The Principal Purpose of Mallee Sustainable Farming Inc. is to protect and enhance the natural environment by the encouragement of sustainable dryland farming practices.

**our vision**
Farming in the dryland Mallee of Victoria, New South Wales and South Australia will be dynamic, profitable and sustainable.

**our mission**
To be an acknowledged leader, to initiate, conduct and facilitate coordinated research and to deliver extension and educational activities of broad acre agricultural practices.
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Mallee Sustainable Farming Inc (MSF) delivers research and extension services for low rainfall dryland farmers. MSF was established in 1997 to investigate and assist farmers implement technological advances. Since then, the profitability of dryland farming in the Mallee has increased significantly as have environmental and social gains.

### Overview

**1997 to 2009**

<table>
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<tr>
<th>Year</th>
<th>Events</th>
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| 1997 | • In February, farmers from SA, NSW, and Victoria met in Werrimull to discuss setting up a conservation farming project.  
      • Walkerie, Werrimull, and Euston were established as MSF’s first Core Sites. |
| 1998 | • Mallee Sustainable Farming is incorporated on 14th January.  
      • Gary Doyle is appointed first Mallee Sustainable Farming Chairman. |
| 1999 | • 1st Walkerie Field Day held. |
| 2000 | • Winner NRE Hugh Mackay Award |
| 2001 | • Winner South Australian Landcare Research Award (Finalist in NSW and Victoria). |
| 2002 | • Winner National Landcare Research Award. |
| 2003 | • Tony Robbins becomes 2nd MSF Chairman.  
      • The Five Year Grain & Graze Project begins.  
      • The farmtalk fact sheet series is launched with No 1 “Wind Erosion Control”. |
| 2004 | • Allen Buckley becomes 3rd MSF Chairman.  
      • The Mallee Calculator (to calculate yield potential) is launched. |
| 2005 | • Jim Maynard becomes 4th MSF Chairman. |
| 2006 | • MSF Membership is launched at the Speed Field Days. |
| 2007 | • MSF expands into social capacity programs with Strengthening Our Community.  
      • The Grain & Graze Project results in a 6% increase in profitability for participating Mallee dryland farmers. |
| 2008 | • 10th Anniversary Research and Extension Forum.  
      • The N Management Tool to calculate optimum nitrogen applications is launched as part of the Reaping Rewards Project. |
| 2009 | • Winner South Australian Ag Excellence Alliance Grower Group Award. |
As I contemplate the past year while writing this report, I can’t help but think about the changed landscape Mallee Sustainable Farming Inc. (MSF) is operating in, both internally and externally. Climate change is not the only ‘change’ element being addressed; I have seen a changed funding environment particularly in Victoria in addition to the many changes within MSF itself.

The Victorian DPI announced a significant change in their service delivery, from a service provider to a wholesaler. The Board view this as a great opportunity for MSF to provide this service to farmers and MSF has specifically geared its human resources to meet this emerging prospect.

The pending appointment of MSF’s new Executive Manager, Mike Mooney, will provide the necessary leadership, while the combined technical and extension expertise gained with the recent appointment of the Agronomist (Michael Moodie) and Project Officer (Kathryn Kenny) will provide significant internal resources for the effective delivery of Research, Development and Extension directly to farmers.

Resignations from Lance Brown, Executive Manager and Extension Co-ordinator Nicole Dimos were received during the year. On behalf of the Board I thank them both for their contribution to MSF and wish them well with their respective careers.

One of the most significant events within our community in the past 12 months has been the announcement of the closure of Walpeup Research Station in the Victorian Mallee. This announcement understandably caused a strong negative reaction in the community, MSF included. MSF has always enjoyed a close relationship with the people and the projects at Walpeup.

In response to this closure, MSF joined a consortium comprising MARF, BCG and others to develop a business plan to ensure Walpeup remains a community agricultural facility. Unfortunately negotiations with Victorian DPI have not progressed as quickly as all parties would like, however MSF is still active on this issue.

The Water Use Efficiency project (WUE) has been funded by GRDC which provides MSF and CSIRO a great project to implement over the next 4 years. MSF has also gained further funding for the Strengthening Our Community project (round 3) along with many other smaller projects for this coming year. These new projects naturally replace many of our other projects which came to completion on June 30 2009.

As a result of the wind-up of the NSW South West Land Management Group, surplus funds have been generously transferred to MSF. This has provided an opportunity for MSF to reinvigorate the NSW State Reference Committee that has been relatively inactive over the past couple of years. This should see increased activity and support to MSF farmers in NSW in the coming years.

A highlight of this year was the news that the SA based Ag Excellence Alliance (AEA) named MSF joint winner of the 2009 Grower Group Award. The criteria for this award includes collaboration with other groups, demonstrating sound natural resource management principles and participating in AEA activities. This is well deserved recognition for all those people associated with MSF.

I also wish to thank our two temporary, part-time Co-Managers, Allison McTaggart and Ian Ballantyne for their enthusiasm, management skill and willingness to progress procedures for the betterment of MSF corporate governance, now and into the future. Their team approach has been very much appreciated by the Board.

This year saw the resignation of Leonard Vallance and Kevin Vivien from the Board and their contribution must be acknowledged. The appointment of Ian Hastings as Director and Treasurer has significantly strengthened the diverse skills of the Board. The Board participated in governance training during the year and as a result will be conducting a skills audit to proactively seek expressions of interest for Board vacancies prior to the next AGM.

I look forward to meeting new and long term MSF members at our forthcoming AGM in October. MSF continues to strengthen member services and seeks to expand corporate members where possible. I take this opportunity of thanking members for supporting MSF and to Markwell Toyota for their sponsorship allowing the acquisition of a new vehicle.

In conclusion I sincerely thank our employees, valued project partners, funding bodies, sub committee members and fellow Directors of the MSF Board for their help and support throughout the year, which I feel has been a challenging one. A special thanks to Secretary Paula Gordon for her time, advice and support in the lead-up to the appointment of the Co-Managers.

Jim Maynard
Chairman, Mallee Sustainable Farming Inc.
It has been our pleasure to be part of MSF since early 2009. This year has been a defining year for MSF. The unexpected resignation of Lance Brown as Executive Manager late last year resulted in Board Members Jim Maynard and Paula Gordon undertaking more operational roles within the organisation until we were appointed as joint acting Executive Managers on a part time basis in February. At the time of preparing this report the appointment of a fulltime Executive Manager is imminent.

The year has seen the successful ongoing implementation of the MSF program. The annual field days held at Waikerie and Kerribee continued to be a highlight of the year and the trial of the e-newsletter is receiving a positive response. Meanwhile the ongoing production of *farmtalks* and the Research Compendium continues to be a key information source for our membership. Also the tri-state research and extension forum was held in August 2008 to review and focus our R, D & E program.

The period from February was a transitional phase for MSF with a number of staff changes and new appointments in late June. The resignation of the Extension Co-ordinator, Nicole Dimos at the end of June was loss to the organisation, but also presented the opportunity to bring additional expertise into the organisation.

The appointment in June of Michael Moodie as an Agronomist and Kathryn Kenny as Project Officer places the organisation in a very strong position to provide enhanced services to our members and increases our capacity to deliver on projects.

This year saw the conclusion to a number of funded research and development projects and the challenge ahead is to build on the R, D & E project funding base that has been the financial basis for MSF in the past.

There are a number of opportunities ahead.

Proposed changes in DPI Victoria to provide *Better Services to Farmers* presents an opportunity for farming systems organisations such as MSF and with our new staff compliment we are in a very strong position to support this initiative.

Advice on successful funding applications to continue the Strengthening Communities Project and the GRDC Water Use Efficiency Project together with a host of smaller projects provides a sound basis for MSF into the coming year.

The period of our appointment has been one of consolidation and building internal capacity within the organisation.

Attention has been given to reviewing and updating internal planning documents as well as policies and procedures. Also, additional office space, an additional vehicle and improved IT equipment has meant considerable improvements in our operational performance.

The ongoing support provided through our partner agencies is very much appreciated. The project delivery support provided through DPI in Victoria and NSW and Rural Solutions in South Australia, together with the scientific expertise provided through CSIRO is fundamental to the successful operation of MSF in meeting the needs of our members.

MSF continues to be actively involved in the Low Rainfall Collaboration Group and South Australia Ag Excellence Alliance. These groups continually provide the MSF team networking and information sharing opportunities enabling them to better service our members and projects.

We believe MSF is well placed to capture the opportunities that are ahead. It is about to appoint a very capable and skilled Executive Manager, has an enthusiastic and competent staff and a committed and talented Board. These are all the essential ingredients for a successful operation into the future. We wish MSF well and look forward to a continuing role in supporting the organisation.

**Allison McTaggart**  
Acting Executive Manager, Mallee Sustainable Farming Inc.

**Ian Ballantyne**  
Acting Executive Manager, Mallee Sustainable Farming Inc.
Composition of the Board

The MSF Board manages the affairs of the Association and consists of six farmer representatives and up to four invited specialists. The Officers of the Association are the Chairman, Vice Chairman, Treasurer and Secretary.

The farmer representatives are elected at the Annual General Meeting and comprise two representatives from each Mallee state (New South Wales, Victoria and South Australia). Each elected Director has a tenure of two years which means one farmer position from each state becomes vacant on the Board every year.

Specialist Directors are invited onto the Board by a majority of elected Directors on an annual basis. Specialist Directors have qualifications, expertise and experience which will advance the purpose of Mallee Sustainable Farming Inc.

Board Committees

The Board has formed several committees for its members to assist it in the discharge of its duties and to support effective corporate governance. The role of all committees is documented in a charter which is approved by the Board of Directors.

Executive

The principal functions of the Executive Committee are to:
- Monitor policies and strategic directions to guide MSF;
- Provide oversight on all matters relating to employment of staff or contracting of personnel;
- Ensure all responsibilities relating to human resource management and occupational health and safety are met.

Finance

The principal functions of the Finance Committee are to:
- Provide ongoing oversight of financial management;
- Provide regular reporting and timely consideration of any financial issues arising;
- Ensure standards of financial reporting meet the needs of the Board to make effective decisions on financial matters;
- Provide guidance and oversight of all funding submissions to ensure they meet cost requirements and are in line with MSF strategic directions.

Research Development Extension & Information (RDEI)

The principal functions of the RDEI Committee are to:
- Provide a tri-state balanced perspective for Board deliberations on RDEI activities across the three participating States with input from State Committees;
- Provide a key link between agency providers, researchers, extension staff and the Board;
- Provide a key link between State Reference Committees, core site committees and Board;
- Provide assessment and recommendations to the Board of RDEI proposals;
- Support and facilitate planning and evaluation processes with partners and stakeholders;
- Provide guidance regarding RDEI work programs involving MSF;
- Negotiate with research providers and funding agencies to provide Research and Development capacity as determined by the Board.

Communication & Membership

The principal functions of the Communication & Membership Committee are to:
- To provide strategic guidance for the communications and publicity of MSF;
- To develop an MSF Communication Strategy for consideration by the Board and monitor the implementation of the Communication Strategy endorsed by the Board;
- To facilitate the review and ongoing improvement of the Communication Strategy on an annual basis following the AGM;
- To guide and support MSF staff in the preparation of any documentation and correspondence as required and to discuss and determine outcomes of any communication-related issues that arise;
- To review, evaluate and develop MSF Membership and Members’ Services.

State Reference Committees

State Reference Committees comprise farmers as well as representatives from state based organisations and agribusiness. Throughout 2008-2009, they have continued to provide guidance for research and extension that meets the needs and priorities of sustainable farming practices.

Functions of the State Committees

The major functions of the committee are to:
- Provide advice and feedback on research and extension priorities to MSF tri-state Board including determining priorities for their specific state;
- Provide endorsement of State farmer representative Board nominees;
- Help plan and participate in State based field days;
- Undertake, coordinate and implement specific State relevant activities;
- Promote intrastate exchange, alliances and initiatives.

State Committee Chairman

Victoria  Ben Jones
South Australia  Peter Loller
New South Wales  Vacant
MSF Staff (As at 01.07.2009)

Michael Moodie - Agronomist  
Commenced July 2009

Kathryn Kenny - Project Officer  
Commenced July 2009

Victoria Adams - Communications & Liaison Officer  
Commenced February 2008

Donna Robertson - Finance Officer  
Commenced May 2008

Carley McGlashan - Office Administrator  
Commenced March 2009

Ian Ballantyne - Acting Executive Manager  
Commenced February 2009

Allison McTaggart - Acting Executive Manager  
Commenced January 2009

We would also like to recognise the following staff members who have moved on from MSF over this year:

Lance Brown - Executive Manager  
Commenced October 2007 to January 2009

Nicole Dimos - Extension Coordinator  
Commenced April 2008 to June 2009

Kay Adams - Office Administrator  
Commenced October 2008 to March 2009

Pam Fitzpatrick - Board Support Officer  
Commenced November 2008 to May 2009

Jo Bagge - Office Administrator  
Commenced November 2007 to September 2008

Suzi Daley - Office Administrator  
Commenced January 2008 to October 2008

MSF Organisational Structure
Jim Maynard
Chairman
(Attended 5 out of 5 Board Meetings)

Glynn Schmidt
Vice Chairman
(Attended 5 out of 5 meetings)

Paula Gordon
Secretary
(Attended 4 out of 5 meetings)

Committees
Executive
(Attended 5 out of 5 meetings)

Finance & Audit
(Attended 5 out of 5 meetings)

Communication & Membership
(Attended 4 out of 4 meetings)

Profile
Jim Maynard has spent his working life developing Kerribee Station, NSW, a family owned property, which was begun by his father in 1932. During Jim’s time, Kerribee has evolved from being a sheep station to producing sheep, beef and wheat. Along with his son, Jim also has a property at Manangatang. The knowledge Jim has gained from being involved with MSF farming systems has been applied at his properties.

Jim has been active in many organisations including the Rural Lands Protection Board, the Lower Murray Darling Catchment Management Authority, the Rangeland Management Action Plan and the Western Lands Advisory Council. He is currently the Region Chairman of the Western Division of the NSW Farmers Association.

In 2001, Jim was invited to join the board of Mallee Sustainable Farming Inc and has been Chairman since 2004.

Glynn Schmidt has been farming at Low-Bank near Waikerie in South Australia since 1962. Low-Bank is predominately a sheep and cereal property of 9,200 hectares.

He has been involved with the Murray Mallee Soil Board, the Board of Management of the Wanbi Research Centre and the South Australian No Till Farming Association. He is a life member of the Low-Bank and Districts Agricultural Bureau having been Chairman of this group for a number of years.

Glynn joined the Board of MSF in 2006 and has been Vice Chairman since 2008.

Paula Gordon was invited onto the MSF Board in 2001 as a specialist with experience in communications, rural community development and policy. Paula brings to the Board extensive experience in rural community development, rural service delivery, extension, rural policy and communications at a regional (Mallee), State, tri-state and Commonwealth level.

A teacher and sociologist by training, Paula has held positions largely in the Victoria public service in such areas as community services and agriculture & natural resource management. Paula is currently retired, operating a vine nursery and citrus property in a family partnership in NSW and applies biological farming methods.

Paula is a member of the Vine Industry Nursery Association, Sun Cancer Resources Committee and Mallee Catchment Management Authority Drought Coordinating Committee. She is a Director of the Murray Valley Citrus Board, President of the Trentham Cliffs Landcare Group and a Director of the Mallee Catchment Management Authority.
Roy Latta
Director
(Attended 4 out of 5 meetings)

Committees
Research, Development and Extension
(Chair)
(Attended 3 out of 3 meetings)

Profile
Roy Latta was invited onto the Board of Mallee Sustainable Farming Inc. in 2006 as a specialist with extensive experience in agricultural research in the Victorian Mallee.

He completed a thesis on Improving Medic Pastures in Pasture-Wheat Rotations in the Mallee District of North-Western Victoria as part of his Master of Agricultural Science from the University of Adelaide.

Roy spent many years working for the Victorian Department of Primary Industries as Science Leader of the Mallee Research Station at Walpeup. In this capacity, Roy led a range of dryland agronomy research and development programs including pulse crops in low rainfall environments, lucerne in high water-use farming systems, identifying improved pastures species, integration of pasture and livestock production in cropping rotations, erosion control and best farming practices. Recently he has moved to South Australia to take up a position as Senior Research Scientist with the SA Research and Development Institute.

Ian Hastings
Treasurer
(Attended 4 out of 5 meetings)

Committees
Executive
(Attended 2 out of 5 meetings)
Finance and Audit
(Attended 2 out of 5 meetings)
Communications and Membership
(Attended 2 out of 2 meetings)

Profile
Ian Hastings is a fourth generation farmer operating the 3,000 hectare Timberoo property in the Victorian Mallee. He has been active in many agricultural organisations including the Victoria Groundspray Association and the Grains Council of Australia. He was President of the VFF Grains Group and served on the VFF Board of Management from 2003-2007.

Ian also contributes substantially to the local community holding positions such as President of the Local RSL sub-branch and Ouyen Show Committee member.

Ian was an inaugural Board Member of MSF in 1998 and remained the Victorian farmers’ representative until 2002. He rejoined the Board in 2008.

Darren Nitschke
Director
(Attended 3 out of 5 meetings)

Committees
Research, Development and Extension
(Chair)
(Attended 3 out of 3 meetings)

Profile
Darren is a third generation farmer who has been farming at Nadda, South Australia for the past 12 years. The property is predominantly grain and sheep and Darren has been utilising no till for 6 years.

Darren is an active member of many organisations in the Loxton area. He is President of Loxton Cricket Club, involved with the Browns Well Football Club and participates in the annual Loxton Show as a Steward in the wool section and judge of junior grain and fodder. He is a member of SANTFA and the Browns Well Ag Group.

Darren has been on the MSF South Australian State Reference Committee and on the MSF Board since 2008.
Rick Llewellyn
Director
(Attended 5 out of 5 Board Meetings)

Committees
Research, Development and Extension
(Attended 5 out of 6 meetings)

Profile
Rick Llewellyn is an invited specialist Director and provides scientific expertise to the MSF Board. He has been a Director of MSF since 2006.

Rick attained a Bachelor of Agricultural Science from the University of Adelaide followed by a PhD from the University of Western Australia. He worked at the University of Western Australia as a lecturer in Agricultural Systems and Extension where he also conducted research into weed management and no till, led the extension and economics activities of the Western Australia Herbicide Resistance Initiative and was on the management committees of two Western Australia-based grower group networks aimed at developing the links between scientists and grower groups.

Rick has been with the CSIRO since 2005 working as a Senior Research Scientist at Sustainable Ecosystems in Adelaide. Rick is also currently involved in projects that include developing weed management strategies for cropping regions facing herbicide resistance risks in the Philippines and Australia and no-till adoption in southern Australia.

Tim O’Halloran
Director
(Attended 5 out of 5 meetings)

Committees
Finance and Audit
(Attended 3 out of 5 meetings)
Communication and Membership
(Attended 4 out of 4 meetings)

Profile
Tim O’Halloran runs a mixed farm at Tylden, 30 km NE of Balranald that has been in the family since 1925. Until the 1980’s this was predominately a grazing farm, but since then has made a gradual transformation into Merinos and grain growing. In more recent times, Tim has investigated and adopted biological farming methods.

Tim has been an active member of the community for many years including Captain of the local Rural Fire Service for 20 years, member of the NSW Farmers Federation for 30 years, 3 years on the RMAP committee as well as life member and Secretary of the Homebush Recreation Reserve Trust. He is also a professional Wool Classer and Justice of the Peace.

Tim has been a NSW Farmer representative on the MSF Board since 2007.

Grant Gibbins
Director
(Attended 4 out of 5 meetings)

Committees
Research, Development and Extension
(Attended 3 out of 6 meetings)
Communication and Membership
(Attended 3 out of 4 meetings)

Profile
Grant grew up on a farm at Galah near Ouyen as its 4th generation of farmer. He currently runs a small farm of his own with his wife and helps out on the family farm.

Grant has a Bachelor of Applied Science in Agriculture from Charles Sturt University. He spent a number of years in the lower mid north of SA working in agronomy and a fertiliser and grain storage handling facility. He is currently a director and employee of Agrivision Consultants.

He is also a member of the Ouyen Football Club and their Auskick Coordinator.

Grant joined the MSF Board as a Victorian farmer’s representative in 2007.

Kevin Vivien
Treasurer
2006-2008
Resigned
17 October 2008

Leonard Vallance
Director
2005-2008
Resigned
16 July 2008

2008/2009 board resignations
During 2008/2009, the Research, Development and Extension Committee (R, D & E) had a total of six formal meetings and many informal discussions. I was appointed Chairman of the Committee in January 2009.

2008/2009 has been a transitional year for the Mallee Sustainable Farming (MSF) R, D & E Committee with long term projects, such as the GRDC funded Reaping Rewards and Department of Land and Water Conservation Healthy Soils, winding up. As a committee, it is therefore our job to ensure that when projects come to conclusion, new ones are there to take their place.

So this year the R, D & E Committee has been busy with submissions for new projects. It is a fact of life that the number of submissions written will always outnumber the projects that actually get funded but one of the successes has been the GRDC Water Use Efficiency Project. Looking ahead, I see this as a real positive for MSF as it will mean the establishment of a new Core Site at Karoonda (SA) as well as the appointment of a part-time agronomist. In addition to the specific research of the Water Use Efficiency Project, the long term benefit to MSF members of a new core site trial and an agronomist cannot be underestimated: the site and the agronomist can be used and incorporated into other projects as the opportunities present themselves.

It is with sadness, yet with best wishes, that MSF said goodbye to Extension Coordinator, Nicole Dimos in 2009. Nicole acted as Secretary to the R, D & E Committee and she was always professional and efficient with a warm smile. Good luck for the future Nicole.

On the plus side, MSF welcomes the appointments of Michael Moodie as MSF Agronomist and Kathryn Kenny as Project Officer. These two have solid reputations in the industry and the R, D & E Committee is looking forward to working with them in the future.

Finally, as Chairman of the R, D & E Committee I would like to formally invite any farmer with ideas for research, trials or demonstrations to contact MSF and share your thoughts.

Darren Nitschke
Chairman, Research, Development and Extension Committee
Reaping Rewards

Locations
Many sites around the SA, Vic & NSW Mallee including Carwarp, Pinnaroo, Loxton and Euston.

Funding Bodies
GRDC and CSIRO

Research/Extension Partners
CSIRO, Ben Jones (Mallee Focus), Rural Solutions SA, Vic DPI, NSW DPI.

The Reaping Rewards project has played a key role in helping farmers across the Mallee region of SA, Vic and NSW deal with high input costs, risk and soil potential. The project worked closely with growers and agri-business to develop the use of EM38 mapping as a reliable, practical and low-cost tool for mapping Mallee soils and subsequent site-specific management of paddock zones. The area of EM mapping has increased from 20,000 ha when the project began to over 150,000 ha in 2009. By integrating on-farm trials and APSIM modelling the project was able to demonstrate likely profitability of zone management over a long-term range of season types. This work also led to the development of the MSF N-Tool, a decision support tool designed for variable rate fertiliser allocation decisions on Mallee soils. Other aspects of the Reaping Rewards project have included analyses of the biological sustainability of intensive cropping systems based on the long-term core trials. Field research as part of the Reaping Rewards project concluded in 2008 but flow-on opportunities for improved water use efficiency, profitability and risk management through soil-specific management are being developed in a major new project beginning in 2009.

Agfund

Developing local adoption and information clusters (LAIC’s) to accelerate change.

Locations
Paruna (SA), Tempy (Vic) and Benanee (NSW)

Funding Bodies
Department of Agriculture, Fisheries and Forestry through the Agfund program.

Research/Extension Partners
Grant Gibbins (Agrivision) and Mick Faulkner (Agrilink)

Making use of expert advice for local situations can be an important component of adopting complex new technology. However the use of specialist consultants is traditionally low in most Mallee districts. In response to this, MSF developed a pilot program to help farmers in areas with a low usage of agricultural consultants to benefit from expert support. This was achieved by developing Local Area Information Clusters (LAIC’s) where a small number of neighbouring farmers were linked together with a consultant. Depending on the local need, farmers could then co-trial, share resources, knowledge and experiences to provide locally relevant outcomes. The formation of LAIC’s also reduces the cost of specialist consultancy services for individual farmers.

Three LAIC’s were established under this program and all three groups tackled the project differently as appropriate to their local situation. Knowledge gaps identified included fertiliser products, equipment and tool modification, weed management in no till systems and sourcing reliable information. All farmers involved praised the LAIC concept and saw substantial benefits in this type of cooperation.
SAMS
(Sustainable Agriculture in the Mallee of South Australia)

Increasing Adoption of Sustainable Farming and Risk Management in the SA Mallee

Locations
Loxton, Pinnaroo, Geranium, Cambray, Wanbi, Waikerie, Karoonda

Funding Bodies
National Landcare Program/
Caring For Our Country

Research/Extension Partners
SA Dept. of Water, Land and Biodiversity Conservation,
Rural Solutions SA, SA MDB NRM Board, SA No-Till Farmer Association and CSIRO Sustainable Ecosystems, Urrbrae

This project is building on the previously NLP funded ‘Building the capacity of land managers to improve dry land farming practices and enhance agricultural sustainability in the SA Mallee’. It focuses on implementation of new findings and issues, targeting specific areas of poor participation and tackling farm business risk management dealing with seasonal variation and climate change. Farmers groups already exist in 7 locations across the South Australian Mallee and 2 more will be established at Swan Reach and Nildottieoe.

Cropping, Soil and Recharge
(2nd Cohort of Participating Farmers)

Locations
Various locations in the Lower Murray Darling Catchment area of New South Wales.

Funding Bodies
NSW Department of Primary Industries (NSW DPI) and
Lower Murray Darling Catchment Management Authority (LMD CMA)

Research/Extension Partners
NSW DPI, LMD CMA and MSF

The Cropping, Soils and Recharge project aims to sample and assess eleven dry-land cropping paddocks to improve landholder understanding and management of soil health and groundwater recharge through individual reports and group discussion. These local findings will be extended to the Mallee Sustainable Farming, NSW DPI (MSF) Grain Grower Groups.

The following activities are to take place under this project:
1. The organisation and facilitation landholder focus group meeting
2. Soil profile drilling and data collection
3. Soil sampling and analysis (written reports for 11 farms)

4. Use of the soil data collected as a tool for informed land management decisions by landholders.

This project seeks to encourage increased adoption of phase farming, in cropping areas, to minimise soil erosion risk and increase the area sown to deep-rooted perennials to utilise deep soil water/nutrients.

SA Forage
Implementing sustainable and productive forage systems in the Murray Mallee.

Locations
Capturing case studies from farmers across the entire SA Mallee area.

Funding Bodies
Caring for our Country

Research/Extension Partners
Rural Solutions SA

Farmers across the Mallee have long been coming up with ways to overcome problems to different issues that arise with cropping/livestock systems. Issues may include: how to reduce the feed gap; maintaining soil cover all year around; managing no-till and pastures; controlling certain weeds in crops or pastures; managing permanent pasture; and, strategic feed-lotting. Sharing successful farmer developed strategies with other farmers has long been a critical success factor of group work and this project will aim to develop a tool that will further aid this process. A publication will be developed that contains successful farmer case studies and trial results and that helps to address some of the issues that arise in a cropping/livestock system. The publication will be made available to groups or individuals as a reference to pertinent issues that address the objectives of this project. The publication will also help where set guidelines or rules to managing crops and pastures are not useful, as no two farming systems are the same. Farmers will be able to take what they need or what they think will work from other’s experience to suit their individual systems. The Handbook is currently in the last stages of compilation.

Healthy Soils

Funding Bodies
Land and Water Australia (LWA) and Grains Research and Development Corporation (GRDC)

Research/Extension Partners
NSW Department of Primary Industries, Victorian Department of Primary Industries and Rural Solutions SA
The overall objectives of this project are to:

- To provide a consolidated source of information on soil health issues in south eastern Australia, rather than the current ad hoc approach to this issue.
- To provide an approach that is adaptable to industry or landscape needs, for answering the question “how do I know if my soil health is improving?”
- To maximise project “legacy” by ensuring information is transferred to farmers via farmer groups and agribusiness through appropriate and relevant training and capacity building approaches.

Overall development of this project has enhanced the understanding of land holders about soil constraints and supported adoption of best management practices and technologies. The project has been challenged by the worst drought in 100 years which has impacted in some ways while building adoption of better cropping practices in line with effects from the drought.

During the project’s time, there has been significant linkages to other projects that have added value and built credible skills of understanding to soils and resource management. Add to this the development of its training workshops and we are seeing the landholders identifying with the overall projects objectives and gaining their gaining capacity for change towards sustainable land and therefore leaving a legacy for our future.

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**Strengthening Our Communities**

**Locations**
18 small communities across the tri-state Mallee region

**Funding Bodies**
Department of Families, Community Services and Indigenous Affairs

**Research/Extension Partners**
Focus Consulting

This project has been designed to build on local ingenuity and partnerships, to tackle local issues and formulate positive local initiatives which will support the individual, the family and the wider farming community. Small communities were identified across the Mallee with most having fewer than 500 inhabitants. Meetings, workshops and lunches were organised whereby the facilitator explained the program and helped the group to develop a community plan of action with the allocation of resources of up to $5,000 to implement the activities.

In this second year of funding, 18 community clusters were funded along with a regional farming workshop on drought and climate change, and a South Australian project to enhance the skills of farmers to handle soil and drought conditions.

The funding has been allocated to very worth while community projects. The activities can be summarized across six broad categories:

- Skill development /improving farming
- Celebration, community events, and networking
- Improving community infrastructure - meeting places, halls etc
- Beautification of public areas
- Improved sport and recreation
- Health

The project has been successful in gathering farmers, their families and members of rural and remote communities together to socialize, to support each other and to enhance their coping skills and farm skills. Each small community decided how best to fund activities and improve their local resources. The funding provided has enhanced farmers ability to continue holding community events and cope more effectively with changing drought conditions.
Lower Murray Darling Sustainable Farming Project

Demonstrating sustainable and productive farming systems in a changing environment.

Locations
Wentworth, Euston and Balranald

Funding Bodies
Lower Murray Darling Catchment Management Authority through the Australian Government’s National Landcare Program

Research/Extension Partners
NSW DPI

Project Summary
This project aimed to build the capacity of land managers to improve dryland farming practices and enhance agricultural sustainability in the NSW Lower Murray Darling Catchment Area. It focussed on the implementation of new findings and issues, targeting specific areas of poor participation and tackling farm business risk management dealing with seasonal variation and climatic change. The basis of this project was a series of extension activities highlighting the issues involved in maintaining and increasing sustainable farming practices in a changing environment. Workshops were held across the NSW Lower Murray Darling Catchment area in Wentworth, Euston and Balranald. The major emphasis of these workshops was elements of climate change with weather prediction and climate risk management most prominent. Local weather information was used in the delivery of these workshops thus tailoring the information for regional relevance. This project targeted for involvement areas with a low adoption rate of conservation farming methods such as no till. As a result of this project, a significant number of farmers are trialling more sustainable farming systems.

CO₂ Exchange

CO₂ Exchange - Examination of the effectiveness of recycled tractor exhaust for use on dryland cropping soils.

Locations
Paringi, NSW

Funding Bodies
Lower Murray Darling Catchment Management Authority

Research/Extension Partners
NSW Department of Primary Industries, Victorian Department of Primary Industries, CSIRO and Graincorp

This study investigated the effectiveness of recycling tractor exhaust and applying it to Mallee cropping soils. Canadian firm N/C Quest Inc. claims that for optimal microbial stimulation, a carbon:nitrogen (C:N) ratio of 30:1 is required. One way to achieve this is to utilise exhaust emission from traditional tractor activities by converting machinery that allows for the exhaust emissions to be recycled and injected into the soil (referred to as BioAgtive Emissions; BAE).

The case study landholders decided to trial this technology because they were experiencing problems with nutrient availability, in particular phosphorus (P) and calcium (Ca) lock-up. They were also concerned about the sustainability of their soils and the crop’s ability to access stored soil moisture. The landholders were hoping that the use of this technology would assist in unlocking these abovementioned elements and making them more available to the plants. In addition, it was hoped that soil biological activity would be promoted.

The outcomes from this study revealed inconsistent results with positive effects observed in the soil measurements with regards to microbiota and carbon levels as the season progressed, however, these benefits were not transferred into final harvested yield benefits. With inconclusive results in the 2008 growing season, more trials are being conducted in 2009.
Core Site Trials

MSF maintains two core trials sites, one at Paringi in New South Wales and the other at Waikerie in South Australia. These trial sites demonstrate a vast array of agronomic practices, variety trials and management options as determined by farmers.

Locations
Kerribee, NSW and Waikerie SA

Kerribee

On the Belah soils at the NSW Kerribee core trial site detailed biological measurements after the 6 years of various cropping systems were analysed by CSIRO in 2008 to determine the status of soil biological health. Overall, results indicate that the soil microbial communities under the traditional low-input fallow-crop rotations are experiencing lack of energy (carbon) sources hence may be operating below their potential. Organic carbon and total N levels in surface soils were generally higher under high input opportunity cropping systems compared to the low-input fallow-crop rotations, however the differences were small. As a comparison, on the lighter Mallee sand at Waikerie, no increases in total organic C were recorded after eight years of cropping.

Waikerie

MSF in partnership with CSIRO and Rural Solutions SA has been running a long-term rotation trial at Waikerie since 1998. The aim since its inception has been to compare the profitability and sustainability of common low-input district farming practices with alternative practices including intensification of rotations, reduced tillage and higher inputs. As new research priorities have evolved, the measurements on the core trial have been scaled back in recent years, however, MSF continues to manage the trial plots and learn from it. In 2008 growing season rainfall was very low at 112 mm (compared to a long-term average of 163 mm). Wheat yields varied from 0.7 t/ha to 1.3 t/ha with highest yields after 2007 break crops of peas and canola. Despite poor gross margins in 2008, continuous cropping treatments with stubble retention still have a higher cumulative gross margin over the 11-year period due to higher returns from earlier good seasons. The role for different break crops and lower risk cropping options is a focus for new MSF research.
During the 2008/2009 the C&M Committee met via teleconference 4 times and held a full day face to face workshop in January 2009 to review the effectiveness of MSF communications with farmers.

As a result, a monthly E news is being trialled, aimed at providing more timely and relevant information to farmers and has been welcomed by many. The effectiveness of this new format will be reviewed after 12 months to determine the best and most meaningful way to keep farmers and other key stakeholders informed.

This year has also seen the introduction of additional MSF membership categories which the Committee feels is more reflective of the range of people, businesses and organisations participating in MSF. Membership fees have remained at the current level with MSF mindful of the continuing difficulties faced by many during the ongoing drought.

Over the previous 12 months, the Communication and Membership Committee has also been exploring and developing sponsorship options and packages. With a new Executive Manager soon to be at the helm, this work should start to bear fruit in the next 12 months.

In 2009/2010, we anticipate increased activity in lifting MSF’s profile regarding its relevance and practicality for low rainfall farmers. MSF also looks forward to continued input from MSF members and partner agencies in extending the provision of key information and promotion of events as widely and as effectively as possible.

I would also like to acknowledge the efforts of Victoria Adams, Communications and Liaison Officer for her professional and thorough approach to her work and her preparedness to contribute to the ongoing development of MSF’s communication to members and the wider farming community.

Paula Gordon
Chairman, Communications and Membership Committee
Sustainability Snapshots

Sustainability Snapshots is the MSF newsletter and has been published since mid 2006. In early 2009, the Communication and Membership Committee decided to trial a change to the frequency of the newsletter from quarterly to monthly. This decision was taken in order to be more responsive to farmers’ needs and to provide seasonal information in a more timely manner. It was also decided to offer the newsletter in a range of formats with some opting to have it emailed or faxed, while others preferred to remain with the postal service. The first issue was produced in April, 2009.

Annual Results Compendium

The 2008 Annual Results Compendium is a convenient reference guide to all Mallee Sustainable Projects carried out for the 2008 growing season. Articles include core site reports; using variable rate technology for cost effective fertiliser use; the N management tool; field crop variety evaluation; alternate fertilisers and cereal and legume forage crops grown in rotation with wheat. The 2008 Annual Results Compendium was distributed to members in May 2009 with additional copies available on request.
Farmland

MSF publishes a series of fact sheets called farmland. This series provides farmers with research results in an accessible and easy to understand format. In the 2008-2009 financial year, MSF published:

31 Summary of Soil Results from NSW Farmer Paddocks: 2004-2006
   Kathryn Biesaga - Lower Murray Darling CMA
   Graeme McIntosh - NSW Department of Primary Industries

32 Improving Farmers’ Skills & Knowledge on Soils through the Healthy Soil Project
   Darryl Pearl - Department of Primary Industries Victoria

33 Integrating Grazing And No-Till Cropping Systems
   Dr. Nicole Dimos - Mallee Sustainable Farming Inc.

34 Getting it together: steps to sharing expert support
   Dr. Nicole Dimos - Mallee Sustainable Farming Inc.

35 Grazing For Cereal Production
   Keith Bolto - Rural Solutions SA

36 Climate information to support farm management decisions
   Dr. Nicole Dimos - Mallee Sustainable Farming Inc.

MSF Website

MSF maintains a website with information on events and news as well as many of MSF’s written publications in an electronic format. In 2008/2009, a Members Login Section was introduced to the site which contains information accessible only with a Username and Password. Still in embryonic stages, this section will grow over time into a substantial resource for MSF members.

www.msfp.org.au

New MSF Membership Categories

In 2008-2009, MSF introduced a range of new membership categories to better reflect the different kinds of members who enjoy being part of MSF, such as dryland farmers, researchers and agronomists. The new categories are:

- Farm Member
- Farm Associate
- Individual
- Student
- Complimentary researcher
- Corporate
- Corporate Associate

The basic membership fee has remained unchanged in 2008/2009 and the introduction of Associate memberships has seen a reduction for some people. In 2008, MSF recorded 180 members with 2009 numbers looking similar.
This year has seen considerable improvement in Mallee Sustainable Farming’s (MSF) accounting and financial management practices and procedures. Particular attention has been given to improving our purchasing procedures as a result of a review of our purchasing and procurement policies and the development of an Instrument of Delegation.

I would particularly like to acknowledge the efforts of Financial Consultant to MSF Glen Hornsby in enhancing our accounting and financial monitoring systems to ensure efficient financial management, monitoring and compliance. Also thanks to Finance Officer, Donna Robertson for her efforts in ensuring that accounts are processed in a timely and efficient manner.

MSF is still in a sound financial position, however the cyclic nature of project funding and the conclusion of a number of major projects at the end of this financial year has resulted in a decline in our cash position at the end of year.

MSF are very mindful of this situation and the team at MSF are not only applying themselves to our current projects but are also proactively marketing the enhanced service capacity of MSF and submitting new project applications.

There are challenges ahead for the Mallee, however MSF has unearthed endless opportunities and solutions as a result of recent changes in State and Federal Government service delivery policy and programs. Overall the Board share a consistent view - it is better for MSF to make things happen rather than watch things happen.

The MSF Board sets the policies about how the organisation will operate, communicates those policies and makes certain that they filter down through the organisation. Our Committee monitors how the compliance systems are implemented and are reassessed regularly via the external audit process. The Board have recently appointed an internal auditor to provide further assurance of compliance to sound principles of financial governance.

I commend to you the audited financial statements for 2008/2009.

Ian Hastings
Treasurer, Mallee Sustainable Farming Inc.
financial statements

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Balance Sheet 22
Statement of Changes in Equity 23
Cash Flow Statement 24
Notes to Financial Statements 25
Statement by Members of the Board 30
Independent Auditor’s Report 31
## Income Statement for the Year Ended 30 June 2009

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Ordinary Activities</td>
<td>2</td>
<td>1,226,641</td>
</tr>
<tr>
<td><strong>Less: Expenditure on Ordinary Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, development and extension expenses</td>
<td>3</td>
<td>(668,094)</td>
</tr>
<tr>
<td>Employee expenses</td>
<td>3</td>
<td>(295,372)</td>
</tr>
<tr>
<td>Other expenditure on Ordinary Activities</td>
<td>3</td>
<td>(266,224)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>3</td>
<td>(19,131)</td>
</tr>
<tr>
<td>Surplus from ordinary activities before income tax</td>
<td></td>
<td>(22,180)</td>
</tr>
<tr>
<td>Income tax expense relating to ordinary activities</td>
<td>1(g)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net surplus/(deficit) from ordinary activities after income tax attributable to the association</strong></td>
<td></td>
<td>(22,180)</td>
</tr>
</tbody>
</table>

The above Income Statement should be read in conjunction with the notes to and forming part of these financial statements.
### Balance Sheet as at 30 June 2009

<table>
<thead>
<tr>
<th>Note</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>484,155</td>
</tr>
<tr>
<td>Receivables</td>
<td>5</td>
<td>170,087</td>
</tr>
<tr>
<td>Prepayments</td>
<td>6</td>
<td>5,137</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>699,379</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>7</td>
<td>39,773</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td></td>
<td>39,773</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>699,152</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrecognised project income</td>
<td>1(f)</td>
<td>258,078</td>
</tr>
<tr>
<td>Payables</td>
<td>8</td>
<td>59,704</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>9</td>
<td>2,520</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td>320,302</td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT LIABILITIES</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>320,302</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>378,850</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained surplus</td>
<td>30(h)</td>
<td>308,850</td>
</tr>
<tr>
<td>General reserve</td>
<td>1(h)</td>
<td>70,000</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>378,850</td>
</tr>
</tbody>
</table>

The above Balance Sheet should be read in conjunction with the notes to and forming part of these financial statements.
Mallee Sustainable Farming Incorporated

Statement of Changes in Equity for the Year Ended 30 June 2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance, at beginning of year</td>
<td>401,030</td>
<td>312,529</td>
<td>331,030</td>
<td>312,529</td>
<td>70,000</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment on change in accounting policy</td>
<td>(22,180)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus (deficit) from ordinary activities</td>
<td>88,501</td>
<td>(22,180)</td>
<td>-</td>
<td>-</td>
<td>(70,000)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to (from) reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, at end of year</td>
<td>378,850</td>
<td>401,030</td>
<td>308,850</td>
<td>331,030</td>
<td>70,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

The above Statement of Changes in Equity should be read in conjunction with the notes to and forming part of these financial statements.
### CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2008 $</th>
<th>2007 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grants received</td>
<td>1,121,830</td>
<td>1,445,449</td>
</tr>
<tr>
<td>Receipts from sponsorship and other</td>
<td>40,203</td>
<td>29,754</td>
</tr>
<tr>
<td>Interest received</td>
<td>32,672</td>
<td>40,772</td>
</tr>
<tr>
<td>Payments to suppliers &amp; employees</td>
<td>(1,463,338)</td>
<td>(1,241,951)</td>
</tr>
<tr>
<td>GST Paid</td>
<td>(4,591)</td>
<td>(21,212)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by operating activities</strong></td>
<td><strong>(273,224)</strong></td>
<td><strong>252,812</strong></td>
</tr>
</tbody>
</table>

### CASH FLOW FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2008 $</th>
<th>2007 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment for plant &amp; equipment</td>
<td>(24,788)</td>
<td>(9,950)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(24,788)</strong></td>
<td><strong>(9,950)</strong></td>
</tr>
<tr>
<td>Net (decrease) increase in cash held for the year</td>
<td>(298,012)</td>
<td>242,862</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>782,167</td>
<td>539,305</td>
</tr>
<tr>
<td><strong>Cash at end of year</strong></td>
<td><strong>16(a) 484,155</strong></td>
<td><strong>782,167</strong></td>
</tr>
</tbody>
</table>

The above Cash Flow Statement should be read in conjunction with the notes to and forming part of these financial statements.
Mallee Sustainable Farming Incorporated

Notes to Financial Statements for the Year Ended 30 June 2009

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 (Vic). The Board 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 (Vic) and the following Australian Accounting Standards:

- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statement
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events After the Balance Sheet Date
- AASB 1031: Materiality

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

This 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) Plant & Equipment
Each class of plant and equipment is carried at cost. The depreciable amount of fixed assets is depreciated over their expected useful lives commencing from the time the asset is held ready for use.

(b) Rounding
Amounts shown in the financial report are in whole dollars unless otherwise stated. Amounts have been rounded up or down to the nearest dollar.

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

(d) Cash
For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing less than three months, net of bank overdrafts.

(e) Employee Benefits
Provision is made for the association’s liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

(f) Revenue
Project funding which arises from contractual relationships for the provision of agricultural research and extension and rural community development services is recognised initially as a liability, unrecognised project income. Project funding is then brought to account as income progressively as services required under project contracts are delivered. Surpluses arising from projects are recognised when they are reasonably assured, usually near the end of the project, while deficits are recognised as they become apparent.

Revenue from the provision of other services is recognised upon the delivery of those services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(g) Income Tax
Mallee Sustainable Farming Inc. is a not for profit community based organisation which is exempt from income tax.

(h) General Reserve
The Board has resolved to create a general reserve from the retained surplus to set aside sufficient funds to cover the costs of a managed winding up Mallee Sustainable Farming Incorporated should that eventuality ever become necessary. It is the Board's intention that this reserve should be backed by liquid funds or investments at all times.

Cont'd...
### NOTE 2: REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· project funding</td>
<td>1,147,617</td>
<td>1,320,884</td>
</tr>
<tr>
<td><strong>Non-operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· interest received</td>
<td>32,672</td>
<td>47,529</td>
</tr>
<tr>
<td>· sponsorship</td>
<td>33,593</td>
<td>21,432</td>
</tr>
<tr>
<td>· other revenue</td>
<td>12,759</td>
<td>21,078</td>
</tr>
<tr>
<td></td>
<td>79,024</td>
<td>90,039</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,226,641</td>
<td>1,410,923</td>
</tr>
</tbody>
</table>

### NOTE 3: EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Research, development and extension</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>668,094</td>
<td>885,245</td>
</tr>
<tr>
<td><strong>Employment Expenses</strong></td>
<td>295,372</td>
<td>278,196</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>41,728</td>
<td>44,901</td>
</tr>
<tr>
<td><strong>Committee Expenses</strong></td>
<td>19,662</td>
<td>18,535</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>7,876</td>
<td>7,923</td>
</tr>
<tr>
<td><strong>Other Administration</strong></td>
<td>196,958</td>
<td>72,146</td>
</tr>
<tr>
<td><strong>Total Administration Costs</strong></td>
<td>266,224</td>
<td>143,505</td>
</tr>
<tr>
<td><strong>Depreciation Expense</strong></td>
<td>19,131</td>
<td>15,476</td>
</tr>
<tr>
<td><strong>Remuneration of auditor (included in Other Administration above)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· audit or review services</td>
<td>2,000</td>
<td>2,500</td>
</tr>
<tr>
<td>· other services</td>
<td>3,054</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total remuneration</strong></td>
<td>5,054</td>
<td>2,500</td>
</tr>
</tbody>
</table>

### NOTE 4: CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cash on Hand</strong></td>
<td>89</td>
<td>162</td>
</tr>
<tr>
<td><strong>Cash at Bank</strong></td>
<td>284,066</td>
<td>282,005</td>
</tr>
<tr>
<td><strong>Cash on Deposit</strong></td>
<td>200,000</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>484,155</td>
<td>782,107</td>
</tr>
</tbody>
</table>

### NOTE 5: RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Trade Debtors</strong></td>
<td>147,773</td>
<td>71,346</td>
</tr>
<tr>
<td><strong>Interest Receivable</strong></td>
<td>524</td>
<td>6,757</td>
</tr>
<tr>
<td><strong>GST Receivable</strong></td>
<td>21,790</td>
<td>10,056</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>170,087</td>
<td>88,159</td>
</tr>
</tbody>
</table>
## NOTE 6: PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid Insurance</td>
<td>5,137</td>
<td>4,744</td>
</tr>
</tbody>
</table>

## NOTE 7: PLANT & EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; equipment at cost</td>
<td>60,063</td>
<td>68,959</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(45,833)</td>
<td>(55,392)</td>
</tr>
<tr>
<td></td>
<td>14,230</td>
<td>13,567</td>
</tr>
<tr>
<td>Motor vehicles at cost</td>
<td>50,591</td>
<td>23,772</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(25,048)</td>
<td>(13,223)</td>
</tr>
<tr>
<td></td>
<td>25,543</td>
<td>10,549</td>
</tr>
<tr>
<td></td>
<td>39,773</td>
<td>24,116</td>
</tr>
</tbody>
</table>

(a) Movements in carrying amounts

<table>
<thead>
<tr>
<th></th>
<th>Plant &amp; Equipment $</th>
<th>Motor Vehicles $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, 1 July 2008</td>
<td>13,567</td>
<td>10,549</td>
</tr>
<tr>
<td>Additions</td>
<td>7,969</td>
<td>26,819</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(7,306)</td>
<td>(11,825)</td>
</tr>
<tr>
<td>Balance, 30 June 2009</td>
<td>14,230</td>
<td>25,543</td>
</tr>
<tr>
<td>Balance, 1 July 2007</td>
<td>12,259</td>
<td>17,383</td>
</tr>
<tr>
<td>Additions</td>
<td>9,950</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(8,642)</td>
<td>(6,834)</td>
</tr>
<tr>
<td>Balance, 30 June 2008</td>
<td>13,567</td>
<td>10,549</td>
</tr>
</tbody>
</table>

## NOTE 8: PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors and accruals</td>
<td>59,704</td>
<td>181,225</td>
</tr>
</tbody>
</table>

## NOTE 9: EMPLOYEE BENEFITS - CURRENT

<table>
<thead>
<tr>
<th></th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for annual leave</td>
<td>2,520</td>
<td>7,348</td>
</tr>
</tbody>
</table>

Cont'd...
NOTE 10: EMPLOYEE BENEFITS - NON CURRENT

<table>
<thead>
<tr>
<th></th>
<th>2009 $</th>
<th>2008 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for long service leave</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

As there are no current staff members with more than one year's completed service, no provision for long service leave has been made at 30 June 2009. Employment history indicates it is unlikely that current employees will become entitled to long service leave.

NOTE 11: CONTINGENT LIABILITIES

At 30 June 2009 the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

NOTE 12: CAPITAL COMMITMENTS

At 30 June 2009 the Board is unaware of any capital or leasing commitments which have not already been recorded elsewhere in this financial report.

NOTE 13: RELATED PARTIES

(a) The following persons held office on the Board during the financial year and up to and including the date of this report:

- Malcolm Maynard (Chairman)
- Paula Gordon (Secretary)
- Kevin Vivian (Treasurer) (Resigned 17 October 2008)
- Ian Hastings (Appointed 17 October 2008)
- Grant Gibbons
- Roy Latta
- Rick Llewellyn
- Tim O’Halloran
- Darren Nitschke
- Glynn Schmidt

NOTE 14: ASSOCIATION DETAILS

The principal place of business of the association is:
Mallee Sustainable Farming Incorporated
Suite 2, 152 Pine Avenue
Mildura Victoria 3500

NOTE 15: EVENTS OCCURRING AFTER REPORTING DATE

Since the date of preparation of this financial report, there have been no events occurring after reporting date which require specific disclosure.
Mallee Sustainable Farming Incorporated is dependent on agricultural research institutions for the majority of revenue used to operate the entity. Indications for the 2009/10 financial year are that this support is continuing. The entity is also pursuing strategies which will diversify its funding base.

**NOTE 17: ECONOMIC DEPENDENCE**

Mallee Sustainable Farming Incorporated is dependent on agricultural research institutions for the majority of revenue used to operate the entity. Indications for the 2009/10 financial year are that this support is continuing. The entity is also pursuing strategies which will diversify its funding base.
Statement by Members of the Board

The Board has determined that Mallee Sustainable Farming 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 Board the financial report:

1. Presents a true and fair view of the financial position of Mallee Sustainable Farming Incorporated as at 30 June 2009 and its performance for the year ended on that date.

2. At the date of this statement, there are reasonable grounds to believe that Mallee Sustainable Farming 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 Board and is signed for and on behalf of the Board by:

Malcolm J. Maynard
CHAIRMAN

Ian Hastings
TREASURER

Dated at Mildura this 10th day of September, 2009
WHK Thomsons Audit Services

Independent Auditor’s Report
To The Members Of The

Mallee Sustainable Farming Incorporated

We have audited the accompanying financial report, being a special purpose financial report, of Mallee Sustainable Farming Incorporated, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity, cash flow statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee’s Responsibility for the Financial Report
The committee of the association is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Act (Victoria), and are appropriate to meet the needs of the members. The committee’s responsibilities also include establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgement, 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee’s financial reporting under the Associations Incorporation Act (Victoria). We 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 members, or for any purpose other than that for which it was prepared.
Independent Auditor’s Report (continued)

To The Members Of The

Mallee Sustainable Farming Incorporated

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 requirements of Australian professional ethical pronouncements.

Auditor’s Opinion

In our opinion, the financial report of Mallee Sustainable Farming Incorporated presents fairly, in all material respects, the financial position of Mallee Sustainable Farming Incorporated as of 30 June 2008 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Going Concern Dependent on Obtaining Continued Funding Support

Without qualification to the opinion expressed above, attention is drawn on the following matter. As indicated in Note 17 to the financial report, the financial statements have been prepared on a going concern basis. For the association to continue as a going concern, it is dependent upon its ability to obtain continued support from agricultural institutions, sufficient to meet current and future obligations and/or restructure existing payables and debt.

This then indicates the existence of a material uncertainty which may cast doubt about the association’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

GRANT MARTINELLA CA RCA
WHK AUDIT SERVICES
133 Langtree Avenue
MILDURA VIC 3500

Dated: 10 September 2008
Major Funding and Research Partners

CSIRO

NSW DEPARTMENT OF PRIMARY INDUSTRIES

Australian Government Department of Agriculture, Industries and Forestry

Lower Murray Catchment Management

Grants Research & Development Corporation

RURAL SOLUTIONS SA

Department of Primary Industries

Farming Systems Alliances

Low Rainfall Collaboration Project

Vehicle Sponsor

Markwell's Toyota

2008 Waikerie Field Day Sponsors

ARB

AWB

AGT

RSR

Jill Engineering

Nufarm

Weston Milling