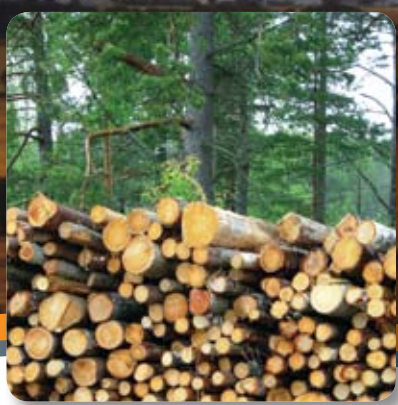




THE AGRICULTURAL AND MARKETING
RESEARCH AND DEVELOPMENT TRUST

2010/2011

ANNUAL REPORT





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Source: Wood Processors Association

ABOUT AGMARDT

Our role in Agribusiness

AGMARDT aims to foster and encourage leadership, innovation and research capability building within the agricultural, horticultural and forestry sectors of New Zealand.

Activities

For the year ending 30 June 2011, AGMARDT provided funding of \$2.04 million to the following activities:

- Leadership development programmes;
- Providing groups with seed funding to develop innovative ideas;
- Developing research expertise and capability within New Zealand-based universities and Crown Research Institutes; and
- Funding international speakers and experts to visit New Zealand to speak at conferences and forums.

AGMARDT is independent

AGMARDT is an independent, not-for-profit trust that was established by the Government in 1987 with funds of \$32 million, which came from the wind-up of the British, Christmas Island and New Zealand Phosphate Commissions.

Since its inception, AGMARDT has provided grants and funding to the New Zealand agribusiness sectors of more than \$59.4 million.

For the financial year under review, AGMARDT's assets stand at \$67.4 million.

THE CHAIRMAN AND GENERAL MANAGER'S REPORT

During the 2010/11 financial year the Trustees developed a new strategic plan for AGMARDT. In the year ahead the Trust will be offering funding programmes that expand the breadth of its existing activities along the supply chain to the marketplace.

Strategic Plan

The Trustees' strategic priorities over the next three years (2011-2014) include:

1. Encouraging agribusiness to integrate with customers in the marketplace;
2. Encouraging and supporting innovative solutions in agribusiness value chains; and
3. Supporting future leaders and governance programmes for agribusiness.

The new strategic priorities represent a shift in emphasis for AGMARDT. Supporting and facilitating programmes that enable businesses and industry to gain greater market knowledge and integrate into key markets will be critically important to help drive the economic growth so desperately required in New Zealand.

The new strategic plan came into effect on 1 July 2011.

AGMARDT's Investments

A core part of the Trustees' role is to maintain responsibility for AGMARDT's funds and to ensure we can continue to support programmes that benefit our stakeholders in New Zealand agribusiness.

After the global financial crisis, it is pleasing to see the recovery in the financial markets over the last two and a half years. As of 30 June 2011, AGMARDT's assets stand at \$67.4 million, up from \$62.3 million reported for the same period last year. The Trust's investment returns at the end of June were 12.2%, marginally ahead of the benchmark indices of 12.0%.

Whilst this was a very good result for AGMARDT, it was tempered during the last few months of the financial year when returns dropped due to growing concerns at sovereign debt levels in Europe, particularly in Greece and Italy. Looking ahead, we can expect greater volatility in the financial markets in the short to medium term, which may impact on future investment returns.

After undertaking an extensive evaluation of AGMARDT's investment advisory and management services, the Trustees made the decision to change investment consultants. From 1 April 2011, JANA Investment Advisers was appointed as AGMARDT's new investment consultants and is now responsible for providing the Trustees with advice. In time, it will also provide investment management services across the majority of our asset classes. JANA Investment Advisers is based in Australia and currently advises 81 institutional clients with total assets of AU\$174 billion.

Funding programmes

During the year the Trustees made 42 grants worth \$2.04 million, up from \$976,352 across 35 grants awarded in the previous year. Some of the highlights are presented in this report.

Leadership development: The Trustees made nine grants worth \$419,344 under the leadership development programme during the year - up 29% from the previous year. The Trustees agreed to continue its sponsorship of the National Bank Young Farmer Contest for a further three years. AGMARDT has a proud association with the contest and the Trustees continue to be impressed with its development. The Trustees agreed to support the inaugural Escalator Programme run by the Agri-Women's Development Trust, which aims to develop leadership, governance and business capabilities for women in the rural sector.

Supporting innovation: Agribusiness Innovation Grants provide seed funding for groups to develop and evaluate innovative ideas. During the year the Trustees awarded eight grants across a diverse range of projects within the wider agribusiness sector, including one loan to Scott Milktech Ltd. While the number of applications was lower than anticipated, the Trustees expect to increase the quality and scope of applications as part of the new strategic plan.

Research development: This year the Trust resumed its postdoctoral fellowship programme and provided three fellowships. Investments in postdoctoral fellowships are aimed at helping build the research capability and expertise within New Zealand's science community for the purposes of underpinning the agriculture, horticulture and forestry sectors. The Trustees recognise that there

are limited opportunities provided by other funding agencies for postdoctoral research and is pleased to be supporting this aspect of research development. AGMARDT also awarded four visiting fellowships during the year.

Conference and workshop support: The Trust's conference support programme continues to be well received by industry groups and other organisations. Over the year, the Trustees provided funding assistance to bring 20 international speakers to New Zealand, as well as supporting three workshops.

More information on AGMARDT's programmes and the grants made for the year under review are included elsewhere in the Report.

Associate Board Member

During the year, the Trustees established an Associate Board Member position on the AGMARDT Board of Trustees to provide the successful applicant with the opportunity to experience governance in action. After receiving 69 applications for the role, Nathan Flowerday was selected for the role for up to 18 months.



Jeff Grant
Chairman

We hope that when Nathan has completed his term as an Associate Board Member, he will have received the experience and training to be able to take on future governance roles within agribusiness and beyond.

Bill Kain passing

On a sadder note, AGMARDT's past Trustee and Chairman, Dr Bill Kain, passed away in March 2011. Bill was a Trustee for nine years (2001 to 2010) and Chairman for the last three. His vision and boundless energy will be greatly missed by those involved in the agribusiness community.

Trustees

Following the retirements of Bill Kain and Max Purnell on 30 August 2010, Barry Brook and Dean Nikora joined the Board of Trustees with Jacqueline Rowarth and Jeff Grant.



Stephen Macaulay
General Manager

PROGRAMMES

LEADERSHIP DEVELOPMENT PROGRAMMES

Investments in leadership development programmes totalled \$419,344 during the 2010/11 year.

The Trust investments in leadership development programmes are important for encouraging and developing future industry leaders within the agribusiness sector. During the year, the Trustees made nine grants under this programme.

Good leadership and governance skills are essential given the importance of agribusiness to the New Zealand economy. Looking ahead, the Trust intends to support programmes that provide future industry leaders with opportunities to develop and advance their leadership skills, as well as initiatives focused on good governance.



AGMARDT's Inaugural Associate Board Member

The Associate Board Member position was established to provide an emerging agribusiness leader with an opportunity to experience governance in action on the AGMARDT Board of Trustees.

Nathan Flowerday, a kiwifruit grower from Te Puke, was awarded the inaugural AGMARDT Associate Board Member role.

The level of interest in the position clearly demonstrates the desire of people to take on governance positions and make a contribution to New Zealand agribusiness, and it is hoped other organisations with an interest in developing the governance skills of individuals will consider similar types of roles in future.

The 2011 National Bank Young Farmer Contest

The AGMARDT Board of Trustees continues to be impressed with the calibre of contestants coming through the National Bank Young Farmer Contest and the professional organisation of this iconic event. The Trustees remain committed to the contest and have agreed to fund it for a further three years.

The Trustees congratulate Will Grayling from the Aorangi Region on winning the 2011 National Bank Young Farmer Contest. Will also won the AGMARDT Agribusiness Challenge which gives him a career development package worth \$15,000 in addition to his first place prize package.

It is also pleasing to see the contest develop the leadership and organisational skills of not only the contestants during each of the district and regional competitions leading up to the Final, but also of the organisers and other volunteers involved.



Will Grayling (front of picture)

As part of our involvement in the National Bank Young Farmer Contest, the Trust sponsored the AGMARDT Agribusiness Breakfast. This year the theme was 'Foreign Ownership in New Zealand - Setting the Scene'. The subject matter was intended to provide a 'fact-based' information platform to enable guests to make up their own minds on foreign ownership in New Zealand.

Chris Nixon of NZIER presented a paper focussing on the evidence associated with land-based foreign direct investment. This was followed by presentations from Tom Sturgess of Lone Star Farms and Alex Duncan of Fonterra who provided their perspectives on foreign ownership and key issues within wider agribusiness.



Stuart Dudley receiving his trophy from AGMARDT Trustee Jacqueline Rowarth.

Federated Farmers of New Zealand

The Trust supported Federated Farmers in running their leadership programmes which develops leadership capability within the rural community. The programme's goal is to encourage active leadership by giving people the skills and confidence to become participants in the agricultural sector.

AGMARDT Awards

This year AGMARDT Awards were presented in the following areas:

- 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. The 2011 Award was won by Hugh Stringleman of the New Zealand Farmers Weekly for his articles entitled 'Dairy's Decade'.
- The AGMARDT Technology Transfer Award is organised through the New Zealand Institute of Agricultural and Horticultural Science Inc and recognises achievement and excellence in technology transfer in agriculture. The 2011 Award was won by Earnscy Weaver for his work in the summer fruit industry in New Zealand and in Central Otago.
- The AGMARDT NZSAP Young Scientist of the Year Award is run by the New Zealand Society of Animal Production Inc. The 2011 Award was won by Fiona Fishpool.

Young Horticulturist of the Year Competition

The Young Horticulturist of the Year Competition has an important role in developing future young leaders across the broad spectrum of the horticultural sectors involved. The Trust's sponsorship is directed at the AGMARDT Market Innovation Challenge in which all contestants complete a business plan for a product or service within the horticultural sector.

The Trustees wish to congratulate the 2010 Young Horticulturist of the Year Winner, Stuart Dudley, a viticulturist at Delegats Wine Estate.

Agri-Women's Development Trust

During the year the Trust funded the Agri-Women's Development Trust to deliver its inaugural Escalator Programme. This national initiative is focussed on developing leadership, governance and business capabilities for women in the rural sector.

The Escalator Programme is run over 11 months and is aimed at creating future leaders with the skills and capability to govern and lead rural organisations and the wider community. AGMARDT's funding was directed to the governance and finance components of the programme.

AGRIBUSINESS INNOVATION GRANTS

During the year, the Trustees awarded eight Agribusiness Innovation Grants totalling \$291,974.

Agribusiness Innovation Grants provide seed funding for agribusiness to develop and evaluate innovative ideas. The Trust's grants allow recipients to develop their projects to a stage where they can attract other funding for further development, through to commercialisation.

A key point of difference of this programme is AGMARDT's ability to respond quickly to opportunities that arise from a unique innovation or insight from the market. Being innovative and gaining first-mover

advantage will become ever more important if New Zealand agribusiness wishes to remain internationally competitive.

For the 2010/11 year the Trustees invested in projects covering a diverse range of stakeholder groups, which included a loan to Scott Milktech. A full list of funded projects is presented on page 10.

In the year ahead, the Agribusiness Innovation Grant programme will be expanded to provide applicants the opportunity to explore and research innovative products or systems that can help transform an industry sector or businesses.

Grant 1124: Sustainable Wairarapa Incorporated - Land treatment Trial summary

The Sustainable Wairarapa Incorporated Land Treatment trial was a feasibility study on irrigation of farmland with treated municipal wastewater. It became apparent during the study that the market for such water might be compromised by issues to do with perception rather than to do with risk to human health.



EQOz developed a novel concept attempting to replicate natural treatment processes found in existing wastewater pathways to help address public perceptions. The system of 'Preferential Flowpath Land Treatment System' focussed on removal mechanisms for pathogens associated with human wastewater.

The system involves filtering effluent through a known media on an inclined slope by way of a trench, in low permeability natural soil, and filled with a higher permeability selected soil. Laboratory results indicate high removal rates for Biochemical Oxygen Demand, suspended solids, very high removal rates for phosphorus, and variable removal rates for nitrogen. Dissolved oxygen increased through the trench. High removal rates were observed for both bacteria and viruses.

If the longevity of the system proves satisfactory, it has the potential to provide significant benefits to improving New Zealand freshwater bodies by removing phosphorus, pathogens, and other contaminants from municipal and farm wastewater streams.

DEVELOPING RESEARCH EXPERTISE AND CAPABILITY

Postdoctoral Fellowships

During the year 25 applications were received for three Postdoctoral Fellowship positions. All applications were of a very high standard, making the decision to award three fellowships very difficult.

It is unfortunate that funding of fellowships is limited in New Zealand and raises the question (not only in agribusiness) of how we can further develop research capability and expertise for young scientists given the small amount of funding available.

2011 Post-doctoral fellowships were awarded in:

- Overcoming soil biological constraints to elemental S-fertiliser use in New Zealand;
- Identifying plants with heightened antiviral defences with New Zealand perennial crop germplasm collections; and
- The development of pest control technologies for New Zealand by targeted cell-based screening.

Grant 992: AGMARDT Postdoctoral Fellow - Cristina Weinberg

In April 2009, Christina Weinberg was awarded an AGMARDT Postdoctoral Fellow for her project "Exploration of the molecular mechanisms of wood dimensional stability in pine."

Forestry is a significant industry for New Zealand, contributing around \$5 billion to the economy annually. However, approximately \$200 million is lost each year due to poor wood performance.

The long term goal of this fellowship is to look at improvement of wood quality in *Pinus radiata*. Wood instability (warping, twisting and shrinkage) is a common phenomenon in solid wood products generated from *Pinus radiata* logs, contributing to poor product performance.

The project is promoting better understanding of wood instability at the molecular level in *Pinus radiata*, which facilitates the identification of genotypes that are less prone to wood dimensional instability.

It's been suggested that a high content in galactan, a cell-wall polymer, is significantly contributing to wood dimensional instability in *Pinus radiata*.

Genomic and proteomic approaches have been initiated to explore the biosynthesis of galactan in pine. The proteomic approach aims to identify enzymes involved in galactan biosynthesis and the genomic approach complements the proteomic project by identifying genes that are highly up-regulated in galactan-rich wood.



Source: Wood Processors Association

Visiting Fellowships

AGMARDT's Visiting Fellowship programme supports international experts with recognised global expertise in selected areas of relevance, to come to New Zealand and provide advice, information and direction to researchers, farmers and industry groups.

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 and the scientific community.

During the year AGMARDT Visiting Fellows provided advice and direction on:

- Enhancing the future lactation productivity of the New Zealand dairy cow;
- To assist the New Zealand kiwifruit industry in researching control measures for *Pseudomonas syringae* pv. *Actinidiae* (Psa);
- To facilitate the importation and release of the rust pathogen (*Uromyces pencanus*) for the bio-control of Chilean needle grass (*Nassella neesiana*); and
- Testing the effect of Alethea as a regulator of grapevine tolerance to New Zealand levels of sunlight as a model abiotic crop stress.

Grant 1171: Dr Francesco Spinelli



When *Pseudomonas syringae* pv. *Actinidiae* (Psa) was first discovered in New Zealand kiwifruit orchards in November 2010, AGMARDT offered its immediate assistance to The New Zealand Institute for Plant and Food Research by providing a Visiting Fellowship to Dr Francesco Spinelli.

Dr Spinelli is an Associate Professor at the University of Bologna, Italy. His research interests include alternative methods for the identification of microorganisms and the plant disease diagnosis, as well as the effect of plant hormones and other natural compounds on fruit tree production and resistance induction against plant diseases.

Over the past few years Dr Spinelli has been involved in research focused in elucidating the pathogenic interactions occurring between kiwifruit species (*A. deliciosa* and *A. chinensis*) and the bacterium *Pseudomonas syringae* pv. *actinidiae*.

The research aims to develop a method to monitor in vivo the plant-bacteria interactions during the infection process. This non-destructive method will allow the direct visualisation of the spatio-temporal interactions of *P. syringae* pv. *actinidia* (Psa) in intact *Actinidia chinensis* and *A. deliciosa* tissues.

In addition Francesco is researching a reliable, repeatable protocol for inoculation which mimics the natural infection observed in field - but in a relatively short timeframe.

CONFERENCE AND WORKSHOP SUPPORT

During the 2010/11 year, The Trust provided grants of \$79,811 under the conference support programme. This programme helped industry groups and other organisations bring 20 international speakers to New Zealand, and provided support for three workshops.

The Trust provides travel assistance for international keynote speakers and experts to come to New Zealand to speak at conferences and workshops, enhancing stakeholders' understanding of issues that impact the agribusiness sector.

This year the Trust funded a diverse range of speakers across different sectors within the agribusiness community. A full list is contained on page 11.

The aim of these visits is to transfer knowledge and international expertise to conference participants to create value to their operations in producing, manufacturing and/or marketing agrifood and fibre products.

During the year the Trust also funded workshops on matters of national interest, including irrigation and competition for future land use.

Grants 1101 & 1116: Making Irrigation Pay Workshops

AGMARDT has been sponsoring the 'Making Irrigation Pay' workshops since their inception in 2009. When the concept for the workshops was first raised by Irrigation New Zealand, the Trustees could see immediate benefits in the ability to transfer the latest knowledge and expertise to irrigators and those thinking of investing in irrigation.

From small beginnings, the workshops have now become an important and well-regarded event on irrigators' calendars.

With greater national interest on the effective and efficient use of water resources, the workshops have an important place in exploring the broad range of challenges faced by irrigators, as well as pushing the boundaries in testing water management practices and technological advances within the irrigation industry.

As seed funders, it is always pleasing to see the Trust's investments go on and become successful and self-sustaining events within the rural community and we wish Irrigation New Zealand all the best with future workshops.



Source: Irrigation New Zealand

Grants made for the year ending June 2011

LEADERSHIP DEVELOPMENT

- Lucy Cole: \$2,000
(Grant 1150) Funding support for attendance at AYUSA World Leaders' Summer Programme
- Lincoln University Foundation: \$10,000
(Grant 1151) South Island Farmer of the Year Competition
- AGMARDT Awards: \$3,103
(Grant 1152) Includes AGMARDT Agribusiness Award, coordinated through the New Zealand Guild of Agricultural Journalists and Communicators, and the AGMARDT Technology Transfer Award organised by the New Zealand Institute of Agricultural & Horticultural Science Inc
- Agri-Women's Development Trust: \$30,882
(Grant 1153) Escalator Programme (Governance and Finance modules)
- Royal NZ Institute of Horticulture Education Trust: \$23,690
(Grant 1154) Sponsorship of the 2011 Young Horticulturist of the Year Competition
- Federated Farmers of New Zealand: \$27,300
(Grant 1155) Sponsorship of Federated Farmers Leadership Development Programmes 'Getting your feet wet' and 'Shinning under the spotlight'
- New Zealand Young Farmers' Federation: \$2,869
(Grant 1156) Funding assistance to review New Zealand Young Farmers' Federation Rules
- AGMARDT Associate Board Member: \$19,500
(Grant 1157) Funding of the AGMARDT Associate Board Member position awarded to Nathan Flowerday
- New Zealand Young Farmers' Federation: \$300,000
(Grant 1158) Sponsorship of the Young Farmers Contest over three years (2012-2014)

AGRIBUSINESS INNOVATION GRANTS

- Tail End Ewe Investigation Group: \$11,414
(Grant 1120) The life and times of 'tail-end' ewes – defining the demographics and fate of ill-thrifty ewes in commercial breeding flocks
- Farming For Our Future \$9,060
(Grant 1121) Funding industry meeting to consider the 'Farming For Our Future' concept.
- The New Zealand Merino Company: \$5,000
(Grant 1122) Scoping study on novel fodder systems

- Federated Farmers of New Zealand: \$5,000
(Grant 1123) Travel support for Don Nicolson to attend Salon International de l'Agriculture in France
- Sustainable Wairarapa Inc: \$34,500
(Grant 1124) Land treatment of municipal wastewater for farm irrigation
- Massey University / AgResearch: \$20,000
(Grant 1125) Differentiation of organic from conventionally produced milk
- Alfredton-Whangaehu Progressive Farming Group: \$92,000
(Grant 1127) Wairarapa Sheep Internal Parasite Anthelmintic Trial

Loan granted during the year

- Scott Milktech Ltd: \$120,000
(Loan 1126) High Throughput Automatic Milking

POSTDOCTORAL FELLOWSHIPS

- Dr Maria Tournia: \$190,000
(Grant 1160) Topic: Overcoming soil biological constraints to elemental S-fertiliser use in New Zealand. Mentor: Dr Maureen O'Callaghan
- Dr Melissa Jordan: \$190,000
(Grant 1161) Topic: The development of pest control technologies for New Zealand by targeted cell-based screening
Mentor: Associate Professor Richard Newcomb
- Dr Kieren Arthur: \$190,000
(Grant 1162) Topic: Identifying plants with heightened antiviral defences with New Zealand perennial crop germplasm collections
Mentor: Dr Robin MacDiarmid
- One year postdoctoral fellowship extensions: \$616,000
Dr Craig Anderson (Grant 894), Dr Marissa Roland (Grant 990), Dr Shona Pryor - transferred from Dr Kara Swanson (Grant 991), Dr Christina Weinberg (Grant 992), Dr Jessica Dohmen-Vereijssen (Grant 993), Dr Jekakumar Paramsothy - transferred from Dr John Carter (Grant 995), and Dr Tet Verne Lee (Grant 996)

VISITING FELLOWSHIP

- Dr Antony Capuco: \$10,000
(Grant 1170) Beltsville Agricultural Research Centre, USA. Area: Enhancing the Future Lactation Productivity of the New Zealand Dairy Cow
Host: Dr Kuljeet Singh, AgResearch Ltd

- Dr Francesco Spinelli: \$27,000
(Grant 1171) University of Bologna, Italy
Area: To assist the New Zealand kiwifruit industry in researching control measures for *Pseudomonas syringae* pv. *Actinidiae* (Psa)
Host: Declan Graham, The New Zealand Institute for Plant and Food Research Ltd
- Dr Freda Anderson: \$14,250
(Grant 1172) Centro de Recursos Naturales Renovables de la Zona Semiárida, Argentina
Area: To facilitate the importation and release of the rust pathogen (*Uromyces penicillatus*) for the biocontrol of Chilean needle grass (*Nassella neesiana*)
Host: Sarah Dodd, Landcare Research NZ Ltd
- Dr Julian Theobald: \$8,542
(Grant 1173) Lancaster Environment Centre Lancaster University, United Kingdom
Area: Testing the effect of Alethea as a regulator of grapevine tolerance to New Zealand levels of sunlight as a model abiotic crop stress
Host: Dr Jason Wargent, Massey University
- Professor Ray St Leger: \$7,940
(Grant 1108) Keynote speaker at the 1st Bio-Protection Symposium organised by the Bio-Protection Research Centre
- Mr Su Hao: \$2,695
(Grant 1109) Keynote speaker at the Nuffield International Contemporary Scholars Conference
- Professor Pamela Ronald: \$8,500
(Grant 1110) Keynote speaker at NZBIO Conference organised by Pastoral Genomics Research Consortium
- Dr Alan Knight: \$9,609
(Grant 1111) Keynote speaker at the New Zealand Life-Cycle Management Centre "Food for Thought" Programme
- Professor David Lamb, Mr Tim Neale, Professor Steven Raine & Mr Andrew Whitlock: \$6,000
(Grant 1112) Keynote speakers at the LandWISE Conference
- Professor Phil Pardy and Dr Kevin Parris: \$5,000
(Grant 1113) Keynote speakers at the New Zealand Agricultural and Resource Economics Society's 16th Annual Conference
- Bernidine Prince: \$2,300
(Grant 1114) Speakers at the New Zealand Farmers' Market Manager Forums
- Mr Randall Oliver and Mr Blake Shook: \$6,880
(Grant 1115) Keynote Speakers at the National Beekeepers' Association Annual Conference 2011
- Making Irrigation Pay Workshops 'Scheduling and benchmarking for irrigation performance': \$8,030
(Grant 1116) Series of workshops organised by Irrigation New Zealand
- Mr Peter Noble: \$1,200
(Grant 1117) FAME Alumni 2011 Conference

CONFERENCE SUPPORT

- Making Irrigation Pay Workshops 2010: \$5,136
(Grant 1100) Series of workshops organised by Irrigation New Zealand
- Professor Dave Raffaelli: \$5,000
(Grant 1101) Keynote speaker at the Biodiversity and Production Lands symposium organised by the New Zealand Ecological Society
- Professor Peter Cornish: \$1,895
(Grant 1102) Keynote speaker at the New Zealand Grassland Association Annual Conference
- Dr Christine Jones: \$2,107
(Grant 1103) Keynote Speaker at the New Zealand Soil Carbon Conference organised by Integrity Soils
- Collision of Land Use Forum: \$2,000
(Grant 1104) Forum organised by the Royal Society of New Zealand Primary Resources Committee
- Mr Kevin Swoffer: \$4,000
(Grant 1105) Speaker at the 2011 International Farm Management Congress organised by the New Zealand Institute of Primary Industry Management
- Professor Roland Siezen: \$4,930
(Grant 1106) Keynote speaker at the 56th Annual Conference of the New Zealand Microbiological Society
- Dr Keith Bristow: \$1,725
(Grant 1107) Keynote speaker at the Fertilizer & Lime Research Centre's 24th Annual Workshop

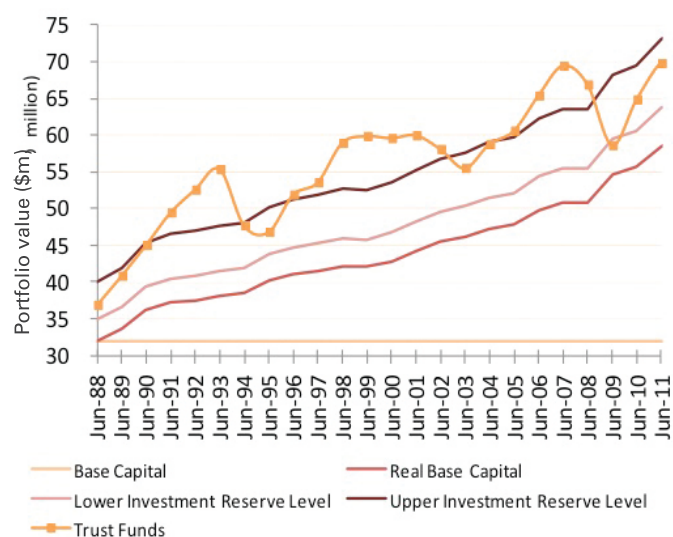
Summary of Grants made 2010/11	Grant amount	% of grants Programme
Agribusiness Innovation Grants	\$296,974	14.5%
Leadership and Capability Development	\$419,344	20.5%
Postdoctoral fellowships	\$1,186,000	57.9%
Visiting Fellowships	\$59,792	2.9%
Conference Support	\$84,947	4.1%
Total	\$2,047,057	100%

INVESTMENT FUNDS PERFORMANCE

Funds Performance

AGMARDT's investment fund enjoyed a further year of solid growth for the financial year ending June 2011. The fund returned 12.2%¹ against the benchmark performance of 12.0%. All asset classes contributed positive performances with returns also benefiting from maintaining 100% hedging policy on the Trust's international investments.

As shown in the following chart, AGMARDT's capital and reserves totalled \$67.4 million as at 30 June 2011, which is in excess of our Real Capital level of \$58.5 million (\$32 million plus inflation adjustments) and above the Lower Reserving Limit of \$63.8 million.



Reserving Chart

While returns on investments over the last two years have been very good and our reserves restored to positive levels, the uncertain economic backdrop will be a feature in how Trustees determine its future investment strategy in the short to medium term.

Asset Class Performance versus the Benchmark

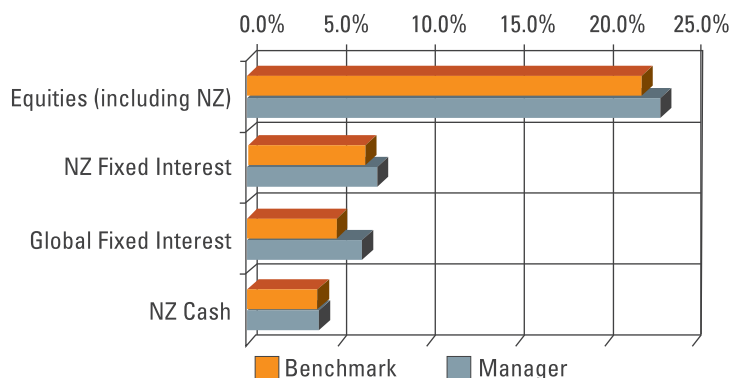
The fund returned 12.2% for the year ending 30 June 2011 supported by good performances across our asset classes.

Global equities continued to perform strongly for the year. However, increased volatility towards the end of the

year triggered share prices to lose their momentum in the quarter ending June 2011 as investors began to fret over growth prospects in the developed world, ongoing European debt issues, and emerging markets inflation.

Growth prospects in the developed world are expected to remain weak and artificially stimulated. The prevailing view is that peripheral Europe will experience defaults of some form and the US has an unsustainably high debt burden.

New Zealand and global fixed interest performed solidly over the financial year. Some of the Trust's underlying managers performed considerably better than the overall market.



Actual Asset Allocation versus Strategic Asset Allocation

There were no changes to the funds strategic asset allocation over the year, however a full review of AGMARDT investment strategy is underway with our new Investment Advisors and will come into effect in the next financial year.

Strategic Asset Allocation	Target %	Actual %
Growth Assets		
• Global equities	27	27
• New Zealand equities	8	8
• Property	5	5
	40	40
Income Assets		
• International fixed interest	45	43.8
• New Zealand fixed interest	15	16.2
	60	60
Total Assets	100%	100%

¹The return includes a one-off 0.5% cost arising from the closure of the Russell Investments' Alternative Strategies Fund II product.

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Prepared by

Curtis McLean Limited
Chartered Accountants
Wellington, New Zealand

The following are summary financial statements. For full audited financial statements see www.agmardt.org.nz



STATEMENT OF RESPONSIBILITY

For the Year Ended 30th June 2011

The Board of the Agricultural and Marketing Research and Development Trust (the Trust) accepts responsibility for the preparation of the Financial Statements 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 Financial Statements fairly reflect the financial position and operations of the Trust for the year ended 30 June 2011.

For and on Behalf of the Board



J Grant
Chairman



B Brook
Trustee

31 October 2011

Date

Independent Auditor's Report

To the readers of the Agricultural and Marketing Research and Development Trust's summary financial statements for the year ended 30 June 2011

We have audited the summary financial statements as set out on pages 16 to 20, which were derived from the audited financial statements of the Agricultural and Marketing Research and Development Trust (the Trust) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 31 October 2011.

The summary financial statements comprise the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related notes of the Trust on pages 16 to 20 of the summary report.

Opinion

In our opinion, the information reported in the summary financial statements complies with FRS-43: *Summary Financial Statements* and is consistent in all material respects with the audited financial statements from which they have been derived.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

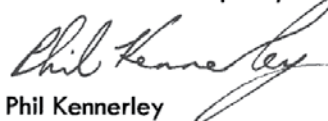
The summary financial statements and the audited financial statements from which they were derived do not reflect the effects of events that occurred subsequent to our report dated 31 October 2011 on the audited financial statements.

The summary financial statements do not contain all the disclosures required for audited financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Trust.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the summary financial statements in accordance with FRS-43: *Summary Financial Statements*. We are responsible for expressing an opinion on those statements, based on the procedures required by the Auditor-General's auditing standards including International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.



Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
31 October 2011

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30th June 2011

	2011	2010
Income		
Interest Income	12,530	13,569
Changes in Fair Value of Investment Portfolio	7,022,888	7,829,519
Settlement Payment Received	-	228,498
Investment Fee Rebates	331,103	286,670
Total Income	7,366,521	8,358,256
Less Expenses		
Other Expenses	122,433	174,340
Auditors Remuneration -Accounts	17,480	16,930
Depreciation	1,130	1,060
Electricity Expenses	1,009	1,052
Investment Advice	89,424	29,008
Personnel Costs	150,251	148,785
Professional Costs	9,286	27,214
Rent & Accommodation	24,589	24,129
Trustees' Remuneration	77,760	77,760
	493,362	500,278
Surplus (Deficit) of Income over Expenditure before Allocation of Grants	6,873,159	7,857,978
Net grants allocated this year	1,687,689	835,975
Net Surplus (Deficit) for the year	\$5,185,470	\$7,022,003
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	\$5,185,470	\$7,022,003

SUMMARY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30th June 2011


	2011	2010
Equity as at 1 July 2010		
Capital	32,000,000	32,000,000
Capital Maintenance Fund	23,576,692	22,595,609
Income Fluctuation Reserve	6,724,658	5,699,712
Accumulated Income (Deficit)	-	(5,015,974)
	\$62,301,350	\$55,279,347
Transfers From Statement of Comprehensive Income		
Capital Maintenance Fund	2,945,565	981,083
Income Fluctuation Reserve	(6,724,658)	1,024,946
Accumulated Income (Deficit)	8,964,563	5,015,974
Total Comprehensive Income	\$5,185,470	\$7,022,003
Equity as at 30 June 2011		
Capital	32,000,000	32,000,000
Capital Maintenance Fund	26,522,257	23,576,692
Income Fluctuation Reserve	-	6,724,658
Accumulated Income/(Deficit)	8,964,563	-
	\$67,486,820	\$62,301,350

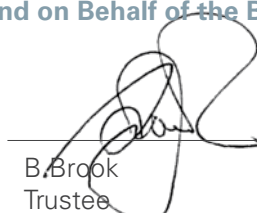
SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30th June 2011

	2011	2010
Trust Funds		
Capital	32,000,000	32,000,000
Capital Maintenance Fund	<u>26,522,257</u>	<u>23,576,692</u>
	58,522,257	55,576,692
Revenue Reserves		
Accumulated Income (Deficit)	8,964,563	-
Income Fluctuation Reserve	<u>-</u>	<u>6,724,658</u>
	8,964,563	6,724,658
Total Trust Funds	<u>\$67,486,820</u>	<u>\$62,301,350</u>
Represented By:		
Current Assets		
Cash and cash equivalents	66,657	501,882
Debtors and Other Receivables	<u>41,491</u>	<u>-</u>
Total Current Assets	108,148	501,882
Investments - Current	31,481,087	26,774,988
Less Current Liabilities:		
Creditors and other payables	196,742	313,068
Employee Entitlements	11,885	-
Grants Provision - Current	<u>1,538,441</u>	<u>1,970,340</u>
Total Current Liabilities	<u>1,747,068</u>	<u>2,283,408</u>
	29,842,167	24,993,462
Grant Loans Asset - Non - Current	82,730	-
Investments - Non - Current	38,326,537	37,715,218
Property, Plant and Equipment	2,173	3,263
Provision for Grants - Non-Current	<u>766,787</u>	<u>410,593</u>
	<u>\$67,486,820</u>	<u>\$62,301,350</u>

For and on Behalf of the Board


 J Grant
 Chairman


 B Brook
 Trustee

31 October 2011
 Date

SUMMARY STATEMENT OF CASH FLOWS

For the Year Ended 30th June 2011

	2011	2009
Cash Flows from Operating Activities		
Cash was provided from:		
Interest Income	12,530	13,569
Settlement Payment	-	228,498
Investment Fee Rebate	331,103	286,670
	343,633	528,737
Cash was applied To:		
Payments to Suppliers and Employees	596,364	585,067
Payments for Grants	1,763,395	2,182,372
	2,359,759	2,767,439
Net Cash from Operating Activities	(2,016,126)	(2,238,702)
Cash Flows from Investing Activities		
Cash was Provided from:		
Maturity and sale of investments	3,536,575	27,546,096
Sale of Fixed Assets	169	-
	3,536,744	27,546,096
Cash was applied to:		
Loan to Scott Milktech Ltd	124,221	-
Purchase of Investments	1,831,103	25,080,162
Purchase of Fixed Assets	519	885
	1,580,901	2,465,049
Net Cash from Investing Activities	1,580,901	2,465,049
Net Increase (Decrease) in Cash and Cash Equivalents	(435,225)	226,347
Cash and cash equivalents at beginning of year	501,882	275,535
Closing Cash Balance	\$66,657	\$501,882

SUMMARY OF ACCOUNTING POLICIES

As at 30th June 2011

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 (NZIFRS).

The summary financial statements for the Trust are for the year ended 30 June 2011, and were approved by the Board on 31 October 2011.

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 IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

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.

Differential Reporting

In the full financial statements, The Trust is a qualifying entity for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined by the New Zealand Institute of Chartered Accountants framework for Differential Reporting. The Trust has not taken advantage of any of the Differential Reporting exemptions except for some components of NZ IFRS 7: Financial Instrument Disclosures.

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 21 or visit www.agmardt.org.nz.

AGMARDT TRUST DIRECTORY

BOARD OF TRUSTEES

Mr Jeff Grant (Chairman)
Prof. Jacqueline Rowarth
Mr Barry Brook (From 1 September 2010)
Mr Dean Nikora (From 1 September 2010)
Dr Bill Kain (To 31 August 2010)
Mr Max Purnell (To 31 August 2010)

MANAGEMENT

Stephen Macaulay (General Manager)

TRUST OFFICE

5th Floor
Axon House
1 Willeston Street
Wellington

PO Box 25207
Panama Street
Wellington 6146

Tel (04) 499 6173 Fax (04) 472 8620

INVESTMENT ADVISER

Russell Investment Group Ltd (To 31 March 2011)
JANA Investment Advisers Pty Limited (From 1 April 2011)

AUDITOR

Audit New Zealand on behalf of the Auditor-General

BANKERS

ASB Bank limited

SOLICITORS

Bruce Corkill QC
Macalister Mazengarb

CHARITABLE NUMBER

CC20167

www.agmardt.org.nz

