Brentnalls SA
With you for life.

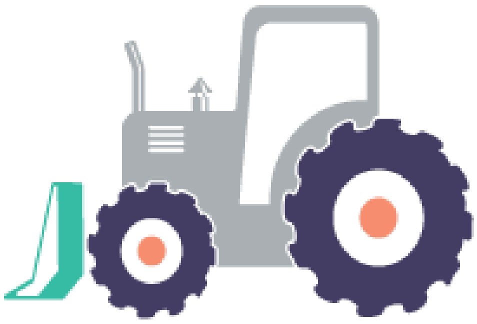
Machinery Purchase Decision

Machinery investment can be the most significant cost and cash flow burden for farmers, however planning and decision making around the timing of investments and the policies surrounding replacement of machinery is often done on an ad-hoc basis.

At Brentnalls Agribusiness, we believe that machinery investment decisions should be made using an intentional planned approach with reference to agreed-upon policies for machinery replacement and only when the purchase of machinery is beneficial financially and upholds farm-specific safety and efficiency standards.

Machinery Purchase / Replacement Policy

Machinery purchase and replacement decisions should be made with reference to a pre-determined policy to ensure that all decisions are made in a consistent manner as agreed by all owners and/or family members. Having a written policy can ensure that machinery purchase decisions are not made impulsively without regard for the specific capital considerations of the farm and the impact of purchases on profitability, efficiency and cashflow.



We have developed a pro-forma Machinery Replacement Policy which can be adapted to your individual circumstances including but not limited to the following:

- A schedule of anticipated replacement dates / usage limits for all machinery and expected replacement costs and finance terms.
- Policies about how machinery replacement decisions will be made, the number of quotes to be received, business cases to be prepared and Workplace Health & Safety (WHS) standards.
- Consideration of risks such as grain delivery risk, obsolescence risk, breakdown risk, WHS and timeliness risks.
- Consideration of personal and business goals and values including management of risk, farm efficiency, worker safety and use of technology.

We believe it is important for these decisions to be formalised and agreed upon by all parties to ensure all purchases are made in line with the business goals and values.

Business Cases for Machinery Purchases

For all machinery replacement decisions outside of the planned and agreed-upon purchases, we recommend that a business case be prepared before investment is made which considers the costs and efficiencies of the existing machine compared to the proposed new machine. We have prepared a template for this business case which makes it easy for you to make ad-hoc machinery replacement decisions with reference to the impact of these decisions on farm profitability. The business case template also includes reference to non-financial factors and risks.

How can Brentnalls Agribusiness help?

At Brentnalls Agribusiness, we have the knowledge and experience to help you to make informed decisions about machinery replacement in a planned and intentional manner. We also have comprehensive tools which allow you to formalise and communicate policies around machinery investment with all parties involved and ensure that all decisions made are based on a sound understanding of the financial and non-financial implications. If this is of interest to you, please contact our dedicated Agribusiness team to discuss in more detail.

Brentnalls SA
Chartered Accountants and Advisors
15-19 Holden Street
HINDMARSH SA 5007
PO Box 338
WELLAND SA 5007
T: 08 8241 8444
E: admin@brentnalls-sa.com.au
W: brentnalls-sa.com.au

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