



**CHARTERED
ACCOUNTANT –**

*crème de la crème
for sharemilkers*

Results of the 12 regional Sharemilker of the Year competitions have been announced and the winners are currently being visited on their farms by a team of national judges before they go forward to contest the national sharemilker title.

No one will be watching the results more closely than Chartered Accountant Trudi Ballantyne, director of the Business Results Group in Te Puke, who has worked with the past three years' Bay of Plenty Sharemilker of the Year winners.

The concept of sharemilking is unique to New Zealand and is a means by which hard working, goal-setting ambitious young people can, in a remarkably short time, build up enough equity to buy their own farm.

For example, a young couple might start off as milking contractors then save enough to buy a herd of cows. They form a contract with a farmer, milking their cows on the farmer's property, sharing the profits from the milk.

They invest those profits in building up the size of their herd, moving to bigger and bigger farms until eventually – if that is their goal – they have enough equity to buy their own farm. Some achieve this in just a few years.

The incentives are big and the challenges are great. Being the best is important to these young people as it can mean the difference between staying put or getting a better position.

Recognising the importance of encouraging excellence and building the profile of sharemilking as a career option, Federated Farmers initiated a competition, now in its 17th year, to identify the top sharemilker in the country: the New Zealand Sharemilker of the Year.

The competition has the support of some of the country's leading rural entities: Dairy InSight, ACC, Bank of New Zealand, BlueWing Honda, Dexcel, Ecolab, Fonterra, Livestock Improvement and Ravensdown.

Because sharemilkers' financial circumstances change so rapidly, managing money well is crucial to their business and

so financial management accounts for 20% of the judges' marks in the Sharemilker of the Year competition.

"Having really sound financial advice is enormously important to a sharemilker's success," says agribusiness banker Peter Gunn from Bank of New Zealand, which sponsors a financial management award within the awards programme.

Mr Gunn is in his third year as a judge and is chief judge for the national finals this year. In the judging role, as well as over many previous years' involvement in the competition, he has seen at close range the difference having the advice of a good Chartered Accountant can make to a sharemilker's performance.

"People who score well in the financial management section of the judging tend to be those who have close relations with their banker and their accountant," Mr Gunn says. "This gives them a clarity around where they are coming from and where they are going to."

When sharemilkers enter the competition, they know they will be required to open their books to the judges and demonstrate a real understanding of their finances. This is where their Chartered Accountant becomes so important.

Karen and Kelly Shaw from Te Puke won last year's Bay of Plenty Sharemilker of the Year title. Two years before their success, on the advice of neighbours Jacob and Sheree Horton (who have just been named 2006 Bay of Plenty Sharemilker of the Year and who will vie for the national title shortly) they approached Trudi. Trudi was also recommended by Craig and Shelley Strawbridge who won the Bay of Plenty title in 2004.

"Business Results Group were recommended by everyone because they have a real understanding of the industry. We've had accountants in the past who have been just that – they did our accounts. But BRG and Trudi understand our business. She knows what stage we are at with our goals and how to make them happen. She is part of our whole planning process," Karen Shaw says.

Sharemilkers and their business are second nature to Trudi – she grew up on a dairy farm. She became an accountant 20 years ago after leaving school and has always worked in small-town Chartered Accounting firms, specialising in farming and taxation issues.

"When you're dealing with farmers, it's really important to understand and relate to the client. With sharemilkers there are lots of financial considerations to make right ▶

Trudi Ballantyne (centre) with sharemilkers Jacob and Sheree Horton checks the farm books.



Pictures: Nicola Topping

from the start such as whether they should trade as a company or a partnership," Trudi says.

As sharemilkers may build their finances over a short period of time, their contractual arrangements with the farmer on whose property they work often changes. They might start off on a variable order contract – that is, the percentage of profit they take might be lower than 50-50.

"The sharemilker will work with their lawyer over their contract, but I always go over the contracts with my clients to ensure they understand what it means to them from a financial point of view," Trudi says.

When a new client comes to Trudi, she sits down with them and gets them to talk about their goals, their one-year, three-year and five-year plans and how they propose to get there. "We'll have a strategic planning session to set budgets and then we monitor their performance against those budgets."

Trudi assists and coaches clients like the Strawbridges, the Shaws and the Hortons who have entered Sharemilker of the Year; to sharpen up and develop their skills. She provides them with tools such as BankLink, a simple way of monitoring actuals against budgets. She encourages them to look at why they didn't meet their goals.

As with any other kind of farming, sharemilkers are exposed to circumstances beyond their control. Factors such as the strength of the dollar, the cost of fertiliser, the milk payout from the milk companies and, of course, the weather, can have a dramatic impact on the sharemilker's profitability.

A flood or a drought can affect production; illness in the herd can be disastrous; poorly performing farm workers can have an impact. "It's important for me to be aware of what is happening in the industry so if there's something I think might make a difference to the sharemilker's income, I can get on the phone and talk it through with them."

It's not always negatives that have to be planned for: "Opportunities often present themselves [on which] they need to move quickly," Trudi says.

Being proactive in tax planning is also essential. "With the larger herds they can build equity very quickly, and they therefore need an effective tax structure. An accountant very much needs to have his or her finger on the pulse and be in regular contact. In some cases I'll advise my clients to make a voluntary payment or sometimes adjust their payments down."

Trudi walks the farm with the Hortons and their son Levi.



Trudi says the relationship BRG has with their sharemilker clients has changed subtly over the years. At BRG, all the directors and in fact the entire team have the same philosophies about their clients and what business success truly means. "We've worked very hard at broadening and deepening our client relationships and we take their success very personally. You become less of a number-cruncher and more of a personal advisor," she says.

Trudi is enormously proud to have been the financial advisor to three consecutive Bay of Plenty Sharemilkers of the Year and has enjoyed working with them on their entries in areas such as how to present their return on equity and answering questions about why they operate a certain stock regime.

"These guys are really driven and focused. I love to help them improve their skills; help them convey just how successful they are. I feel fabulous when they win. It takes courage to put yourself forward to be judged by your peers. It's wonderful to see them go on to represent the region and they come back even more focused. It's a fantastic competition."

BRG has even greater interest in the results as it has been a regional sponsor of Sharemilker of the Year for the past three years. The company is pinning its hopes on the Hortons for the national title to be decided in Christchurch on May 13, competing for a national prize pool of about \$60,000.

The Hortons have worked with Trudi for seven years and say the long-term relationship is important.

"Trudi recognises that we need to know where we're heading, how to get there and how to go about it. When we were looking for an accountant, we did some research to find the right person to look after our needs. Trudi came highly recommended and we've since recommended her to several other sharemilkers – like Karen and Kelly Shaw."

Karen Shaw says choosing the right accountant is crucial to a sharemilker's business. "And we certainly made the right choice." ■