

Dairy Farming NEWSLETTER

SEPTEMBER 2015

Fonterra Support

Fonterra are offering support in the form of 50¢ per kilogram of share back supply that is produced between June and December of this current season. This is an interest free loan being advanced by Fonterra, based on the level of production that is backed by shares or vouchers. We would encourage all clients to take up this offer and apply for their Fonterra support advance before the cut off date of **25th September 2015**. You should have all received communications from Fonterra giving advice on how to apply for this loan advance.

If Fonterra are going to extend the advance to share backed production for the second half of the season, this will be advised after a review is undertaken in December. Currently the advances are over a period of time from October 2015 to May 2016, based on production done to December and for which there is shares or vouchers held to back that production. A further update on the second half of the season will be provided later in the year.

If owners are intending to look at an option to share any of this assistance with an on-farm sharemilker, please contact our office and discuss the implications with us before entering into any arrangements with your sharemilker.

Introduction

We all know the current year for dairy farming is going to be very difficult with tight cash flows, rising debt levels and a trading loss in many circumstances due to the reduced milk income payout.

Farmers are urged to focus and concentrate on those items and issues that can be changed and controlled, rather than those which you do not have any control over at all. In particular, consider all costs and expenditure levels before making commitments to incur any expenditure that may not be essential or could be reduced. Set out in this newsletter is some items for your consideration.



Student Allowance Entitlements

Many farming clients find their sons and daughters are ineligible for Student Allowances based on the levels of previous years incomes. This may even be the case in the current 2016 study year as entitlement would have been initially based on last year's (ie 2014) taxable income levels. Even using 2015 taxable incomes may result in no entitlement as this includes deferred payments received between July and October last year.

There is an option to make application for Student Allowance entitlements based on a current (ie calendar) year income budget. Recent applications for Student Allowance entitlements based on a forecast of the current year's cashflow and profit has seen entitlements granted.

If you need assistance with an application for a Student Allowance entitlement for your son or daughter, please do not hesitate to contact our office.

ACC

The Accident Compensation Corporation has recently advised that if any farmers have not paid their invoices for ACC CoverPlus Extra, then the CPX Cover will be cancelled. In some instances this may be beneficial from a cashflow point of view, as the 2016 year in many instances is going to result in little or no profit income on which there will be ACC levies assessed under the standard cover. However, where CoverPlus Extra cover is in place, you are guaranteed a compensation cover should an accident arise.

The risk with non-payment of ACC CoverPlus Extra invoices is that there may be little or no ACC cover on the current year's level of income. We would suggest that if you are contemplating the non-payment of your invoice for CoverPlus Extra, that you discuss this with us so that the implications on your cover, likely invoice costs for next year, etc are explained and understood.



Farming and Financial Pressure

If your finding the current financial pressure difficult to deal with and it is causing you concern or stress, please do not hesitate to contact our office to discuss your position with us. We are your advisors and we are here to help.

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