



## YOUR QUARTERLY FARMAX NEWSLETTER

WINTER 2018

### TAKING STOCK

Welcome to the winter edition of the Farmax Advantage newsletter.

Here at Farmax we are pleased with the announcement that AgResearch are now 100% owners after acquiring the shareholding of Phil Tither and Brownrigg Agriculture. It will give us the ability to further strengthen the science behind the FARMAX Engine to keep our products relevant and up to date with regard to farm system modelling and monitoring.

A personal thanks to both Phil Tither and David Brownrigg. Without their foresight 15 years ago and continued support over the years, Farmax Ltd would not be in the strong position we find ourselves today.

Regards,

**GAVIN MCEWEN**  
General Manager



### FARMAX SHAREHOLDER UPDATE

Crown Research Institute AgResearch has taken 100% ownership in Farmax Ltd., acquiring the shares of Brownrigg Agriculture, and Phil Tither, of AgFirst.

Dr. Tom Richardson says the move is aligned to AgResearch's ongoing development of digital tools that support decision-making by farmers and their advisors.

"We are making significant investments into digital agriculture and we know many farmers are already using technologies such as sensors connected to their mobile phones or devices to monitor their farm operations.

There is enormous potential for uptake of new tools alongside digital platforms that can bring together and analyse large amounts of data from different sources across the farm to guide decision-making. FARMAX is already widely used and we think there is tremendous potential to expand its reach," Dr. Richardson says.

This opportunity came about when long-standing shareholders, Phil Tither from AgFirst and David Brownrigg of Brownrigg Agriculture indicated they would contemplate selling to the right investors. We have been working with them for several months to complete a transaction that suited all parties.

Dr. Richardson explains, "That's why it is a natural fit for us to expand our ownership in FARMAX which has long been seen as a vehicle for taking more of our science to farmers. We will be looking to leverage our sector-wide science knowledge and expertise to ensure Farmax's reach continues to grow and to meet the rapidly evolving needs of the industry and our communities."



Dr. Tom Richardson,  
AgResearch Chief Executive

Farmax general manager Gavin McEwen asserts the new ownership structure is a very positive move and will enable the two organisations to work more closely together to deliver tools that help guide farm businesses towards profitable and sustainable outcomes.

"...We look forward to AgResearch's increased input so we can continue to find ways to develop FARMAX in order to support the agricultural sector's sustainable growth..."

The new ownership structure will not lead to any immediate changes for the business, but will allow AgResearch increased input as we continue to find ways to develop FARMAX in order to support the agricultural sector's

sustainable growth.

We are very grateful for the support and guidance we have had from Brownrigg Agriculture and Phil Tither over the past 15 years and we look forward to both parties remaining connected as valued clients of Farmax.

# A RESILIENT FARM IN A PIECE OF PARADISE

The Avery family is well known in agricultural communities in New Zealand for their positive, pragmatic and successful approach to farming through adversity. Doug and Wendy Avery run Resilient Farmer, comprising of books, workshops and seminars detailing their own journey battling the black dog, tough climatic conditions and industry regulations, whilst inspiring other farmers to grow the right mindset to run successful farms and healthy lives.

Their son Fraser Avery now runs the family farm Bonaveree, which has been in the family for 99 years. Working together and learning from past challenges, Doug and Fraser have established a productive and profitable farm business that accentuates and fits in with their lifestyle.

## THE OPPORTUNITY MINDSET

Bonaveree sits near Lake Grassmere in Marlborough, just south of Blenheim; the 2,300ha of land a mixture of flat rolling, hard hill and erosion-prone soil divided into 380 paddocks. It is a large operation, with up to 20,000 stock units – currently an even balance of sheep and cattle (it used to be 80/20 sheep/cattle) including sheep and beef breeding/finishing, friesian bull beef, fine wool lambs and dairy grazing.

Doug explains, “we are roughly 50/50 capital stock to opportunity stock... that single thing is one of the biggest aids in helping us manage the variance in the seasons. Whatever happens during the season, we make sure we have the right number of stock to balance demand and feed supply.”

Fraser adds: “We use the word opportunity stock because that directs your brain to the right place – don’t buy stock if they don’t represent an opportunity.”

The farm team includes two stock managers, two shepherds, a tractor driver and Fraser as the general

manager, plus contractors as needed. Health and safety is always a major consideration, especially as over time the number of people working on the farm has increased, and thus the amount of vehicles crossing paths. “People are our priority here,” says Doug, “we don’t want anyone knocked around just sheerly because they were at work.”

## UNDERSTANDING THE FARM

Fraser as manager, oversees the staff, budgets and technology, including FARMAX. Graeme Ogle of Rezare Systems and Ogle Consulting, introduced Doug and Fraser to FARMAX back in 2005 with the goal of building a resilient farm system. Fraser now uses FARMAX every day, combining his natural level of understanding and intuition with the knowledge and insight that FARMAX produces.

“...I believe it [FARMAX] gave us a really good understanding of where we’re at, because prior to that I don’t believe we really knew...”

“It takes your eyeometer and natural level of gut feel and really enhances and strengthens your interpretations

through data and monitoring...I believe it [FARMAX] gave us a really good understanding of where we’re at, because prior to that I don’t believe we really knew,” says Doug.

The old farm system had very little flexibility and the team did not really know how well the farm was performing. Since using FARMAX, the guesswork has been taken out, and they very rarely get results they did not expect. Now they are able to capitalise on opportunities because they have the systems set up to make changes as prophesised by FARMAX, taking into account the payouts, weather, grass growth and environmental conditions.

The direction the team has taken the farm has been driven by the harsh landscape, meaning they have had to cope with limited natural nitrogen and mitigate erosion by planting trees. Their attitude is very much – don’t fight

the farm, work with it.

Lucerne is a big focus on the farm, although it is not always plain sailing. Derrick Moot from Lincoln University has been instrumental in helping establish Lucerne on Bonaveree and providing on-going management. Doug and Fraser are disappointed that more research dollars are not being spent on legume crops given their potential benefit to New Zealand farm systems.

Doug called Ryegrass – which seems to still attract the majority of research funding – a “fair weather sailor”; it is fine when the wind is at its back, but when conditions turn against it, particularly in a climate like theirs, it can almost become a weed. It is not an efficient user of soil moisture compared to Lucerne.

Nutrition is extremely important, and Fraser and Doug prioritise allowing animals to reach their genetic potential, appreciating a lot of animals on New Zealand farms are genetically stifled because they are not given the adequate nutrition and support they need.

## ALWAYS STRIVING FOR BETTER

Although the property is well developed and established, the team is constantly trying to do better, fine tuning to get the best results possible. Labour is a significant challenge being in such a remote spot, and they appreciate they could probably do with one more full time employee to ensure that Fraser is given appropriate time to work on the farm business with FARMAX and other farm technology – what Doug refers to as “the \$1,000 per hour job”, because of the value it adds to the business,

Upon reflection, Doug admits that he could have been better at separating farm life and home life, hence why he now encourages and trains other people on how to not feel so overwhelmed with the often lonely and unforgiving farm life, and where to get the support they need in areas of consultancy, technology, finances and mental health.

With an ever changing agricultural industry, Fraser is always aware of future challenges, particularly those stemming from increasing compliance and farm assurance; he asserts that farmers who haven’t embraced tools like FARMAX and FarmIQ will find it increasingly difficult to keep up with all the challenges that are facing the industry. Despite the adversities that lay ahead, Fraser is certain that there is a great future ahead for Bonaveree in New Zealand’s red meat industry.



L-R: Farmax General Manager Gavin McEwen, Fraser Avery and Doug Avery of Bonaveree



# JACK'S UK UPDATE: HOW NZ AND UK FARMS COMPARE

With Brexit less than a year away, volatile prices being experienced across the market, and having had one of the worst winters in 50 years, the UK's agriculture industry is undergoing a significant shake-up.

Over the past few years, Farmax Ltd, in conjunction with the English Levy body AHDB (Agricultural and Horticultural Development Board), has been developing a specialised version of FARMAX adapted to suit UK farming systems.

The purpose of this is to provide AHDB with a tool that can gather a significant wealth of information from their projects through monitoring farms' physical and financial performance.

Earlier this year in March and April, Jack Keeys, Farmax Technical Specialist, spent three weeks travelling through Scotland and England visiting farmers, consultants, professors and scientists to discuss the opportunities of using FARMAX within the industry.

During the trip, Jack visited 16 farms

and another 20 rural professionals across the industry.

The most common statement heard around the two countries was "we want to make a pre-subsidy profit", associated with the uncertainty around markets and subsidies in the near-future. Therefore, many of the FARMAX related projects and much of

the on-farm work was related to optimising farm systems.

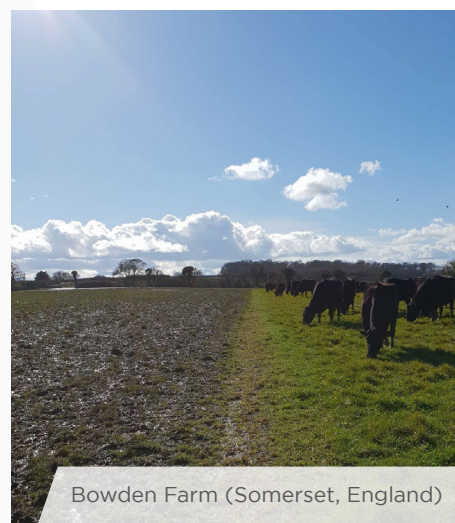
Most UK farmers were surprised to realise that they had a potential annual grass growth volume that was very

similar to most New Zealand farms. The major difference between the farm systems of New Zealand and the UK was farming efficiency.

As a generalisation, the UK farms possess a lack of fencing infrastructure and low stocking rates, leading to a significant deficit between pasture produced, and their farms' pasture growth potential.

Most of Farmax's work in the UK is through funded projects, however, the UK version of FARMAX is now

"...the most common statement heard around the two countries was 'we want to make a pre-subsidy profit'..."



Bowden Farm (Somerset, England)

available directly to farmers who may be interested.

Farmax will continue to be involved in several projects across the UK, with an opportunity to share knowledge across both sides of the world in order to support both New Zealand's and the global agricultural industry.

## FARMAX 7.2 IS HERE!

Farmax Sheep, Beef and Deer customers can now upgrade for free to the latest release of FARMAX: Version 7.2. This is our biggest release in since the FARMAX Cloud, packed full of new features, enhancements and new reports to assist you with managing your farm business.

You should have received an email outlining the details of the new release, but all information can be found on our website: [www.farmax.co.nz](http://www.farmax.co.nz). To upgrade, simply open FARMAX Sheep, Beef and Deer and you will then be prompted to download the latest version.

### SO WHAT'S NEW?

- Farmlets!\*
  - Create a separate feed budget for every block
  - Each block has its own FARMAX model
  - Group block(s) and mobs into farmlets
  - Compare your farmlets with brand new farmlet comparison reports
- \*Available for FARMAX Advantage subscribers

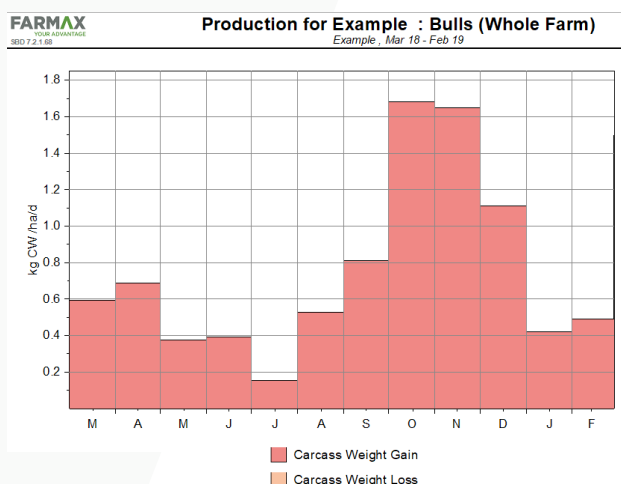


FIGURE 1: Production Report, displaying Live Weight gain per head throughout the season



FIGURE 2: FARMAX Tree with Farmlets

- Live Weight and Production performance reporting
- A new Key Performance Indicator Dashboard Report aligned with the Red Meat Profit Partnership KPI Set
- Live Weight auto calibration
- Systems Reporting
- Improvements to the cloud window
- And much more

We encourage you to install the new version and have a look at what's new. Remember if you need any more information or if you have any questions you can contact the HelpDesk on 0800 327 629.

## DID YOU KNOW?

There are more vending machines in Japan than people in New Zealand! Totalling over 5 million, there's about one vending machine to every 23 people. Japan is our fourth largest export market and still growing, what products should we be sending to this vending machine economy?

## BLOCKCHAIN: WHAT DOES THE TECHNOLOGY BEHIND BITCOIN HAVE TO DO WITH FARMING?

**"Bitcoin", "blockchain" and "cryptocurrency" are trendy buzzwords right now, and people are making all sorts of lofty promises about all three. But the technology concepts behind these ideas will bring concrete benefits for everyone, including farmers.**

### THE BIG DEAL ABOUT BITCOIN IS THAT IT'S DISTRIBUTED

The reason everyone is talking about Bitcoin is that it is currency without a bank. That means there's no central regulator required to make the currency "work". In a traditional banking system, the bank maintains a ledger – the master list of every transaction that has ever happened which serves as the source of truth for what money belongs where.

Blockchain technology is used to create a distributed ledger. A distributed ledger, like its traditional counterpart, contains a record of every transaction that has ever happened. The difference is that instead of there being a single "master" copy of the ledger, everyone has a copy.

### THE "CRYPTO" PART

But how does that work? If I have a copy of the ledger, what's to stop me altering it to give myself free money?

The answer is where the "crypto" part of "Cryptocurrency" comes in. The copy of the ledger that everyone has is very securely encrypted – it has been jumbled up using a very large number called a key. The key is so large that not even the strongest computers in the world could unjumble it by sheer guesswork – only the original key will work.

With a distributed ledger, everyone has their own personal key, and that key only unlocks the parts of the ledger that they are allowed to see. But by having a copy of the whole ledger, everyone is doing their part to keep the ledger distributed and keep the system working.

### WHY IS A DISTRIBUTED LEDGER RELEVANT TO FARMING?

Distributed ledgers become interesting for farming if we ignore the currency side of things and just look at the distributed record of transactions.

Imagine these are stock transactions instead of currency transactions. A master record of all stock transactions that doesn't rely on a central body to keep it secure and up-to-date. It would be a holy grail of traceability.

## IN BRIEF

### FAREWELL KATE!

In early May we said goodbye to Farmax team member Kate Cromie. Kate worked at Farmax for three and a half years, assisting customers on the HelpDesk, managing nationwide training courses and co-ordinating Farmax newsletters. We have all thoroughly enjoyed working with Kate and wish her all the best for her future endeavours back home in Canterbury!

### FARMAX TRAININGS

Throughout the winter months there are a number of dairy and SBD Farmax trainings around the country - specifically: Whangarei, Hamilton, Taupo, Palmerston North, Masterton, Gisborne, Napier and Ashburton. For more information or to request trainings in other areas, contact [support@farmax.co.nz](mailto:support@farmax.co.nz) or visit [www.farmax.co.nz](http://www.farmax.co.nz).

### AHUWHENUA TROPHY WINNER

Congratulations to Farmax customers Onuku Maori Lands Trust, recent winner of the 2018 Ahuwhenua Trophy. The Prestigious Ahuwhenua Trophy, awarded for Excellence in Maori Farming, was awarded in May in Christchurch.

## FARMAX ACCREDITATION

**Congratulations to the following agricultural consultants, farmers and rural professionals who have passed FARMAX accreditation levels in Bronze and Silver.**

Special mention to Luke Palmer for getting the highest ever grade on both the Bronze and Silver SBD accreditations! If you are interested in completing an accreditation level contact the Farmax HelpDesk on 0800 327 629.



**Steven Smith**  
**Emma Hynes**  
**Helene de Batz**  
**Trish Rankin**



**Luke Palmer**

# ENSURING THE FUTURE OF NZ'S RED MEAT

This May, Farmax was privileged to be invited to present at the ANZ event 'A Future With Red Meat', speaking to a group of over 30 sheep, beef and deer farmers.

Con Williams, ANZ's then head rural economist, set the scene and discussed the current state of international red-meat markets, including New Zealand's strong present position.

Williams offered insights into medium-term forecasts for the industry, most of which are observed as positive with opportunities arising through increasing international market-size and rising appetites for New Zealand beef and lamb exports.

Farmax is currently working in collaboration with ANZ to offer a Farm Enhancement Package which is available now.

The Farm Enhancement Package includes a one-year FARMAX Analysis subscription and a full farm-system FARMAX plan with a financial budget for the season.

It also includes up to 12 scenario-models developed from the base farm-system, including analysis of the impact or opportunities related to improved season pasture growth, changes to schedule prices and extreme weather events.

A comprehensive farm analysis report is also provided as part of the package, which is available as a shared resource to both the farm business and the bank.

You can contact your local ANZ branch if you're interested in receiving this Farm Enhancement Package deal.

## FARMAX AWARD NOMINATIONS NOW OPEN

Applications are now open for the Farmax Emerging Rural Professional of the Year Award.

This award recognises excellence and professionalism within the rural profession and is open to those who are new to the industry (less than five years experience). The award will be presented at the New Zealand Institute of Primary Industry Management (NZIPIM) Conference on the 6th of August in Hamilton.

Download an application form and information about the prize package from the NZIPIM website: [www.nzipim.co.nz](http://www.nzipim.co.nz). The deadline for applications is 22nd July 2018. This year's prize package for the Farmax Emerging Rural Professional of the Year Award is worth \$3,000.



## WELCOME TO...ASHLEY AND KATE!

**ASHLEY SHARPE**  
SOFTWARE ENGINEERING LEAD  
Email: [ashley.sharpe@farmax.co.nz](mailto:ashley.sharpe@farmax.co.nz)

Ashley's role involves continuing to push Farmax into the future and leverage the latest technologies to best serve New Zealand farmers. He is particularly focused on web development in the cloud and implementing a compelling experience for users.

During his career, he picked up some farming knowledge at LIC prototyping new products, getting them in farmer's hands and gathering feedback. Working closely with users early on has given him a strong appreciation for leading development with user experience to ensure the right tools get built.

Ashley holds a Bachelor of Science from the University of Waikato majoring in Computer Science. In his spare time he practices and teaches the Japanese martial art of Aikido, often attending large training camps overseas to help refine his technique.



**KATE MORA**  
TECHNICAL SPECIALIST  
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Kate joined the team in May 2018 after completing her undergraduate degree at Massey University where she studied a Bachelor of AgriCommerce, majoring in International Agribusiness. She will be involved in several areas of the Farmax business, largely assisting customers on the HelpDesk and running training courses, as well as managing a range of development projects and events.

Kate originally lived in Taranaki before moving to Palmerston North to study and then to Waikato for summer work, making the shift to the Waikato permanently in early 2018. She has worked on numerous dairy farms and has experience working at a thoroughbred horse stud.

Kate is passionate about music, teaching vocals and piano at university, as well as performing vocals in a band. Her spare time is spent playing guitar and piano, spending time at the gym and enjoying the outdoors.

