

Client Shout Out

Riverton Fishermen's Company – from Southland Waters to Global Markets.

This month we're proud to recognise Riverton Fishermen's Company Limited, one of Southland's great export success stories.

Established in 1972, the company has been a cornerstone of the Southland fishing industry for more than 50 years, connecting local fishermen and quota owners with premium seafood markets around the world. Today, approximately 145 tonnes of live crayfish are marketed into China each year, showcasing the exceptional quality of seafood harvested from the waters of Fiordland and Stewart Island.

What makes the business particularly impressive is the complexity behind the operation. Live lobster is marketed daily to buyers across China, freight is coordinated across multiple destinations, and export documentation must be completed with absolute accuracy. During peak periods, significant shipment values require seamless coordination between fishers, processors, exporters and logistics providers.



Mark Jordan, James Harvey and April Lam at the Shanghai Seafood Market.

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McCulloch & Partners has proudly supported Riverton Fishermen's Company for many years. Our involvement extends well beyond traditional accounting and tax compliance, providing governance support, company secretarial services, payroll, quota management, business advisory services and assistance with international lobster marketing.

The relationship reflects MCP's long-standing commitment to New Zealand's fishing industry. With generations of involvement across the seafood sector, we understand the unique challenges and opportunities facing fishing businesses and pride ourselves on delivering practical commercial expertise, industry knowledge and strategic support that goes far beyond the services of a traditional accountant.

We congratulate the directors, shareholders, fishermen and wider team at Riverton Fishermen's Company on their ongoing success and thank them for their longstanding relationship with McCulloch & Partners. We look forward to supporting the continued growth of this iconic Southland business for many years to come.

Agri Update – Reasons for Optimism



Megan Clark with Tom Severn of TK Farming.

As this newsletter lands, many of our farming clients will be right in the middle of lambing. Winter has been reasonably kind across much of the south, leaving many farms with good feed covers and stock in solid condition heading into spring. As expected, spring has brought a few of the usual weather challenges, with those who lamb early having already faced severe wind, rain and snowy conditions. We're hopeful the weather will settle over the coming weeks to help ease the pressure during this busy time.

Recent reports from Beef + Lamb New Zealand paint a generally positive picture for the sheep and beef sector. Strong livestock prices, improving wool returns and lower interest costs have helped lift profitability and confidence across many farming businesses after several tough seasons.

As we work through year-end financial statements and meet with clients across Southland and Otago, we're seeing many of the same themes reflected in farm financial results. For many businesses, the 2026 year has delivered a welcomed improvement in profitability, allowing balance sheets to be strengthened after a number of more challenging seasons.

It is particularly encouraging to see beef farmers enjoying a strong run. Beef + Lamb New Zealand reports national beef cattle numbers increased 3.3% over the past year, while Southland recorded one of the largest regional increases at 6.7%. In contrast sheep numbers fell an estimated 2.0% nationally and 2.4% in Southland. Showing that farmers are pivoting towards the favourable beef returns, or exiting from the industry with a large increase of land sales to forestry and dairy support.

For those in the sheep game, lamb numbers last year were slightly down by 0.3% but there are positive signs ahead with strong sheep and wool prices. From our discussions with clients, many sheep farming businesses are once again reporting healthy surpluses after several difficult seasons and improved confidence. Beef + Lamb New Zealand notes that breeding stock generally entered winter in good condition, and early scanning results in Otago and Southland were promising, providing a solid platform heading into lambing.

The cost environment remains an important consideration. While lower interest rates helped produce headline on-farm inflation of -0.9% for the year to March 2026, underlying on-farm inflation was still 3.9%. Fertiliser, lime and seed costs increased 8.1%, rates rose 9.2%, and electricity costs lifted 7.1%. Looking ahead, we expect higher fuel, cartage and fertiliser costs to place further pressure on farm budgets.

Interestingly, while many of the financial results we're reviewing show a strong recovery in farm profitability, they also highlight how quickly rising input costs can erode margins. The businesses performing best are generally those maintaining a close focus on budgeting, cashflow management and disciplined spending decisions.

For now, there are good reasons to be positive. Strong livestock markets, improving profitability, healthy stock condition and renewed confidence have created a much stronger foundation than many farmers have experienced in recent years. The challenge, as always, will be managing costs and making the most of whatever spring weather Southland delivers.

From our discussions with clients across Southland and Otago, there is a noticeably more positive tone than in previous years. While costs remain a key focus, many farming businesses are once again having conversations about debt reduction, succession planning, capital investment and long-term growth opportunities rather than simply focusing on getting through the season. For many, that's a welcome sign that confidence is returning to the sector.

Sources: Beef + Lamb New Zealand Stock Number Survey (August 2026) and Sheep & Beef On-farm Inflation Report (July 2026).

Agri Update – Reasons for Optimism (cont...)



Dairy Sector Continues to Perform Strongly

The dairy sector continues to track along well, with strong milk prices and healthy cashflows supporting confidence on farm. Across our client base, we're seeing many farmers reinvest in their businesses, whether that's upgrading infrastructure, replacing machinery or planning for future growth. While costs remain higher than they were a few years ago, most businesses are managing these pressures well and remain focused on improving efficiency and long-term profitability.

One trend we're noticing across Southland and Otago is that significant investment made on farms over recent years is now beginning to deliver results. Infrastructure upgrades, machinery purchases, farm development projects and technology investments are contributing to operational efficiencies and productivity gains. For many businesses, these investments are helping reduce labour requirements, improve farm performance and strengthen long-term sustainability.

From a financial perspective, these investments are also having a significant impact on tax outcomes. Many farmers are now generating substantial depreciation claims from capital expenditure undertaken in recent years. Combined with the Government's Investment Boost rules, which allow businesses to immediately deduct 20% of the cost of eligible new assets before claiming depreciation on the balance.

This reinforces the importance of forecasting and proactive tax planning. We're seeing a number of businesses report strong operating surpluses while also benefiting from sizeable depreciation deductions and Investment Boost claims. Understanding these impacts early allows farmers to make better decisions around tax obligations, debt reduction, future capital expenditure and cashflow management.

The outlook for dairy remains positive. While milk prices and input costs will continue to fluctuate, most farming businesses are entering the season from a position of strength. The businesses best positioned for long-term success will be those that continue to balance strong production with disciplined cost management, smart investment decisions and a focus on building resilient farming operations.

MCP Insight: We're seeing many dairy clients use the current favourable conditions to strengthen their businesses rather than simply enjoying the higher returns. Debt reduction, capital reinvestment and forward planning remain common themes, with many farmers taking the opportunity to position themselves strongly for whatever the next cycle may bring.

Payroll Changes Coming in 2028:

No Immediate Action Required.

There has been increasing discussion about upcoming payroll and leave law changes in New Zealand. While these reforms are significant, employers should remember that **the changes do not take effect until 6 August 2028**, which is nearly two years away. Until then, employers must continue to follow the current Holidays Act rules.

The key change is the introduction of the new **Employment Leave Act**, which will replace the Holidays Act. The Government's objective is to simplify the way leave is earned, taken and paid, particularly for employees with variable hours and work patterns.

Some of the proposed changes include:

- Leave entitlements beginning to accrue from an employee's first day of employment, rather than relying on annual entitlement dates.
- A greater focus on recording and managing leave in hours.
- Simpler rules for employees who work irregular or variable hours.
- New approaches to managing public holidays and alternative leave.
- Changes to the way payroll systems calculate and track leave balances.

For many businesses, the biggest impact will be on payroll software and employment documentation. Payroll systems are expected to require updates, and employers will likely need to review employment agreements and workplace policies before the new legislation comes into effect.

Importantly, businesses **do not need to make immediate changes**. The Government has provided a lengthy transition period to allow employers, payroll providers and software developers time to prepare. Employers cannot adopt the new rules early and must continue to comply with the current Holidays Act until August 2028.

2028 Payroll Changes

There's time to prepare for a smoother transition.

Separate from the Employment Leave Act reforms, employers should also be aware of upcoming KiwiSaver contribution increases. The default minimum contribution rate increased from 3% to 3.5% from 1 April 2026 and then increases to 4% from 1 April 2028 for both employers and employees. Businesses should consider the impact of these increases when preparing future budgets and salary forecasts.

What should employers do now?

At this stage, the best approach is simply to stay informed. Over the next two years employers should:

- Keep payroll systems up to date.
- Ensure payroll records and leave balances are accurate.
- Monitor communications from payroll software providers.
- Review employment agreements closer to the implementation date.
- Budget for the KiwiSaver contribution increases.

While the reforms represent the most significant leave and payroll changes in many years, there is no need to rush into action. The key message for employers is that **the current rules remain unchanged for now**, and there is still plenty of time to understand the new requirements and prepare for a smooth transition before they take effect in August 2028.

Xero Updates



Xero has announced subscription price changes effective from 1 October 2026.

Clients whose subscriptions are managed through McCulloch & Partners continue to benefit from our discounted Xero partner pricing which we pass directly on to our clients.

Recent updates to Xero's functionality include:

- + **Automatic Bank Reconciliation:** Let Xero's AI assistant, JAX, automatically reconcile bank transactions where there is a high level of confidence. Previously available on Grow plans and above, this feature can now be added to Ignite plans for \$6.44 per month.
- + **Smart Document Capture (Beta):** Upload invoices and receipts directly to Xero Files and have key information automatically extracted using AI technology.
- + **Request Deposits for Invoices:** If you have Stripe connected to Xero as an online payment provider, you can now request deposits for invoices.
- + **Invoice Scheduling:** Choose to send an invoice at 9am the next day or at a custom date & time (not applicable to invoices sent in bulk).

Subscription	Current Price	From 1 October
Cashbook Non-GST	\$18.40	\$19.55
Ignite	\$28.18	\$29.79
Grow	\$66.82	\$71.65
Comprehensive	\$88.55	\$94.19
Ultimate	\$100.63	\$108.68

*Prices are in NZD, inclusive of GST and reflect our discounted partner pricing.

What's on the near horizon

Xero is rolling out a new full-page Bills experience designed to make bill processing faster and more intuitive. The update adds features such as editing supplier details directly within a bill, managing planned payment dates without leaving the screen, customising layouts, and quicker navigation through bills with options like "Approve & Next". The changes aim to create a more consistent experience across Xero while reducing admin time.



Making Day to Day Money Management Simpler

Managing business spending shouldn't create more admin than it needs to.

For many businesses, charities, clubs and incorporated societies, keeping track of who can spend what, collecting receipts, managing reimbursements and reconciling transactions can quickly become time-consuming.

Emerge is a New Zealand-built money platform designed to simplify some of these day to day financial tasks, giving organisations one place to manage accounts, cards, payments and expenses.

Better visibility and control

For businesses with multiple people making purchases, managing spending can become complicated. Sharing cards or relying on staff to pay for expenses themselves and claim reimbursements later can create additional administration and make it harder to keep track of costs.

Emerge allows businesses to create separate accounts for different teams, projects or expenses and issue physical or virtual Mastercard cards to individual team members. Spending limits and controls can be set for each card, while payment approvals provide additional oversight where needed.

Transactions can be viewed in real time and receipts captured as spending happens. Emerge also connects with Xero, helping simplify reconciliation and reduce manual administration.

A new option for community organisations

Emerge has recently extended its platform to registered charities and incorporated societies.

For volunteer-led organisations, this can provide a simpler alternative to shared cards, login details and reimbursement processes. Treasurers, committee members and other authorised people can be given the access they need, while the organisation retains visibility and control over spending.

Separate accounts can also be used to organise funds for different purposes, projects or grants, making it easier to understand where money is being spent and simplifying reporting and reconciliation.

Could it work for you?

Emerge may be worth considering if your business or organisation has several cardholders, relies heavily on reimbursements, regularly chases receipts or needs a clearer way to manage spending across different people, projects or cost centres.

The right financial systems should make it easier to run your organisation, not add another layer of administration.

If you're reviewing the way your business or organisation manages its day to day spending, talk to your McCulloch & Partners advisor about whether Emerge could be a good fit.



Some of our Invercargill team in sunny yellow showing their support.

Daffodil Day

In August, our team came together for Daffodil Day with a fundraising morning tea, with proceeds going to support the Cancer Society New Zealand.

It was a great opportunity to pause, connect, and contribute to an important cause that touches the lives of so many New Zealanders.



Key Dates October – December 2026

October

5 Oct	PAYE: (Large Employers) for the period 16 Sep to 30 Sep.
20 Oct	FBT: Quarterly return and payment are due for period ending 30 September if you are a March balance date.
20 Oct	PAYE: (Small Employers) for the period 1 Sep to 30 Sep. PAYE: (Large Employers) for the period 1 Oct to 15 Oct.
28 Oct	GST: Return and payment due for the period ended 30 Sep
28 Oct	Provisional Payment (Income Tax) 1st Instalment (March balance date, six monthly GST)

November

5 Nov	PAYE: (Large Employers) for the period 16 Oct to 31 Oct.
20 Nov	PAYE: (Small Employers) for the period 1 Oct to 31 Oct. PAYE: (Large Employers) for the period 1 Nov to 15 Nov.
30 Nov	GST: Return and payment due for the period ended 31 Oct.

December

7 Dec	PAYE: (Large Employers) for the period 16 Nov to 30 Nov.
21 Dec (20 Sun)	PAYE: (Small Employers) for the period 1 Nov to 30 Nov. PAYE: (Large Employers) for the period 1 Dec to 15 Dec.