

An integrated view

Q+A with
Greg Campbell CEO

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YOUR CEO



The world needs smarter farming to create more food for people and animals with less land. New Zealand needs smarter farming for the sake of its prosperity, its communities and its environment.

While many of our team have farming backgrounds, Ravensdown doesn't actually do the smarter farming. We champion the best examples; encouraging, educating and even challenging our shareholders to always be better.



How is this report different to others you've done?

This stakeholder review is best read alongside our annual report as a picture of how our year has gone.

Our report is slightly different this year because, instead of reporting by functional area or only focusing on the financials, we wanted to take a more integrated view. Our performance is better understood in the context of our stakeholders: the ones who impact us and the ones we have an impact upon.

As a co-operative, stakeholder engagement is extremely important to Ravensdown and occurs in more ways than we could list here. We talked to a variety of people from different walks of life and with very different reasons to interact with Ravensdown. These voices are captured

on our special Integrated Reporting website in the form of videos, so I hope you get a chance to watch these on the website: integratedreporting.ravensdown.co.nz.

If you want to see how we're going day by day, follow us on facebook.

Does it matter Ravensdown's been going for 40 years?

Four decades ago, a band of far-sighted farmers challenged the status quo and stood up to the corporate giants of the day. Forming Ravensdown changed the rural landscape and, although it was touch and go at birth, the new co-operative went from strength to strength.

So much has been achieved in those 40 years. While we learn from the past, we need to think ahead; not just to the next four years but to the next 40.

Today there is a new team stepping up to the plate for Ravensdown, going into bat for farming and building the kind of company that future team members will take pride in.

It's a privilege to work for a 40-year old company that keeps that pioneering spirit of the co-operative's founders alive by constantly striving to be better, look forward and innovate.

We will challenge ourselves – knowing there's always a better way – and take pride in our contribution. When it comes to a better New Zealand, we are part of the solution.

How important was the financial performance this year?

I'm proud the team was able to help so many people and carry out work that really matters. Thanks to past decisions, a clear strategy, customer support and a lot of hard

work, the co-operative is resilient enough to deliver returns to its stakeholders.

This is the third year on the trot that we've ended in a strong financial position and this has shown the fundamentals are strong.

Instead of pushing for a big year-end profit with one rebate paid at the end of the year, we deliberately returned value to shareholders in other ways. For example, by taking the initiative on price reductions throughout the financial year, shareholders faced lower input costs as they replenished nutrients in their soils. Paying a \$45 per tonne cash rebate with \$20 of that paid in June was also about acknowledging that, right now, farmers need that money more than their co-operatives.

For the year ending 31 May 2017, our balance sheet strength enabled us to invest in improvements in infrastructure, science and technology. Across our network of stores, manufacturing sites, lime quarries and support operations, \$42m was invested in infrastructure improvements such as re-cladding buildings, replacement cabling and new vehicles such as loaders. This ultimately improves quality, efficiency and safety.

Overall, how has Ravensdown benefited its stakeholders?

In our annual customer survey, 89% either strongly agree or agree that they value the relationship they have with Ravensdown. Our customers tell us that they trust our advice and value our support. More people agreed with the statement 'Ravensdown supports rural communities like mine' than ever before.

We partnered with suppliers to maintain quality, assure availability and take the initiative on pricing.

We opened our doors to the popular graduate scheme so that we could keep training a new generation. Through developing and keeping some very experienced people, we combine their practical insights with fresh perspectives.

The team has shown a great deal of dedication last year. The culture is just so positive and the people are motivated to make a difference.

I was proud of how the team responded to the rural community's needs in North Canterbury after the devastating Kaikoura earthquake. This included Aerowork pilots flying in emergency supplies, volunteers helping with fencing and flexible stores arrangements. The Aerowork team was busy again in February, this time working with Rural Fire on controlling the bushfires in Christchurch.

As part of acknowledging Ravensdown's 40th year, the company gave a volunteer day to every staff member to devote to a cause of their choice. This is in addition to all the community support and sponsorships the co-operative is involved in.

Our collaboration across industry associations, universities and research bodies delivers value in terms of intellectual property for Ravensdown but also progresses scientific understanding on topics that are crucial to New Zealand's future.

There is no doubt that communication will be vital in farming's ability to extend its social licence to operate. So we were pleased to commit to an exclusive named sponsorship

of the Ravensdown Agri Communicator of the Year, which in 2017, was won by Lain Jaeger of Zespri.

What were the specific highlights and opportunities?

Seeing our environmental consultancy team grow so strongly was promising. It shows the farmers who told us we need to lead in this space were right when we launched three years ago.

Our agronomy business also performed very well and is an important contributor to New Zealand's pasture-based story in terms of providing nutrients, lime, agrichemicals and seeds. The Animal Health side of the business responded well in the face of severe price competition.

Great progress was made on the new replacement store in New Plymouth which will supply the North Island and contain the same type of Precision Blending Plant that has been delivering coating and blending innovations in Canterbury.

Technology is an important enabler for us. For example, our new enterprise resource planning system allows more accurate and flexible forecasting, procurement, scheduling and logistics.

We also introduced new technology to improve nutrient decisions called HawkEye and became a data partner for Agrigate; the online farm dashboard from Fonterra and LIC. Our subsidiary C-Dax is working on exciting developments such as improvements to ground spreading and a robot version of the Pasture Meter. Continuing to support OVERSEER as it incorporates the latest scientific discoveries is a vital commitment.



We launched a new system for managing health and safety that helps embed positive culture change. In addition, a network of 53 'safety and wellbeing champions' met for the first time this year and got behind a new campaign called 'Good to Go'. We also played a key role in supporting the Agricultural Leaders' Health and Safety Action Group that launched at Parliament in November.

What about the lowlights and risks?

There was a small fire that caused a bit of disruption in Napier. But everything pales against the fatality of a long-term contractor in Christchurch in July 2016. While the Worksafe investigation resulted in no action against Ravensdown, the whole team is determined to learn the lessons that need to be learned.

The operational, stores and spreading team did a great job in terms of product quality and availability. Our shipping joint venture gives us greater control in a volatile world. The importance of this was demonstrated by the recent actions of a group called the Polisario Front.

One of our phosphate rock suppliers, OCP, operates a facility in Western Sahara. The area has been administered by Morocco for over 40 years, but this is disputed by the Polisario Front which claims to be a 'government in exile'. In South Africa, the Front filed a court action that stopped a cargo of phosphate rock for a different New Zealand co-operative. While our teams have worked hard to avoid disruption of phosphate rock supplies, the risk profile for rock from this part of the world has risen.

01.
Good progress made at the New Plymouth store which has a target opening in February 2018.

02.
HawkEye will help farmers make smarter nutrient decisions by showing planned versus actual nutrient investments over time.

03.
This shipment of Granular Ammonium Sulphate from South Korea is tested for physical and chemical quality before being covered in plastic sheeting.

04.
Subsidiary C-Dax is developing a prototype robotic version of its award-winning PastureMeter.

05.
Capping prices for superphosphate through spring was one example of price leadership.

We continue to monitor OCP's actions closely and take guidance from New Zealand government officials. The Fertiliser Association's legal team continues to assess emerging potential changes, but their advice stands that the trade is legal.

We believe the key to the decades-old territorial dispute lies with the United Nations. We strongly support their efforts to encourage a political settlement which is the best way to help all the local people in the region.

What makes you optimistic about Ravensdown?

Ravensdown is evolving. We're not just a maker and supplier of fertiliser. When it comes to smarter farming for a better New Zealand; we are part of the solution.

We've never done so much:

- Whole-farm soil testing through ARL
- Variable rate application by ground and air
- Environmental mitigation consultancy
- Accurate mapping and measuring
- Evidence-based science and collaboration

We've never enabled so much:

- Feed forecasting and benchmarking
- Sensor-enabled decision support
- Auditability to demonstrate compliance with environmental regulations

We've never had such:

- Well-trained staff (largest number of certified nutrient management advisors in NZ)
- Placement traceability and quality of food-creating nutrients
- Intelligent tools and technology
- Ambitious plans for improvement

There is plenty to work on, but the team is determined to rise to the challenge together.