



Media Release

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ANZ doubles start-up support as young farmers step up to bridge NZ agriculture's 'generation gap'

Bank lifts pledge to \$120m to provide first step towards ownership

ANZ New Zealand will double its farm start-up package, providing up to \$120 million of lending to help young farmers take their first step in agriculture and progress towards farm ownership.

The move comes after the bank warned late last year that New Zealand faces a "lost generation" of young farmers who cannot raise the capital to take the first step towards a career in farming, and created a \$60 million start-up fund to help them.

ANZ's Commercial and Agri Managing Director Graham Turley said today that the response to the initiative had been overwhelming, with around 100 new farmers expected to take up packages by the start of the farming year in June 2012.

"Since ANZ launched the package in November we've had over 200 aspiring farmers attend six start-up workshops, with up to 20 more workshops planned around the country between now and June. Some 55 packages are already approved or in process, meaning new farming careers are already underway," Mr Turley said.

"Young farmers need capital to buy livestock or for seasonal finance to cover the first months of a milking contract. However, many don't have the security to raise the necessary cash. Without help they have little choice but to turn their backs on the industry they want to be a part of, and in which they could have built a successful, long-term career. That isn't good for young farmers, and it isn't good for the future of New Zealand farming."

With the average age of a New Zealand farmer now topping 50, ANZ analysis suggested in November that the amount of capital required by the next generation to buy a farm had soared to over \$1 million*, forcing many to seek other careers.

In recognition of this, ANZ launched its start-up package to help farmers take their first steps and progress towards farm ownership.

The package – available through ANZ and The National Bank – initially offered \$60 million of new lending in the first five years. Crucially, up to \$50,000 of an applicant's loan may be unsecured. The package also includes expert support including coaching and seminars to help new farmers manage their business soundly.

"The response has been extraordinary, with packed halls at our seminars and demand now expected to exceed the initial \$60 million," Mr Turley said. "It's fantastic to see enterprising young farmers stepping up to help bridge the generation gap emerging in New Zealand agriculture. We will respond by doubling the amount available for farm start-up loans to \$120 million over five years.

"We see this as a further investment in New Zealand as we help skilled young people take a first step as they seek to develop business skills, accumulate capital, and take over as older farmers retire."

The package, available through ANZ and The National Bank Agri Managers, is designed to help new farmers get started in their first independent farming position, for example as a contract milker or in leasing land, as a first step towards raising further capital and buying a farm.

ANZ/The National Bank - Farm Start-up Package

- A major commitment to new lending to farmers taking their first steps into agriculture – offering at least \$120 million over five years
- Up to \$50,000 of an applicant's loan may be unsecured
- A free business and personal account for the first 12 months of the business
- Expert coaching from ANZ and The National Bank Agri Managers on submitting an application, including budget, cash flow, and business plan
- Seminars across New Zealand on achieving long-term farming goals, such as getting onto your own farm or running a large-scale share milking operation.

The seminars focus on achieving farming goals, such as getting onto your own farm or running a large-scale sharemilking operation.

The loans can be used to provide income in the first few months of a milking contract, for example until a seasonal payment kicks in, or towards livestock and essential farm machinery such as a tractor or farm bike. Many of the packages are expected to be taken up for contract milking. But they are available to young farmers be they sheep, beef, dairy or horticulture.

Mr Turley adds: "Agriculture has never been more important to New Zealand and we're investing in this because we want to see the industry grow. ANZ is uniquely placed to drive connections to and from the growth markets of Asia, given our international reach and expertise, as well as our strong domestic network."

ANZ and The National Bank have supported farmers in New Zealand for 170 years. The Farm Start-up Package builds on other support such as backing the Young Farmer Competition and Fieldays.

For media enquiries contact:

Pete Barnao, Corporate Affairs, ANZ New Zealand – 09 252 6623

*According to analysis by ANZ economists, a new farmer would need on average over \$1m deposit to buy their first dairy farm (including machinery, stock etc); and at least \$1.5 – 2m for their first sheep/beef farm

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