

MAJOR SCIENCE ACHIEVEMENTS 2006

The following are just some of our many science achievements:

- We are developing techniques which could see health-promoting long chain omega-3 polyunsaturated fatty acids entering the human diet through meat and dairy products instead of fish. The Forage Biotechnology Section is working to protect polyunsaturated fats in the leaves of plants like ryegrass, allowing the delivery of omega-3 into animals' diets.
- Research is being undertaken which could form the basis of new generation antibiotics effective against drug resistant bacteria. A collaborative team of AgResearch scientists and specialists from the University of Sheffield and America's Institute for Genomic Research have discovered new members of a gene family in cattle that may have functional uses beyond helping cows digest their food.
- We have developed an oral vaccine for possums that provides significant protection against infection with tuberculosis, in collaboration with the University of Otago and the Animal Health Board.
- It's been discovered that the main cause of nitrogen run-off into Lakes Rotorua and Rotoiti is not nitrogen fertiliser but cow urine. Our lakes research is looking at ways of minimising this. Use of nitrifying inhibitor on soils and wintering-off animals are showing promise in minimising nitrate-N leaching. The lakes project was funded by the Sustainable Farming Fund, Ngati Whakaue Tribal Lands, Te Awara Federation of Maori Authorities, Rotorua-Taupo Federated Farmers and Rotorua Lakes Water Quality Society.
- At the Mystery Creek Fielddays, we launched (with PGG-Wrightson) the new AR37 ryegrass endophyte strain. AR37 is a major advance on AR1 (which was itself a major breakthrough). Both strains offer plants protection against black beetle, pasture mealy bug and the Argentine stem weevil. AR37 also protects against root aphid and probably porina caterpillar, as well as standing up better to black beetle, a major pest in the north of New Zealand. Development of AR37 was greatly assisted by funding from Meat & Wool New Zealand.
- In partnership with Dexcel, we are developing major new R&D programmes for the dairy industry. Dairy Insight, the industry body that allocates investment, selected AgResearch as lead provider for the Feed portfolio and research leader for the Environment portfolio. This has meant significant involvement in the development of investment strategies for these portfolios and leadership of new programmes to address industry targets. We are working closely with Dairy Insight, Dexcel and a number of R&D organisations in these endeavours.
- Following the devastating 2004 floods in Manawatu and Wanganui, the Horizons Regional Council commissioned us to develop erosion-resilient and environmentally in-tune farming systems. Whole Farm Plans (WFPs), which integrate business and environmental planning, are the result, and plans are now in place to take the system to half of all farmers in the region, along with a mentoring programme and reports on the system's efficacy.
- The ForageMaster workshops, which we developed for Meat & Wool New Zealand, were delivered to 1600 sheep and beef farmers throughout the country. At the time of this report's publication, the first workshops for deer and dairy farmers should have been presented. ForageMaster workshops explain the principles of pasture species and cultivar selection, establishment, economics and management for production, and quality and persistence of forages. We also created a computer-based decision support tool for attendees.
- AgResearch scientists have established the first method for fingerprinting the populations of microbes (methanogens) responsible for methane formation in sheep and cows, and will use this in developing strategies to lower methane emissions from grazing livestock. This research was funded by the Pastoral Greenhouse Gas Research Consortium and an associated Capability Funded project.
- We have undertaken the successful development and application of RNA interference (RNAi) technology in animal parasites to discover new drug targets. RNAi is a molecular technique used to silence the expression of genes. If the experimental silencing of a particular gene leads to a deleterious effect in an organism, that gene is assumed to play a critical role in maintaining life in the organism and is a candidate for drug target development. Thanks to partial funding through the CRI Capability Fund, a research team in our Animal Health section is the first in the world to develop and productively use this technology in nematode parasites.
- Several key bacterial enzymes have been identified that are involved in plant hemicellulose degradation in the rumen, and the crystal structures of two of those key enzymes have been successfully resolved in collaboration with the University of Auckland. These advances will contribute to our ability to develop new technologies for increasing the rate that forage diets are digested in the rumen, a primary determinant of both intake and productivity in grazing ruminants. This programme is funded by the Foundation for Research, Science and Technology's New Economy Research Fund.
- Two probiotic strains have been identified that enhance the integrity of the gastrointestinal tract, and we have isolated the soluble metabolites that are, in part, responsible for their biological impact on the gastrointestinal tract. These advances have direct commercial application for developing a range of products with the potential to promote gut health and increase animal productivity. Funding is via AgResearch Internal Investment and the AgResearch PreSeed Fund.
- We have developed pulsed field electrophoresis for the purification and subsequent sequencing of ruminal phage genomes, funded by the Pastoral Greenhouse Gas Research Consortium.

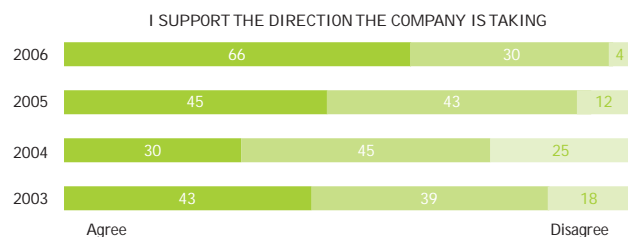
AgResearch Research Associate Wayne Simpson with an AR37-embedded ryegrass



HUMAN CAPITAL

“REMUNERATION AND REWARD CONTINUE TO BE KEY AREAS OF FOCUS.”

The last three years have seen a fundamental shift in direction for AgResearch, from an emphasis on pure life sciences towards a much greater connection with the pastoral sector – the people we serve. They include both farmers and stakeholder organisations. This has been met with increasing favour from staff, with 66% stating they now support the direction the company is taking – up from 30% two years ago.



Talent is a global commodity. This, coupled with New Zealand's record low unemployment, has meant that competition for quality staff is strong. Over the last 12 months, AgResearch attracted 129 new employees. These individuals performed strongly during our rigorous recruitment evaluations and affirm our ability to attract talent. Seventy-one percent of all appointments were placed into science positions, including 19 Post Docs. This brings our total compliment of post doctoral staff numbers to 45, an essential ingredient if we are to bolster innovation and intellectual stimulation. In the past year, we also internally promoted five staff to our most senior science position – R9 Eminent Scientist. This brings our number of eminent scientists to 14 – again a positive reflection on the institution's ability to attract, retain and develop exceptional talent, and on the strong commitment to our vision to grow world class teams.

A YEAR OF CHANGE

Some staff have faced a particularly challenging year of change, including structural consolidation that will see the closing of half the Wallaceville campus at the end of 2006 (the National Centre for Biosecurity and Infectious Diseases will remain). Such changes inevitably cause disruption to people's lives. Our priority over this past year has been to gain certainty around which jobs will be affected, so those individuals can plan ahead. It should also be recognised that the impact has been on our support staff as well as science – the former provide an invaluable service to scientists that allows them to focus on our vision with as few distractions as possible.

On the other side of the ledger, we have begun recruiting for the Hopkirk Research Institute to be commissioned in December 2006. Our search, which is ongoing, includes both national and international candidates, one benefit of which has been to increase AgResearch's international profile amongst the scientific community. We should not underestimate the value of this. Two-thirds of our new recruits in the last two years have come from overseas, a reflection of the fact that AgResearch recruits more PhDs in the science we practice than New Zealand produces, and that we operate in an increasingly global market – not just in terms of products and services, but also in terms of the workforce. Building overseas networks is therefore a key HR strategy.

REMUNERATION

Remuneration and reward continue to be key areas of focus. The company is committed to increasing investment into staff through salary increases, performance payments (individual and company wide) and various other incentives. AgResearch, along with its staff union the PSA (New Zealand Public Service Association), has been a strong voice on the issue of science salaries and the absolute imperative that the New Zealand government and research institutes demonstrate the value of science by actively seeking to close the market gap to other professional groups.

SCIENCE REMUNERATION AWARD*

Remuneration	2005-06	2004-05	2003-04	2002-03	2001-02
% Remuneration increase	4.7%	4.5%	4.5%	4.0%	4.0%
% Performance payments	0.0%	0.5%	0.5%	0.5%	0.5%
% Profit share	1.1%	0.4%	1.2%	0.0%	1.8%
% Royalty share	0.4%	0.4%	0.4%	0.6%	0.4%
Total	6.2%	5.8%	6.5%	5.1%	6.6%

*These figures are taken from our annual Union Settlements (remuneration increases and one-off performance payments), profit share payable when company exceeds profit target and royalty share payable to named inventors and product developers. Totals may not add due to rounding

AgResearch is proud of its staff. They are intelligent and committed individuals who want to make a difference to New Zealand's pastoral sector. Supporting our people in their ongoing learning and career progression is essential. We continue to invest in staff development – both their professional and personal development. Special mention must be made of our expanded Food for Thought breakfast sessions where staff are treated to a range of national and international speakers focused on the New Zealand business environment. This last year, special attention has been given to raising our staff's Maori capacity with stimulating addresses being given by guests such as Steve Murray, CEO of Tainui Group Holdings Ltd; Anne Haira, Solicitor for Maori Legal Services, Kensington Swan, Wellington; Pare Keiha, Professor at AUT, Auckland and Phil Broughton, Partner, Polson Higgs, Dunedin, specialising in Maori Business.

PARTNERING WITH MAORI

Historically, AgResearch had little understanding of the Maori world view in terms of key decision making processes and the values and beliefs underpinning those decisions. Many generations of Maori believe that all things are connected and that nothing can be isolated from key decisions, and so a holistic methodology is required.

There has been significant progress made by AgResearch in understanding this world view during the last 12 months, which is reflected in advances in how the organisation engages with Maori.

Drivers for change include te reo and tikanga (protocol) programmes, introduced in 2005. Staff completing these programmes have reported warmer dealings, shorter times to establishing commercial relationships, and greater confidence in engaging with Maori groups. The bottom line is that such programmes deliver tangible benefits for everyone.

Maori focus groups were also formed at each campus as a conduit for staff developing R&D relationships with local Maori.

The Maori Forum, on the other hand, brings campus leaders together to discuss issues that affect AgResearch's relationships with Maori. This is proving a very effective vehicle for ensuring such issues make their way to the Board table and are given due consideration when major policy decisions are taken.

THE KEY MESSAGE IS THAT AGRESEARCH IS COMMITTED TO ASSISTING MAORI TO DOUBLE THEIR VALUE OF PRODUCTION FROM AGRICULTURE TO \$1.6 BILLION PER YEAR BY 2020.

TELLING OUR STORIES

Two years ago, AgResearch set itself the goal of doing a better job of telling our stakeholders about the world class research our scientists do. That has certainly been achieved within the Maori community, not least of all through AgResearch's Platinum Sponsorship of the Ahuwhenua Trophy and the 2006 Maori Dairy Excellence Awards.

Partly as a result of this ongoing support, two winners of the trophy – Wairarapa Moana Inc. and Parinihi Ki Waitotara Inc. – have established commercial R&D partnerships with AgResearch. They are also two of the largest Maori Incorporations in dairy, producing more than 4 million kg of milk solids between them.

This past year, AgResearch Maori Strategist Roger Pikia has travelled throughout New Zealand introducing the AgResearch Maori vision and the 2020 Science vision to all stakeholders of Maori agribusiness. The key message is that AgResearch is committed to assisting Maori to double their value of production from agriculture to \$1.6 billion per year by 2020. This has attracted great interest throughout the country. Partly as a result, we have developed commercial partnerships with two further Maori Incorporations, Aihau Whanganui Inc. and Mangatu Inc. (Gisborne), who farm 400,000 stock units between them – and this is just the beginning. The challenge is there for AgResearch, Maori, industry and other key stakeholders to bring this vision to fruition. The end result for New Zealand's economy could see an extra \$1.6 billion in export earnings.

The next step is for AgResearch to understand what Maori want from the science we do and how research programmes need to be tailored to suit Maori needs. This will not happen quickly, but if we are to continue attracting and retaining Maori commercial partners, it is vital.

MAORI IN SCIENCE

Maori are under-represented in the sciences, and AgResearch has expressed its resolve to play its part in changing this.

The issue is not simply one of numbers of Maori students studying science; it is also a question of how AgResearch can make itself more attractive to young Maori considering a career in the sciences. Efforts are being made in this area, including a Science Careers booklet delivered to secondary schools throughout New Zealand in early 2006. AgResearch sees the declining number of students undertaking science careers as a major issue that could have a catastrophic effect on New Zealand's future science system.

AgResearch has invested jointly with Tainui in scholarships for Maori science students. Furthermore, AgResearch has invested CRI Capability Funding during the past year in recruiting and training additional Maori capability in farm systems research. This capability is contributing to research and development with a number of Maori enterprises.

SMALL STEPS

Maori own a very significant amount of New Zealand's farmland, and this is continuing to grow every year. This simple fact underlines the value of stronger relationships and increased understanding between AgResearch and its Maori stakeholders.

The AgResearch Maori Forum was established just three years ago with the aim of maintaining a coordinated approach within AgResearch of the delivery of science solutions to Maori. As events of the last 12 months show, that goal is being achieved steadily in many areas. Roll on 2007.

Kia ora tatou.



CONNECTING

“WE ARE WORKING TO HELP MAKE NEW ZEALAND SCIENTISTS AND THE RESULTS OF THEIR RESEARCH BETTER KNOWN AND MORE HIGHLY VALUED.”

Corporate Affairs, as it is now, did not exist two years ago. Its role has developed directly out of AgResearch's determination to reconnect with farmers and assist them in remaining internationally competitive. Almost as important has been the focus on increasing the community's understanding and appreciation of the value of science and its pivotal role in supporting the pastoral sector, which is responsible for the living standard we all enjoy.

As this Annual Report shows, AgResearch is delivering solutions to farmers, undertaking research to improve human health, displaying considerable commercial acumen in taking our research discoveries to market and paving the way for new science industries with the potential to create major new revenue streams in the future. These stories are just the tip of a very large iceberg.

Corporate Affairs works closely with our scientists and other staff to make sure the stories about AgResearch achievements, developments and initiatives are told.

We also work with journalists to let them know about our research, what's happening on our campuses, and the challenges and opportunities facing us, the pastoral sector and science. Having well-developed relationships with the media is vital – but two years ago, we had few. That has been turned around and we are continually expanding our media liaison – this year our Media Advisor and AgResearch's Maori Strategist embarked on a programme of meeting journalists throughout New Zealand to explain AgResearch's Maori strategy.

To help confront the challenge of the dwindling number of scientists as 'baby boomers' retire, we are undertaking a range of initiatives to encourage young people to consider studying science and careers in pastoral science research. Our first campus Careers Days, the creation of the annual secondary school science and agriculture photo contest, and the launch of our 'Careers in Science' brochure are part of this focus. We have also had thousands of school students visiting our campuses to meet scientists face to face and get a close-up look at our research.

Without the support of our scientists and their willingness to give us some of their precious time, these initiatives simply couldn't occur. Their co-operation is vital as we aim to foster a better informed and more appreciative public who will influence key stakeholders to increasingly support science – especially with increased funding.

Creating the channels for communication, though, has been a major job.

Two years ago, AgResearch had no regular publications. Now there's the monthly 'intouch' newsletter, featuring our science, staff achievements, commercial news and community activities; and the quarterly themed magazine 'AgResearch NOW', with in-depth stories on specific research, delivered to 1600 external stakeholders. Both publications are available on our revamped website.

A new Brand Strategy has also been completed – ahead of schedule. Signage has been updated across all our campuses, our new strap line created – "Farming, Food and Health. First" – to reflect AgResearch's new focus, and templates and guides for corporate material produced.

Corporate Affairs is also responsible for AgResearch's major annual sponsorships, including this year's Ahuwhenua Trophy and the 2006 Maori Dairy Excellence Awards.

For farmers, we have created a number of annual opportunities to get onto our campuses, tell us how we can help them and talk face to face with our specialists to hear about our latest research. We held our first Open Days in many years at the Invermay and Ruakura campuses and many staff put in an enormous effort to support our participation in the Mystery Creek Fieldays.

We wanted to be innovative and our scientists accepted the challenge of turning some fairly 'out there' ideas into reality. A case in point is their creation of the "clover cow", pictured on this page, which featured on TV3 and was adopted by Mystery Creek as a highlight of its opening ceremony. In developing such novel displays, our scientists have, in the last eighteen months, achieved some 'world firsts' – living grass and clover ball dresses and huge live grass murals. These have also had a serious purpose, though – to highlight the importance of clover and ryegrass to our economy and how we are world leaders in the development of both.

Getting the message out about our new vision for the pastoral sector and New Zealand – encapsulated in 2020 Science and its 5 Big Ideas – has, and will continue to be, another major focus. A significant part of this annual report is devoted to examples of each of the 5 Big Ideas, and 2020 Science is a recurring theme in our communications.

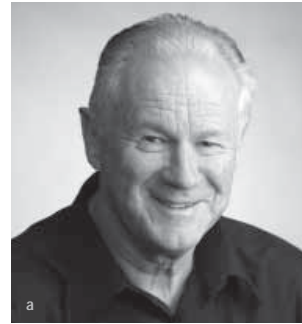
Internally, we launched a revamped intranet and the daily Inside Story for staff – each day when staff arrive at work and switch on their computers, the first screen displays a story about staff achievements, internal events and our latest news.

Much of what we do in Corporate Affairs is aimed at helping create a more science-literate community. We are working with a range of government organisations here and in Australia, and with other CRIs, to help make New Zealand scientists and the results of their research better known and more highly valued. It's a big job and an important one that Corporate Affairs is proud to have a role in.



Corporate Affairs Manager Allannah James with the 'clover cow' created by AgResearch scientists. It was a feature at Mystery Creek Fieldays.

BOARD OF DIRECTORS



a RICK CHRISTIE Chairman

Rick is a professional director and company Chairman with appointments in both the private and public sectors. He has had considerable experience as a Chief Executive, his most recent position being CEO of the diversified investment company Rangatira Ltd. Prior to that appointment, Rick had extensive involvement in the export sector, including Tradenz (The New Zealand Trade Development Board), where he was Chief Executive from 1990 to 1996.

Rick is an MSc (Hons) graduate in chemistry from Victoria University. He is a Fellow of the New Zealand Institute of Management and a Fellow of the New Zealand Institute of Directors.

Rick is currently Chairman of AgResearch Ltd, Chairman of Ebos Group Ltd and a director of the Growth and Innovation Advisory Board, Tourism Holdings Ltd, Wakefield Hospital Ltd, Provenco Ltd, Vcomms Ltd, Positively Wellington Business and the NZ Pork Industry Board. Until recently, he was Deputy Chairman of the Foundation for Research Science & Technology and Chairman of the Victoria University Foundation Board of Trustees. He is also a Fellow of the Royal Society for Arts, Manufacturers and Commerce in London.



b SUSAN HURIA Director

Susan is a specialist in Maori issues and government relations, and runs her own management practice, Huria Anders. She was previously a senior executive at Auckland International Airport Ltd and has served on the boards of Radio New Zealand Ltd, Ngai Tahu Development Corporation and Workbase, the national centre for literacy in the workplace. She was a member of the Advertising Standards Authority's Liquor Review panel and is an external expert for the Tertiary Education Commission's Innovation Development Fund.

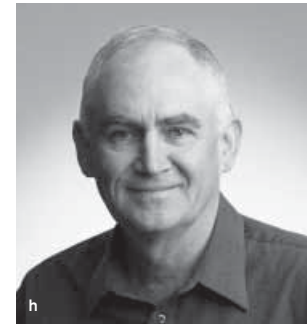
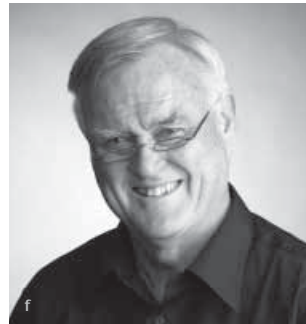
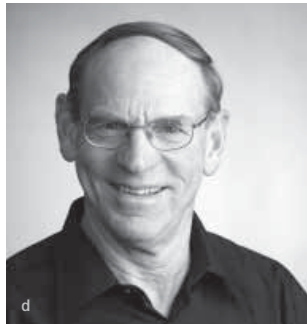
Susan is currently a director of Housing New Zealand Corporation, the Centre for Housing Research Aotearoa New Zealand and Auckland's Whitecliffe College of Arts & Design. She is also a director of a number of private companies, a Fellow of the Public Relations Institute of New Zealand and a Member of the New Zealand Institute of Directors.



c DANNY CHAN Director

Danny is the Executive Chairman of Alpha Asset Management Ltd and has had interests in floriculture, education, seafood processing and security systems. Until 1994, he headed the Taiwan office of Fidelity Investments of the USA, the world's largest fund management company. He was formerly a director of Airways Corporation Ltd and Everbright Pacific, a subsidiary of the Chinese government-owned China Everbright Ltd. Danny has lectured in managerial finance and business analysis at Victoria University of Wellington.

Danny is currently a director of the following companies (and subsidiaries thereof): Academic Colleges Group Ltd, Assessment Services Ltd, BioPacific Management Ltd, FlowerZone International Ltd, Griff Trading Ltd, Guardall Security System Ltd, Orient New Zealand Property Trust, Orient Pacific Management Ltd, PhytaGro Inc, Tahere Callas Ltd and Talaford Investment Ltd.



d ROBIN CAMPBELL Director (to 30 June 2006)

Robin has 40 years' experience in the sheep industry. He is known for his involvement with the Southern Romney Development group breeding scheme and for establishing a new breed of sheep called TEFRoms (25% Texel, 25% East Friesian, 50% Romney), in response to markets returning relatively more for meat than for wool.

Robin is past Chairman of the Sheep Research Foundation, a former Chairman of the NZ Sheep Council, a Justice of the Peace and a former recipient of Landcorp's Agricultural Communicator of the Year Award.

Robin was a director of Ovita Ltd until May 2005.

e HILARY WEBBER Director (to 30 June 2006)

Hilary has 35 years' experience in the dairy industry and broad experience in governance. She owns a 1400 cow dairy farm in South Canterbury and is currently Chair of the Network for Women in Dairying Trust Board. Hilary is passionate about the dairy industry and its position as New Zealand's export leader. She was a director of NZ Dairy Group for six years and has held directorships in a consumer dairy foods business and in the energy industry.

f PETER ANDREWS Director

Peter is the Chief Scientist for the State of Queensland and Chair of the Standing Committee of the Queensland Smart State Council.

He was the cofounder (with Professor John Mattick) of the Institute for Molecular Bioscience at the University of Queensland and Chief Executive Officer of its commercialisation arm, IMBcom Pty Ltd. He is a member of the Australian Industrial Research and Development Board, Chairman of Implicit Biosciences Pty Ltd, The Magic Pudding Company Pty Ltd and Protagonist Pty Ltd, and a Director of Alchemia Pty Ltd, Cleveland BioSystems Pty Ltd, Dusty Bjijs Lane Ltd and Erdnarp Enterprises Pty Ltd.

He is a Fellow of the Academy of Technological Sciences and Engineering, the Australian Institute of Company Directors and the Royal Australian Chemical Institute.

g GRAHAM FRASER Deputy Chairman

A dairy farmer for 25 years, Graham has served as Chairman of the Dairy Board and Chairman or director of numerous other companies involved in primary industries. He feels strongly about the importance of biologically based export industries and believes New Zealand can use its knowledge of agricultural science and technology to create new markets in high margin products and services.

Graham is a director of Livestock Improvement Corp. Ltd, Deer Improvement Ltd and Skellerup Holdings (formerly Skellmax Industries Ltd).

h RICHARD (DICK) DAVISON Director (from 1 July 2006)

Dick has farmed his 314 ha property in Culverden, North Canterbury since 1976. A Lincoln University alumnus with Diplomas in Valuation, and Farm Management and Agriculture, he is a partner in Mossman and Davison Ltd Registered Public Valuers. Dick has held a wide variety of positions on organisations such as Federated Farmers, the Ministry of Agriculture's Agriculture Strategy Council, the Animal Health Board, Amuri Plains Irrigation Ltd and the Ministry of Maori Affairs Maori Reserved Lands Committee. He is currently studying towards a Masters degree in Professional Studies with a major in Agribusiness at Lincoln University.

Dick is currently a director of Ravensdown Fertiliser Co-op, former Deputy Chairman of Landcorp Farming Ltd and a Trustee of the Central Plains Water Trust.

PERFORMANCE INDICATORS

AGRESEARCH'S STATEMENT OF CORPORATE INTENT FOR THE 2005-2006 YEAR CONTAINS FINANCIAL AND NON-FINANCIAL PERFORMANCE TARGETS. AGRESEARCH'S PERFORMANCE AGAINST THOSE TARGETS IS SET OUT BELOW.

Financial performance				
PERFORMANCE INDICATORS	ACTUAL 06	TARGET 06	ACTUAL 05	TARGET 05
Revenue \$k	120,709	121,809	129,643	143,302
EBIT \$k	10,878	17,783	3,726	1,041
EBIT Margin %	9.0%	14.6%	2.8%	1.0%
NPBT \$k	12,680	18,192	4,613	931
OVA \$k	2,889	-9,193	-4,101	-6,671
ROE %	14.7%	17.6%	4.8%	1.6%
Return on Assets %	9.6%	13.8%	3.4%	1.5%
Equity Ratio	80.6	80.5	79.3	80.0
Quick Ratio	2.4	3.0	2.3	1.1
Gearing (term debt to total assets)	0.0%	8.4%	0.0%	2.0%
Interest Cover	193.1	145.4	917.4	2.8
Value of Shareholders' Investment \$k	95,881	111,881	87,489	79,746

Non-financial performance		
MEASURE	TARGET	ACTUAL
Staff Composition (FTEs) 30 June 2006		
Scientific Research Teams	635	635
Scientific Research Support	140	141
Management and Other Support	145	126
Total	920	902
(note: categories changed from SCI to align with shareholder requirements)		
Core Research Capabilities	AgResearch is undertaking a review to identify the core research capabilities that will underpin 2020 Science. AgResearch will report to the Minister when the review is complete.	Report will be provided when complete.
Research Output		
- Papers in international, externally refereed Scientific Journals, Series or Books	260	268
- Papers in local, internally or editor refereed Journals, Series or Books	40	129
- Conference Papers and Abstracts	300	406
- Research Monographs or Books	20	9
- Scientific and Technical Reports	350	348
- No. of NZ Patents granted	8	12
- No. of NZ PVRs granted	8	1
- FRST performance indicators	Commentary on performance.	An achievement report was provided to FRST regarding each contract.
Application and Promotion of Science		
- Value of Commercial R&D Contracts	These will be reported to the Minister for CRIs.	\$64.9 million
- No. of NZ Licences granted	10	10
- No. of Tech NZ Contracts	2	2
- Availability of databases/collections	In accordance with Ministerial Guidelines.	Guidelines complied with
- No. of new products launched with potential sales > \$1 million	4	11

MEASURE	2005/2006 INDICATOR	
Social Responsibility	AgResearch will conduct its business and science activities in a socially responsible manner.	AgResearch has adhered to this code in all its business operations.
Benefit to New Zealand	AgResearch will undertake a case study to assess the impact of its activities upon New Zealand.	Cases studies will be provided to the Minister for CRIs.
Good Employer - Employment Practices	AgResearch will use best employment practices.	Employment metrics for recruitment, health and safety, retention and leave indicate quality employment practices maintained during year.
- Lost Days (accident)	Less than 0.2% of total working days.	A total of 0.02% days lost due to accidents.
Specific to AgResearch		
Excellence/Relevance	Staff awards & citations.	AgResearch staff received a number of awards and citations in the 2005–2006 year.
Customer Satisfaction	AgResearch will undertake a quantitative and qualitative customer satisfaction survey and report on this to the Minister for CRIs.	A summary of the survey results will be provided to the Minister for CRIs.
Human Resources	A Staff Culture and Company Performance survey will be undertaken and reported to the Minister of CRIs.	66% staff support direction AgR taking, up from 30% two years ago.
	Staff turnover of 8%–12% (excluding redundancy).	Voluntary turnover of permanent staff: 10.1%

MAJOR CORPORATE ACHIEVEMENTS 2006

The following are further highlights of corporate achievements in the last year:

- We created a strong reciprocal agreement with Australia's CSIRO Livestock Industries to contribute to science reviews and organise seminar series and workshops involving senior scientists from both organisations across seven major research areas.
- AgResearch developed its inaugural Maori Commercial R&D Plan and tripled the number of contract R&D projects with Maori.
- We assisted MoRST with the development of Vision Matauranga, a new policy framework designed to unlock the innovation potential of Maori knowledge, resources and people and to provide strategic direction for research of relevance to Maori funded through Vote RS&T.
- AgResearch joined forces with other pastoral sector organisations to put a value-based case to government for greater investment for pastoral research. The 2006 government budget announced \$3.9 million pa of new pastoral sector R&D investment – a pleasing step forward – and it is hoped further investment will come in subsequent budgets.
- We completed a major upgrade to IS systems, bringing them into line with the most modern management practices. The upgrade included a transition to Payglobal, a comprehensive HR information tool that minimises manual processes, such as booking staff leave, and integrates them with other management systems.
- We are close to completing a three-year strategy to create a full online library resource and develop knowledge advisors to add value to the information requirements of science groups.
- We have concentrated science onto fewer of our farms with significant cost savings and no fall-off in the quality of science and service delivery to clients. We have also simplified service level agreements for farm clients, to the benefit of both parties. Farm revenues from both internal and external clients have increased as a result.
- The National Centre for Biosecurity and Infectious Diseases has been established at Wallaceville, with the land and building sale concluded by 30 June. Comprising facilities and staff of AgResearch, MAF, ESR and AgriQuality, the centre will provide a centralised coordination and emergency response for disease outbreaks, biosecurity issues, and also chemical and biological threats and events. CRI Capability Fund money has been used to seed the on-going cooperative development of new capability in animal biosecurity, the management of zoonoses and the detection of emerging diseases.
- A Working Environment project was instigated to improve the AgResearch working environment in order to meet staff needs better and support higher levels of creativity and productivity. The broad-based project is benchmarking AgResearch's existing facilities, employment regime and image with comparable, yet leading, organisations in the USA and will make concrete recommendations based on its findings.
- The AgResearch Invermay campus is divided by a main highway that has long hindered internal working relationships, especially cross-group interactions. In 2006, AgriQuality's relinquishment of its lease in the Wairongoa Building on the main campus created an opportunity to relocate the 30 AgResearch staff from Block H across the road. We also took the opportunity to refurbish the building to provide modern office and laboratory facilities. The project has been completed successfully to the satisfaction of staff from both sides of the campus.
- We attracted 92 new science staff, just over half of them from overseas. AgResearch values the cultural diversity that international recruitments bring to our organisation. Similarly, it is encouraging to see the proportion of female scientists is now 33.6% – up 62% from 2000.
- We launched AgRecruit, our online recruitment software, which ensures a delay-free and "administration light" process focused on speed to job offers. Revised induction materials ensure new staff hit the ground running once their employment commences. That momentum is continued through the Learning and Development programme; in 2006, 72% of staff stated they receive the training they need.