position to make decisions;*
2. *There is also a role for the chairman in ensuring that effective relationships exist within the organization. This involves the key relationship with the chief executive as well as to other important members of the organization, such as the top management team and the company secretary;*
3. *There is the role of the chairman in engaging with external stakeholders such as the shareholders and or members, the media and key stakeholders; and*
4. *There is a role for the chairman in ensuring that there is effective leadership and succession within the board in particular and the corporation in general.”*

It is the chairperson’s role to work with the management team:

- To be the link between the strategic role of the board and the operational role of management.
- To complement the skills the management team brings to the organisation.
- To provide the necessary support to the management team.
- To control and limit the power of the management team as necessary.

To avoid the situation where the management team is given conflicting directions or instructions there can only be one Board member forming the link between the Board and management – this role is taken exclusively by the Chairperson unless the Board agrees explicitly to delegate this responsibility to another Board member.

The board should periodically review the performance of the Chairperson. It is suggested that the Deputy Chair lead this process and that the Co-operative Manager is involved in the process.

Deputy Chairperson

The Deputy Chairperson has a pivotal role in the succession plan for the Board. The role provides an opportunity for training and capacity building. The deputy chairperson is exposed to some of the communication between the chairperson and the management team so that when they are required to step into the role if the Chairperson is unavailable, they are aware of the important issues.

Directors of the MDF

Directors work for the best interests of the MDF while the MDF works to support Macalister Irrigation District as well as broader Gippsland dairy farmers and the dairy industry.

At times the views of other organizations, such as the UDV, could and should be acknowledged but must not blur the focus of MDF Directors working in the best interests of the MDF. Participation by Directors in these other groups and reporting back to the community is encouraged. If in doubt about what can be reported to other groups what must remain confidential to the Board, a Director should seek clarification with the Chairperson.

As a Director of the MDF, Board members should be mindful of the following:

- Any comment on behalf of the MDF is solely the responsibility of the Chairperson;
- Anything a Director may write or say in the public domain can, and often will, be considered by others in the industry as the policy or opinion of the MDF. If there is any prospect that this may happen, Directors should maintain their silence or, at a minimum, preface any comment they make with the qualification “that it is a personal opinion and not representative of any organization to which they belong.”
- The MDF collaborates with many organizations across the industry. These productive relationships rely on mutual respect to achieve the best outcomes for the industry. The Chairperson and members of the management team spend a lot of time building and developing these as they work to provide partners with an MDF perspective. In their dealings with partners or prospective partners, Directors should be supportive of the MDF and its goals and not undermine relationships with those organizations or individuals.

As a 'rule of thumb':

- Discussion of project performance and/or results is best left to the relevant Project Manager/Coordinator unless the Director has been closely involved in the project. It is appropriate for a Director to refer an inquiry to the relevant project officer.
- Where the Board has endorsed a position all Board members can speak about that position as long as they show solidarity and promote the Board view, even if they are opposed to it. Where the Board does not have an endorsed position Board members are entitled to express a personal view as long as it is made clear that it is a personal view, until such time that the Board reaches a position.
- If a Board member or member of staff is uncomfortable speaking about any matter relevant to the Board, whether it is an endorsed position or not, then the inquiry should be referred to the Chairman.

Board Meetings

Attendance expectations are detailed in the Co-operative Statement of Rules and Purpose.

Board meeting agendas are developed by the Co-operative Manager in collaboration with the Chairperson. Directors are encouraged to discuss meeting agenda items and issues with each other and with the Chairperson prior to board meetings to help clarify and develop ideas and responses.

In order to maximize efficiency and productivity the following Board meeting guidelines have been adopted:

- If you cannot attend a meeting you should contact the Chairperson with an apology.
- We value a safe meeting environment. This is where there is respect for opinions of others and everyone has the opportunity to raise issues and contribute to discussions.
- Questions are strongly encouraged.
- If a director wants to raise a major agenda item, the issue should be raised with Chairperson prior to a board meeting. All directors should feel comfortable to contact the Chairperson or the Co-operative Manager to have an item added to the Agenda.
- Recognise the Chairperson has a challenging task at times and Directors must:
 - Appreciate their need to keep discussions on track ie. strategic not operational;
 - Appreciate that they have to handle difficult situations;
 - Understand that they are often driven by processes that the board must follow;
 - Support their need for adequate discussion so decisions can be made; and
 - Support their right to have a casting vote in the event of a deadlock.
- It is imperative that a united front be presented in public by all Directors;
 - Board discussions must remain confidential;
 - Discussions may be robust and individuals may not agree with decisions taken by the board but, in all cases, Directors are required to represent the Board position;
 - If Directors are uncomfortable representing a position, they should refer people to other Directors who are better positioned to represent the agreed Board position
- Directors must focus on strategic direction rather than operational detail which is handled by the management team.
- It is appropriate to canvas the opinions of others before meetings when needed.

- At each meeting there is an 'Off the Record' section. This is when directors can talk about anything without staff being present. All directors should feel free to voice any concerns or thoughts they have seen/heard/thought about the MDF.
- Directors are asked to please leave the room to take or make important phone calls. If you have a situation to deal with, Board members will be understanding.
- If absent from a meeting and you need more information than the minutes, then please call the Chairperson or Executive Officer. Directors have a responsibility to keep themselves informed.
- Any staffing issues should go privately through Chairperson – this is part of their role.
- Directors are encouraged to consider their education/skill development requirements and to participate in director training opportunities on offer.

Conflict of interest

A conflict of interest arises when a director stands to gain something material if the Board makes a particular decision, or if the interests of the Director compete with the interest of the MDF. If a Director has a conflict of interest, that Director has a duty to report the issue to the Board. The Board can then decide how to manage deliberations associated with the particular issue. The Board may ask the Director to leave the room during discussions about the issue concerning that Director's conflict.

It is anticipated that if a Director has a conflict of interest, it will be associated with one particular element of MDF business. This should in no way hinder the ability of the Director to participate in all other Board business.

The MDF Management Team

The role of the management team is to keep the board informed - "no surprises" – as they undertake actions to make progress in achieving the Board's strategy.

The Co-operative Manager, who also acts as the Co-operative Secretary, leads and manages the non-farm part of the organization, including research and demonstration projects, and reports directly to the Chairperson. The Co-operative Manager, in discussion with the chairperson, is responsible for determining the resources required to run the organization and it is their role to inform the Board as to the adequacy of those resources to meet the expectations outlined in the Strategic Plan. It is also the chairperson's role, formally, by means of the annual employment review; and informally, through the normal course of events; to monitor the performance of the Co-operative Manager and to manage the relationship between the Board and the Co-operative Manager.

The Farm Manager and the Profitability Project Manager are responsible for the management of the farm operations. They operate with flexibility within broad settings agreed by the Board at the beginning of each production season. They are responsible for day to day decisions on the farm as well as delivering the budget result confirmed by the Board

While members of the MDF management team are readily accessible by all Board members, Directors should use this freedom to make inquiries to familiarize themselves with issues, seek clarification and understanding of management team actions. It is not appropriate for Directors to give direction to, criticize or come into conflict with any member of the management team. If any Director has a concern about the role or the performance of any of the management team that concern must only be raised

with the Chairperson and never directly with the team member concerned. The Chairperson will then consult as necessary and determine an appropriate course of action.

Australian Institute of Company Directors Code of Conduct

A member should, in respect of any corporate entity of which the member is a director, comply with the following standards of conduct.

- 1. The member should act honestly, in good faith and in the best interests of the company as a whole.*
- 2. The member should have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.*
- 3. The member should use the powers of office for a proper purpose, in the best interests of the company as a whole.*
- 4. The member should recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of all stakeholders of the company.*
- 5. The member should not make improper use of information acquired as a director.*
- 6. The member should not take improper advantage of the position of director.*
- 7. The member should properly manage any conflict with the interests of the company.*
- 8. The member has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.*
- 9. Confidential information received by the member in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by that company, or the person from whom the information is provided, or is required by law.*
- 10. The member should not engage in conduct likely to bring discredit upon the company.*
- 11. The member has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.*

Achieving its Mission

In its 48 years of operation, the MDF has conducted research and demonstrations dealing with a wide range of farming issues and has had an enormous impact on the productivity, profitability and sustainability of dairyfarming in Victoria and Australia, but particularly in the Macalister Irrigation District in Gippsland.

The MDF has provided a base for farmer education and extension since its inception. The commercial dairy farm is used to demonstrate new technologies and new concepts at a scale that can be appreciated by farmers and represents an important resource for the district. Successive Boards of the MDF have always had an 'over the horizon' approach to identifying new projects. This might be the application of new technologies like sub-surface drip irrigation for dairy pastures; or an investigation of alternative management systems like the high feed input trial that helped farmers optimise the feeding of supplements; or a project to support Government policy like the nutrient runoff project that aimed to trap nutrients on farm by minimising runoff that provided both scientific data as well as a working demonstration to the district.

However, all activities at the MDF, whether they are part of a funded project or not, are viewed as potential opportunities for extension to develop the understanding of dairy farmers. Whether it be a discussion of length of grazing rotation on a farm walk, to a workshop on how the MDF has reduced cell count in the milk according the Countdown Downunder principles, the aim is to provide learning opportunities that will appeal to farmers at all levels of understanding and experience.

The goals of MDF Extension/communication are to:

1. Provide a key message that is relevant, current and in a form that is easily accessible to farmers, both in the immediate and longer term.
2. Build a series of resources around the key messages that can be used into the future.
3. Create quality activities that are free and regarded as a 'must go to' across the district.
4. Increase the capacity of farmers to make informed decisions.

The MDF uses a number of methods of extension/communication to engage the local dairying community:

1. Farm walks – An open invitation is extended to any interested person to attend the regular farm walk, available every Monday at 11am. The walk is with the Project Manager who walks the farm to help him make day to day management recommendations on grazing and feeding. This provides a one on one experience to participants who can either join the discussion or raise topics of interest to them for discussion.
2. Farm visits - The farm is also used for specialist visits by community groups and organisations. In 2008 and 2009 the following organisations visited the MDF to look at its operation and to be updated on the current learnings and demonstration activities for local farmers:
 - *Gippsdairy Board*
 - *Murray Goulburn Field Services (Victorian staff)*
 - *DPI Dairy Extension officers*
 - *Wellington Shire Councillors and Senior Executive*
 - *Local Government Small Towns Summit participants*
 - *Gumnuts Early Childhood Centre children*
 - *DPI Researchers (Rutherglen) – Environmental Study Tour*
 - *Melbourne University Vet students*
 - *Board of Southern Rural Water*
 - *Dairy NZ Business Development Officer*
 - *NSW Dairy Discussion Group – Victorian study tour*
 - *Senior Executive of Fonterra*
 - *Mirboo North Dairy Discussion Group*
 - *Glengarry Beefcheque group*
3. Reports – Information that is made available to the community includes:
 - Weekly reports – The production figures for each week along with details of all management decisions made for the upcoming week are published in a regular column in the local newspaper, the Gippsland Times. This report, along with production graphs and charts, is also circulated electronically on the Ausdairy-L email network that reaches 590 subscribers, both farmers and service providers, every week.

- Monthly reports – The MDF publishes a newsletter every three weeks that provides an update of farm projects as well as discussing in some detail a particular element of production or specific management decision. The newsletter expands on the weekly report and provides detailed discussion of the key profit drivers for the farm. The newsletter is sent to 350 subscribers and has been in place for four years. Monthly articles are also placed in the HICO magazine (Herd Improvement Co-op) and occasional article placed in the Murray Goulburn supplier magazine, all based on recent themes that emerge from farm activities.
 - Quarterly reports - Quarterly reports track farm financial performance against farm budgets to identify and explain variations from the seasonal plan.
 - Annual report – This is published each October and has been in place since the organisation began. This report provides a summary of all of the demonstration trials on the farm as well as a full financial and production analysis of farm performance in the previous year.
4. Workshops and Field Days – The MDF has always had a focus on field days and workshops as effective ways of helping farmers improve farm practice and performance. Typically, over many years, there have been 6-10 workshops each year but more recently the second Tuesday of each month has been established as a regular field day at the MDF. The field days might be based on a project at the MDF, delivered in conjunction with partners and stakeholders, or delivered on topics of seasonal interest. Many project workshops are supported by Information Sheets that are developed to provide an enduring message. The following workshops have been delivered by the MDF in 2009 and 2010:
- *Coping with the milk price step-down*
 - *Cool cows at the MDF*
 - *MDF stocking rate*
 - *Setting an optimum grazing rotation*
 - *Sub-surface drip irrigation for dairy pastures – How did it perform?*
 - *Farm budget as a business health monitor*
 - *Reduce your mastitis and calf scours workload*
 - *Understanding the Carbon Pollution Reduction Scheme – What will it cost dairy farmers?*
 - *Investing in your second biggest asset doesn't hurt! – Building a Profitable herd"*
 - *Healthy soils, sustainable farms – Using soil biology to support pasture production*
 - *Carbon emissions on farm – What are the options?*
 - *MID Tracker (Optimising pasture consumption)– Discovery discussion group for farmers*

The following workshops have been delivered by partners and stakeholders at the MDF in 2009 and 2010:

- *Farmer forum – Industry update (Gippsdairy)*
- *Lower milk prices – Options for the new season (DPI)*
- *Emissions trading and the mitigation of climate change (DPI)*
- *Drivers of climate change (DPI)*
- *Water unbundling (DPI)*
- *Impact of Progibb and nitrogen application on winter pastures (Incitec Pivot)*
- *Annual ryegrass variety trial (Heritage Seeds)*
- *Spring sessions (DPI)*
 - i. *Summer crops*
 - ii. *Mating – Back 2 basics*

- iii. *Grain or not to grain*
- iv. *Fertiliser – How much is just enough? Role of Lime and gypsum*
- v. *Season settings – What have you changed?*
- *Ryegrass variety trial (Cropmark)*

The Annual Field Day, in conjunction with the AGM, showcases all of the projects delivered on the farm in each year. This is an excellent way for shareholders and others to get a snapshot of the activities at the farm.

5. Publications – From time to time, as projects are completed or particular opportunities arise, the MDF publishes special reports and information sheets for the benefit of the dairying community. In 2008 and 2009 the following information sheets have been published (copies attached):
 - *Sub-surface drip irrigation for dairy pastures – 2009 season update*
 - *Attacking the mastitis problem*
 - *Optimum soil moisture for maximum pasture growth*
 - *MDF 2008-2009 Season at a glance*
 - *Agriculture and the CPRS – A dairy farm perspective*
 - *Carbon emissions at the MDF*
 - *Options to reduce carbon emissions at the MDF*
 - *Sub-surface drip irrigation for dairy pastures – 2010 season update*

6. Website – The MDF website is under redevelopment to make it easier to access the full range of data, analysis and reports and information sheets collected and developed at the farm.

In 2008 the MDF instituted the R.F.(Bob) Pitman Award in memory of our long serving Co-operative Secretary. This Award is for someone nominated from the MID district for their service to the dairying community with the third presentation to be made at the AGM in October 2010. The Award is an initiative of the MDF and is coveted because of the leadership position the MDF holds in the community.

Examples of recent achievements or performance success

Projects developed and funded by partner organisations in the past ten years include:

- *Profitable dairy farming systems demonstration – high input versus moderate input feeding systems*
- *Whole farm irrigation and nutrient management plan*
- *Paddock to farm scaling of nutrient transfer process*
- *Fixed spray irrigation demonstration*
- *Advance tall fescue demonstration*
- *Perennial ryegrass trial (Agriculture Victoria)*
- *Bovine Johne's Disease Eradication Programme*
- *Farm management for profitability (Dairy Australia)*
- *Best practice management of effluent ponds and their nutrients and their impact on profitability (Gardiner foundation)*
- *Demonstrating sub-surface drip irrigation on dairy pastures (Sustainability Victoria)*
- *Carbon ready dairy demonstration – development of a carbon emissions reduction plan for MDF (Dept. Agriculture, Fisheries & Forestry)*
- *Protection of ancient red gums in an area of intensive agriculture (Dept. Agriculture, Fisheries & Forestry, Dept of Environment)*
- *Macalister Irrigation District dairy farm productivity tracker (Gippsdairy)*

All of these projects have been supported by a range of field days, workshops and resource materials that have made a significant impact on the development of a sustainable dairy industry.

2. GOVERNANCE

2.1 MDF Instrument of Delegation

DELEGATION	LIMITATION	AUTHORITY TO APPROVE
<i>Personnel</i>		
Appointments or Extension to Appointment		
- Co-op Manager	Recommendation to Board from selection sub-Committee	Board
- Project Manager/Farm Consultant	Recommendation to Board from selection sub-Committee	Board
- Farm Manager	Recommendation to Board from selection sub-Committee	Board
- Project specific staff (Project fully funded)		Co-op Manager
- Project specific staff (Project partially funded)	Budget approval given for position prior to appointment	Board
Creation of New Position	Budget approval given for new position prior to appointment	Board
Reclassification of Position		Board
Job Descriptions		Co-op Manager
Interviews		
- Co-op Manager, Project Manager/Farm Consultant, Farm Manager	Board selection sub-Committee	Board
- Project specific staff		Co-op Manager
Contract of Employment signed - Employees		
- Co-op Manager	Minuted approval of appointment	Chairman
- Project specific staff		Co-op Manager
Contract of Engagement signed –Contract Managers	Minuted approval of engagement	Chairman
Acceptance of Resignation		

DELEGATION	LIMITATION	AUTHORITY TO APPROVE
- Co-op Manager, Project Manager/Farm Consultant, Farm Manager		Chairman
- Project specific staff		Co-op Manager
Performance Appraisal		
- Co-op Manager, Project Manager/Farm Consultant, Farm Manager	Following an agreed process	Chairman
- Project specific staff	According to terms of employment	Co-op Manager
Dismissal		
- Co-op Manager, Project Manager/Farm Consultant, Farm Manager	Evidence of due process in place according to terms of employment/engagement	Chairman
- Project specific staff	Evidence of due process in place according to terms of employment	Co-op Manager
Approval of Leave		
- Co-op Manager, Project Manager/Farm Consultant, Farm Manager		Chairman
- Project specific staff		Co-op Manager
<i>Finance</i>		
Co-Op budget	Presented for approval in June each year	Board
Capital purchases		Board
Unbudgeted expenses		
- Urgent matters	Up to \$1000	Co-op Manager
- Urgent matters	>\$1000	Executive
- Low impact expenses – the expense does not impact on the approved budgeted profit	Up to 20% in excess of approved budget expense or \$5000 (whichever is the lesser)	Co-op Manager
- All other expenses		Board

DELEGATION	LIMITATION	AUTHORITY TO APPROVE
Repairs & Maintenance - Within approved annual budget		Farm Manager
Repairs & Maintenance - Outside approved annual budget		Board
Special Services		
- Legal Counsel		Chairman
- Appointment of Consultant		
- To \$3,000		Chairman
- Greater than \$3,000		Board
All Maintenance & Service Contracts		Board
Establish line of credit		Board
Calling for Tenders/Quotes	After approval of terms by the Board	Co-op Manager
Awarding of Tenders >\$10,000		Board
Awarding of Tenders < \$10,000		Co-op Manager
Asset Register Write Offs		Board
Sign cheques	Nominated signatories approved & minuted	Nominated bank signatories
Authorise Electronic Funds Transfer (EFT)		Nominated bank signatories
Communication		
Media Releases		
- Project specific		Co-op Manager
- General promotional		Co-op Manager
- All others (political, farming issues, etc)		Chairman
Letters		
- Supporting Submissions/Projects		Co-op Manager

DELEGATION	LIMITATION	AUTHORITY TO APPROVE
- To Shareholders		Chairman
- Of Engagement		Co-op Manager
References for past staff (on letterhead)		Co-op Manager
Newsletters, Information Sheets		Co-op Manager
Projects		
Approval of new projects	Application made using the approved process	Board
Signing Project Agreements		
- Agreements using Common Seal		Board
- Board approved projects	Board approval minuted prior to signing	Co-op Manager
Project Reports	Monthly project updates provided to the Board	Co-op Manager
Project Acquittals		Board
Farm Management		
Seasonal big picture settings	Presented in May each year for approval	Board
In-season management adjustments		
- Minimal impact on approved budget profit	< 15% positive or negative -Strategy & its impact reported to Board in monthly report	Project Manager/ Farm Manager
- Negative impact on approved budget profit of >15%	> 15% - Strategy & its impact approved by the Board prior to implementation	Board
Daily operational decisions		Farm Manager

2.2 Voting for Directors: Voting for the election of Directors at the AGM will be by preferential voting and votes will be cast by secret ballot.

2.3 Election of Office Bearers: The election of Office Bearers will be the first Agenda Item at the first meeting after the AGM.

2.4 Term of Office: The term of office of the Chairman is limited to five consecutive years.

2.5 Secretary remuneration: The Secretary will be appointed as a professional officer following a documented selection process and employed according to terms, conditions and remuneration agreed in a signed contract.

2.6 Decision making: The Chairman will Chair meetings to develop outcomes through consensus.

2.7 Reporting: The monthly Financial Report and Farm Manager's Report will be circulated with the Agenda to allow time for consideration.

2.8 Annual budget: All Directors will participate in budget development, identification of requirements, setting of targets and monthly reviews.

2.9 Meeting structure: The Board agenda will be structured as follows:

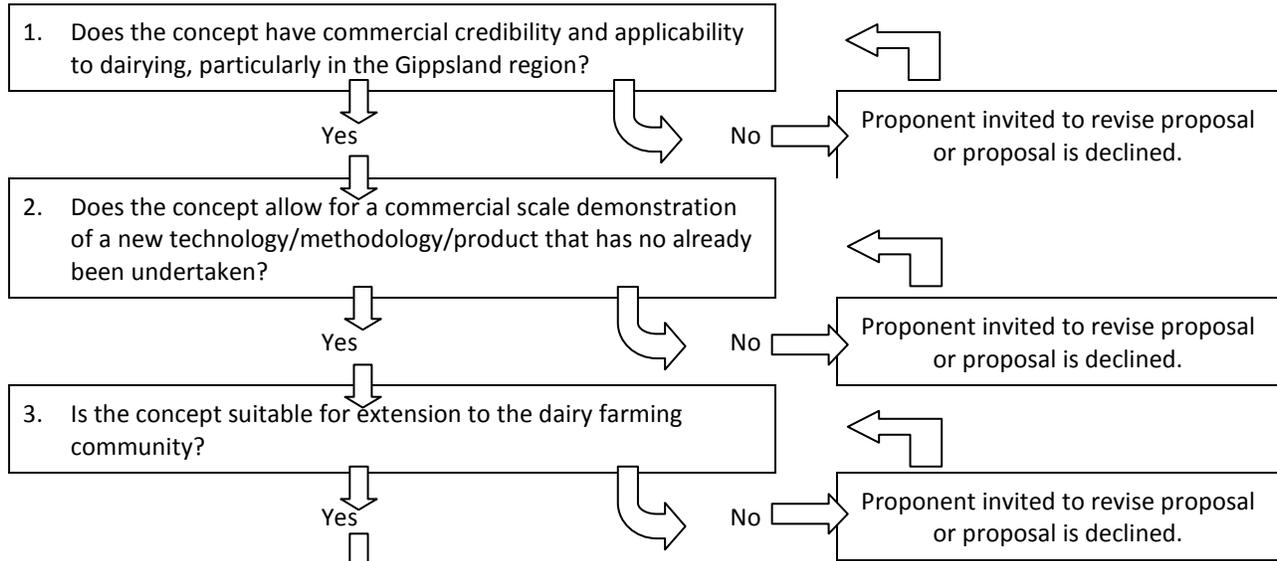
- Previous minutes
- Action sheet
- Farm Manager/Profitability project Reports
- Farm issues/business (Farm Manager leaves)
- Chairman's report
- Correspondence
- Financial reports
- Co-op Manager's report
- General business

3. PROJECTS

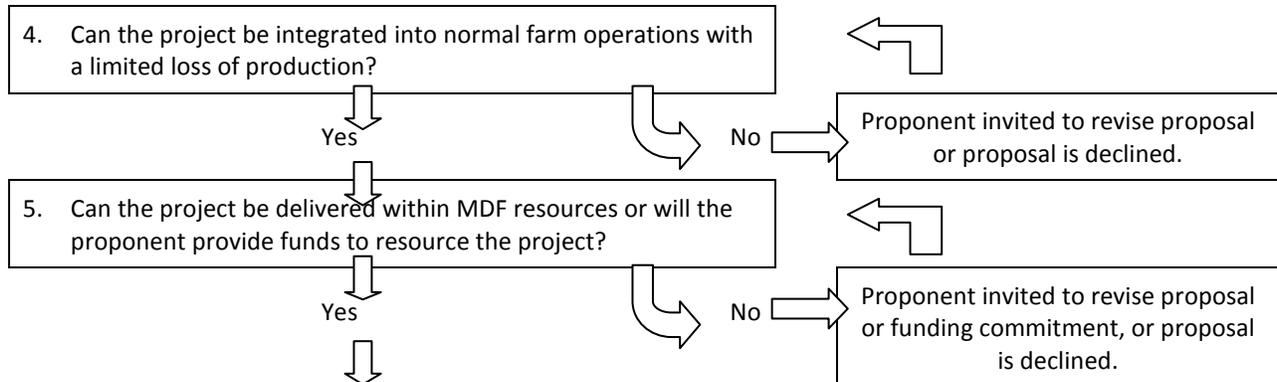
3.1 PROJECT ASSESSMENT PROCESS

All projects proposed for the MDF will be assessed using a consistent process prior to approval being given for the project to be undertaken. To gain approval all projects will satisfy a number of minimum requirements:

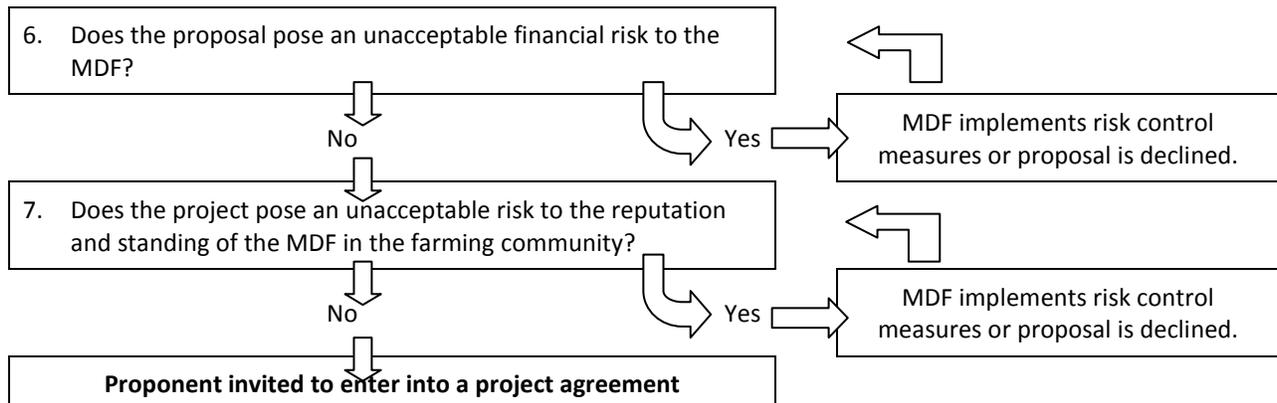
CONCEPT ASSESSMENT



CAPACITY ASSESSMENT



RISK ASSESSMENT



3.2 Project Fees Policy

In the development of MDF initiated proposals projects will be costed on the basis that all foreseeable expenses that relate directly to the project are included in project budgets. Reasonable production losses as a result of the establishment or delivery of the project will be accepted as an in-kind contribution to the project by the MDF. This will be reviewed as part of the approval process undertaken by the Board.

After costings are confirmed by the Board or an appointed representative or subcommittee a further 10% of the total will be added to the project costs as a corporate overhead. GST will then apply to the total costs.

In the instance where a project is proposed by an organisation other than MDF, the proponent will clearly outline the expected direct costs to the MDF and identify any potential production losses as a result of the establishment and delivery of the project. At a minimum, the MDF expects that all direct costs will be funded by the proponent and to these costs will be added a 10% corporate overhead. GST will then apply to the total costs.

A decision about any contribution by the proponent to production losses will be made at the time the project proposal is assessed by the Board. Each project will be assessed on a case by case basis and consider the community benefit of the project and the potential commercial advantage that may result from the project.

3.3 Co-operative Manager Charge-Out Policy

The MDF Co-operative Manager will sometimes be requested to use their skills for the benefit of the wider community in work external to the running of the co-operative or running of the projects directed by the farm.

The charge out fee invoiced for the services of the Co-operative Manager are as follows:

- For facilitation or speaking roles the fee will be no less than \$120.00/hr + GST
- For general project duties such as data analysis, pasture measurement, data capture, etc the fee will be no less than \$50.00/hr + GST

Funds generated from this will be paid into the MDF R&E account.