



Australian Government
Grains Research and Development Corporation



GRDC
Annual Report
2006-2007



The GRDC

The Grains Research and Development Corporation is a statutory authority established to plan and invest in R&D for the Australian grains industry.

Its primary objective is to support effective competition by Australian grain growers in global grain markets, through enhanced profitability and sustainability.

Its primary business activity is the allocation and management of investment in grains R&D.



GRDC Vision

Driving innovation for a profitable and environmentally sustainable Australian grains industry.

GRDC Values

- Commitment and action in meeting the needs of our stakeholders and exceeding their expectations
- Winning as a team
- Achievement of superior results
- Creativity and innovation
- Openness and trust in dealing with people
- A performance-driven culture
- Ethical behaviour in all our activities

GRDC Mission

To invest in innovation for the greatest benefit to its stakeholders. This will be achieved by being a global leader in linking science, technology and commercialisation with industry and community needs.



Highlights of 2006–07

Successes

The GRDC in collaboration with its research partners successfully implemented a drought response strategy in 2006–07 to minimise the impact of the drought on R&D investments. Other successes for 2006–07 included the:

- formation of the National Wheat Breeders' Alliance
- formation of the Australian Winter Cereals Pre-Breeding Alliance
- launch of Pulse Breeding Australia
- first year of operation of Barley Breeding Australia
- agreement between the GRDC, CSIRO and Groupe Limagrain to form the joint venture Arista Cereal Technologies Pty Ltd, to deliver high-amylose wheat
- continued improvement of the alignment between GRDC activities and the objectives of our key customer groups—Australian grain growers and the Australian Government—and other stakeholders
- acquisition of the genome sequence of the blackleg fungus, enabling prediction of the longevity and effectiveness of particular blackleg resistance sources in canola
- identification of the genes which produce beta-glucans, a form of dietary fibre, in barley
- establishment of a free-air carbon experiment to evaluate the impact of elevated carbon dioxide on cereal crop performance
- development and extension of approaches to better integrate livestock into cropping systems, through the Grain and Graze program
- development and extension of effective integrated management approaches for pests such as the etiella moth in lentils and mirid populations in soybeans
- launch of Australia's first variety of canola-quality juncea, Dune[®].

Figure 1 Total grain production and cropping area, 1997–98 to 2006–07

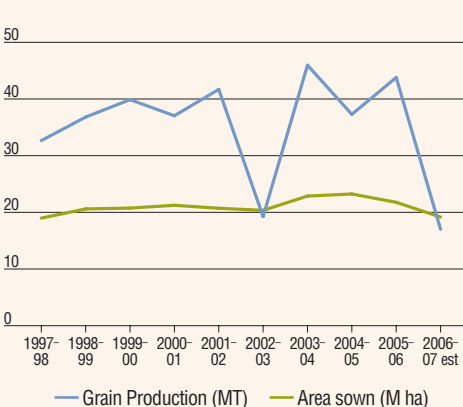
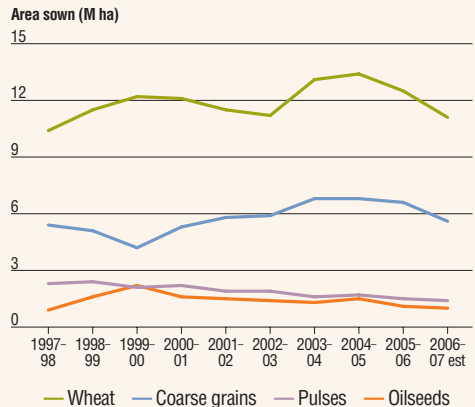


Figure 2 Area sown to grains by crop type, 1997–98 to 2006–07



Source: Australian Bureau of Agricultural and Resource Economics (ABARE) Australian Crop Report, 19 June 2007 and ABARE Australian Commodities Report, June Quarter 2007.

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Challenges

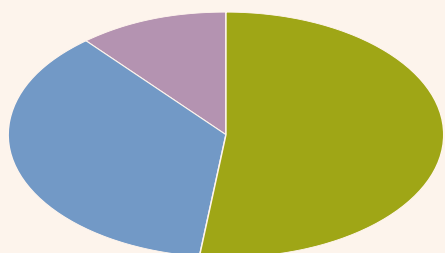
The GRDC works in an ever-changing business environment in the grains industry. Factors that particularly affected the industry in 2006–07 included significant changes in global grain markets, and the severity of drought in Australia, which had a major impact on grains production and on the GRDC's levy-based income.

To meet these challenges, the GRDC focused on maintaining its existing R&D infrastructure as far as possible and minimising disruption to ongoing projects, while reducing the corporation's operating costs. This included working with R&D partners to identify activities that could be deferred or cancelled and potential savings in existing projects.

At the same time, the GRDC continued to work with industry and R&D partners to meet the ongoing challenge of achieving a profitable and environmentally sustainable Australian grains industry by:

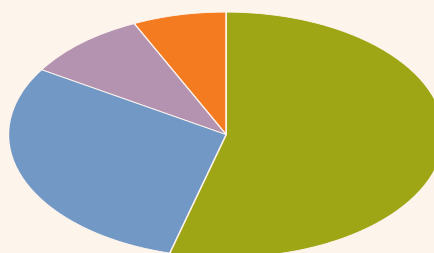
- formulating a nationally coordinated approach to grains R&D, to reduce fragmentation and duplication and to ensure maximum leverage for R&D expenditure
- developing an industry-wide agreement on the evaluation and development of genetic modification technology as it applies to the Australian grains industry
- supporting the development of superior varieties and best farming practices, to ensure grain growers remain competitive and profitable and receive maximum value
- encouraging cross-industry cooperation on common issues and challenges
- developing improved information delivery channels.

Figure 3
GRDC total income in 2006–07



■ Grain grower levy	\$50.9m	(52.2%)
■ Australian Government	\$35.8m	(36.7%)
■ Interest, royalty and other	\$10.8m	(11.1%)

Figure 4
Grain grower levy by crop type in 2006–07



■ Wheat	\$27.6m	(54.3%)
■ Coarse grains	\$15.1m	(29.7%)
■ Pulses	\$4.6m	(9.0%)
■ Oilseeds	\$3.5m	(6.9%)

Highlights of 2006–07

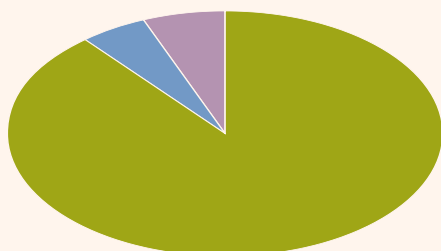
Five years at a glance

	2006–07		2005–06	2004–05	2003–04	2002–03
GRDC						
Revenue	\$97.4m	▼	\$115.1m	\$110.0m	\$122.3m	\$116.2m
Expenditure	\$115.6m	▼	\$126.7m	\$119.5m	\$124.0m	\$112.0m
Operating surplus/(deficit)	(\$18.5m)	▲	(\$11.6m)	(\$9.5m)	(\$1.7m)	\$4.2m
Total assets	\$106.0m	▼	\$127.7m	\$135.7m	\$141.0m	\$151.7m
Total equity	\$65.3m	▼	\$82.4m	\$94.0m	\$102.5m	\$104.2m
Industry contributions	\$50.9m	▼	\$60.9m	\$64.2m	\$68.8m	\$65.0m
Commonwealth contributions	\$35.8m	▼	\$43.1m	\$35.7m	\$42.3m	\$39.0m
R&D expenses	\$103.0m	▼	\$115.3m	\$106.4m	\$112.5m	\$101.3m
Employee benefits	\$5.6m	▲	\$5.2m	\$4.9m	\$4.6m	\$3.8m
Suppliers	\$5.1m	▼	\$5.6m	\$5.8m	\$6.4m	\$6.0m
Number of full-time GRDC staff ^a	44	▼	50	46	43	42
Grains industry						
Estimated number of grain farms ^b	36,417	▼	37,122	37,841	38,574	38,802
Number of grain crops covered by R&D levies	25		25	25	25	25
Estimated gross value of production	\$7,154m	▼	\$8,613m	\$7,000m	\$9,800m	\$4,746m
Total grain production—summer and winter crops	17,011,000 t	▼	43,794,000 t	37,288,000 t	45,966,000 t	19,248,000 t

^a Number of full-time GRDC staff as at 30 June each year

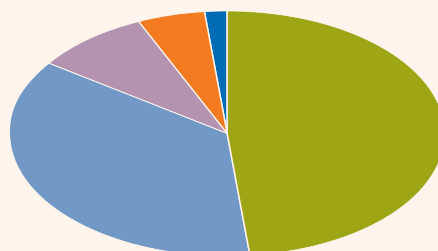
^b ABARE estimates for the total number of broadacre farms planting more than 30 hectares per annum for grain production.

Figure 5
GRDC total expenditure in 2006–07



■ Research and development	\$103.0m	(89.1%)
■ Employee benefits	\$5.6m	(4.9%)
■ Suppliers and other	\$7.0m	(6.0%)

Figure 6
GRDC R&D investments in 2006–07



■ Varieties	\$49.8m	(48.3%)
■ Practices	\$37.7m	(36.6%)
■ New Products	\$8.7m	(8.4%)
■ Communication and Customer Services	\$5.3m	(5.1%)
■ Other	\$1.6m	(1.5%)

Source: GRDC Financial Statements 2006–07

Source: GRDC Financial Statements 2006–07

Letter of Transmittal



Australian Government
Grains Research and Development Corporation

30 September 2007

The Hon. Sussan Ley, MP
Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Parliament House
CANBERRA ACT 2600

cc The Hon. Peter McGauran, MP
Minister for Agriculture, Fisheries and Forestry

Dear Parliamentary Secretary

I have pleasure in presenting the annual report of the Grains Research and Development Corporation (GRDC) for the year ended 30 June 2007, in accordance with section 9 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and section 28 of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The GRDC is confident that its performance in 2006–07 contributed to the industry's and the government's vision for a profitable, internationally competitive and ecologically sustainable Australian grains industry. This vision is consistent with the GRDC's responsibility to plan and report against the:

- objects of the PIERD Act
- planned outcomes of *Driving Innovation*, the corporation's Five Year Research and Development Plan 2002–07
- outcomes and outputs described in the annual operational plan and portfolio budget statements for 2006–07.

This annual report complies with the planning and reporting requirements prescribed by the CAC Act. GRDC directors are responsible for producing an annual report in accordance with the rules laid down in Schedule 1 of the Act, including a 'Report of Operations' as defined in the Minister for Finance and Administration's Commonwealth Authorities and Companies (Report of Operations) Orders 2005.

The attached Report of Operations was made in accordance with a resolution of the corporation's directors on 18 September 2007 and, in my opinion, presents fairly the information required by the Minister's orders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. J. Enright'.

TERRY J ENRIGHT

Chair

GRDC Grains Research &
Development Corporation

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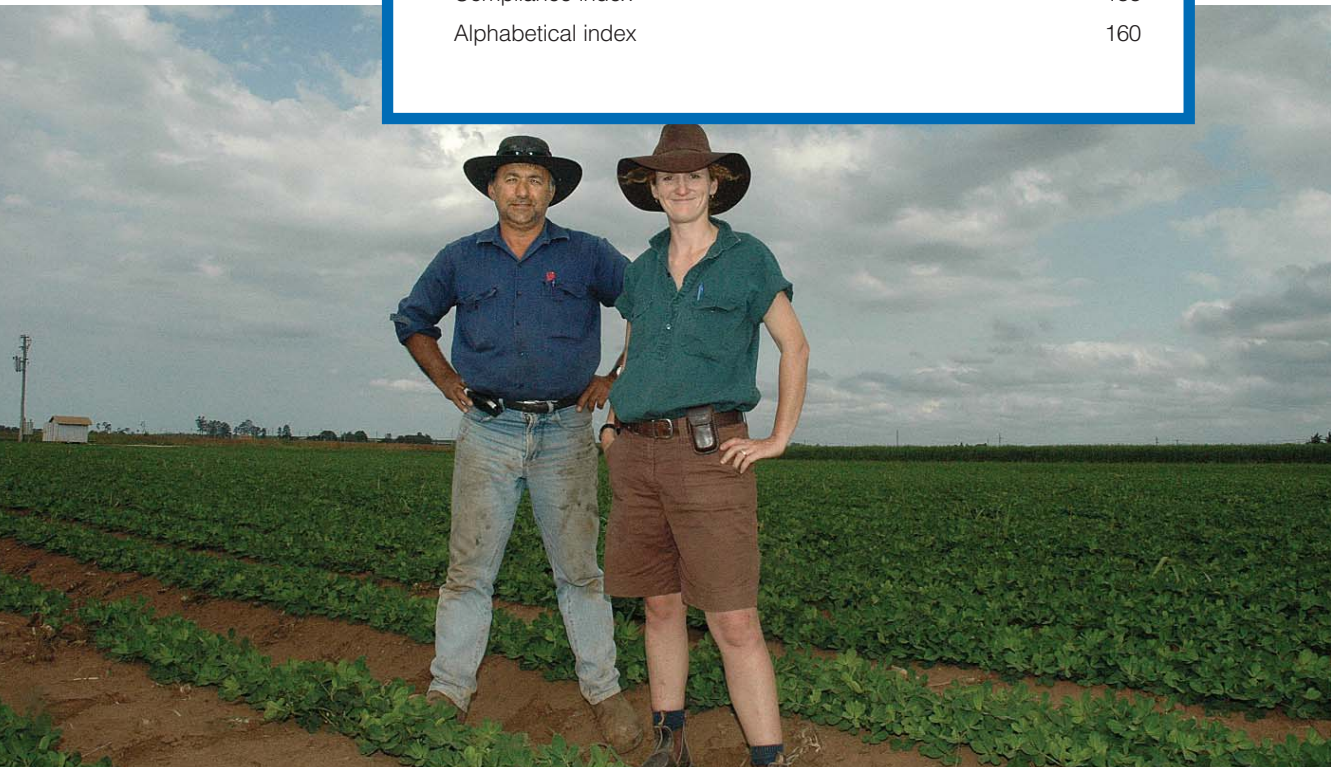
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Sugarcane grower Peter Russo and "Isis Target 100" agronomist Judy Plath stand among Peter's latest peanut plantings. Photo: Rebecca Thyer