

Case study: HotRot Organic Solutions

NZEC solution: Access Trade Finance

NZEC product: General Contract Bond Guarantee

Sector: Manufacturing (organic solutions)



HotRot enjoys UK success with support from NZEC

Christchurch-based composting technology company HotRot Organic Solutions recently received assistance from the New Zealand Export Credit (NZEC) to enable it to meet the contractual terms of its largest UK sale to date.

NZEC provided HotRot's bank a Contract Bond Guarantee enabling the bank to provide the UK buyer with a £760,000 advanced payment bond. By providing this bond, HotRot receives milestone payments in advance, ensuring it has the cash-flow to complete the contract.

HotRot and its sub-contractors will manufacture much of the bulky composting equipment in New Zealand. The equipment will go towards reducing the amount of organic waste from UK landfills, with the compost by-product being safe for spreading on farmland.

NZEC Manager, Carmen Moana, commented that "It is usual with bespoke manufacturing and engineering projects that buyers request their suppliers provide bonds as it gives them the confidence that the exporter can deliver on contractual obligations. With our contract bond and working capital guarantees we are assisting participating banks to provide bonds and working capital to proven New Zealand firms to deliver on export contracts. Working with the banks we undertake comprehensive credit assessments of the exporters' ability to perform export contracts. We are delighted to be able to support HotRot".

George Pottinger, GM of HotRot said: "With large orders like this, if we don't provide the bond then the buyer would withhold the milestone payments until after delivery, which significantly affects our cash flow. We are delighted that NZEC enabled us to meet our bonding requirements that will enable us to access cash from the customer".

For further information refer press release by HotRot: [HotRot link Media Release:1980030](#)

www.hotrotsolutions.com

NZEC contacts:

Tel: +64 04 917 6060

Email: exportcredit@treasury.govt.nz

This document is available at exportcredit.treasury.govt.nz