

# **V E N T U R E   T R U S T**

**ANNUAL REPORT 2008**

## **1. The Trust:**

The Venture Trust was established as a charitable Trust for the purposes of the Inland Revenue Department by Deed on the 22<sup>nd</sup> April, 1986. It was incorporated under the Charitable Trusts Act on 22<sup>nd</sup> August 2006.

The Trust is intended as a source of additional funds to facilitate active cooperation between New Zealand and international agricultural trade and policy researchers, mainly through projects of Massey University and its Centre for Applied Economics and Policy Studies (CAPS). The basic aim is to stimulate the achievement of the highest quality of relevant research in New Zealand. The Trust gives high priority to the international exchange of scholars and of research data.

The Trust Fund was founded by the late Dr E M Ojala who expressed the hope that the Venture Trust will gather additional strength from future donations and funding partnerships through a variety of sources in support of the international "outreach" in agricultural policy research favoured by the Trust.

## **2. Funding Allocations:**

In the period ending 2008, the total of the disbursements approved by the Trust Board (since 1991) stands at \$158,957. International Travel Fellowships have been accepted by 26 eminent overseas experts who have given seminars and advised and consulted with staff of the Massey Centre for Applied Economics and Policy Studies (CAPS). The details of the Fellows are listed in Appendix I.

In addition, International Travel Fellowships have been awarded to staff members of the CAPS and the Massey University Department of Applied and International Economics (and its various antecedents) to enable networking and exchanges of experience and research findings with overseas scholars: The fields of interest are listed in Appendix II.

The Trust has also made grants totalling \$15,585 to the Massey University Centre for Applied Economics and Policy Studies to enable: (i) Updating the New Zealand data for the Global Trade Analysis Project (GTAP); (ii) The purchase of the United Nations International Trade Database, the computerised database of the Food and Agriculture Organisation of the United Nations (FAOSTAT) and the GEMPACK Software (which is specialist software to assist in the solution of large general equilibrium trade models); and (iii) Obtaining access to the UN International Merchandise Trade Statistics.

In 2004, the Trust provided \$15,000 for Dr Heng-yun Ma to be appointed as a Visiting Research Fellow (now Venture Trust Eminent Visitor award category) in the Centre of Applied Economics and Policy Studies at Massey University. In 2006, \$4,200 was provided to enable Ms Xiaohui Zhang to participate in the Eminent Visitors Programme. Whereas the International Travel Fellowships support short-term visits, the Eminent Visitors Programme is designed to fund collaborating researchers for up to one year.

The details of the types of grants/awards that the Trust has established are attached in Appendix III.

## **3. Asset Values:**

Following the global trend in 2008, the value of the equities held by the Trust declined on the previous year by \$136,887 and this accounts for the decline in overall asset value at year end from \$613,625 (2007) compared to \$500,393 (2008). (A decrease of \$113,232.)

The net value of disbursements in 2008 to projects approved by the Board totalled \$8,700.

At the end of 2008, 56% of Trust assets (66% in 2007) were held as share equities (41% NZ and 15% Aust.) and 44% in Fixed Term investments (34% in 2007). This shift in the ratio of the equities to

fixed investments reflects the reduction in the value of the equity investments and not a policy change on the part of the Fund Management Committee. Cash funds at balance date amounted to \$30,115.

**Share Portfolio:**

The Fund Management Committee report records the following details for the year:

“The committee has kept the Trust equity portfolio under regular review during the last year but did not/could not foresee the dramatic change in world economies which has had a significant effect on equities worldwide. New Zealand and the venture trust have not been immune to the loss of capital in the value of its company investments.

The New Zealand shareholdings declined in value by \$108,143 or 36% on last year’s value and the Australian holdings by \$28,745, 28%. While the top fifty New Zealand shares declined by approximately 25% we have taken some “big hits” in fisher & Paykel Appliance Holdings Ltd, Hellaby Holdings Ltd, Nuplex Industries Ltd and Guinness Peat Group.

No new share holdings were purchased or sold during the year. Nuplex shares have declined significantly since balance date. There is widespread support for a new share issue, underwritten by first New Zealand Capital, which should help that Company restructure its debt.”

**Fixed Term Investments:**

The Fund Management Committee report records the following details for the year:

“The Trust’s fixed interest investments have all performed well and as at the date of this report there has been no loss of capital. Funds with three bond issuers have matured and the funds (re) invested in the ANZ National Bank, ASB Bank, Wellington International Airport Ltd and Fletcher Building Ltd.

Average return on investment income is as follows:-

	<b>Income</b>	<b>Average Investment</b>	
NZ Shares	11,050	247,029	4.5%
Australian Shares	4,210	86,858	5.2%
Fixed Interest	16,712	204,409	8.8%
Call Funds	1,265		
<b>Totals</b>	<b>\$33,237</b>	<b>\$538,296</b>	<b>6.2%</b>

Since balance date, a further \$20,000 has been invested with Fonterra at 7.75%.”

**Assets Summary:**

Holdings	2008		2007	
	Amount	Percent	Amount	Percent
Share Equities	265,443	53.05	399,441	65.09
Fixed Interest Investments	204,835	40.94	203,983	33.25
Liquid Funds	30,115	6.01	10,201	1.66
<b>Total</b>	<b>500,393</b>	<b>100.00</b>	<b>613,625</b>	<b>100.00</b>

#### 4. Cash Income and Expenditure:

The cash income of the Trust in 2008 was \$33,237 as against \$30,052 the previous year. The structure of income over the last two years is shown in the following table.

Type	2008 Amount	Percent	2007 Amount	Percent
	\$		\$	
Dividends on shares	15,260	45.91	15,287	50.89
Interest	17,977	54.09	14,765	49.11
Total	33,237	100.00	30,052	100.00

Expenses amounted to \$882, leaving a net profit of \$32,355, compared with \$28,221 in the previous year, an increase of 14.65%.

#### 5. Progress Reports:

At its Annual General Meeting on 4<sup>th</sup> April 2008, the Board of Trustees considered six applications for financial support. It awarded three International Travel Fellowships, one of which was not taken up. The progress reports on the remaining Fellowships are as follows:

**Recipient:** Professor Roberto Roson Università Ca di Venezia, Italy.

Professor Roson visited Massey University in the period 18-21 August 2008.

The CAPS has begun research projects in the area of New Zealand agriculture, climate change and emissions policies. Professor Roson is a highly respected international author of several studies in these areas, and his expertise was much appreciated during his visit. He discussed many aspects of this work with Professor Rae, and also held one-on-one discussions with several staff in the Department of Economics and Finance. The Centre is collaborating with researchers at Landcare Research Ltd in Palmerston North. It arranged for Professor Roson to spend time with appropriate staff at that Institute, which was highly supported and appreciated.

Professor Roson presented a public lecture while at Massey summarising much of his recent research into the international impacts of climate change and global warming on agriculture, human health, sea levels and land availability and tourism.

Professor Roson's visit was jointly supported by the Motu Research and Education Foundation (MOTU) in Wellington. Professor Rae accompanied Dr Roson to Wellington on Friday 22 August where both were participants in a workshop on economic modelling and climate change. Dr Roson then spent the following week as a guest of MOTU, and visits to various government Ministries were arranged. Dr Roson also presented his seminar in Wellington.

**Recipient:** Professor Tian Weiming, Director, Institute of Agricultural Economics China Agricultural University, Beijing.

Professor Tian visited Massey University in the period 3-7 October 2008.

The CAPS is continuing its programme of research into China's agriculture, and especially its livestock sector. Professor Tian is one of China's leading agricultural economists and his knowledge and advice on future directions for the Centre's work were invaluable. He was able to offer advice on the completion of Centre work into structural change in China's household livestock production sector, and the trend towards larger-scale production within specialised households. Future research activities of the Centre in this broad area were also outlined with his assistance, including future developments in the dairy sector and China's use of feed crops for bio-fuel production.

As well as spending much time with the Centre's Director, Professor Tian also held discussions with many members of the Department of Economics and Finance. He also held meetings with Professor's Blair and Morris (Institute of Veterinary Animal and Biomedical Sciences) on their China sheep production programme, and with a group of dairy specialists led by Dr Ian Brookes (Institute of Food, Nutrition and Human Health).

Professor Tian also presented a very well attended public seminar on China's agricultural development after WTO accession.

#### **6. Retirements / Resignations:**

It is with regret that I record the decision of Mrs Julia Fisher to retire from the position of Secretary to the Venture Trust, a position that she has held since 1988. Her assistance to the Trust over the past 20 years has been outstanding and is genuinely appreciated.

I also need to record, with reluctance, the resignation of Mr John Kelly from the position of Treasurer of the Trust, a position that he has held since 2004. He has provided the Trust with excellent assistance during his time as its Treasurer.

On behalf of the Board, I extend best wishes to both Mrs Fisher and Mr Kelly in the years ahead.

#### **7. List of Officers:**

**Trustees:** Professor R D Anderson, *ONZM*, Chairman  
Hon. S Maharey, *CNZM*  
Mr J S H Lambert  
Mrs H Lucy  
Dr R A Ojala  
Professor A N Rae  
Mr J F Springford

**Secretary:** Mrs K J Fisher

**Treasurer:** Mr John Kelly

**Hon Auditor:** Mr Andrew Ross

**Solicitors:** Cooper Rapley & Co., Palmerston North.

R D Anderson ONZM,  
April 2009

**VENTURE TRUST INTERNATIONAL FELLOWS 1991 – 2008**

- Dr Zhang Cungen, Chinese Institute of Agricultural Economics; Chinese wool sector and implications for New Zealand. (1995)
- Professor T W Hertel, Purdue University; collaborative research with the GTAP model on the production and trade effects of expanded livestock production in China and East Asia. (1996)
- Professor Tian Weiming, Chinese Agricultural University. (1997)
- Professor T E Josling, Stanford Food Research Institute; advice on agricultural and trade policy research in New Zealand. (1998)
- Professor David Blandford, Pennsylvania State University; international economic and agricultural trade policy. (1999)
- Professor Kym Anderson, University of Adelaide; international economic and agricultural trade policy. (2000)
- Professor Masayoshi Honma, Seikei University; international economic and agricultural trade policy, and developments in Japanese agricultural policy. (2000)
- Dr David James, formerly Australian Resource Commissioner; non-market-valuation techniques in natural resource management. (1999)
- Dr Tahlim Sudaryanto, Centre for Agro-Socio Economic Research, Indonesia; international trade in livestock products. (2001)
- Dr E H Peterson, Australian National University; role of Australia and New Zealand in trade agreements. (2002)
- Dr Chris Delgado, International Food Policy Research Institute, Washington, DC; global developments in livestock demand, supply and trade. (2002)
- Dr Hengyun Ma, formerly Centre for Chinese Agricultural Policy, Chinese Academy of Agricultural Sciences, and University of California (Davis); understanding developments in Chinese agriculture, with special reference to the livestock sector. (2002)
- Professor Jon M. Conrad, Cornell University, New York; numerical dynamic analysis of bioeconomic systems. (2002)
- Professor Robert Thompson, Chair, International Food and Agricultural Trade Policy Council. (2003)
- Professor Jikun Huang, Centre for Chinese Agricultural Policy, Chinese Academy of Sciences, Beijing. China and the World agricultural economy. (2004)
- Professor Ranjan Ray, University of Tasmania. (2005)
- Professors Funing Zhong and Yingheng Zhou, Nanjing Agricultural University. (2005)
- Dr Xiaohe Liu, Institute of Agricultural Economics and Development, Chinese Academy of Agricultural Science, Beijing. (2006)
- Ms Xiaohui Zhang, China Ministry of Agriculture. (2006)
- Dr Sandra Hoffman, Resources of the Future, Washington DC. (2006)
- Professor Alan Matthews, Trinity College, Dublin, Ireland. (2007)
- Mr You Hongye, Institute of Agricultural Economics and Development, Chinese Academy of Agricultural Sciences, Beijing; developments in the Chinese dairy sector. (2007)
- Professor Thomas Reardon, Department of Agricultural Economics, Michigan State University, USA. (2007)
- Professor Roberto Roson, Universita Ca di Venezia, Italy. (2008)
- Professor Tian Weiming, Director, Institute of Agricultural Economics, China Agricultural University, Beijing. (2008)

**INTERNATIONAL TRAVEL FELLOWSHIPS FOR MASSEY UNIVERSITY STAFF –  
TOPICS**

- Farm and food reforms in the Republic of Korea and New Zealand.
- Impact of 1995 US Farm Bill on New Zealand.
- Trade and environmental research, with European countries and Thailand.
- Agricultural economic and trade research – with countries of South-east Asia.
- Processed food exports from Australia and New Zealand.
- Interface between economic and ecological systems of land use – with conservation institutions in countries of Southern Africa.
- Agricultural economic and rural development research with academic and research organisations in countries of Southern Africa.
- Trade liberalisation and its potential impact on food security, especially in developing countries.
- Multi-functionality, trade and New Zealand's agriculture.
- Mexican agriculture – Relationship building with the University of Guadalajara.
- Agriculture and poverty alleviation and economic policy.
- Practical Computable General Equilibrium (CGE) Modelling.

## PROGRAMME DESCRIPTION

### **The Venture Trust Eminent Visitors Programme**

The purpose of this Programme is to allow leading international experts in those fields of interest to the Trust to visit New Zealand for longer periods than those funded through the International Travel Fellowships, so as to work in close collaboration with CAPS and other research staff at Massey University. Normally, the Eminent Visitor would be associated with an existing Massey University research project. Duration of visits would normally be between three months and one year, and funding is to the equivalent of up to \$10,000 per year.

### **The Venture Trust International Travel Fellowship Programme**

The objective of this Programme is to promote research collaboration and the initiation of new research ventures between CAPS and other Massey University research staff and the international research community in those fields of interest to the Trust. The Programme will assist foreign visitors to Massey University, and Massey academic staff to make visits to overseas researchers and institutions, for periods of up to one month. Grants may be made up to the value of \$6,000 per visitor. Eligible costs include travel, accommodation and other costs associated with a visit.

### **The Venture Trust Post-Doctoral Scholarship in Agricultural Trade and Policy**

The purpose of this Scholarship is to encourage emerging and promising researchers to spend a period of time of up to two years working full-time with research staff of CAPS and elsewhere at Massey University in the general area of agricultural economics, trade and policy that has relevance to the New Zealand economy. The value of the Scholarships shall be up to \$15,000 per annum.

The Fellowship is open to graduates of a university in New Zealand or overseas who have completed their doctoral qualification in a relevant subject area within five years of the date of application for this Scholarship.

### **The Venture Trust Postgraduate Scholarship in Agricultural Policy Research**

The purpose of this Scholarship is to assist research masters and PhD students enrolled at Massey University, whose research is primarily in the area of agricultural policy and strategy studies. Such research should relate to agriculture and land use policies in New Zealand, or to foreign agricultural policies that are deemed to be of relevance to the New Zealand agricultural sector and the wider New Zealand economy. The award of scholarships will be based on academic achievement.

The value of the scholarships shall be up to \$2,000 per year for masters and \$4,000 for doctoral students. For masterate students, funding will be for one year (normally for a course including a significant research component); for doctoral students, awards may be for up to three years subject to satisfactory progress and the provision of regular reports and annual application.

**The Venture Trust Research Grants in Agricultural Economics and Policy**

These grants are available to assist the funding of approved research programmes conducted by full-time academic staff at Massey University, in areas of priority to the Trust. Items to be funded include research materials such as databases and consumables, but exclude salaries and wages of research personnel or assistants and overheads. Normally, these grants will not exceed \$3,000 per annum.