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AGRI BUSINESS NEWSLETTER

May 2011

Herd Values Announced Budget - May 2011 Emissions Trading Scheme

2011 Herd Values

The “snap shot” of herd values taken throughout New Zealand on 30 April has just been announced by the IRD.

As usual, this is based on a specific calculation taking a ratio of values from freezing works and sale yards and from various locations both North and South Island.

We have added the new values for 2011 with the past 12 years to show the cyclical trends of farming.

As expected with the lift in schedules since December all classes of stock have jumped sharply since April last year. Some may argue that the supply challenge has pushed up the sheep values.

The main movements are in sheep and in dairying (may have even been higher if the \$8.10 Fonterra payout had been announced earlier).

These herd movements are effectively inflation proofed i.e. the increase in herd values is not taxable.

ETS—Emissions Trading Scheme

Have you taken any action?

If you do not have an understanding of the ETS and the impact on your property—*time is ticking*.

The questions to be answered are:

1. Do you have more than 1 ha of land with forest species on it?
2. Were these trees established pre 1990 or post 1989?
3. What are the important dates to be aware of for action to be taken? (Clue - 30 September 2011 and 30 November 2011)

Be very careful on taking Carbon Credits and then having a liability attached to your farm land.

Tony Mossman has extensive knowledge relating to the Emissions Trading Scheme if you need to clarify your options, please get in touch with him.

Budget

The May 2011 budget announced that a review of the livestock valuation scheme will be undertaken - mainly relating to switching between schemes.

There will need to be some in-depth discussions on the herd values and likely movement in the next two years. Consideration of exiting the herd scheme if valuations are “peaking” should be discussed.

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