

# SHAREHOLDER UPDATE

DECEMBER 2016

## SPREADSMART'S REACHING NEW HEIGHTS

**Our award winning development in aerial topdressing is making it safer for pilots to navigate one of the world's most dangerous professions while improving on-farm sustainability.**

SpreadSmart provides topdressing pilots with an innovative map system for applying fertiliser across New Zealand's diverse farmlands. The system was recognised at The New Zealand Spatial Excellence Awards last week, winning the Innovation and Commercialisation category.

GIS Analyst, Andrew Old, says that the reason Ballance developed this system wasn't only to create better pasture productivity and targeted fertiliser applications around environmentally sensitive areas. One of the benefits is actually for the pilots, as it allows them to focus on flying so they can finish the day safely and go back home to their families.

**"Topdressing pilots have one of the most challenging and dangerous professions in the world," says Mr Old.**

"Picture this, you are flying an aircraft at 250 kilometres an hour, navigating up and over hillsides, looking out the window for bush, streams, creeks, powerlines and farm boundaries, and at the same time pulling a lever to control the flow of fertiliser coming out of the hopper. It's not an easy task.

"SpreadSmart has simply automated the process, by connecting the hopper and hopper controller to a GPS unit. A predefined spread map is loaded into the GPS to control the fertiliser flow and placement."

The system was developed as part of Ballance's Clearview

Innovations Primary Growth Partnership programme with the Ministry for Primary Industries, designed to improve nitrogen and phosphate management systems. The technology has been fitted into our Super Air topdressing division's aircraft in Wairarapa and King Country and launched in these areas for wider commercial application.

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Science Strategy Manager, Warwick Catto, says SpreadSmart keeps fertiliser out of waterways, gullies, forestry blocks, tracks and other no-go zones and allows for different fertiliser products to be specifically targeted to different areas of the farm, improving overall production.

**"It also combines variable rate application, so different parts of the farm get the volumes of fertiliser they need. With fertiliser one of the largest on-farm costs, precision applications mean budgets go further, improving farm margins."**

The award judges commented that the submission for SpreadSmart demonstrated a "well-designed and rounded solution that cleverly combines positioning, GPS and aviation technology."

"SpreadSmart has achieved good market uptake and has the potential to deliver significant economic benefits to New Zealand and New Zealand farmers, and also long term environmental benefits.

Ballance beat finalists Marlborough District Council and competing fertiliser co-operative Ravensdown to win the award, and is now eligible for the Asia Pacific Spatial Excellence Awards, to be held in Sydney in April next year.

Want to know more? Head online to [www.ballance.co.nz](http://www.ballance.co.nz) and type SpreadSmart into the search to find out how SpreadSmart could add value to your farm.



Andrew Old, GIS Analyst, proudly holds the Innovation and Commercialisation Award at the New Zealand Spatial Excellence Awards

# OVER THE FENCE

**We had a hard start to the season in many parts of the country with spells of heavy rain saturating pastures and causing delays to so many seasonal jobs from harvesting spring growth for silage and baleage to the groundwork needed for sowing spring crops.**

It's a crucial time of year, given spring is all about planning for the future feeding of livestock, while for dairy farmers, the crucial months between first seasonal milking through to late October have a big influence on full-year incomes.

Your co-op gets affected by the weather as much as our shareholders, with North Island fertiliser sales a bit softer than normal. On the flipside, what grass growth we have seen has lacked the good nutritional levels we want in spring, generating more demand for our feed products, including calf feed. As always, we're aiming to price right so those all-important boosts to farm fertility are as affordable as possible and we've extended our hours to ensure we can deliver what you need when you need it.

We've welcomed Sarah Von Dadelszen back as a director and she has been joined by Donna Smit, also from our North Island Ward, giving us our first two female directors in our history. It was a great turnout for our elections, both in terms of the vote and the field to choose from and that's a positive sign of a healthy co-op with engaged shareholders. Your board will keep working as hard for you as you do on your farms.

Congratulations to Nuffield Scholarship winner, Rebecca Hyde, our South Island team leader of farm sustainability services. We look forward to gaining from the knowledge and experience she gains through the scholarship.

Our thoughts are with all of those people who have been affected by the recent Canterbury earthquakes. It's great to see how communities work together in times of need. We're currently working through how we can best support our farmers in this area to restore their farms as quickly as possible.

All the best for a productive season and here's wishing you a summer that's not too dry and the autumn that's not too cold. After that spring, we could all use a break.

**DAVID PEACOCKE**  
Chairman





# DIVERSITY BOOST FOR BOARD

**Whakatane chartered accountant and farmer Donna Smit has joined the board following our North Island Ward elections. She and returning director Sarah Von Dadelzen filled two vacancies in the Ward, making this the first time Ballance board has two women directors.**

Eight candidates contested the two vacancies created by the retirement of Oliver Saxton after 15 years and the retirement by rotation of Sarah Von Dadelzen. Chairman David Peacocke says Sarah has made a strong contribution since her election in 2014 and the board looked forward to gaining from Donna's farming and commercial experience.

"Both have secured very good support within our shareholder base, especially given the strong field of candidates. It's particularly pleasing our board is now more representative of the diversity so common in farming partnerships. A diverse range of perspectives and ideas is key for our success, and gender representation is one indicator of how our diversity is tracking."

Donna and her husband Corrie run a successful family farming operation with properties in Whakatane and

Oamaru producing 1.4 million kilograms of milk solids. She has 23 years of commercial experience as a company administrator and has held governance positions in farming and community organisations including Primary ITO, Taratahi Agricultural Training Centre, Dairy Women's Network, Kiwifruit Equities and Eastern Bay Energy Trust. She has most recently been elected to the board of Fonterra.

Sarah and her husband Sam operate a 13,000 stock unit sheep and beef property and a 350 cow dairy farm near Takapau, in the central Hawke's Bay. She holds a Bachelor of Agriculture from Massey University, and has been actively involved in governance roles across the rural sector with the NZ Beef Council and Fonterra Shareholders Council and is currently a trustee of the Agricultural and Marketing Research and Development Trust.



# UNCERTAIN FUTURE FOR RPR

**Political, economic and social instability in South America and North Africa is making it increasingly difficult for New Zealand farmers to get in-spec reactive phosphate rock (RPR).**

Our own supplies have been short since autumn when a Peruvian supplier couldn't deliver product in-spec and at volumes required to meet the needs of New Zealand farmers. While your co-op found an alternative source out of Morocco, meeting our needs for nutrient specifications and continuity of supply has been difficult.

Fertmark has specifications on phosphate, citric solubility and cadmium that products imported into New Zealand must meet in order to be marketed and sold as RPR. While tests prior to product leaving Morocco returned favourable results, testing on arrival in New Zealand showed the product did not consistently meet citric solubility specifications. As a result, your co-op decided not to market or sell the shipment as RPR.

"We've built the Ballance co-op on a foundation of science and our credibility is not something we're prepared to

compromise," says CEO Mark Wynne.

"Customers appreciate our transparency around this issue. We'll continue to sell the product where there is demand, but we're being open about the fact that it doesn't meet the grade as an RPR."

Depending on the drivers for using RPR there are a number of other alternatives for customers looking for a low water soluble and pH neutral source of phosphate such as SerpSuper or Dicalcic Phosphate. For others less concerned about water solubility or acidity then Superten or a blended product mix is recommended.

Mark says given recent experiences globally, your co-op is uncertain of volume and continuity of supply for on-spec product. However we are continuing to work with its international supply partners to meet future market needs.

# A SCHOLAR IN THE MIDST

The latest crop of primary sector emerging leaders have been revealed with six 2017 Nuffield scholars announced, including our very own Farm Sustainability Services Team South Island Team Leader Rebecca Hyde in the midst.

Also awarded scholarships were Mid-Canterbury rural journalist and artisan food producer Nadine Porter, Manawatu dairy farmer and farming advocate Mat Hocken, Taranaki's Jason Rolfe, who is an area manager for FMG, farmer and former winner of the Young Farmer of the Year contest David Kidd and South Canterbury dairy farmer Ryan O'Sullivan.

The scholarships are one of the most respected and prestigious awards available in the primary sector and offer a life-changing opportunity for overseas travel, study of the latest developments in a number of leading agricultural countries and an introduction to leaders and decision-makers not accessible to ordinary travellers.

As a Certified Nutrient Management Advisor and Certified Farm Environment Plan Auditor Rebecca's role involves helping farmers and industry to make better on farm decisions that have a positive impact on the environment while remaining financially viable.

Rebecca believes improved collaboration between sectors and industry can help achieve better environmental outcomes, and she plans to research this topic further as part of her scholarship.

"I haven't come across one farmer that doesn't want clean water and a sustainable farming business. There are plenty of farmers out there demonstrating some great environmental practices on farm. For other farmers, regardless of what industry they are involved in, there is a need to look at their farm through a different lens to understand the environmental impacts".



Rebecca (second from left) with Primary Industries Minister Nathan Guy, left, and the other 2017 Nuffield scholars

## BALLANCE BACKS DIGITAL DELIVERY

Everything from books to passports is just a click away these days and Ballance expects it will be the same for feed and fertiliser with 75 percent of transactions managed digitally within four years.

Talking to shareholders at our annual meeting, CEO Mark Wynne said our co-op intends to lead in delivering ag-technology benefits to farmers. As a country we're well connected with New Zealand ranking eighth globally in broadband use, and OECD reports saying New Zealand's move up the list reflects the government's push to extend coverage through its Rural Broadband Initiative.

"There is enormous potential for Ballance to add more value on-farm by transforming data into information for farmers to support smarter decision making. We're not aiming to be the TradeMe of nutrients. That's simply commodity trading. Our aim is to bring digital platforms and data together in a package for farmers which links information to our products and services and improves their bottom line."

**WATCH THIS SPACE.**

## SIGN UP FOR AHUWHENUA TROPHY

Entries for the 2017 Ahuwhenua Trophy BMZ Maori Excellence in Farming Award are now open and close on 27 January 2017. The award offers a unique opportunity for individual Māori farmers, trusts and incorporations to get valuable professional feedback on their farming operations. Judges of the competition are highly skilled professionals in the agribusiness sector and use data to benchmark individual operations, so it's a valuable learning experience.

Visit [www.ahuwhenuatrophy.maori.nz](http://www.ahuwhenuatrophy.maori.nz).



**AHUWHENUA  
TROPHY**  
MĀORI EXCELLENCE IN FARMING



## NOT YOUR STANDARD VISIT FROM A BALLANCE REP

Feeling for all those affected by the recent earthquakes, Nutrient Specialist for Upper North Canterbury, Rowan Muller, decided to roll up his sleeves and help out. After loading up his car Rowan dropped off the much needed supplies to local Waiau farmers.



## WINNING CUSTOMER SERVICE



Our customer service team has won an award for the best contact centre in the retail support industry.

The CRM Contact Centre Awards are the biggest awards for Customer Service in NZ and hundreds of contact centres throughout the country participate every year. Ballance took out the 2016 industry awards, beating other finalists Countdown and Foodstuffs.

General Manager Sales, Campbell Parker, says the win highlights the great service the team provides every day.

**"We pride ourselves on placing our customers at the heart of our business, and it's fantastic to have this commitment to our customers recognised through these awards."**

Our winning team is available between the hours of 7 am and 5:30 pm, Monday to Friday on 0800 222 090. You can also reach them via email on [customerservice-mount@ballance.co.nz](mailto:customerservice-mount@ballance.co.nz).



## FROM GREEN TO ORANGE

We were delighted to host a group of Bay of Plenty Ballance Farm Environment Awards winners and 2016 National Winners Richard and Dianne Kidd at our Mount Maunganui site to connect with each other, share experiences, and take a tour of our superphosphate plant. What an inspiring group of farmers.

# SOIL SCHOLAR SEARCHING FOR HILL COUNTRY ANSWERS

An innate curiosity for 'why things happen' made Lincoln University PhD candidate Amy Whitley a natural fit for scientific research. Now she's using that curiosity to improve New Zealand's soils and raise the productivity of low fertility land in hill and high country areas.

Thanks to Lincoln University and Ballance, Amy is taking full advantage of an opportunity to pursue a doctoral study in soil science, a field she is passionate about and believes holds vital importance to both the local and global economies.

"Soils acidify over time, through natural weathering and land use," explains Amy. "This affects their utility for agriculture and reduces overall productivity – essentially reducing the amount of food we can grow and produce."

Her research is part of a body of study that looks into the known association between acidic soils and aluminium toxicity, which affects the growth of plant species and in

particular legumes such as clover and lucerne. Legumes are critical to the economic viability of New Zealand sheep and beef production.

**"This research will help to inform better land use decisions – such as where best to apply fertiliser and lime to get optimal soil productivity and also which mitigation strategies will be most effective."**

Amy's research position at Lincoln University is one of many sponsored by Ballance. We contributed \$350,000 last year to support six doctoral candidate positions.



## NO "GUTS IN GRASS" RAMPS UP FEED DEMAND

Dairy farmers across the country have been returning to the benefits of calf and bulk dairy feed to offset the wet spring conditions which have put the brakes on milk production.

"The lack of guts in the grass, coupled with growing dairy confidence, ramped up demand for feed to build production as herds came into the peak," says CEO Mark Wynne, with demand resulting in sales growth doubling for SealesWinslow compared to the same time last year. A surge in the sales of calf feed contributed to the lift.

"Farmers have a critical window to get their animals up to peak weight and to do this they need to make sure there are no limiting factors in their diet. Every kilo at peak translates into

200 litres of milk for the year," says Mark.

**"We've seen a massive boost in calf feed sales to help develop rumen and get calves up to weight and onto grass as quick as possible, but there has also been high demand for bulk dairy products to ensure cows are on-track to hit peak weight and will be in good condition for mating."**

Mark says feed demand is a good barometer of farmer confidence and with global pricing steadily improving, the mood is lifting, along with the use of supplementary feed.

To meet demand for feed this season we upscaled SealesWinslow's production facilities last year and increased the amount of raw materials and full time staffing at our three mills in Morrinsville, Ashburton and Whanganui. SealesWinslow can make any feed order and deliver it on-farm within 48 hours.



# FAST TRACK FERTILISER

**Ballance's newly-opened Huntly service centre is delivering faster service, better access and close-to-home convenience for local customers after a \$3 million investment in the purpose-built 2500 m<sup>2</sup> store.**

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CEO Mark Wynne, says that the new site reaffirms Ballance's commitment to Huntly and the Waikato and was designed with customers in mind.

"Everything from site location, which provides easier access to bridges that service the region, to plant layout and equipment has been chosen to provide our customers with the best possible service and product quality."

Sustainability has played a big part in site design, creating a layout that manages stormwater through rain gardens, and that minimises dust at the truck loadout point. Safety has also been built into the design with the new layout keeping customers well clear of operational plant and equipment – such as front end loaders.

The new service centre is located at 237 Tregoweth Lane, Huntly.



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# THERE'S ALWAYS A BETTER, SMARTER WAY

**Soil scientist Jamie Blennerhassett has been appointed to our newly-created innovation leader role. He leads a team of five scientists, and is charged with shaping the business' innovation culture and launching world-leading products.**

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It's a role that's almost tailor-made for a scientist mentored by industry pioneer Bert Quin of Summit Quinphos (now merged with Ballance). Through Quin, Blennerhassett developed a mindset of challenging the norm.

"Under his leadership, I formed a view that we could only survive if we could be smarter and more nimble. Out of that was born a view that there must always be a better way," says Jamie.

Jamie says his team considers every innovation through the eyes of the customer.

"We have to ask ourselves 'what would this mean to a farmer?', because innovation at Ballance places farmers and farming systems at the heart of decision making, with the goal of keeping New Zealand farmers at the forefront of nutrient innovation.

"Along with running our research and development programme, my innovation team shops the globe for inspiration, with a view to applying any discoveries to New Zealand's soil and farming needs. Once we introduce a new product or service, equally as important is the advice we provide farmers on how to use the innovation within their individual farm system to achieve the best results."







My Sustain gain  
**\$2,645**  
Annual net benefit\*

My annual  
N-Guru result  
**\$2,300**  
Advantage over 150 kg N /  
ha / year (5 applications)  
applied uniformly

## GAINING WITH SUSTAIN

Matamata sharemilker farmer, Shane Campbell, knows all about gains from Sustain. The proof is in the dollars. Over the 2015 and 2016 seasons, his total Sustain gain was \$3658.

That's a measure of the relative performance difference between standard and coated urea. It calculates the additional dry matter generated on the farm, converted into milk solids at the prevailing farmgate milk price.

Sustain contains AGROTAIN® nitrogen stabiliser which acts to reduce nitrogen losses through ammonia volatilisation, enabling more nitrogen to be available for plant uptake and production.

An early Sustain adopter, Shane liked the flexibility the product offered.

"The flexibility is a big bonus for us as you can get the truck in whenever. It doesn't matter if the forecast is for sun or rain, and we've seen growth extended by not losing the nitrogen to the atmosphere."

Shane farms 153 ha with a herd of 450 cows and in 2016 used a targeted nitrogen plan suggested by Ballance to get even more efficient use of his fertiliser.

After his blocks were soil tested for available nitrogen, variable rate applications were used to boost the blocks most in need of nitrogen. Using the N-Guru™ tool developed by Ballance showed a \$600 difference in pasture response.

**"We are always looking to get a better performance out of the farm, having N-Guru™ on top of Sustain is a good result," says Shane.**

N-Guru™ enables advisors to predict the pasture response to the

nutrients accurately and impartially and tailor advice accordingly. Using the technology, we can tell farmers in advance what pasture and production gains they can expect from their fertiliser programme.

Allocating more of the season's nitrogen to the low testing areas and less to the high testing areas improves nitrogen response efficiency and the returns on a farm's fertiliser investment.

For shareholder information  
phone 0800 267 266

For customer information  
phone 0800 222 090

[www.ballance.co.nz](http://www.ballance.co.nz)

 **Ballance** agri-nutrients