

SE AGRIBUS  
HD **WHILE Elders is about to sell its 776-hectare feedlot**  
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WC 504 words  
PD 29 May 2014  
SN Queensland Country Life  
SC FQLCOL  
PG 25  
LA English  
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WHILE Elders is about to sell its 776-hectare feedlot and cropping **property** at Charlton in Victoria, it could well be looking to expand its lotfeeding activities elsewhere, says chief executive officer and managing director Mark Allison (pictured).

The decision to make use of Charlton's capital value to help trim the **company's** debt load was not a sign that Elders would quit its involvement in the feedlot sector, including its Killara operation near Quirindi in northern NSW, or its Indonesian facility.

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Although Charlton is one of Victoria's biggest beef feedlots with 150ha of livestock infrastructure, feed mills, flaking plants and related facilities, Mr Allison said its contribution to Elders' balance sheet had been variable at times, considering the capital expenditure involved.

It was "not absolutely necessary" to future plans.

The **site**, estimated by industry analysts to be worth about \$10 million, is currently custom-feeding cattle for Elders clients, operating at near capacity because of the good availability of stock and grain in southern NSW.

Killara, owned fully by Elders since 2010, was considered more strategic to the **company's** broader network operations, and was not in Elders' **sale** catalogue.

"It could be that we invest further in lotfeeding in Australia and overseas once we've reduced our debt to acceptable levels," Mr Allison said.

The **company** was making a "conscious and deliberate decision" to prioritise capital where it was needed most, and produce the best returns.

That priority had also led to Elders' New Zealand merchandise and livestock operations, and its part-owned Elders-Primary wool-marketing assets going on the market.

Elders has about 108 staff in NZ, plus another 100 contracted agents associated with its sites across the North and South Islands, but has already closed four branches in the past year because they were unprofitable.

The **company's** merchandise, agro nomy, seed and fertiliser business in NZ has notched up losses for the past two trading years.

The Elders brand has been in the NZ market for some time, but the **company sold** out once before to a management-run syndicate, which subsequently offered the business back to the **company** about five years ago.

Elders' live export business was also making strategic decisions about how it responded to opportunities in short-haul markets to Indonesia and Vietnam, or long-haul routes to **China** and eastern Europe.

Mr Allison said costs had been reduced by Elders' management team (rebuilt after numerous staff defected to rival Ruralco last year).

The key was to manage and watch cost options closely and have tight financial reporting processes.

"We're largely running a shipment-by-shipment decision process to determine whether or not and where we want to be involved," he said.

Fortunately, the Elders brand was well recognised overseas and it had attracted more orders than the **company** had opted to take advantage of at this point.

**CO** futris : Elders Limited  
**IN** i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services  
**RE** austr : Australia | nswals : New South Wales | apacz : Asia Pacific | ausnz : Australia/Oceania  
**PUB** Fairfax Media Management Pty Limited  
**AN** Document FQLCOL0020140623ea5t0000t