

Agricultural Financing Options.

Read the series of articles about different agricultural financing options and answer the following questions.

Questions

1. Name the finance companies discussed in the document.
2. Why is it vital for farmers and contractors to consider all machinery financing options in the current economic climate?
3. How can modern technology influence the decision to invest in new agricultural machinery?
4. What are the key factors an agribusiness should consider when determining its borrowing requirements for new equipment?
5. What options are available to help agribusinesses manage their borrowing if they have limited capital or need to protect their equity?
6. How is the cost of a financing proposal typically determined by agricultural lenders?
7. What resources can a borrower contribute toward the cost of a new machinery proposal?
8. How do tailored financial packages help both the borrower and lender assess the risk of a new proposal?
9. In what way does the cost of making a change (investment) impact the assessment of business equity?
10. If you were wanting to purchase a combine harvester, which of the finance options would be the best to utilise?

special feature...

AGRICULTURAL FINANCE

FARMERS AND CONTRACTORS FACE PLENTY OF UPS AND DOWNS IN THEIR BUSINESSES, ESPECIALLY IN UNCERTAIN ECONOMIC TIMES. THEREFORE, IT IS VITAL TO PAY ATTENTION TO THE BOTTOM LINE AND CONSIDER ALL MACHINERY FINANCING OPTIONS. IN THIS FEATURE LEADING MACHINERY DISTRIBUTORS AND BROKERS TELL US ABOUT SOME OF THEIR FINANCIAL PRODUCTS.

TULLOCH FARM MACHINES

KRONE FINANCE

Krone Finance is all about finding the best way to meet the needs of particular farming and contracting businesses.

Krone Finance representatives can tailor a specific financial package for your business but it also offers some very attractive quarterly package deals.

Take advantage of our latest Krone Finance offer on any of our imported flow models. With the new matrix rate, customers can choose their interest rate

depending on the trade in or deposit they have available on one side, and the loan term on the other side.

This gives more flexibility in the Krone Finance program and incentivises a greater deposit to

get a better interest rate.

The period this finance offer is valid for is from the beginning of 2022 to 31st May, 2022 for deliveries and installations no later than 31st December, 2022.

The deposit is based on the GST inclusive sum. The financing comes with three months

Term	20% Deposit	30% Deposit	40% Deposit
24 Months	3.45%	2.95%	2.45%
36 Months	4.45%	3.95%	3.45%
48 Months	5.45%	4.95%	4.45%



CNH Industrial has made some exciting moves in the New Zealand agricultural market in recent years, and in 2022 CNH Industrial Capital is at the forefront of a raft of new opportunities for farmers and contractors.

As the financial services arm of CNH Industrial, CNH Industrial Capital offers financial support to businesses in the agriculture and construction sectors.

In June 2021, CNH Industrial Capital launched into the New Zealand market. With its knowledge and expertise, it offers a range of finance packages to Kiwi agricultural and construction businesses tailored to their particular needs.

Now, CNH Industrial Capital is working hard to support CNH Industrial's move to directly manage the distribution of its Case IH and New Holland Agriculture brands to authorised dealerships across New Zealand, which will come into effect from July this year.

CNH Industrial Capital New Zealand national sales manager John Gilbert says the past eight months had been very satisfying and changes to the distribution arrangements for Case IH and New Holland machinery here present new opportunities that his team is keen to embrace.

"Our move into New Zealand started with a pilot project in January 2021 with three dealers. Our New Zealand team of three started working with customers last June.

"Since then, we have gained good traction in the market and rolled out our platform to more than 50 Case IH, New Holland and Case Construction Equipment dealerships.

"We are happy with the sup-

port we have received from new customers and have had good feedback from dealers about how easy our finance quote platform is to use. Another pleasing aspect is the number of repeat customers we have had in this short time."

John says the move by CNH Industrial to re-enter the market as the distributor of its Case IH and New Holland machinery in 2022 is an exciting one. The NZ CNH Industrial Capital team is looking forward to supporting it with finance options for customers and the independent New Holland and Case IH dealerships across the country.

"This is another opportunity for us to get closer to our customers and allows us to use our expertise in the industry and finance sector to tailor solutions that fit their business," he says.

"We are in the unique position of being able to offer manufacturer-operated financing that can streamline the purchasing process.

"We know the machinery sold through our CNH Industrial brands' dealerships and we have a real appreciation for the agricultural industry and the challenges farming businesses face, such as the weather, uncertain commodity prices and natural disasters."

CNH Industrial Capital understands the seasonality and unique income cycles of farm businesses and the need for flexible payment options that suit a customer's cashflow.

While 2022 will present its own challenges to the New Zealand agricultural sector, John says his team is ready to help minimise the impact on contractors and farmers.



"With the ongoing challenges related to supply and inflation, in addition to the rising interest rate market in New Zealand, our fixed-rate finance offer provides much-needed certainty for farm businesses," he says.

"Into the future, tractors and machinery will continue to

advance in complexity. We can offer flexible finance that allows our customers to take advantage of these technological advancements. This will ensure their businesses maximise their productivity and ultimately boost the all-important bottom-line." **RC**

deferred payment, and the offer is available on all new imported machines from Tulloch Imports Ltd except for the Krone BiG-M and BiG X.

All other brands of machinery Tulloch Farm Machinery offers are also eligible for this financing. This includes Einbock, Monosem, Bema, Supreme,

Eurobagging and Strebel machines and it is available via UDC or Heartland Bank (MARAC Finance).

Further terms, conditions and lending criteria apply. Any documentation relating to any of these packages need to be pre-approved and supplied prior to the end of the second quarter to

ensure the order is met.

Preapproval is now a lot easier with online tools that can give a definitive answer within a few minutes.

Preapproval can also be granted by answering a few simple questions over the phone, which makes the process simple and straightforward.

These Krone finance offers apply to all new imported products so be in quick to ensure your order is made by the end of the second quarter and take advantage of these great offers.

For more information you can contact Tulloch Farm Machines on 06 370 0390 or visit the website tulloch.nz. **RC**



JOHN DEERE FINANCIAL

Effective financing has allowed Waikato contractors Hall & Wilson Contracting to secure a fleet of John Deere equipment and grow its business capacity ten-fold.

The Otorohanga-based business provides baling, cultivation, planting, drilling and bulk forage harvesting services. Nathan and Sarah Wilson bought into the business in 2014 after working closely with the sole owner Allan Hall before that.

Nathan and Sarah helped reshape the operation with a greater emphasis on forage harvesting. They went from cutting 250 ha of maize a season to the 2800 ha of maize and grass silage they now do each year.

To achieve this growth they have attracted and retained new clients, and the reliability of their John Deere equipment has enabled them to do this.

"John Deere Financial has been a great tool for us. The interest rates are so low we have been able to keep our fleet modern. This is important to our business as we require machines that can run for 6000 hours with absolutely no fuss," Nathan says.

Hall & Wilson Contracting's fleet currently includes an 8600i forage harvester, a 1725 NT precision planter, a C441R round baler and a set of 388 triple mowers. This is on top of a line-up of tractors that includes two 6215Rs, two 6195Ms, a 6145R and a 6110M.

"It is our goal to provide a quality service and to be in and out of farms in a timely manner because we don't want to be interrupting their operations. We have chosen to use John Deere for this reason," Nathan says.

Nathan and Sarah met in 2001 in the United States while working on the 2000 Mile Harvest through the Midwest. The massive harvest includes wheat, maize, beans, canola, sorghum and sunflowers.

They were both employed by JKD Harvesting, a contracting operation that harvests throughout Texas, Kansas, Oklahoma, South Dakota and North Dakota. Working with JKD Harvesting was a masterclass in efficient contracting, and it gave the couple a chance to see a John Deere fleet performing at scale.

Nathan ran a John Deere 9650 STS combine harvester during the wheat and corn harvest, while Sarah drove a truck and trailer. They then worked on farms in the UK, before coming back to New Zealand.

They partnered with Allan Hall to form Hall & Wilson in 2014, and last year Nathan's brother Sam Wilson also joined the business.

"During the peak season, our focus is completely on our customers, so when it comes to finance we don't want anything that is time consuming," Sarah says.



"Working with our local dealership, AGrowQuip, and particularly Waikato branch manager Chris Hughes, the finance process is simple and there is no fuss.

"We know that we can rely on them to provide good advice and good service. They are more than happy to do a consultation over the phone or on site should we need it."

John Deere Financial mirrors John Deere's deep understanding of the unique needs of New Zealand's primary producers and contractors.

Access to John Deere Financial's packages can be easily arranged through a simple online application, or by speaking to a

local John Deere dealer.

John Deere Financial is committed to being a trusted financial partner, and it can provide financing for new and second-hand equipment, and for equipment made by other machinery manufacturers.

All John Deere Financial packages can be arranged in-person or online-only to suit your business needs.

"I would recommend John Deere Financial, simply because their rates are so attractive and they are great to work with," Nathan says.

For more information, visit the John Deere Financial website deere.co.nz and click on the Offers & Finance tab. **RC**



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AGCO FINANCE

AGCO Finance is a joint venture between global finance provider De Lage Landen and global agricultural machinery designer, manufacturer and distributor AGCO.

This experience and reach gives AGCO Finance the insight to provide tailor-made finance for agriculture businesses.

In the agricultural industry, sustainability is a term on everyone's lips at the moment as we search for ways to combat climate change, navigate new government regulations, and find ways to apply healthy long term farming practices.

AGCO Finance NZ sales executive Tayler Payton says New Zealand's agricultural sector in particular is an ideas hub with sustainability being front of mind and AGCO Finance wants to partner with individuals and businesses that are leading the charge.

"AGCO Finance is committed to the cause. If you are engaging in sustainable farming practices and are in need of finance, please get in touch with your

local AGCO Finance dealer to find out what kind of special package we can offer you," Tayler says

In today's marketplace, financing and lease options are as much a part of the purchase decision as the mechanical features and benefits of the equipment you choose.

AGCO Finance's programmes give Kiwi farmers the opportunity to gain use and ownership of the world's best agriculture equipment with the power, efficiency and technology to help you operate a profitable business.

Options from AGCO Finance include hire purchase and operating leases that can be tailored to your seasonal cash flow. They are also flexible when it comes to deposits and terms.

Tayler says AGCO is passionate about offering its customers the best possible solutions. Benefits include:

- The ability to lock in a finance rate on forward orders, especially in the age of Covid, where supply chains are not what they are once were.



- Once you are an AGCO Finance customer, in addition to financing AGCO products, you can apply for finance for non-AGCO implements

and used machinery.

- As an existing customer you can sign documents online for a quick and easy turnaround.

"Farmers and contractors ▶

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CLAAS FINANCIAL SERVICES

Operating leases are becoming increasingly common as contractors and farmers seek more tax-effective financing methods to finance big-ticket machinery.

Unlike hire purchase agreements or lease arrangements, where the customer takes ownership of the asset, an operating lease is a customised rental agreement whereby the lessor retains ownership of the asset.

Claas Financial Services business development manager Karen Rouse says this simple difference can provide significant taxation advantages for primary producers.

"In the past, producers would buy equipment under a conventional corporate hire or capital lease arrangement. They could then claim the interest component as a tax deduction and depreciate the asset over its useful working life," she says.

"By comparison, an operating lease is a rental agreement, which means the cost of using machinery becomes a fully tax-deductible operating expense."

Instead of paying a deposit and making repayments over the term of the contract, the farmer or contractor pays for the use of that machine. Repayments are based on its purchase value, the anticipated usage each year and the fair market value of the machine at the end of the term.

"There is no high upfront investment, and the payments are based on fixed terms. This means you can prepare accurate budgets and cash flow forecasts," Karen says.

"At the end of the contract, you can choose to renew the contract with the existing machine and upgrade to the latest technology or simply return it to us."

Karen says operating leases have been used in the mining, construction and aviation sec-

tors for many years.

"There's nothing 'new' about rental agreements but they are really starting to take off in the agricultural sector as farming operations and accounting methods become more sophisticated and people realise the tax benefits," she says.

"This facility means you can access new technology without dipping into your capital or affecting your equity position. This helps to protect your line of credit to fund crop or livestock inputs and frees up capital for other parts of your business."

Claas Financial Services offers a comprehensive range of other financing options, including chattel mortgage, hire purchase and finance lease for both new and used machinery.

The service provides finance for more than half of all sales made through the Claas Harvest Centre network in Australia and New Zealand.

"We make it as easy as possible to gear up your business with high performance machinery," Karen says.

"Our competitive financial packages are customised to suit individual needs and cash flows. Our customers can obtain finance from their local dealership without having to go to a third party or jump through hoops.

"Our 'one-shot' documentation process minimises the time-consuming and intrusive nature of applying for finance. We don't need any financial statements, such as tax records, bank statements, assets and liabilities or valuations, on purchases up to \$150,000.

"We only need some very basic information about your farming enterprise, and in most cases, you will have an answer within 24 hours."



Claas Financial Services now offers online digital documentation and online finance quoting for machinery purchases.

This allows busy customers to sign finance documents for their purchases at any time on a smart phone or iPad – even while they are in their tractor or waiting for the next load of silage or grain to be emptied.

Claas Financial Services is provided by De Lage Landen Limited, a wholly-owned subsidiary of the world's leading agribusiness bank, Rabobank.

Rabobank ranks among the world's top 50 financial institutions, while De Lage Landen has more than NZ\$59 billion in assets.

"We can provide competitive and more flexible financial options than traditional lenders. Our staff have extensive knowledge of modern agricultural production systems and technology.

"Farmers and contractors like to know who they are dealing with, that they know what they are talking about, and that they are going to be around for the long haul.

"We tick all of those boxes with the added bonus that we have a close affinity with the brand of machinery they are purchasing.

"That being said, people should always seek independent accounting advice to ensure they are doing the best for their circumstances," says Karen. **RC**

◀ should do their research or seek independent advice from their accountant when it comes to the tax benefits that come with hire purchase and lease finance.

"Then they can make an educated decision on which AGCO Finance product is suitable to

their operation," Tayler says.

There is an extensive AGCO Finance dealer network across New Zealand, so there is one in your neck of the woods with friendly staff that would love to help.

It is always good to put a face

to the name, especially when it comes to financial matters. AGCO Finance knows that you need someone that understands the region you live in and the challenges you face.

Tayler Payton is now AGCO Finance's New Zealand repre-

sentative. She is available to answer any questions you have and is always willing to head out with your local dealer to get to know you and your operation.

To get in touch with Tayler, contact your local AGCO Finance dealer. **RC**



special feature...

AGRICULTURAL FINANCE

FARMERS AND CONTRACTORS CAN FACE PLENTY OF UPS AND DOWNS IN THEIR BUSINESSES GIVEN OUR UNCERTAIN WEATHER PATTERNS AND ECONOMIC TIMES. THEREFORE, IT IS VITAL TO PAY CLOSE ATTENTION TO THE BOTTOM LINE AND CONSIDER ALL MACHINERY FINANCING OPTIONS. IN THIS FEATURE LEADING MACHINERY DISTRIBUTORS AND FINANCE BROKERS TELL US ABOUT SOME OF THEIR FINANCIAL PRODUCTS.

AGCO FINANCE

AGCO Finance is the worldwide provider of financing solutions for AGCO, a global leader in the design, manufacturing and distribution of agricultural equipment.

Headquartered in Eindhoven, the Netherlands, AGCO Finance manages a portfolio of more than NZ \$15 billion and employs over 350 people. It provides customer

and dealer finance support in more than 20 countries.

In New Zealand, the local AGCO Finance team has been supporting AGCO customers with financial solutions for their farming equipment for close to 20 years.

AGCO Finance Australia and New Zealand general manager Phil Janes and New Zealand

account manager Tatenda Kurewa have lots to say about why choosing an AGCO Finance package for your equipment benefits your business.

“Working with AGCO Finance is more than just a one-off transaction. We build long term relationships so that we support you and your business throughout the full lifecycle of your equipment,” Phil says. ▶



CREDIFLEX

Recent events in New Zealand have cast a spotlight on the resilience and adaptability of the rural contracting sector. From unprecedented weather events to economic fluctuations, rural contractors are navigating a landscape more challenging than ever before.

In these times of uncertainty, the role of Crediflex becomes not just beneficial, but essential. With a nationwide presence, Crediflex offers financial solutions and support that can be tailored to the unique needs of rural contractors. This can help them weather the storm and emerge stronger.

Recent climatic and economic events have posed significant challenges for Kiwi rural contractors. Unpredictable weather patterns have disrupted agricultural cycles, while economic shifts have affected market stability. This has led to increased operational costs and uncertain income streams, making financial management more complex for contractors.

Amidst these challenges, Credi-

flex stands as a beacon of support and guidance. The reasons for this are:

1. Understanding unique challenges – Crediflex’s team is deeply embedded in local areas. We understand the specific impacts that recent events have had on rural contractors. This insight allows us to offer more relevant and effective financial solutions.

2. Tailored financial solutions – Recognizing the heightened need for flexibility, Crediflex offers tailored financial solutions. This includes access to pre-approved credit limits and adaptable working capital options. This allows contractors to swiftly adjust to changing circumstances.

3. Nationwide reach, localized support – With its nationwide network, Crediflex is positioned to assist rural contractors across the country, but also provide localised support and advice tailored to regional challenges and opportunities.

4. A partner in challenging times – More than just a financial broker, Crediflex can act as a partner to rural contractors. We



can guide you through these turbulent times with expert advice and supportive planning.

Crediflex says, despite recent adversities, the outlook for New Zealand’s rural contractors remains cautiously optimistic. With the right support and financial strategies, contractors can adapt and thrive.

The resilience of the sector, coupled with innovative approaches to financial management and operational efficiency, bodes well for the future.

In these unprecedented times, don’t navigate the complexities alone. Reach out to Crediflex for financial solutions that are as adaptable as your business needs to be.

Whether you are facing immediate challenges or planning for the future, our team is ready to assist you in finding the financial stability and flexibility you need.

Visit our website crediflex.co.nz or call us on 0800 CREDIFLEX to start your journey towards financial flexibility and stability. **RC**

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◀ “We are not just here for the times that your business is thriving, we are also a partner for when things get more difficult.

“For us, being a partner means knowing your business inside and out. We listen to your unique needs and offer flexibility. From a deposit right through to the structure of your payments, we customise the financial solution to what works for you.”

Tatenda says in today’s market, financing is as much a part of the purchase decision as the mechanical features and benefits of your equipment.

“AGCO is passionate about offering customers the best possible solutions when it comes to farming equipment. AGCO Finance is passionate about offering those solutions to customers at competitive financing rates,” she says.

“Other benefits of choosing AGCO Finance as your financing partner are that in addition to AGCO products, you can also apply for finance for used

machinery. Also, as an existing customer you can sign documents online for a quick and easy turnaround.”

It is always good to put a face to the name, especially when it comes to financial matters. There is an extensive AGCO Finance dealer network across New Zealand, so there is one in your neck of the woods with friendly staff that would love to help.

Tatenda is available to answer any questions you have and is always willing to head out with your local dealer to get to know you and your operation.

AGCO Finance was founded in 1990 as a joint venture between DLL, a global financial services provider, and AGCO. AGCO Finance supports all AGCO brands, including Fendt, Valtra, Massey-Ferguson, Precision Planting, GSI and AGCO Parts & Service.

For more information contact Tatenda Kurewa on 021 342 808 or tatenda.kurewa@agcocorp.com. **RC**

CNH INDUSTRIAL CAPITAL

As the new year begins, CNH Industrial Capital is at the forefront of a raft of new finance opportunities for farmers and contractors.

As the financial services arm of CNH Industrial, CNH Industrial Capital offers assistance to businesses in the agriculture and construction sectors. With its knowledge and expertise, it offers a range of finance packages to Kiwi businesses tailored to their particular needs.

CNH Industrial Capital New Zealand national sales manager John Gilbert says the past three years since Capital launched into the local market have been very satisfying.

"In that time, we have gained good traction in the market and rolled out our platform to dozens of CNH Industrial dealerships across the country," he says.

"We are happy with the support we have received from new customers and have had good feedback from dealers about how easy our finance quote platform is to use. Another pleasing aspect is the number of repeat

customers we have had."

John says since the move by CNH Industrial to re-enter the market as the distributor of its Case IH and New Holland machinery in 2022, the Capital team had enjoyed supporting the new arrangements with a raft of exciting finance options.

"This has been another opportunity for us to get closer to our customers and allows us to use our expertise in the industry and finance sector to tailor solutions that fit their business," he says.

"We are in the unique position of being able to offer manufacturer-operated financing that can streamline the purchasing process.

"We know the machinery sold through our CNH Industrial brands' dealerships. We also have a real appreciation for the agricultural industry and the challenges farming and contracting businesses face, such as the weather, uncertain commodity prices and natural disasters."

CNH Industrial Capital understands the seasonality and



unique income cycles of farm businesses and the need for flexible payment options that suit a customer's cashflow.

While 2024 will present its own challenges to the New Zealand agricultural sector, John says his team is ready to assist contractors and farmers.

"With the ongoing challenges, our fixed-rate finance offer provides much-needed certainty for

farm businesses," he says.

"Into the future, tractors and machinery will continue to advance in complexity. We can offer flexible finance that allows our customers to take advantage of these technological advancements.

"This will ensure their businesses maximise their productivity and ultimately boost the all-important bottom-line." **RC**

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special feature...

AGRICULTURAL FINANCE

Farmers and contractors navigate plenty of highs and lows in their businesses, with unpredictable weather and economic uncertainty adding to the challenges. That's why keeping a close eye on the bottom line and exploring all machinery financing options is essential. In this feature, top machinery distributors and finance brokers share insights into some of their financial products.

UDC

New financial year considerations

It is the start of a new year and we're not out of the woods yet with regards to tough economic times - so what should businesses be thinking about when it comes to finance?

According to Morgan Strong, General Manager - Commercial for UDC Finance, there are certain conversations you can be having with your financial advisors at this time of year.

One of the most important areas of focus right now is cashflow and keeping your costs under control," states Morgan. "Businesses who understand their numbers and put the right plans in place to keep things ticking over are more likely to succeed in these tough times. It's also a great time to identify some key ratios you can use to set yourself up well for the year ahead. By understanding your numbers and communicating your financial position clearly definitely helps any funder like UDC to better assist you and your business."

Costs will continue to be a focus for businesses, including fuel costs, repairs and maintenance costs, and interest rates. Some questions businesses should be asking themselves include:

- Is your current pricing model at the right level?
- Are your repairs and maintenance costs up, and is this a sign that you need to be looking at replacing your vehicles or equipment?
- Have you reviewed your cashflow for the next few months? Make sure you understand your numbers.
- Have you considered shopping around for the best solution for your specific asset finance situation, particularly with regards to loan payments? There are numerous types of asset loan payments and structures that can be considered for a small and medium sized operator, and a good lender will present the different options available to you. For example, UDC offer fixed and floating interest rates, or a combination of both, as well as seasonal

payments and balloon payments.

Other questions you should be asking yourself and your financial advisor include:

1. Was your turnover last year the same, better or worse than previous years, and why was that?
 2. What did that mean for your gross profit? Sometimes you need to ask yourself honestly, are you busy just for the sake of being busy?
 3. What did your fuel costs look like versus previous years? What will the impact be of the tax relief coming off this year?
 4. Are your repairs and maintenance costs up, and is this a sign that you need to be putting money aside for a new vehicle or equipment?
 5. Have you considered adding an FAF (fuel adjustment factor) to your freight rates, or have you perhaps investigated a renegotiation of rates?
- "UDC offer a range of more sophisticated asset finance products as opposed to just simple term loans," says Morgan. "We have been supporting many of our customers through this

economic downturn with these types of products. Anyone can lend money in good times, but at UDC we pride ourselves on working with our customers, asking questions, and looking for solutions that suit their situation in these harder economic times.

"What UDC can also do, which other funders may not be able to, is provide you with insights into where your operation fits in the industry. We've been around for over 85 years now so we do have extensive experience in and knowledge of the road transport, agriculture, forestry, and civil construction industries, which can be very helpful."

The team at UDC would love to have a chat with small and medium sized operators and provide them with further information. Contact details for all UDC commercial managers can be found in the asset finance section of the UDC website. The UDC team is located up and down the country, so you can get in touch with your local representative, who understands your region, and take it from there. **RC**



CLAAS FINANCIAL SERVICES



Every farming operation is different. Claas Financial Services offer tailor-made financial packages to suit individual needs. They can work out a plan, factoring in the deposit and repayment schedules, to best suit your cashflow situation.

Established in 2010, Claas Financial Services is a division of De Lage Landen (DLL) a proud member of the Rabobank Group, a leading provider of equipment and technology financing to the agriculture and food industries.

Drawing on deep industry knowledge, DLL creates

sustainable finance solutions for asset and input manufacturers, dealers, and farmers and contractors in over 30 countries.

Their dealer sales team can do a basic quote at the dealership, and they have a finance specialist in each of the North and South Islands for more complex structures.

Whether you want to source finance for your Claas Greenline products, tractors, Scorpion telehandlers, Jaguar, Lexion, or used equipment. Their dealerships and financial services team can provide a

repayment schedule to suit your income periods.

"Claas financial services can be tailored to make sure payment options work for you, taking repayments out, just after your income goes in," says Claire Miles, Finance and Leasing Manager.

While they may advertise low promotional rates, these often require a high deposit or shorter term. Their no-deposit option may suit contractors better as they scale up their fleet when they pick up additional work, or perhaps you want to have a

repayment holiday when income is lower, or outgoings are higher. They can also assist with rental machines utilising young used machines in their yard where a short-term additional machine is required.

With Claas Financial Services backing the products we sell, the Claas Harvest Centre dealership network is your first point of contact for machinery lending requirements.

Talk to our team today to see what we can do for you!

<https://Claasharvestcentre.com/finance-leasing/>. **RC**

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a review of.... agricultural finance

With weather volatility, tighter margins and rising costs shaping decision making, access to the right finance has become increasingly important. In this feature, machinery distributors and finance providers share insight into funding options designed for farmers and contractors.

Speirs Finance

There is a point in most farm businesses where strategy and machinery meet reality, and it is the decision about how to pay for that next pivotal investment that can define a season or a decade. For many New Zealand farmers and rural contractors, the conversation with a conventional bank about equipment finance can feel slow and rigid, tied to balance sheets rather than paddocks. In contrast, specialist lenders such as Speirs Finance have quietly been carving a different path through the complexity of asset and machinery finance, building a reputation on the idea that lending should bend around productive assets rather than forcing farmers to bend around inflexible terms.

Speirs Finance is not a generic bank with a rural division attached in name only. It is a specialist financier with more than sixty years of New Zealand business experience behind it, rooted in asset and equipment

funding and shaped by long-standing relationships with local industries. That heritage means the business has lived through cycles of boom and bust, drought and growth and along the way it has learned to see the useful economic life of equipment as a key driver of cashflow and productivity rather than simply another line on a spreadsheet.

In practical terms, Speirs Finance provides flexible funding that allows businesses, including those in agriculture to acquire essential machinery, vehicles and equipment without the pressure points of rigid loan structures. For farmers this can mean finance for new or second-hand tractors, harvesters, sprayers and implements that reflects how those machines will earn their keep across the season. It can also mean leasing options, structured loans or facilities that release equity already tied up in existing assets.

The importance of that flexibility cannot be overstated in an industry where cashflow is rarely smooth and asset investment is both cyclical and strategic. The heavy machinery that moves a business forward, whether a high-horsepower tractor, a precision drill or a modern spreader represents a significant outlay. Farmers know that poor timing can ripple through the entire operation. Speirs Finance approaches these decisions by structuring borrowing around the economic life of the asset itself, rather than forcing repayment schedules that ignore seasonal workload peaks and troughs.

One of the more practical tools available is Assetline, a pre-approved loan facility designed to simplify access to finance for machinery and equipment. Once a facility is approved, customers can draw down funds up to an agreed limit as opportunities arise. For a farmer facing an unexpected machinery requirement or a contractor presented with a



well-priced demonstrator unit, having that flexibility can make the difference between seizing the moment and missing it altogether.

In the context of agricultural machinery finance, this approach allows decisions to be driven by operational need rather than financing constraint. It means a harvesting machine can be secured ahead of peak pressure, upgrades can be made without delaying other commitments and investment decisions can be made with confidence. That alignment between finance and machinery use reflects the reality that modern agricultural equipment is not a static purchase but a revenue-generating asset that must be supported properly.

Another advantage for rural customers is the willingness to look beyond standard lending criteria that often frustrate farmers investing in both new and used machinery. Where some lenders see risk, specialist asset financiers see context including industry cycles, asset lifespan and business plans. This consultative approach recognises the differences between agricultural enterprises and other forms of business and provides more relevant outcomes for farmers and contractors.

That same philosophy extends to restructuring existing debt or releasing equity from machinery already owned. When seasonal pressure or unexpected costs tighten cashflow, the ability to

refinance equipment or unlock capital from under-utilised assets can provide breathing space. It can stabilise working capital, reduce financial strain and free up resources to invest where they will deliver the greatest return.

At the heart of Speirs Finance's approach is the belief that finance should support the engine of the business rather than restrict it. This is reinforced by a relationship-led model, where decisions are informed by an understanding of seasonal cycles and operational realities. In agriculture where timing and reliability matter, that level of understanding is critical.

As machinery becomes larger, more sophisticated and more expensive, the way it is

financed plays an increasingly important role in who can adopt new technology and who cannot. Precision systems, automation and efficiency gains all require upfront investment and specialist finance can help bridge the gap between innovation and adoption.

Ultimately, machinery finance is not just about acquiring equipment. It is about timing, confidence and opportunity in a sector where each season counts.

When finance works in step with the realities of farming, it becomes less about the transaction and more about keeping businesses moving forward, whether in a contracting yard or across a working paddock. **RC**



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Westland Farm Finance

On-farm machinery finance is often the hinge point between intention and action. For farmers and contractors, the decision to invest in new or upgraded equipment is rarely about want alone. It is about timing, cashflow and confidence that the numbers will stack up over the long term. In that space, Westland Farm Finance has carved out a role that goes beyond simply funding machinery, instead helping rural businesses align capital investment with how their farms actually operate.

Across much of New Zealand, machinery costs have climbed steadily while margins have remained under pressure. Tractors, harvesters and cultivation equipment are now more capable than ever but they also represent a significant financial commitment. The challenge for many farm businesses is not whether modern machinery will improve efficiency, but how to fund it in a way that preserves working capital and keeps the business resilient when seasons turn against them. That is where structured machinery finance becomes a strategic tool rather than a necessary evil.

Westland Farm Finance operates with a clear understanding that farm income is rarely smooth or predictable. Cashflow ebbs and flows with milk cheques, livestock sales, contract work and weather-driven delays. A finance structure that ignores those realities can place unnecessary strain on a business, even when the

machinery itself is performing well. By focusing on tailored repayment options, Westland Farm Finance helps farmers match machinery payments to the rhythms of their operation, reducing pressure during quieter periods and allowing repayments to align with income when it is strongest.

For contractors in particular, machinery finance can be the difference between standing still and growing. High-hour machines need to earn their keep, and downtime is costly. Access to finance that supports timely replacement or upgrade of key assets allows contractors to maintain reliability for their clients while managing depreciation and utilisation more effectively. Rather than tying up cash that could be used elsewhere in the business, finance spreads the cost of ownership across the period in which the machine is doing its work and generating revenue.

Another important aspect of machinery finance is its role in enabling technology uptake. Modern farm machinery is increasingly defined by precision systems, automation and efficiency gains that directly reduce fuel use, labour hours and input costs. These benefits are well understood, but the upfront cost can be a barrier. Finance solutions that spread that investment over time make advanced machinery more accessible, allowing farmers to capture productivity gains sooner rather than deferring progress until capital reserves



allow. In this way, finance becomes an enabler of efficiency rather than a constraint.

There is also a practical advantage in keeping cash available for the unexpected. Farming remains an industry exposed to volatility, whether from weather, markets or regulatory change. Preserving liquidity by financing machinery rather than purchasing outright can give businesses the flexibility to respond when conditions shift. That flexibility can be crucial in maintaining momentum during challenging seasons and avoiding rushed decisions that compromise long-term performance.

What underpins the value of Westland Farm Finance is a grounding in the realities of rural business rather than a purely transactional view of lending. Machinery purchases are rarely isolated decisions. They sit alongside fertiliser spend, feed budgets, labour costs and succession planning. Finance that is structured with that wider context in mind is more likely

to support the farm rather than dictate its direction. Farmers value finance partners who understand that machinery must fit the system, not the other way around.

The relationship does not end once the machine is delivered and the agreement signed. Ongoing support, clear communication and a willingness to revisit arrangements as businesses evolve are all part of building confidence in long-term investment decisions. Machinery has a lifespan measured in years, and finance that adapts alongside the business helps ensure that equipment continues to serve its purpose rather than becoming a financial burden.

In a period where efficiency gains are increasingly incremental rather than transformational, the way machinery is financed matters just as much as the specification on the bonnet. Well-structured finance can lower cost per hour, smooth cashflow and allow farms to invest with confidence even in uncertain conditions. Poorly structured finance can undermine otherwise sound decisions.

Westland Farm Finance sits firmly in the former camp, offering rural businesses a way to invest in machinery with a clear view of both opportunity and risk. By focusing on practical farm-focused finance solutions, it supports farmers and contractors to make machinery decisions that strengthen their operation rather than stretch it. In an industry where margins are tight and timing is everything, having finance that works with the business is no longer a luxury. It is a necessity. **RC**



Answers

1. Name the finance companies discussed in the document.
 - *Krone Finance: Offered through Tulloch Farm Machines, they provide tailored financial packages and use a "matrix rate" where customers can choose interest rates based on their deposit and loan term.*
 - *CNH Industrial Capital: The financial services arm of CNH Industrial, supporting agribusinesses using Case IH, New Holland Agriculture, and Case Construction Equipment.*
 - *John Deere Financial: Provides financing for both new and second-hand equipment, including products from other manufacturers, to help farmers keep their fleets modern.*
 - *AGCO Finance: A joint venture between De Lage Landen (DLL) and AGCO, supporting brands like Fendt, Valtra, and Massey-Ferguson.*
 - *Claas Financial Services: A division of De Lage Landen (DLL) and a member of the Rabobank Group, specializing in operating leases and other flexible financing options for Claas equipment.*
 - *UDC Finance: Offers a range of asset finance products, including fixed and floating interest rates and seasonal payments.*
 - *Crediflex: Acts as a financial broker and partner, offering tailored solutions and pre-approved credit limits for rural contractors.*
 - *Heartland Bank (MARAC Finance): Mentioned as a provider through which Krone financing can be available.*
 - *Speirs Finance: This company is a long-standing asset finance partner for the rural sector, offering tailored solutions and specialized industry knowledge for farmers and contractors.*
 - *Westland Finance: Known for its regional focus, Westland Finance provides localized support and flexible financial products designed to help agricultural businesses manage cashflow through seasonal cycles.*

2. Why is it vital for farmers and contractors to consider all machinery financing options in the current economic climate?

It is vital because agribusinesses face significant "ups and downs" and "uncertain economic times". Paying close attention to the bottom line and exploring all financing options allows an agribusiness to maintain a modern, reliable fleet, which is essential for maximizing productivity and ultimately boosting the "all-important bottom-line".

3. How can modern technology influence the decision to invest in new agricultural machinery?

As machinery continues to "advance in complexity," investing in new equipment allows agribusinesses to take advantage of technological advancements. This can improve service quality and efficiency, such as being able to complete work on farms in a "timely manner" to minimize interruptions to operations.

4. What are the key factors an agribusiness should consider when determining its borrowing requirements for new equipment?

Agribusinesses should evaluate their specific needs, such as:

 - *Anticipated usage: For example, requiring machines that can run for "6000 hours with absolutely no fuss".*
 - *Growth goals: Assessing if the investment will allow the agribusiness capacity to grow, such as increasing silage production from 250 ha to 2800 ha.*
 - *Cashflow seasonality: Identifying payment options that suit the "unique income cycles" and seasonality of the farm.*

5. What options are available to help agribusinesses manage their borrowing if they have limited capital or need to protect their equity?
Options include:
- *Operating Leases: These allow access to new technology without "dipping into your capital or affecting your equity position," which protects credit lines for other inputs like crop or livestock.*
 - *Flexible Deposits: Some lenders offer "no-deposit" options which may suit contractors who need to scale up their fleet quickly as they pick up additional work.*
6. How is the cost of a financing proposal typically determined by agricultural lenders?
Costs are often determined through a "matrix rate" where customers choose an interest rate based on:
- *The deposit (or trade-in) available.*
 - *The loan term (e.g., 24, 36, or 48 months).*
 - *For operating leases, repayments are based on the purchase value, anticipated annual usage, and the fair market value at the end of the term.*
7. What resources can a borrower contribute toward the cost of a new machinery proposal?
Borrowers can contribute:
- *Cash deposits: Higher deposits (e.g., 30% or 40%) often incentivize a "better interest rate".*
 - *Trade-ins: Utilizing existing machinery as a deposit toward the new purchase.*
 - *Equity: Using existing business equity to secure financing while maintaining a line of credit for other operational outgoings.*
8. How do tailored financial packages help both the borrower and lender assess the risk of a new proposal?
Tailored packages allow for repayment schedules that match "income periods," ensuring repayments occur just after "income goes in". This "fixed-rate" certainty helps farm businesses manage the risks associated with "inflation" and "rising interest rate markets".
9. In what way does the cost of making a change (investment) impact the assessment of business equity?
By choosing options like an operating lease, the cost of using machinery becomes a "fully tax-deductible operating expense" rather than a capital debt. This allows the agribusiness to upgrade to the "latest technology" without negatively affecting their "equity position," thereby maintaining financial flexibility for other parts of the business.
10. If you were wanting to purchase a combine harvester, which of the finance options would be the best to utilise?
The "best" finance option for a combine harvester depends on your specific agribusiness goals, such as ownership, tax efficiency, or cashflow management.

Here is a breakdown of the most suitable options for "big-ticket" machinery like combine harvesters:

a. Operating Leases (Best for Tax Efficiency and New Technology)

*For high-value machinery like combine harvesters, **Claas Financial Services** highlights that operating leases are increasingly common.*

Tax Benefits: *The entire cost of using the machinery becomes a fully tax-deductible operating expense, rather than just claiming interest and depreciation.*



Equity Protection: This option allows you to access the latest technology without affecting your equity position or dipping into capital, which preserves credit lines for other inputs like livestock or crops.

Flexibility: At the end of the term, you can choose to return the machine or upgrade to the newest model, ensuring you always have the most advanced technology.

Budgeting: Payments are fixed and there is no high upfront investment, making it easier to prepare accurate budgets.

b. Manufacturer-Operated Financing (Best for Streamlined Purchasing)

If you are looking for a simplified process, several major brands offer specialized internal financing:

John Deere Financial: They are recommended for their low interest rates and deep understanding of the industry.

CNH Industrial Capital: They offer fixed-rate finance which provides certainty against rising interest rates. Because they know the specific machinery sold through Case IH and New Holland, they can streamline the purchase process.

AGCO Finance: Offers the ability to lock in a finance rate on forward orders, which is beneficial for managing supply chain delays.

c. Tailored "Matrix Rate" Loans (Best for Low Interest Rates)

If you have a significant deposit or a trade-in, **Krone Finance** offers a "matrix rate" system. This allows you to choose your interest rate based on your deposit (e.g., 20%, 30%, or 40%) and the loan term. Higher deposits are incentivized with significantly lower rates, such as 2.45% for a 24-month term with a 40% deposit (based on 2022 figures).

Recommendations

- Choose an Operating Lease if you want to maximize tax deductions and upgrade your harvester frequently without carrying heavy debt on your balance sheet.
- Choose **John Deere** or **CNH Industrial Capital** if you want specialized, fixed-rate support from people who specifically understand the machinery you are buying.
- Choose a High-Deposit Loan if you have the capital available and want to secure the absolute lowest interest rate possible.