



Nutrients a necessity

With November ending the first half of our financial year, it's good to report our co-operative continues to do well.

Spring sales are ahead of expectations, despite the cautious mood among many farmers given uncertainty around new council regulations and nutrient loss limits as well as fluctuating returns for commodities.

It's encouraging to see farmers are recognising that farm nutrients are an essential part of the farm equation, even when cash flow is tight, as they have a vital role in production.

Financial performance to date is slightly ahead of budget. We have kept up the pressure on cost control and continuous improvement and we're quietly confident of delivering another strong year end result.

Nutrient loss limits and new council plans are without a doubt the topic of the moment. Many regional councils are considering imposing loss limits and the Horizon's One Plan is again being challenged on the grounds that production losses caused by controls could hit farmers' pockets harder than early evidence suggested.

Managing nutrients well and minimising losses isn't simple. Farming systems and goals are different and what suits one region may not work in another. We're supporting you across the spectrum. From lobbying local and national government, to our comprehensive research and development programme and the advice

our farmers receive from our 100-strong team of experts, we're out there ensuring you have licence to operate and providing practical, proven advice and products to future proof farming in New Zealand. We've got an expert team, backed by sound science, and we're here to help you operate in this changing and challenging environment.

As we're coming into the festive season I would like to take this opportunity on behalf of the Board and Senior Leadership Team of Ballance to thank you for your continued support over the year. We wish you all a Happy Christmas and a safe, happy and productive New Year.

David Graham
CHAIRMAN



Fertiliser price adjustments

At the start of this month we lead the New Zealand market with a price review, reducing the price of all urea based products by \$50 per tonne in line with international market movement. Prices for all other key products including superten, DAP and SOA remain unchanged.

International urea prices are currently in a holding pattern in line with the end of the Northern Hemisphere autumn season. Large buyers China and India are also absent from the market at present as they negotiate pricing, which has led to a slight temporary surplus in inventory.

Ongoing political and economic uncertainty is putting upwards pressure on phosphate rock prices, but strategic buying has meant we have been able to avoid passing on any cost increases to customers in this current review period.

Adjustments for cobalt and molybdenum have also been factored into this price review, and some products have been corrected in line with increased costs.

Please refer to www.ballance.co.nz for a full price list.

We will continue to monitor international markets closely and adjust prices where appropriate.

To maximise productivity on your farm with the best agronomic and economic plant nutrient options please speak with your Technical Sales Representative on 0800 222 090.



Happy birthday Kapuni

It's a double-header celebration for Kapuni, with Ballance marking 20 years of ownership of New Zealand's only ammonia-urea plant and the plant itself reaching 30 years of operation in December.

Capable of turning natural gas into more than 260,000 tonnes of urea per annum, Kapuni saves New Zealand some \$100 million in foreign exchange annually, replacing imported urea with local product.

The double milestone was celebrated in December with an open day for invited local guests and shareholders.

Kapuni started life as a "think big" project in the Muldoon era to boost New Zealand's infrastructure and reduce reliance on imports. It was designed to make use of flared gas, then wasted as burn-off, from nearby gas

fields. Ballance purchased the plant in 1992, upgrading it to ensure its long term sustainability both in terms of production and the environment. The plant runs around the clock, producing enough urea to meet just under half of New Zealand's total urea requirements.

At 30 years young, Kapuni is in good shape to produce nitrogen-rich urea for the next 30 years.

Ballance Chief Executive Larry Bilodeau says security of gas supply, new resource consents, and a significant investment of more

than \$35 million in maintenance and capital improvements earlier this year mean that the company can offer employees and customers continued security.

"Our new consents are good through to 2035 and we have secured supply of around seven petajoules of gas each year for the next eight years. This security enables us to continue investments including maintenance and capital improvements that will create efficiencies to lift production and lower the environmental footprint of the plant."

Ballance continues to clear the air

Ballance continues to tune up the transport industry with GoClear, an exhaust additive that reduces emissions. Production of the solution at Kapuni reached 2 million litres last month.

GoClear is an aqueous urea solution injected into the exhaust of diesel engines using Selective Catalytic Reduction (SCR) technology to reduce nitrogen oxide emissions by converting nitrogen oxide into harmless components of water vapour and nitrogen gas.

Ballance Process and Chemicals Manager Terry Smith says we're the only company able to manufacture and distribute the solution in bulk, which is both cost effective and economically sensible.

"GoClear is made using all New Zealand resources and labour, which means all of the benefits remain here."

As demand increases around the country,

Ballance has forged distribution partnerships to make the product easily accessible. Until now, the product has been distributed in bulk to transport operators. Now in a New Zealand first, GoClear is now available to the public at McKeown Petroleum's Gore and Oamaru fuel stops. Similar arrangements are in the pipeline with other major New Zealand fuel distributors.

Ballance and Orica have on-farm delivery systems available for filling tractors using SCR technology including New Holland, Claas, Case IH and Massey Ferguson. Farmers near Gore and Oamaru can buy directly from McKeown Petroleum's fuel stops in smaller quantities.



New Head of Farm Environment Trust

Well-known Wanganui farmer Alistair Polson has been elected chairperson of the New Zealand Farm Environment Trust.



He takes over from North Waikato farmer Jim Cotman who has stepped down after six years in the role.

Mr Polson's extensive experience in farming politics and business management includes serving as

national president of Federated Farmers from 1999 to 2002.

Since 2004 he has been Special Agricultural Trade Envoy for New Zealand. He is a former director or committee member of a number of rural-based organisations, including AgITO, the National Animal Welfare Advisory Committee, Veterinary Council of New Zealand and NZ Landcare Trust.

An agricultural science graduate from Massey University and a Nuffield Scholar, he has also held company directorships with two major meat companies.

Mr Polson and his wife Bo farm in the Mangamahu Valley, near Wanganui. Their 500 ha home block finishes lambs and beef cattle and grows 4.5 ha of kiwifruit. The Polsons also own a 1400 ha sheep and beef farm at the top end of the Mangamahu Valley.

Over the last two years Mr Polson has been on the judging panel for the National Winner award in the Ballance Farm Environment Awards. The awards are administered by the New Zealand Farm Environment (NZFE) Trust.

"That's given me a good opportunity to understand what the Trust does," he says.

"I'm impressed by what I've seen. The programmes and initiatives developed by the Trust have encouraged a whole new culture of sustainable land management."

Mr Polson is a key supporter of the concept that good environmental practice and profitable farming go hand in hand.

"The wheel has turned completely since the days when the hero in the valley was the farmer who chopped down as much bush and scrub as possible. Now the heroes are the farmers who are retiring native bush, fencing waterways and planting trees for shade, shelter and erosion control."

He says the NZFE Trust has played a major role in ensuring farmers are encouraged and rewarded for using good environmental practices.

"We live in a community, so we've got to get it right for the people we share that community with, the markets we deal with and for ourselves. If we don't farm sustainably, we don't have a business."

His new role as chair of the NZFE Trust is a challenge he is looking forward to. He says his predecessor Jim Cotman has left big shoes to fill – figuratively speaking.

"Jim has done great work during his time with the Trust and my first job as chair will be to make sure the momentum started by Jim and the other trustees continues."

The NZFE Trust board of trustees comprises:

Alistair Polson, Chairman, Wanganui
Simon Saunders, Deputy Chair, Lumsden
Joanne van Polanen, Treasurer, Ashburton
Martin Wallace, Morrinsville, Trust Secretary
John Bourke, Katikati
David Cameron, Masterton
Hew Dalrymple, Bulls
Andrea Hanna, Te Kuiti
Bruce Fraser, Tauranga
James Hunter, Waipukurau
Larry Bilodeau, Tauranga
The Trust's General Manager, David Natzke.

Volatile conditions forecast for fertiliser

Ballance Chief Executive Larry Bilodeau has warned shareholders of continued volatility in fertiliser prices as political tensions in North Africa continue to influence supply and other producers implement an "our farmers first" policy.

But at the co-operative's annual meeting, he said Ballance would be doing all it can to keep local pricing as stable as possible.

"When we look at the market we see producers like China using export tariffs to meet growing local demand, but that flows through to supply shortages in the global markets. Everyone wants to look after their own farmers first and with the outlook for agriculture generally positive, those farmers are looking to make the most of it.

"We want to look after our farmers too and we have been out in the market talking to a range of suppliers so we can do that. As we showed last financial year, our ability to shop around and secure product at the right price enabled us to counter the worst of the volatility and give our customers reasonably steady pricing. We're aiming to do the same this year, supporting our customers to get the best production so they can take advantage of the generally good market conditions."

Board changes

The annual meeting held in September 2012 saw Ward B Director David Hurst farewellled, retiring after 18 years of service as a director. Fellow Ward B Director Gray Baldwin retired by rotation and was re-elected by shareholders to continue to represent their Ward. Murray Taggart (Ward C) was also returned as a director after retiring by rotation and was re-elected unopposed.



Murray Taggart



Gary Baldwin

Supporting rural leadership

Ballance Agri-Nutrients is backing a rural leadership programme to foster governance and business capabilities for women in the sector.



Lisa Sims

We are sponsoring Ekatahuna sheep and beef farmer, Lisa Sims to take one of 14 places in the Agri-Women's Development Trust (AWDT) Escalator programme is designed to build the skills already accumulated by rural women within their businesses and communities.

Mrs Sims has a Bachelor of Business Studies

in Marketing and Japanese from Massey University and works from home as a strategic communications and marketing consultant.

Ballance General Manager Agro-Science and Marketing Liz Muller says the opportunity to support the AWDT Escalator programme could not be passed up.

"Running a farm business is becoming more complex and there is a need to develop a range of skills across the entire sector to ensure we have the strategic depth to ensure the success of agriculture."



OVERSEER® gets an upgrade

As farmers and growers work to get the most of nutrients while minimising losses, a major upgrade of OVERSEER® has made this nutrient budgets software even more useful.

Overseer Version 6 has been in development over four years, with the new version including changes to better represent farm systems, adjustments following a review of underpinning science, and new software. It includes two new features, one to produce a life-cycle assessment of greenhouse gas emissions and the second a new dairy goat model.

Ballance Science Extension Manager, Aaron Stafford says the co-operative, through the Fertiliser Association, is a partner in the Overseer development programme which has delivered an enhanced and practical tool for nutrient management.

"Overseer Version 6 represents a major step-up on the previous version. The timing couldn't be better, with growing awareness of the need to manage nutrients well, both in terms of economic benefits and environmental benefits."

Upgrades to the software include:

- Integration of pasture, crop and horticultural models into a single model so that all block types are available for an individual farm
- Monthly input of key activities to make the model more closely representative of the farm
- Better handling of feed supplements
- Effects of drainage and soil type on nitrogen leaching
- New information about the nitrification inhibitor (DCD) which can help decrease nitrate leaching and nitrous oxide emissions
- The choice of accessing Overseer from a secure web server via the internet or using a standalone version on a home computer

- An embedded help system with each input screen.

Overseer is available free of charge through a partnership between the Ministry for Primary Industries, the Fertiliser Association of New Zealand and AgResearch.

Support for OVERSEER®

Ballance supports the work being done in refining the OVERSEER® model, already proven for calculating and estimating the nutrient flows in a productive farming system and identifying the risk for environmental impacts through nutrient loss, including run off and leaching.

OVERSEER® is a useful tool, but it's not a silver bullet in terms of delivering better water quality, or better water quality regulation. That's why we are investing in its further development as a resource for farmers wanting to manage nutrient loss limits.

Keeping soils fertile when cash is tight

Ballance is prompting farmers to remember the eighties as they juggle farm budgets.

Farmers want to ensure every dollar spent does the work of two when times are tight, but it's false economy to cut back on nutrients," says Chief Executive Larry Bilodeau.

"As we saw in the eighties, farms cut back sharply on fertilisers, especially when

subsidies were cut overnight. But it took time to rebuild soil fertility and we saw production lost at a time when farmers needed it most to make a living."

He says Ballance will continue to work hard to keep pricing competitive so fertiliser budgets go as far as possible.

"Shareholders also have the advantage of knowing that some of their spending will come back in the form of a rebate. That's the advantage of belonging to a successful co-operative."

This year shareholders saw \$43 million returned in rebates as a result of the \$40 tonne rebate per tonne of fertiliser purchased. Payments in the hand varied according to farm fertiliser products and tonnages, but averaged around \$6,000 for a shareholder purchasing 150 tonnes, with a further \$625 gross dividend if the share quota is fully paid up.

Mr Bilodeau says good nutrient management plan will ensure farmers get best returns, maximising nutrient use and limiting losses.