



esdalesinclair & ASSOCIATES

...your local finance specialists

Welcome to our quarterly newsletter.

2020 continues to be a year of uncertainty due to COVID-19. We understand this has been a tough time for many and please make contact if you need assistance to discuss the financial options that are available.

In this edition of our quarterly newsletter we continue to provide details of tools and information that can help protect you and your business. We have also included information for those segments of industries and businesses that haven't been as affected by the pandemic, including details of products and services available.

The good news is that in addition to other support measures the federal government has extended the instant asset write off up to \$150,000 to 31st December 2020. Accelerated depreciation incentives are also in place for amounts above \$150,000 until 30th June 2021. So there are still benefits in place for those of you looking to finance equipment and dealers appear still keen to move stock.

This year we are also encouraging our clients who require finance to arrange with their accountant (where possible) for the early completion of June 2020 financials. The reason for this is that financiers are increasingly requesting completed financials when we are arranging finance.

In this edition of the newsletter we take a look at:

- [Sustainable Agribusiness - A practical guide to lowering on-farm energy use and carbon emissions](#)
- [Why for 20% or more of businesses it is important to assess working capital requirements](#)
- [We also take a look at our Consumer Loan product and what are the advantages of this type of financing for personal purchases](#)
- [And finally we take a look at the latest Slattery's Quarterly Asset Remarketing Report](#)

If we can assist with any financial requirement you have please do not hesitate to contact us on (07) 4922 7221.

Please stay safe and enjoy the read.



Introducing Agribusiness Specialist - Bob Lawrence

Bob has joined the ESA Team after more than 30 years assisting Rural clients in Central and North Queensland in a variety of enterprises including grazing, cropping (both dryland and irrigated), horticulture, sugar and fruit growing.

In Bob's words "My passion is getting to understand a rural enterprise fully and not just look at "the figures". I believe that this is essential in being able to advise and provide finance solutions that are beneficial to all parties involved. Unfortunately, I believe that this has been lacking in mainstream agribusiness banking for some years given different economic and regulatory pressures placed upon it as a Broker we have access to numerous financiers offering a diverse range of finance options that we can tailor to suit individual circumstances"

Why not give Bob a call for a free no obligation health check of your Rural Finances, Bob can be contacted through our office on (07) 4922 7221.



Sustainable agribusiness

With wages, exchange rates and commodity prices outside the control of farmers it is direct actions that are helping a number of farmers reduce energy expenses as a proportion of the overall farm budget.

With nearly everything used around the farm requiring the use of energy this can be a large proportion of the farm expense.

Opportunities now exist to better control energy costs by changing or modifying equipment or switching to alternative, less expensive energy sources.

The Clean Energy Finance Corporation (CEFC) in conjunction with the National Farmers Federation has produced a practical guide to lowering on-farm energy use and carbon emissions.

Their advice is to:

“Conduct an Energy Audit - Energy audits are an important first step to getting a better understanding of current energy use and helping prioritise energy-related investment decisions.

Generate Your Own Energy - The farm sector is ideally suited to produce renewable energy and alternative fuels, including solar PV, small-scale wind and bioenergy, and to benefit from on-site energy storage solutions.

Upgrade Vehicles and Machinery - Clean energy solutions for tractors, ancillary equipment and vehicle upgrades are easily applied and can have relatively low capital expenditure. These technologies are particularly suited to cropping systems, with most savings coming from reduced fuel use and increased operational efficiency.

Improve Irrigation and Pumping - Energy efficient irrigation and water management practices can improve water use through the use of a range of technologies, including variable speed drives and solar-powered pumping.

Consider Buildings, Heating and Cooling - On farm building assets, processing technologies and heating and cooling equipment can be energy intensive, impacting energy costs farm-wide. New technologies and energy efficient equipment upgrades offer practical solutions.

Benefit from Precision Agriculture - Precision agriculture offers opportunities

for improved energy efficiency and productivity, including technologies that calculate the optimal quantity, timing and location of farming inputs, reducing energy use and fertiliser application.

Consider Emerging Technologies - Future farm energy savings, from sensing to robotics and the use of autonomous vehicles.”

The CEFC’s practical guide to lowering on-farm energy use and carbon emissions can be found [here](#).

Benefits also exist for finance

If you are looking to buy energy efficient equipment for your farm make sure you speak with us about the options that are available. We have access to a number of finances offering competitive and flexible finance solutions.



Cash Flow – Is it the right time to consider debtor finance?

Recently Sensis released their Small and Medium Business Outlook & Confidence Survey for August. Over 1,000 small to medium sized businesses across Australia were surveyed. Whilst the survey covered a number of topics one aspect was that over 20% of the businesses surveyed said that the time it

is taking to get paid by their customers is increasing compared to a year ago. If your one of the businesses impacted in this way then debtor finance may be a solution.

What are some of the signs for a Debtor Finance Requirement?

- “I have all my money tied up in debtors”
- “I wish my customers paid on time”
- “If only I had more money, I could grow my business and take on some more work”

Why Debtor Finance?

- As your business grows, the finance facility grows with it
- Unlike overdrafts, you do not require real estate security
- Is a self-liquidating facility, meaning that your business is not taking on any additional debt
- A stand-alone facility that can be separated from your other Bank borrowings and Bank security
- Fast access to your debtor’s outstanding invoices – no more waiting 30, 60 or 90 days to be paid.

How it works?

Debtor finance can be disclosed or undisclosed to your customers. You have the option to have a full ledger facility (where all invoices are subject to the debtor finance arrangement) **or other arrangements where you only require a single invoice or a selective invoicing facility**. So you can send through as many or a few invoices as you need.

Whose Debtors can be financed?

Any business may have a use for debtor finance. It can be particularly useful is you are in a growth phase or you debtors keep extending their payment terms

to you. Because the invoices are used as the security by the financier the credit approval process is streamlined. This is because the financier looks at the strength of the debtor rather than you.

What percentage of the Debtors Invoice can be financed?

In some cases up to 90% of the approved value of invoices (subject to credit approval*) can be financed, less fees, within 24 hours of processing.

What security is generally required?

The financier uses the invoice as security. The financier will take a fixed charge over the Debtors of your business. In the majority of cases you do not need to provide any other form of security therefore keeping this security free for other uses (such as property).

Interested? Please do not hesitate to make contact so we can provide further details.



Personal Finance - Are you or someone you know looking to buy a Car, Jet Ski, Caravan, Motorcycle or any other equipment for personal use? With our access to Consumer Loans we can make that purchase easier!

What are the advantages of a Consumer Loan?

By using the asset you are purchasing as security for your loan, the financier reduces their risk so they can offer more competitive terms on your finance.

Benefits of a secured consumer loan include:

- Fixed interest rates and repayment terms;
- Smaller monthly repayments are possible using a balloon (the payment that is due at the end of term);
- Tailored repayment plans; and
- Flexible contract terms

We can arrange financing via a Consumer Loan for the purchase of:

- Motor Vehicles;
- Motorcycles;
- Boats;
- Caravans;
- Camper Trailers;
- Trailers (Bike and Boat);
- Horse floats;
- Golf Carts;
- Ride On Mowers; and
- All-Terrain Vehicles (four wheelers).

Why choose us for your next purchase?

We have access to more financial options compared to what one financier can provide, including a number of boutique lenders that specialise in financing particular assets (including some you may not have even heard about).

Interested? Please do not hesitate to make contact so we can provide further details.



Asset News – Slattery’s Quarterly Asset Remarketing Report - Q2 2020

Slattery Asset Advisory provide a comprehensive Quarterly Asset Remarketing Report. The report just released provides valuable details of the latest information on various industry sectors. Slattery’s also hold regular auctions across Australia and therefore are up to date with current sales of a wide range of vehicles and equipment. We have summarised this report below.

Summary:

The impact of the COVID pandemic has affected every part of the Australian economy including affecting asset values in the automotive, road transport, construction, manufacturing, mining, aviation and marine sectors.

- Truck Sales rebound slightly for all but heavy-duty trucks in June, which helps lift the falls over the first half of 2020.
- Caterpillar Inc. has announced second-quarter 2020 sales and revenues of \$10.0 billion, a 31% decrease compared with \$14.4 billion in the second quarter of 2019.
- Tractor sales for April reported a year on year increase of 40% and May reported another solid increase of 30% over the same period in 2019.

- Sales of new cars in June 2020 were stronger than expected as buyers returned to showrooms. However, it was still a decline on last year with the 27 consecutive monthly sales slowdown.
- Manufacturers are now worried about stock shortages with global production slowing down due to the COVID pandemic.

Automotive

Key Point Summary

- Sales of new cars in June 2020 were stronger than expected as buyers returned to showrooms but still down on last year.
- Manufacturers are now worried about stock shortages with global production slowing down due to the COVID pandemic.
- June was still the 27th consecutive monthly sales slowdown, the longest slump since the Global Financial Crisis a decade ago.

The top 10 cars sold in June 2020

1. Toyota HiLux: 6537, up 21.1 per cent
2. Ford Ranger: 5329, up 9.9 per cent
3. Toyota Corolla: 3008, down 4.1 per cent
4. Mitsubishi Triton: 2721, up 1 per cent
5. Toyota RAV4: 2632, up 7.5 per cent
6. Mazda CX-5: 2530, down 13.1 per cent
7. Toyota Prado: 2374, up 16.1 per cent
8. Hyundai i30: 2368, down 29.2 per cent
9. Hyundai Tucson: 2206, down 5.9 per cent
10. Kia Cerato: 2016, down 28.8 per cent

Road Transport

Key Point Summary

- The COVID pandemic and economic slowdown caused new truck sales to drop across the country in April and May.
- However, in June we have seen the market for new truck sales come back with a 13.5% increase on the June 2019 figures.
- The heavy duty truck market was the only segment to continue to decrease in June dropping by 12% on last year.

Agriculture

Key Point Summary

- Agriculture, in general, has been less affected by the COVID pandemic.
- Tractor sales for April reported a year on year increase of 40% and May reported another solid increase of 30% over the same period in 2019
- Combine Harvesters sales have stalled with very few sales in the beginning half of the second quarter.
- Contract harvesters are worried that COVID-19 border closures will stop movement between states at harvest which will have dire effects on farmers and the contract harvesters themselves.

Mining & Earthmoving

Key Point Summary

- Caterpillar Inc. has announced second-quarter 2020 sales and revenues of \$10.0 billion, a 31% decrease on last year.
- Construction has not fared as badly with worldwide figures down 12 per cent in the same period.

- Demand for second-hand equipment has been quite strong through April, May & June with government stimulus packages and imported new equipment being more expensive.

If you wish to sign up for the quarterly report or view the full report please click [here](#)



[Website](#)

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