



## Summer 2013



We've kept the content of our "Christmas Edition" nice and relaxed - there's no point stressing you at this time of the year!

Ah Summer, what power you have to make us suffer and like it!

Russel Baker



### CHRISTMAS & NEW YEAR OFFICE HOURS

Our office will close for business at  
**1pm on Friday 20th December 2013**  
and re-open at  
**8am on Monday 6th January 2014**



# EDITORIAL



I guess both townies and farmers alike were pleased to see a decent amount of rain in the last few weeks. It's so seldom in the Summer months that we get rain across the region but from my discussions with clients over the Waikato it seems everybody got a reasonable "dollop".

Hopefully our friends in the South Island are looking good heading into the festive season. I should be down that way around the time you receive this newsletter so I will see for myself.

Rain like we've had lifts the spirits and that's important with the festive season upon us. Of course, it's a very busy time for our non-farming clients.

The retail sector is well and truly wound up to take advantage of the Christmas "spend", while trades and other service industries are trying to complete as many projects as possible before staff go off for the Christmas/New Year period. Many of the trades also have to organise rosters for staff who are on call over the break.

**"A New Year's resolution is something that goes in one year and out the other"**

Anon

At present our staff are flat out "like lizards drinking" trying to juggle their time between preparing annual financial statements and completing GST returns. The Christmas/New Year period is a pretty good break from the office grind and most of our staff (myself included) will be back on deck on the 6th January.



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## EDITORIAL (continued)

Of course, all clients have our Directors' mobile telephone numbers if they need assistance over this time. As anyone who calls my mobile knows, I'm never far from it!

I will achieve a long-time ambition on Boxing Day by being at the Melbourne Cricket Ground for the first day of the 4th Ashes Test between Australia and England. Pity the Poms are going so badly, I might have to masquerade as an Aussie for the day. How bad is that!!



Anyway, that's enough from me. On behalf of all the team in our Te Aroha and Morrinsville offices, I wish you all the very best for the festive season and a safe and enjoyable holiday period with family and friends.

### The Joys of Provisional Tax!

With the Fonterra payout forecast continuing to rise, we're likely to be talking to many of our farming clients about the resulting tax implications, particularly if the weather is kind over the summer and milk production is strong.

The next provisional tax instalment (for May balance dates) is due in February. Farming clients with higher levels of income may find it necessary to make additional voluntary payments of provisional tax to minimise Use of Money interest charges that may apply.

The cash flow reports that we produce as a standard part of the GST return process provide excellent information from which to estimate likely taxable income for the current season.

**"If everyone says you are wrong, you're one step ahead.  
If everyone laughs at you, you're two steps ahead."**

**Charles "Chic" Thompson**

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# In a Nutshell

## Residential Care Subsidies

### Some basic facts

1. The Social Security Act states that applicants should be “looking to their own resources” to pay for the cost of care.
2. Around 30,000 people in NZ are in residential care at any time.
3. Only 9,000 of these pay for their own care (or make the maximum contribution). The rest receive some form of subsidy.
4. The average age of those in residential care is 84 years.

### What is the process for applying?

There are 3 assessments required.

1. **Needs** assessment (a review of your physical condition).
2. **Means** assessment (a review of assets to determine eligibility for the subsidy).
3. **Income** assessment (to determine whether you need to contribute to the cost of your care).

### How does gifting affect eligibility?

Here are the current rules on gifts that are “added back” to determine the level of assets for eligibility purposes.

1. In the 5 years before the application, any amount over \$30,000 (across all the years) for an individual or per couple.
2. More than 5 years before the application, any amount over \$27,000 per year for an individual or per couple.
3. A spouse's gifts will be included in an applicant's gifting history, provided they are still a couple. If a couple has genuinely separated before the application, the ex-spouse's gifts will not be counted.
4. All gifts are included, not just those to trusts or family members.

### What can safely be gifted in the future?

The only “safe” annual gifting going forward for a couple is \$27,000 total, i.e. \$13,500 each. Unfortunately, historic gifts of \$27,000 each for a couple over any reasonable length of time will likely compromise eligibility. The Ministry of Social Development is thoroughly checking all applications.

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# Absolutely Abacus

## Salary Problems for Farmers?

We talked in the previous edition of “The Abacus” about reviews of farmers’ employment records by the Labour Inspectorate. In particular, they are looking for cases where salaried employees have not been paid the minimum wage during the calving and mating season because a “seasonal averaging” approach has been used to calculate their wage payments.

This “averaging” approach involves the employee working longer hours in the Spring when things are busy, but lower hours in the Autumn when the season is drawing to a close. The employee receives the same physical pay throughout the year.

This practice causes problems when the employee’s pay for any pay period is less than the actual hours worked multiplied by the minimum hourly rate of \$13.75/hr. Clearly this is more likely to be a problem with employees that are subject to an hourly rate that is close to the minimum wage.

The Inspectorate are also checking payroll documentation held by the employer to ensure that minimum requirements are met.

## Workshop for Farm Employers

In the last week of February 2014 we will be holding a workshop for farming clients that will outline the minimum legal requirements that must be maintained when employing staff.

The workshop will focus on the “annual averaging” problem described above, but also demonstrate the requirements for appropriate record-keeping as an employer.

Participants will have an opportunity to query our experts (including staff from the Labour Inspectorate) on any employment related issues.

If you are wanting to register your interest in this event, please contact **Angela Millward** of our office on extension **816**.



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# Did You Know...??

## ACC Rates Coming Down

Information from the Accident Compensation Corporation suggests that ACC rates will **fall** by an average of **15%** from **April 2014**.

Employers, be aware that **PAYE deductions** from April 2014 will change. Although the income tax rates are not changing, PAYE deductions include ACC's "Earner Premium" levy for all employees. The Earner Premium helps fund the cost of **non-work** injuries and is therefore paid by the employee through the PAYE system.

## Petrol Excise Duty Refunds

A reminder to farming clients that they can claim a refund on the excise duty paid on petrol used on the farm. The current rate is 63.42 cents per litre and claims must be lodged within 3 months of the close of each quarter.

You can make a historical claim for the last two years, but the rate reduces slightly. NZ Transport Agency (NZTA) staff are happy to help new applicants with the claim process.

**"This holiday season, in lieu of gifts, I've decided to give everybody my opinion"**



## Merger Ahoy!

The members of our governing professional body, the NZ Institute of Chartered Accountants (NZICA) have voted in favour of merging with the Institute of Chartered Accountants Australia (ICAA).

59% of our members voted on the proposal, with 69% of these voting in favour. Work will begin immediately on the transition to the new Institute.

Benefits of the merger include access to more comprehensive resources and lower administration costs.



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# Useful Stuff to Think About

## Pony Express Causing Delays

Due to recent cutbacks in NZ postal delivery services we are finding that papers mailed in from our clients are taking **at least 5 days** to arrive in our office.

In addition, many parcels are arriving badly mangled, in some cases with the papers exposed.



We obviously can't do much about the delivery service, but we do have a few suggestions to improve the situation.

1. If papers need to be here urgently, or are of particular importance, you may wish to use a **courier service** rather than standard mail.
2. Make sure your papers are **securely packed** to withstand a bit of a "beating".
3. **Don't leave it too late** to send in those GST papers - allow for a week's delay.

## From the 2013 Census . . .

Here's some interesting stats from the latest census. All details are available on the Dept of Statistics website at [www.stats.govt.nz](http://www.stats.govt.nz).



- ⇒ Nearly **40%** of adults (15+ yrs) had an annual income of \$20,000 or less. Only **6%** had an income of \$100,000 or more.
- ⇒ 1,000,000 adults are **not** working (one-third of the adult population).
- ⇒ The median age in NZ is **38 years** (up from 36 years in 2006).
- ⇒ Since 2006 there has been a **30%** increase in people aged over 85 years.
- ⇒ **65%** of households own their own home. Only 50% of these have a mortgage.
- ⇒ **77%** of households have internet access, up from 37% in 2001.
- ⇒ **25%** of the population was born overseas.

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# An Introduction to ...

**Jeremy Skedgwell**

## **Our Latest Chartered Accountant**

Jeremy joined the Morrinsville crew back in 2011 and we've been remiss in not introducing him to you until now. It's a good time to talk about Jeremy too, because he has just gained CA (Chartered Accountant) status with the NZ Institute of Chartered Accountants. It's been a long, hard process and we extend our congratulations to Jeremy on his achievement.

We now have nine "CAs" in our practice, together with two ACAs (Associate Chartered Accountant) and an AT (Accounting Technician).

Until the recent addition of Tony Brown and his crew, Jeremy has been the sole male company for Nigel McWilliam in the Morrinsville office. He's learned to both give and take a fair degree of "stick" from his female co-workers!



Prior to entering the accounting profession he enjoyed 7 years in the banking industry, his most recent role that of Credit Manager with Westpac. Jeremy lives on a lifestyle property just outside Matakana and his interests include travelling, sports, horses and farming.

Word on the street is that Jeremy is celebrating his success with an overseas trip during the Christmas break, although he's being pretty tight-lipped about the destination. We may be able to bring you some holiday snaps in the next edition!

**"To know, is to know that you know nothing. That is the meaning of true knowledge"**

**Socrates**

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# More introductions!

## Erica Rigter

Erica will be familiar to many clients as she comes to us after 10 years with the local Westpac branch. She's been with us for six months now and is enjoying our office environment. Prior to her time with the Westpac, she was working with Gilchrist Burns (solicitors) in legal and investment roles.



Erica is working as a Client Manager for Jeanette and Darren's team, preparing financial statements and GST returns. She's finding that her banking and legal background are proving useful in getting to grips with the challenges of the accounting work.

Erica is married to Jeff, a local self-employed electrician. In her spare time she likes to enjoy the outdoors and is making the transition from walking to running as her preferred sporting activity.

**"Unless we make Christmas an occasion to share our blessings, all the snow in Alaska won't make it white"**

Bing Crosby

## Kim Casey



Kim is also with Jeanette and Darren's team, preparing financial statements and GST returns.

She recently moved to Te Aroha from Auckland with husband Rod to enjoy a more relaxed lifestyle.

For the last 15 years Kim has worked in a financial role with a large health/disability organization and has a history of professional employment in a range of administration and finance roles.

Kim likes to keep fit, spends time at the gym and is enjoying the wide range of recreational walking options available in our district.

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# Staff Happenings

## What on Earth is the “K2M”?

We're a pretty active bunch here at Diprose Miller. When you're at a desk most of the day, you need to stretch yourself whenever you can! To prove this point, a trio from our Te Aroha office recently took part in the “K2M” (Papakura to Mount Maunganui) relay event.



**Erica Rigter, Darren Diprose and Megan Farac** were part of a 12-man team that took on this mighty challenge.

They were joined by Darren's wife Megan in a 12-man team that covered the total distance of 305 km in 27hrs 51m.

Everything went well on the day. The event was non-stop, so many of the participants were running through the night. Each member ran three separate legs and covered roughly the same distance as a half-marathon in total. The beer on the beach at Mount Maunganui was well-earned and greatly enjoyed!

**“I always turn to the sports pages first, which record people's accomplishments. The front page has nothing but man's failures”**

**Earl Warren**

## Just Cruisin'

Our Te Aroha office decked itself out for the local “Te Aroha Cruise-In” event in early October.

Reception looked just a little like the set of “Happy Days”, with the 1950's theme capped off with the addition of a Harley-Davidson motorcycle.



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# Staff Happenings

## And Baby Makes Three!

Congratulations to staff member **Amanda Semmens** and husband Dean who are the proud parents of Gemma Jade, who weighed in at only 3lbs 2oz when she arrived on 19th September 2013, well before her due date. Despite arriving early, Gemma is progressing well and Amanda is slowly coming to grips with the joy of sleepless nights and the demands of motherhood.



## Clever Cookie!



**Kassie Thomas** from the Morrinsville office has just completed her Bachelor of Business (majoring in Accounting) from WinTec and is now embarking on the long process to obtain her CA (Chartered Accountant) qualification. It's been a great effort for her to achieve this goal in just four years while working full-time. **Well done!!**

## The Big Match

The Te Aroha Tennis & Squash Club premises was the venue for a pre-Christmas squash challenge between the experienced Darren "Dynamite" Di-prose and his challenger, the not so experienced Euan "Energiser Bunny" Lock. Both men were well pumped.



On a humid Wednesday afternoon in late November the two gladiators took to the court, accompanied by an enthusiastic group of co-worker spectators. Despite Euan pulling off some interesting moves, youth and experience won out on the day, with Darren eventually pulling away to win by 6 points. It would spoil the story to tell you how much of a handicap Darren had conceded to start the match!

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**Te Aroha**



**Morrinsville**



**See you in 2014 !!**