

**AGMARDT**

THE AGRICULTURAL AND MARKETING  
RESEARCH AND DEVELOPMENT TRUST

2007/2008  
**ANNUAL REPORT**





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## ABOUT US

**AGMARDT, the Agricultural and Marketing Research and Development Trust, is an independent not-for-profit organisation which aims to foster and encourage innovative ideas and the development of leadership and research capability within the agricultural, horticultural and forestry sectors.**

AGMARDT invests approximately \$2.5 million into people and innovation within the agribusiness sector each year.

AGMARDT was established by the Government in 1987 with funds of \$32 million from the wind-up of the British, Christmas Island and New Zealand Phosphate Commissions. Since then, the organisation's funds have steadily grown to approximately \$60 million.

AGMARDT has provided grants totalling \$52 million since its inception.

AGMARDT invests in a wide range of activities within agribusiness including:

- Investing at an early stage in research projects
- Providing Agribusiness Innovation Grants of between \$20,000 and \$120,000 to encourage innovative projects
- Developing leadership capability within the sector
- Funding PhD and Post Doctoral scholarships
- Providing funding support for international speakers and experts at conferences and forums.

## OUR ROLE IN THE AGRIBUSINESS SECTOR

**AGMARDT invests in leadership and innovation to meet the challenges of tomorrow's markets.**

Thriving agribusiness is essential for a vibrant New Zealand economy but there are specific challenges we face in this area. Our overseas markets are distant and international customers have many choices, of which New Zealand products are but one.

AGMARDT supports New Zealand exporters in sending their products to global markets by creating an improved understanding of marketing, supply chains, new products and technologies, and business models.

The Trust helps develop leadership capability within agribusiness through ongoing support of research

expertise within universities and Crown Research Institutes (CRIs), the FAME leadership programmes and the Young Farmer and Young Horticulturist of the Year competitions.

AGMARDT provides funding for new ideas through Agribusiness Innovation Grants. The Trust is an early stage funder in research projects supporting companies that are succeeding globally, such as Icebreaker.

AGMARDT supports international speakers and experts to come to New Zealand to share their knowledge and skills to enhance New Zealand's competitive advantage.

## CHAIRMAN'S REPORT

**The Trustees welcomed Stephen Macaulay, the new General Manager of AGMARDT, who took up his position in March 2008, and thank the staff for their efforts during the year in managing the Trust's activities in a difficult environment.**

This year, AGMARDT's priority has been its investment portfolio. The deterioration of international financial markets has had an impact on the Trust's ability to support its desired level of funding. Following a review of the balance of its investment portfolio and current funding levels, AGMARDT has realigned its internal financial management and reporting systems to improve its ability to meet the changing needs of the demanding operating environment.

Areas reviewed during the year which will be the subject of ongoing development include: public communication and client management; and the cost effectiveness of the Trust's leadership and capability development programmes. The Trustees are pleased to report that progress has been made in both these areas and it is anticipated that the outcomes of these activities will become apparent in AGMARDT's operations over the next six months.

Over 70% of the Trust's funds are invested annually in five New Zealand universities, largely Massey and Lincoln, in the form of PhD Scholarships, Post-Doctoral Fellowships and to support the Food and Agribusiness Marketing Experience (FAME) programme and the Agribusiness Education and Research Network (AREN). A portion of these investments is collectively assessed as an industry contribution to the Massey Lincoln Agricultural Industry Trust Partnerships for Excellence Fund. The industry contribution is matched by the Tertiary Education Commission in the form of a suspensory loan. Massey and Lincoln universities access funds from the Trust to maintain and develop capability in education and research into food and fibre production and the sustainable management of the associated natural resources.

The Government's Fast Forward initiative was launched in March 2008. It involves the development of a long-term investment partnership between the Crown and primary industry groups. The aim of this new initiative is to enhance the economic performance, and environmental

and social sustainability of the pastoral and food sectors. This has been welcomed by the Trustees in providing much needed investment for our research providers.

In reviewing its investment profile, the Trust has concerns about the adverse effects of ongoing erosion of capability that has developed, and is developing, in agricultural science and agribusiness at New Zealand universities. The Trust is also concerned about the effects on the competitive advantage of the New Zealand food and fibre sector, which accounts for over 60% of New Zealand's export earnings and approximately 21% of GDP.

In the OECD, the numbers of people involved in food production are continuing to decrease with the development and application of technology and the need to achieve economies of scale to improve cost efficiencies. In keeping with this trend, the volume and value of food production in New Zealand has increased significantly over the last ten years, a period that has seen a significant decrease in farm number and farm employment, mirrored by a large increase in farm size.

In view of the relatively large investment AGMARDT makes in PhD and Post Doctoral research training and development, and the limited employment opportunities available for scientists in New Zealand, the Trust is evaluating its investment in these programmes and is currently working with sector groups on this issue.

AGMARDT continues to promote and support innovation through its Agribusiness Innovation Grant programme and the development and delivery of FAME. The FAME programme takes entrepreneurs and emerging agribusiness leaders to study high performance agribusinesses and/or developing markets in the USA, Europe, Asia and New Zealand. The programme focuses on manufacturing, processing, distribution and marketing. FAME is highly regarded by participants and is enthusiastically supported by the FAME Alumni Trust. The Trustees would like to take this opportunity to thank the Alumni Trust for the strong support and direction it has given to the programme and the opportunity it provides to members in ongoing professional development.

AGMARDT supported the establishment of AREN, a group of researchers and educators formed with the



Bill Kain congratulating David Skiffington the 2008 Young Farmer of the Year

aim of strengthening the knowledge and skill base of people operating in New Zealand's agricultural based value chains. This year, AREN produced four publications defining the key elements of success and failure in the New Zealand sheepmeat, venison, dairy and kiwifruit industries. These technical publications have been stringently reviewed by authorities in the respective industries and now form an excellent teaching resource for agribusiness graduates and postgraduates.

To help develop industry capabilities and encourage young people to analyse business opportunities critically within the sector, AGMARDT funds the Market Innovation Challenge as part of the National Bank Young Farmer of the Year Contest, forming part of our ongoing support to the Contest. The Trust also sponsors the Market Innovation Challenge within the Young Horticulturist of the Year competition. The Trust has received very positive feedback from contestants in both events regarding the professional development assistance of the Market Innovation Challenges.

For the first time this year, the Trust supported a leadership course provided by Federated Farmers for the running of their leadership development programme, with 55 people attending.

The Trust extends its interests in agribusiness innovation through the sponsorship of two awards, one that

acknowledges excellence in agricultural journalism through the New Zealand Guild of Agricultural Journalists and Communicators, and the other that recognises excellence in technology transfer through the New Zealand Institute of Agricultural and Horticultural Science Inc.

In the past, the Trust has supported the national assessment and planning of the water resource use for irrigation purposes. More recently, the Trust has directed its interests in sustainable natural resource management towards the development and management of soil quality in terms of productivity and sustainability. The objective of this programme is to bridge the gap that exists between best practice and science, with a focus on losses and sequestration of soil carbon. This is being achieved through the involvement of both farmers and scientists in the evaluation of soil quality attributes developed under a wide range of environmental and management influences and the levels of production sustained by these soils.

The Trust also supports a study at Waihi College with the intention to promote the relevance of science in the local environment. By studying biological principles and processes, the students can understand how management practices effect improvements in kiwifruit yield, size and taste. This study has demonstrated the resourcefulness of teaching staff supported by a local science and technology mentor and the farming community. The study aims to push the boundaries of student understanding of science principles operating in local horticultural and agricultural production systems. Extending the findings from this study to other schools and communities requires further development.

I would like to thank the Trustees for their advice and commitment over a challenging year. On behalf of the Trustees and Management I have great pleasure in presenting our Annual Report.

A handwritten signature in black ink that reads "W M Kain".

Bill Kain  
Chairman

## GENERAL MANAGER'S REPORT

One thing that has struck me about AGMARDT since starting the role as General Manager is its unique place within New Zealand's agribusiness environment and the success it has had in making targeted investment decisions that have made a positive contribution to the agriculture, horticulture and forestry sectors.

AGMARDT's investment into building leadership capability within the agribusiness community, and developing research capability within universities and CRIs, remains the focus of the Trust. This is seen as an important area by AGMARDT in preparing New Zealanders to meet the challenges of tomorrow's markets.

Our investment in innovative projects provides farmer groups the ability to test or undertake research that might never have got off the ground otherwise. As we move into uncertain times, there is need to ensure that funding is available for the development of new products or processes that have the potential to reduce costs and improve ongoing returns to farmers.

AGMARDT is facing some interesting challenges in the near future, particularly following the worldwide financial

crisis and the impact this has had on eroding the value of our assets. Whilst AGMARDT is firmly committed to investing in high quality projects and leadership programmes, the Trust will continue to act prudently in protecting the financial position of the Trust's funds.

### The Year's Activities

I am pleased to report that during the 2007/08 year AGMARDT awarded 41 grants worth \$1.6 million across a broad spectrum of activities and people involved in the agribusiness sector.

This investment falls broadly into three programmes including:

- Agribusiness Innovation Grants
- Leadership and Research Capability Building
- Conference, Forums and Workshop Support.

AGMARDT's programmes and some of the highlights are included in the following sections of this Annual Report for the year under review.



## AGRIBUSINESS INNOVATION GRANTS

During the 2007/08 year, AGMARDT awarded seven Agribusiness Innovation Grants totalling \$271,018.

As an independent body, AGMARDT provides Agribusiness Innovation Grants to help foster and encourage innovation that adds value to the agribusiness sector. These grants provide seed funding for farmer based groups to develop and evaluate innovative ideas to a stage where they can attract other funding for further development through to commercialisation.

The range of applications for Agribusiness Innovation Grants has expanded over the years from when AGMARDT launched 'Progressive Farming Grants' in 1996 for on-farm trial and evaluation. Today, Agribusiness Innovation Grants are offered in two categories:

- **Pre trial/pre research, or demonstration/ investigation purposes**

Grants of up to \$20,000 are available for on-farm trial and evaluation aimed at encouraging farmer groups to find solutions to problems or issues.

- **Research and technology development**

Grants of up to \$120,000 are available to encourage new and innovative ideas that aid technological advances that benefit the farming community and wider agribusiness sector.

In 2007/08, Agribusiness Innovation Grants were made in a diverse range of projects including: 'Investigating the causes of low dry matter in Waihi Hayward kiwifruit orchards'; 'Healthier sheep milk with probiotics'; 'Mating disruption to control citrus flower moth'; and 'Adapting strip-tillage for pastoral farmers'. More information is contained on page 12.

## MERINO FIBRE LENGTH AND STRENGTH PROJECT

**AGMARDT and the Wool Industries Charitable Trust supported the NZ Merino Company to initiate a project to help those in the merino industry better understand merino fibre length and strength.**

The project focuses on the relationship between the greasy length/strength of merino fibre and the extent that this is preserved after conversion to combed top (the stage prior to yarn spinning).



"Such measurements are a key determinant of prices achieved for merino fibre and the work funded by AGMARDT is invaluable in that it will provide growers with information sources of variability in the existing test method and the impact these have on the resulting measurement," says project leader Simon Causer.

"This will allow improved interpretation of the results they get back from the wool test houses"

The project also seeks to compare the length/strength of merino fibre from different countries and to relate this to processing performance.

Components of this project have been carried out by an Honours student at Lincoln University, Nicola Kelland, who looked at sources of variability in test results and the length/strength profile of the New Zealand merino clip. The findings will be conveyed to growers as part of the ongoing project, along with the results of later processing trials.



Bill Kain speaking at the Agribusiness Breakfast

## LEADERSHIP AND RESEARCH CAPABILITY BUILDING

AGMARDT invested \$1,292,870 into building leadership and research capability. This is seen as an important investment by AGMARDT to encourage and develop future industry leaders and research expertise within the agribusiness sector.

### Young Farmer of the Year Contest

AGMARDT has been a strong supporter of the National Bank Young Farmer of the Year Contest since 1998 and congratulates David Skiffington on winning the 2008 Contest.

The Young Farmer of the Year Contest promotes excellence for young people in the agriculture industry. AGMARDT is proud to support the competition as a way of developing the next generation of leaders.

A highlight of the Contest Grand Final is the AGMARDT Market Innovation Challenge, with the winner receiving a FAME scholarship worth \$28,130. This year, the scholarship was won by Grant Charteris with his project, 'Velvet – A Foreign Grade?'. AGMARDT also provides regional prizes to enable finalists to research topics for the Market Innovation Challenge.

AGMARDT also sponsored the Agribusiness Breakfast, held in conjunction with the Contest. Over 200 guests attended. Given the current debate around the cost of land, AGMARDT invited Chris Nixon from the New Zealand Institute of Economic Research to present a paper on the implications of high land prices and whether this is a barrier to entry or an opportunity for young farmers considering land ownership. This was then discussed by an independent panel including John Luxton, Andy MacFarlane and Ian McKenzie, who provided their views on land ownership. The topic

generated interesting debate among the panelists and guests. A copy of Mr Nixon's paper is available at [www.agmardt.org.nz](http://www.agmardt.org.nz).

### Federated Farmers of New Zealand

AGMARDT provided support for Federated Farmers to run two leadership programmes aimed at developing depth of leaders within the rural community. The programme's goal is to encourage participants to be active leaders by providing them with the skills and confidence to participate in the agricultural sector.

### Young Horticulturist of the Year

AGMARDT continues to be a major supporter of the Young Horticulturist of the Year competition and provides prizes for the AGMARDT Market Innovation Challenge section. This is an integral part of the competition where contestants are challenged to identify and analyse potential horticultural opportunities and how these could be incorporated into an existing business. Congratulations to the 2007 winner, Emma Taylor, a viticulturist from Villa Maria.



Emma Taylor  
Winner of the 2007 Young Horticulturist of the Year and the AGMARDT Market Innovation Challenge

## AGMARDT Awards

For the first time, AGMARDT sponsored two awards recognising excellence within their respective areas of agribusiness.

The AGMARDT Agribusiness Award, coordinated through the New Zealand Guild of Agricultural Journalists and Communicators, recognises high quality information and effective analysis of national, global and other external agribusiness factors that impact on individual farm businesses.

Tony Benny of Country Calendar won the 2008 AGMARDT Agribusiness Award for episodes entitled 'Two to Tango' and 'Woolly Wonders'.

The second award, organised through the New Zealand Institute of Agricultural and Horticultural Science Inc., is the AGMARDT Technology Transfer Award.

The award recognises and rewards achievement and excellence in technology transfer in agriculture.

The 2008 Award was presented to Dr David Scobie, AgResearch, for his leading work on low-input, ethically-improved, low-care sheep to enable the industry to cut costs, increase revenue and safeguard market access while working to changing international animal welfare standards.



AGMARDT'S General Manager Stephen Macaulay presents Tony Benny with the 2008 AGMARDT Agribusiness Award

## Development of Research Capability

**AGMARDT has been an active participant in supporting the development of research expertise within universities and CRIs. Over the last 21 years, the Trust has invested over \$15 million in a range of initiatives to develop the research capability within New Zealand Institutions.**

### Doctoral Scholarships

AGMARDT has granted 106 doctoral scholarships since 1987. The projects for which scholarships have been awarded cover a wide range of subjects including soil, plants and animals, as well as research on health and production, and production systems. This year, three doctoral scholarships were awarded. Topics focused on chemical changes in forage based diets, the DNA causes of apple softening, and the effect of flour enhanced with fruit fibres and polyphenols.

### Post-Doctoral Fellowship

AGMARDT offered five post-doctoral fellowships in the 2007/08 year. Representing 50% of the Trust's funding,

post-doctoral fellowships are a major focus for the organisation. These were awarded in improving ryegrass, managing *Dothistroma* needle blight in pines, DNA identification of *Colletotrichum* to improve biosecurity, maximising the flavour of New Zealand's export kiwifruit, and the benefits of using biochar to improve soil.

### Visiting Fellowship

AGMARDT's Visiting Fellowship programme supports visits by international research experts to New Zealand to provide advice, information and direction to policy advisors, industry groups and farmers. Visiting Fellows usually come to New Zealand for two to three short visits over 12 to 18 months to look at a specific area of strategic interest to agribusiness.

During the 2007/08 year, AGMARDT funded Professor Tom Reardon of Michigan State University to come to New Zealand to give ten seminars. Professor Reardon is an academic authority on the rise of supermarkets in developing economies and how they are transforming supply chains globally.

## FAME (Food and Agribusiness Market Experience Programme)

**AGMARDT funds the Food and Agribusiness Market Experience (FAME) programme to help develop leadership capability for agribusiness executives by giving an improved understanding of the international marketplace and supply-chain management.**

The programme is based in New Zealand and includes travel to Asia, North America and Europe to study supply chain innovation and best practice.

The second FAME programme ran from September 2007 to May 2008, with very positive feedback received from the participants. The third programme is scheduled for April 2009.

FAME is recognised as a valuable development facility, with clients including ASB Bank, Dairy New Zealand and Meat and Wool New Zealand. There is also strong support from Maori enterprise with groups such as the Poutama Trust and Wairarapa Moana Trust.

Programme Manager Hugh King said, without AGMARDT's sustained investment and belief, FAME could not have got underway.

"AGMARDT is innovative, excellent to work with and very good at getting things going. Its people are very commercially minded while driven by aims and objectives clearly laid out in the Trust they operate under."

During the year, AGMARDT entered into an agreement with Lincoln, Massey and Otago universities to fund \$1.2 million for the next four years to deliver two additional FAME courses from 2008.

AGMARDT gratefully acknowledges ASB as a programme supporter along with other FAME supporters.

## AREN (Agribusiness Research and Education Network)

The Agribusiness Research and Education Network (AREN) involves a group of researchers and educators from AgResearch, Lincoln University, Massey University and University of Waikato. The aim is to strengthen the knowledge and skills of people operating in New Zealand's agricultural-based value chains.

In 2008, AREN completed the two-year study into elements of success and failure across four agribusiness sectors - dairy, sheepmeat, kiwifruit and venison. The final reports for these studies are available on the AREN website - [www.aren.org.nz](http://www.aren.org.nz) - and papers for each sector were presented at the New Zealand Agricultural and Resource Economics Society Conference.

There has been considerable media coverage of some of the reports and keen interest from industry stakeholders. A number of invited presentations have occurred. Furthermore, the reports have been used as case study documents within agribusiness



courses at Lincoln and Massey universities. Since the establishment of AREN, members of the network have initiated and/or completed a number of collaborative projects that would not have occurred otherwise.



## OPPORTUNITIES FOR EXPORTERS IN EMERGING MARKETS

Professor Tom Reardon was sponsored by AGMARDT to speak to academics, agribusiness related companies and industry organisations about the supermarket revolution and opportunities in emerging markets.

His talk was part of AGMARDT's strategy to foster knowledge and skills by supporting international speakers and experts to come to New Zealand and share their ideas and expertise.

Professor Reardon from Michigan State University, United States, said there are great opportunities for exporters in emerging markets where the supermarket revolution is modernising food retail and procurement systems.

The emerging markets – Asia outside Japan, Latin America and Eastern Europe – are growing five to seven times faster than traditional export markets such as the United States or Japan.

Most importantly, as incomes in emerging countries have grown, there are now nearly one billion middle class consumers, a similar figure to that of the United States, Japan and Western Europe put together.

Professor Reardon said that in recent years the growth of supermarkets in emerging countries has been enormous. Between 2002 and 2006, Russia's supermarkets

experienced 900% growth in sales and supermarket sales in India are growing at 40-50% a year.

In the last five years in particular, supermarkets in emerging countries have increasingly stocked fresh produce. This has had great benefits for New Zealand fruit, dairy and meat exporters.

Big supermarket chains in emerging markets with regional strategies are looking for regional supply solutions because traditional supply chains are low quality with inconsistent volumes, high wastage and high transaction costs. This provides opportunities for New Zealand to produce better quality goods through efficient, low cost supply chains.

AGMARDT hopes that his expertise will help exporters take up the opportunities within these emerging markets. Based on the feedback received from those who attended Professor Reardon's presentations, the Trustees intend to invite him back in the near future.

AGMARDT visiting fellow  
Professor Tom Reardon





AGMARDT Political Forum

## CONFERENCES, FORUMS AND WORKSHOP SUPPORT

During the 2007/08 year, AGMARDT provided \$79,140 in conference support for 19 international speakers across 19 conferences and \$9,500 for two forums.

AGMARDT supports conference speakers to boost knowledge and information transfer within the agricultural, horticultural and forestry sectors.

### Conference support for international speakers

AGMARDT provides travel assistance to bring international speakers and experts to come to New Zealand to speak at various conferences. This helps foster knowledge and expertise in the agribusiness community, as well as developing a better understanding of the issues impacting upon the sector from a global perspective.

Some conference highlights of note during the year included:

**Professor Richard Bardgett** from Lancaster University, United Kingdom, was a keynote speaker at the Soils 2008 Conference organised by the Australian and New Zealand Societies of Soil Science. His theme of 'sustaining soil biological health and function' explored some of the most topical issues in this fast moving area of science, including the consideration of how management practices influence soil biodiversity and the consequences of this for soil and ecosystem functions.

**Hugo van der Meer** from Plant Research International, Wageningen, Netherlands, was a keynote speaker at the Greenhouse Gases from Animal Agriculture Conference. Hugo van der Meer has 25 years of experience in conducting and managing research on nitrogen

management in grasslands and ruminant livestock farms. The aim of the conference was to discuss and identify the most promising methods currently available worldwide for reducing emissions to assist the New Zealand agriculture sector in reducing greenhouse gases.

**Dr Desmond O'Rourke** was a keynote speaker at Pipfruit New Zealand Conference. After retiring from Washington State University in 2002, Dr O'Rourke set up his own consultancy firm, Belrose Inc, which publishes regular reviews and studies for apples, pear, sweet cherry and kiwifruit industries. His presentation at the conference was around international market trends in developed countries and the impact of sustainability issues.

### AGMARDT Political Forum

One of the more notable discussions held this year was the AGMARDT Political Forum held in Palmerston North on 8 July. Rod Oram chaired a panel of politicians including: Paul Hutchison (National); Pete Hodgson (Labour); Robin Gunston (UnitedFuture); Russel Norman (Green Party); and Doug Woolerton (New Zealand First).

The key question put to politicians was 'whether they supported real increases in science funding?'. Other questions concerned the Fast Forward fund and how best to ensure research funds are spent in the most efficient manner.

Significantly, all parties believed research and development was essential and stressed the importance of innovation in agribusiness as a key driver for New Zealand's economic future.

## GRANTS 2007/08

The Trustees are pleased to present the grants that were awarded in 2007/08.

- **Market Access Solutions Ltd: \$4,000**  
(Grant 820) Identification of Agrichemical issues in a range of Horticultural/Arable Industries.
- **Ruataniwha Plains Mixed Cropping Farmers: \$24,870**  
(Grant 821) Adapting strip-tillage for pastoral farmers.
- **New Zealand Citrus Inc: \$24,472**  
(Grant 822) Mating disruption to control citrus flower moth.
- **Rod McDonald: \$2,000**  
(Grant 823) Attendance at Greenhouse Gas and Animal Emissions Conference.
- **Waihi Farm Unit Research: \$18,976**  
(Grant 824) Investigate causes of low dry matter in Waihi Hayward kiwifruit orchards.
- **The New Zealand Merino Company: \$32,456**  
(Grant 825) Enhance Understanding of Merino Fibre Length and Strength.
- **Waituhi Kuratau Trust: \$164,244**  
(Grant 826) Healthier sheep milk with probiotics.

### LEADERSHIP DEVELOPMENT

- **Primary Industries 2020 Summit: \$30,000**  
(Grant 850)
- **The National Bank Young Farmer Contest: \$46,375**  
(Grant 851) Includes a FAME scholarship for the winner of the Market Innovation Challenge.
- **Federated Farmers of New Zealand: \$27,120**  
(Grant 852) Leadership Programme.
- **Young Horticulturist of the Year Contest: \$33,750**  
(Grant 853) Contribution to running the contest and provision of competition prizes for the AGMARDT Market Innovation Project.
- **New Zealand Guild of Agricultural Journalists and Communicators: \$1,500**  
(Grant 854) Sponsorship of the 2008 AGMARDT Agribusiness Award.
- **New Zealand Institute of Agricultural and Horticultural Science Inc: \$1,125**  
(Grant 855) Sponsorship of the 2008 AGMARDT Technology Transfer Award.

### DOCTORAL SCHOLARSHIPS

- **Kirsty Hammond**  
(Grant 880) Changes in chemical composition of fresh forage based diets on methane production in ruminants, AgResearch Ltd and Massey University.
- **Emma Tacken**  
(Grant 881) After the ERF's: The transcriptional cascade leading to softening in apples, University of Auckland.
- **Anusooya Ravi**  
(Grant 883) Properties of dough made from flour enhanced with fruit fibres and polyphenols, University of Auckland.

### POSTDOCTORAL FELLOWSHIPS

- **Dr Qianhe Liu**  
(Grant 890) Regulation of carbon and nitrogen metabolism in ryegrass by endophytic and mycorrhizal fungi, AgResearch Ltd. Mentor: Dr Susanne Rasmussen.
- **Dr Rebecca McDougal**  
(Grant 891) Biocontrol: A new approach to manage Dothistroma needle blight in pines, Massey University. Mentor: Dr Rosemary Bradshaw.
- **Dr Bevan Weir**  
(Grant 892) Bar-coding *Colletotrichum*: a DNA identification tool for a "difficult" fungus of biosecurity importance, Landcare Research Ltd and Lincoln University. Mentors: Dr Peter Johnston and Dr Karen Armstrong.
- **Dr Simone Nardoza**  
(Grant 893) Maximising the flavour of New Zealand's export fruit: The genetics and biochemistry of starch accumulation by kiwifruit, HortResearch Ltd. Mentor: Dr Michael Clearwater.
- **Dr Craig Anderson**  
(Grant 894) Bio-char: potential benefits and interactions with soil microbial communities and nutrient dynamics, Lincoln University. Mentor: Professor Leo Condron.

### VISITING FELLOWSHIP

- **Professor Tom Reardon: \$10,000**  
(Grant 870) Michigan State University.

## CONFERENCE SUPPORT

- **Dr Jillian Evans: \$5,000**  
(Grant 801) Keynote speaker at Association for Women in the Sciences.
- **Hugo van der Meer: \$7,000**  
(Grant 802) Keynote speaker at the Greenhouse Gasses from Animal Agriculture Conference.
- **Prof Ken Cassman: \$2,250**  
(Grant 803) Keynote speaker at the Carbon and Nutrient Management in Agriculture Workshop.
- **New Zealand Institute of Agricultural & Horticultural Science Convention: \$4,500**  
(Grant 804) Sponsor of 'the Future of Canterbury Farming in a Changing Environment' Forum.
- **Markus Bradlwarter and Michael Bradlwarter: \$9,072**  
(Grant 805) Keynote speakers on European Apple Production Technology.
- **Bob Freer and Hans Graser: \$3,820**  
(Grant 806) Keynote speakers New Zealand Shorthorn/ Beef Council Field day.
- **Dr Cordelia Fine: \$2,623**  
(Grant 807) Keynote speakers to the Association for Women in Sciences Conference.
- **Dr Erich von Dietz: \$2,250**  
(Grant 808) Speaker at the Australian and New Zealand Council for the Care of Animals in Research and Teaching.
- **Jeff Hebble and Geert Jaasen: \$14,000**  
(Grant 809) Keynote speakers at the 2008 Agribusiness Conference.
- **Dr Mohammed Koohmarie: \$2,500**  
(Grant 810) Keynote speaker at the New Zealand Institute of Food Science & Technology's Conference.
- **Professor Hamish Gow: \$3,460**  
(Grant 811) Keynote speaker at the NZ Institute of Primary Industry Management Conference.
- **John McPhee: \$3,390**  
(Grant 812) Keynote speaker at the LandWISE Advance Farming System Conference.
- **Marty McGee Bennett: \$2,800**  
(Grant 813) Keynote speaker at the Alpaca Association New Zealand's Conference.
- **Dr Des O'Rourke: \$1,734**  
(Grant 814) Keynote speaker at the NZ Institute of Pipfruit New Zealand's Conference.
- **Gerry Gillespie and Simone Dilkara: \$2,000**  
(Grant 815) Keynote speakers at the NZ Zero Waste and Carbon Neutral Conference.
- **AGMARDT Political Forum: \$5,000**  
(Grant 816) The New Zealand Institute of Agricultural and Horticultural Science Inc organised the AGMARDT Political Forum including: Hon Paul Hutchison; Hon Pete Hodgson; Russell Norman; Doug Woolerton; and Robin Gunston.
- **Marina Heinonen: \$3,500**  
(Grant 817) Keynote speaker at the International Blackcurrant Conference 2008.
- **Prof Stan Kailis and Leandro Ravetti: \$2,491**  
(Grant 818) Keynote speakers at Olives New Zealand National Conference.
- **Prof Richard Bardgett: \$11,250**  
(Grant 830) Keynote speaker at the Soils 2008 Conference.

Summary of Grants made in 2007/08	Grant amount	% of grants programme
Agribusiness Innovation Grants	\$271,018	16.3%
Leadership and Capability Development	\$139,870	8.4%
Doctoral Scholarships	\$273,000	16.4%
Post-Doctoral Fellowships	\$880,000	52.9%
Visiting Fellowships	\$10,000	0.6%
Conference Support	\$88,640	5.3%
<b>Total</b>	<b>\$1,662,528</b>	

## FINANCES

### Fund Performance

The Fund returned -4.8% for the financial year to June reflecting significant declines in world financial markets for the year ending 30 June 2008. At balance date, the Trust's capital and reserves total \$61m, including the Initial Capital of \$32m (set in 1987).

Over the 2007/08 year, the world equity markets declined 15% with the New Zealand equity market particularly hard hit dropping 23%. This significantly impacted the value of the Fund with its global equity component returning -11.5%, the global listed real estate component returning -15.7% and the New Zealand equities component returning -24.7%, all expressed in New Zealand dollar terms.

However, declining investor appetite for risk and the consequent flight to quality, fixed income markets, proved again the importance of diversification, with the Fund's New Zealand bonds and global bonds returned 6.7% and 7.0% respectively in New Zealand dollar terms. The Fund's investments in alternative assets were not immune, however, the low asset allocation weights of these asset classes meant that the Fund's investment in equities was the main driver of the Fund's performance.

### Looking ahead

Since the end of the June financial year, the state of the world's financial markets has deteriorated further with historic falls in global equity markets and historically high levels of volatility.

The Fund's position will have been impacted with global equity markets having declined 26% since July until the end of October and global bond markets having performed poorly, returning only 1.9% for the same period demonstrating that there are few safe asset classes in such turbulent times.

### The 2008/09 year

As the world-wide financial credit crunch continues, the Trustees are mindful of the impact this has on the AGMARDT assets and the need to act prudently. Whilst the real capital value may be stressed, AGMARDT will continue to invest in high quality people and proposals.

The Trustees are reviewing AGMARDT's Strategic Asset Allocation in consultation with its Investment Advisors. The last review was undertaken in 2006. In setting the Strategic Asset Allocation for the next three years, the Trustees are aware of the need to maintain reserves above AGMARDT Real Capital levels (inflation-adjusted Initial Capital) and to meet expected funding commitments.

## BUDGET

2008/09 Budget	Grant budget	% of projected grants
Agribusiness Innovation Grants	\$1,000,000	32.3%
Leadership and Capability Development	\$300,000	9.7%
Doctoral Scholarships	\$364,000	11.8%
Post-Doctoral Fellowships	\$1,232,000	39.8%
Visiting Fellowships	\$50,000	1.6%
Research Fellowship	\$50,000	1.6%
Conference Support	\$100,000	3.2%
<b>Total</b>	<b>\$3,096,000</b>	

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2008

The following are summary financial statements. For full audited financial statements see [www.agmardt.org.nz](http://www.agmardt.org.nz).

Prepared by  
Curtis McLean Limited  
Chartered Accountants  
Wellington, New Zealand

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STATEMENT OF RESPONSIBILITY For the Year Ended 30th June 2008

The Board of the Agricultural and Marketing Research and Development Trust (the Trust) accepts responsibility for the preparation of the summary financial statements and statement of service performance, and the judgements made in them.

The Board of the Trust has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these summary financial statements and statement of service performance fairly reflect the financial position and operations of the Trust for the year ended 30 June 2008.

For and on Behalf of the Board



W M Kain  
Chairman



M Purnell  
Trustee

Date 15 January 2009

**AUDIT REPORT**  
**TO THE READERS OF THE**  
**AGRICULTURAL AND MARKETING RESEARCH AND DEVELOPMENT TRUST'S**  
**SUMMARY ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

We have audited the summary financial statements as set out in pages 18 to 24.

**Unqualified Opinion**

In our opinion the information reported in the summary financial statements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements from which they are derived

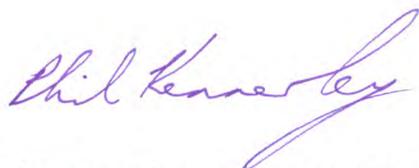
We expressed an unqualified audit opinion, in our report dated 28 October 2008, on the full financial statements.

**Basis of Opinion**

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in the Trust.

**Responsibilities of the Trust and the Auditor**

The Board of Trustees is responsible for preparing the summary financial statements and we are responsible for expressing an opinion on those summary financial statements.



Phil Kennerley, Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
15 January 2009

## SUMMARY STATEMENT OF FINANCIAL PERFORMANCE

### For the Year Ended 30th June 2008

		2008	2007
<b>Income</b>			
Financial Income		64,662	161,665
Gain (Loss) on Investment Portfolio		(3,702,776)	6,176,635
Other Income		897,910	-
<b>Total Income</b>		(2,740,204)	6,338,300
<b>Less Expenses</b>			
Other Expenses	375,697		167,833
Auditor's Remuneration - Accounts	18,784		15,697
Auditor's Remuneration - NZIFRS			
Transition	6,750		-
Depreciation	555		1,042
Investment Advice	61,248		87,120
Personnel Costs	114,185		128,574
Rent and Accommodation	37,983		7,428
Trustees' Remuneration	76,260		77,760
		691,462	485,454
<b>Surplus (Deficit) of Income over Expenditure before Allocation of Grants</b>		(3,431,666)	5,852,846
Net grants allocated this year		1,587,246	2,923,827
<b>Net Surplus (Deficit) for the year</b>		(5,018,912)	2,929,019
<b>Accumulated Funds</b>			
Balance of Accumulated Income at beginning of year		5,745,274	3,812,872
Transfer to Capital Fund			
Maintenance Reserve		-	(996,617)
<b>Accumulated Funds as at 30th June 2008</b>		\$726,362	\$5,745,274

## SUMMARY STATEMENT OF CHANGES IN EQUITY

### For the Year Ended 30th June 2008

		2008	2007
<b>Equity as at 1 July</b>		66,040,595	63,111,576
Amounts Recognised Directly in Equity		-	-
Net Surplus for the year	(5,018,912)		2,929,019
Total Recognised Income and Expense		(5,018,912)	2,929,019
<b>Equity as at 30th June 2008</b>		\$61,021,683	\$66,040,595

## SUMMARY STATEMENT OF FINANCIAL POSITION As at 30th June 2008

		2008	2007
<b>Trust Funds</b>			
Capital	32,000,000		32,000,000
<b>Capital Reserves</b>			
Capital Fund Maintenance Reserve	18,827,460		18,827,460
Income Fluctuation Reserve	9,467,861		9,467,861
<b>Revenue Reserves</b>			
Accumulated Income	726,362		5,745,274
<b>Total Trust Funds</b>		61,021,683	66,040,595
Cash and Cash Equivalents	186,318		229,404
Accounts Receivable	897,910		-
<b>Total Current Assets</b>		1,084,228	229,404
<b>Investments - Current</b>		27,256,525	34,847,484
<b>Less Current Liabilities:</b>			
Creditors and Other Payables	96,471		43,811
Provision for Grants - Current	2,157,024		3,542,618
<b>Total Current Liabilities</b>		2,253,495	3,586,429
		26,087,258	31,490,459
<b>Investments - Non-Current</b>		37,065,904	36,140,855
<b>Property, Plant and Equipment</b>		337	892
Provision for Grants - Non-Current		2,131,816	1,591,611
		\$61,021,683	\$66,040,595

For and on Behalf of the Board


W M Kain  
Chairman

M Purnell  
Trustee

Date 15 January 2009

## SUMMARY STATEMENT OF CASH FLOWS For the Year Ended 30th June 2008

		2008	2007
<b>Cash Flows from Operating Activities</b>			
<b>Cash was provided from:</b>			
Financial Income		64,662	88,298
Dividends Received		-	-
		64,662	88,298
<b>Cash was Applied To:</b>			
Payments to Suppliers and Employees		638,246	512,575
Payments for Grants (Note 8)		2,432,636	2,355,313
		<b>3,070,882</b>	<b>2,867,888</b>
<b>Net Cash from Operating Activities</b>		<b>(3,006,220)</b>	<b>(2,779,590)</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash was provided from:</b>			
Maturity and Sale of Investments		67,941,961	296,891,239
<b>Cash was applied to:</b>			
Purchase of Investments		64,995,969	305,020,794
Purchase of Fixed Assets		-	-
<b>Net Cash from Investing Activities</b>		<b>2,945,992</b>	<b>(8,129,555)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(60,228)</b>	<b>(10,909,144)</b>
Cash and Cash Equivalents at Beginning of Year		246,546	11,155,690
<b>Closing Cash Balance</b>		<b>\$186,318</b>	<b>\$246,546</b>
Closing Cash and Cash Equivalents represented by:			
Cash at Bank and Call Deposit		186,318	229,405
Fund Manager's Cash Deposits		-	17,141
		<b>\$186,318</b>	<b>\$246,546</b>

## SUMMARY OF ACCOUNTING POLICIES As at 30th June 2008

The Agricultural and Marketing Research and Development Trust was established by a Deed of Trust dated 20 October 1987 and the summary financial statements have been prepared pursuant to Clause 17 of the said Deed and the Public Finance Act 1989.

### Reporting Entity

The Agricultural and Marketing Research and Development Trust (the Trust) is a fourth schedule entity in terms of the Public Finance Act 1989. These summary financial statements have been prepared in accordance with the Public Finance Act 1989 and the Crown Entities Act 2004.

The Trust's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return.

Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The summary financial statements for the Trust are for the year ended 30 June 2008, and were approved by the Board on 28 October 2008.

### Basis of Preparation

#### Statement of Compliance

The summary financial statements of the Trust have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The summary financial statements comply with NZ IFRSs, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These summary financial statements comply with the requirements of FRS-43.

#### First year of preparation under NZ IFRS

This is the first set of summary financial statements prepared using NZ IFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly.

Reconciliations of equity and surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed on page 8.

#### Measurement base

The summary financial statements have been prepared on a historical cost basis, in New Zealand dollars, except for the measurement of equity investments and derivative financial instruments at fair value.

#### Full Financial Statements

This summary has been extracted from the full financial statements that received an unqualified audit opinion.

This summary cannot be expected to provide as complete an understanding of the Trust's financial performance and position as the complete financial statements.

A copy of the full audited financial statements for the Trust is available from the Trust's Wellington Office - see the directory on page 25 - or visit [www.agmardt.org.nz](http://www.agmardt.org.nz).

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS As at 30th June 2008

### Explanation of Transition to NZIFRS

#### Transition to NZ IFRS

These are the Trust's first summary financial statements to be prepared in accordance with NZ IFRS. The Trust's transition date is 1 July 2006 and the opening NZ IFRS balance sheet has been prepared as at that date. The Trust's NZ IFRS adoption date is 1 July 2007.

#### Exemption from full retrospective application elected by the Trust

In preparing these summary financial statements in accordance with NZ IFRS 1, the Trust has not applied any optional exemption to full retrospective application of NZ IFRS. The only mandatory exception from

retrospective application that applies to the Trust is the requirement for estimates under NZ IFRS at 1 July 2006 and 30 June 2007 to be consistent with estimates made for the same date under previous NZ GAAP.

#### Reconciliation of Equity

At 1 July 2006 no adjustments to equity were necessary on transition to NZ IFRS.

The following tables show the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS at 30 June 2007.

### Reconciliation of Equity

Re-state balances as at 30 June 2007

	Previous GAAP	Effect of Transition to NZIFRS	NZIFRS
<b>Total Trust Funds</b>	<b>66,046,755</b>	<b>1 (6,160)</b>	<b>66,040,595</b>
<b>Total Current Assets</b>	229,404		229,404
<b>Total Current Liabilities</b>	3,586,429		3,586,429
<b>Investments</b>	70,988,339		70,988,339
<b>Property, Plant &amp; Equipment</b>	7,052	(6,160)	892
Provision for Grants - Non-Current	(1,591,611)		(1,591,611)
<b>Net Book Value of Assets</b>	<b>66,046,755</b>	<b>1 (6,160)</b>	<b>66,040,595</b>

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS As at 30th June 2008

**Reconciliation of Summary Statement of Financial Performance**

Restate Profit and Loss for the year ended 30 June 2007

	Previous GAAP	Effect of Transition to NZIFRS	NZIFRS
<b>Income</b>			
Interest Received	161,665		161,665
Gain on Investment Portfolio	6,176,635		6,176,635
<b>Total Income</b>	6,338,300		6,338,300
<b>Less Expenses</b>			
Other Expenses	289,768	<b>1,2,3</b> (121,935)	167,833
Auditor's Remuneration	15,697		15,697
Depreciation	1,521	<b>2</b> (479)	1,042
Investment Advice	87,120		87,120
Personnel Costs	-	<b>3</b> 128,574	128,574
Rent	7,428		7,428
Trustees' Remuneration	77,760		77,760
Total Expenses	479,294	6,160	485,454
Surplus of Income over Expenditure before allocation of Grants	5,859,006	<b>1</b> (6,160)	5,852,846
Less:			
Grants made this year	2,923,827		2,923,827
Net Surplus for year	2,935,179	(6,160)	2,929,019

1. Intangibles Assets - Website costs have been expensed in accordance with IFRS.
2. Depreciation on Intangible Assets - Reduced due to expensed website costs expensed not available for depreciation.
3. General Manager and Secretary - Employee salaries now disclosed separately under IFRS.

## COMPANY DIRECTORY As at 30th June 2008

### BOARD OF TRUSTEES

Dr William Kain (Chairman)  
Mr Max Purnell  
Mr Jeff Grant  
Prof. Jacqueline Rowarth

### MANAGEMENT

Stephen Macaulay (General Manager)

### TRUST OFFICE

5th Floor	PO Box 25207
Axon House	Panama Street
1 Willeston Street	Wellington 6146
Wellington	
Tel (04) 499 6173	Fax (04) 472 8620

### INVESTMENT ADVISER

Russell Investment Group Ltd

### AUDITOR

Audit New Zealand on behalf of the Auditor-General

### BANKERS

ASB Bank limited

### SOLICITORS

Izard Weston

