



Newsletter

August 2008

Farm Writers' Association of NSW Inc
GPO Box 1108 Sydney NSW 2001
Website: www.nswfarmwriters.org

The New Hand on the Elders' Tiller

The Australian rural services sector has clung on through years of drought, poor commodity prices and dwindling numbers of farm businesses. Now, commodity prices are booming and so is the cost of farm input supplies and services.

Is this boom time for companies like Elders, Australia's best known rural services agribusiness? Elders has had its own challenges meeting its shareholders' expectations and making its investments up and down the supply chain work.

The new hand on the tiller at **Elders, Mike Guerin**, will be giving his views on the future of the company and the \$4.5 billion Australian farm services sector at our Farm Writers seminar on **Friday August 29**.

Mike is the managing director of Elders Rural Services which covers the Wool, Livestock, Merchandise, Real Estate, Horticulture, Financial Distribution, Elders Toepfer Grain, AWH and Hi-Fert businesses.

Since taking the reins in March this year, Mike has been ringing the changes at Australia's agribusiness icon.

The state-based management structure is gone, replaced with a management structure based on 20 agricultural regions.

Operating separate to the regional structure is a business unit dedicated to servicing the needs of corporate agriculture.

Mike's speaking brief is to look to the future of the sector and what sort of services firms like Elders and its competitors will be offering.

Farm Writers will hear about Elders efforts to diversify service offerings and operate up and down the supply chain.

Mike will share his thoughts on trends in farm input costs, and whether they will settle down if soft commodity prices come off the boil, or if farmers are going to be faced with higher input costs long term.

Prior to joining Elders Mike was Managing Director of ANZ's Pacific Division, leading an 1800 strong workforce in 52 branches including Fiji, Cook Islands and Papua New Guinea.

Before his stint in the Pacific business, Mike was Managing Director, Regional & Rural Banking Australia.



Elders' Mike Guerin

Join our Corporate Members of the Month Clyde Agriculture and PPB to hear Mike Guerin at our August seminar.

Inall's done it again !

Neil and Annie Inall won a farm holiday in Slovenia by registering early for the 2008 IFAJ conference in Slovenia and Austria. The average Slovenian farm is 5.5 hectares so Inall's morning walk will be quick.

Register early and online for the Friday, August 29 seminar. Don't forget the AGM starts at 11 am and we need as many members present as possible.

Venue: The Menzies Hotel, 14 Carrington St, Sydney

When: Friday, August 29, 2008 at 12 noon for a 12.30 pm start

Cost: \$60 per head, or voucher, for members. \$70 per head for all non-members

Register: BEFORE 5:00pm Monday August 25
online: www.nswfarmwriters.org, email: bookings@nswfarmwriters.org

Reminder: If bookings are not cancelled by the deadline, the person making the booking will be invoiced. We will do our best to accommodate late bookings and cancellations – please phone Nicole Tyzack on 0400 800 704

AWB Restructure: Oh so close....

AWB Limited's Managing Director Gordon Davis's pitch at Farm Writers in July for AWB A-Class shareholders to support reform got a hostile reaction from the NSW Farmers Grains Committee members attending the breakfast seminar.

But when the reform proposal was put to shareholders on August 21 the result was so close....the meeting was adjourned.

AWB Chairman Brendan Stewart said 74.7 per cent of A class shareholders who had voted prior to the meeting were in favour of constitutional reform at this stage but only 27 per cent of A class shareholders had voted.

"The AWB Constitution requires at least 75 per cent of A class shareholders who vote to vote in favour before any change can occur," Mr Stewart said.

"Given the importance of this decision, the time for A class shareholders to vote has been extended to ensure that there is sufficient time and opportunity to raise participation and secure a decisive result."

In a statement to the ASX AWB Limited confirmed the voting period would be extended for 11 days to Monday, September 1. A vote will be held on Wednesday, September 3.

Part of Gordon Davis's pitch to shareholders at the July seminar was based on the current structure being a constraint for AWB Limited to access working capital.

Mr Davis said it takes around \$350 million in working capital to buy a million tonnes of wheat at present prices, and that kind of money can't be easily found in Australia.

Mr Davis said uncertainty about AWB Limited's governance structure and the power of A-Class shareholders was one of the reasons rating agencies gave AWB a BBB- credit rating.

AWB's credit rating was costing it somewhere between 100 and 300 basis points in added risk premium from corporate lenders.

Mr Davis said in a de-regulated environment, the ability to raise capital is one of the keys to success, and this was one of the arguments for changing the company's share structure.

Pools were one way for traders to reduce the need for capital borrowings to fund their activities and pools will continue to be offered. However, Mr Davis believes that over time pools will decline in relevance as a marketing option.

"As the de-regulated market matures there will be a more active secondary market and options for cost averaging and finance," he said.

NSW Pastoral Icons up for sale



Calves grazing on Brewon, Walgett

Long-time Farm Writers corporate members Clyde Agriculture have put NSW pastoral icons Toorale Station and Brewon on the market.

Toorale Station, 60 kilometres downstream from Bourke, was first taken up by Europeans in 1857 and was owned by Samuel McCaughey from 1880 to 1913. The old shearing shed was built in 1873 and Henry Lawson worked as a rousabout in the Toorale shed in December 1892.

It is now a 91,383-hectare sheep and cattle breeding and finishing operation on the junction of the Darling and Warrego River, and has over 2,000ha currently developed for irrigation. It has a carrying capacity of 40,000 DSE.

Brewon is a 41,075ha farming, breeding, finishing and grazing property situated at the junction of the Macquarie and Castlereagh Rivers and Marthaguy Creek.

It has an estimated carrying capacity of 42,000 DSE plus 2877ha of dryland farming. Brewon has the unique ability to respond to water flushes and enormous potential for flood out country given its river frontages.

Brewon and Toorale Station will be auctioned in Sydney on Thursday, September 11.

Clyde Agriculture is also auctioning the Queensland properties 'Thylungra Station', Quilpie and 'Clover Downs Station', Cunnamulla in Brisbane on September 9.

June 2008

Farm Writers' Association of NSW Inc

President: Bev Jordan
bevjordan@msn.com.au

Secretary: Emily Ray
eray@hassall.com.au

Newsletter: Tim Powell
timp@coxinall.com.au

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