

Prepare for the unexpected

A COUPLE of weeks ago, I discussed in this column the ordeal Springsure graziers Graeme and Susan McDonald lived through during the past four years in their fight for justice.

Their struggle recently culminated in Susan's book, *Pinched or Planted – The Cungelella Cattle Mystery*.

The book is a 471-page account of both Susan's recollections and documented evidence, in an attempt to clear her husband's name after being falsely charged with stealing two mobs of branded cattle from a nearby property and placing them in a waterless paddock.

Graeme faced trial at a committal hearing in Rockhampton in June 2007, with the magistrate finding there was sufficient evidence for Graeme to face the criminal court.

Just 12 months later, the DPP threw the case out due to total lack of evidence.

As happens pretty much this time every year on the opening day of Ekka, I headed off to the Brisbane Showgrounds to catch up with the *Queensland Country Life* team, clients, friends and industry contacts, and was pleased to see Susan and Graeme among the crowd.

The Ekka day kicked off early with the traditional Rural Press Club brekkie – Iain Mars, CEO of Swift Australia, presented to a packed house and shared some very interesting insights on the beef-processing industry.

We then headed off with our little two-year-old to the animal nursery to feed a menagerie of young goats, sheep, piglets and chooks followed by a visit to the 'newborn corner' where a group of school children witnessed two lambs take their first wobbly steps and their mothers take a well earned rest!

Having tracked down the mandatory Dora the Explorer show bag, we finally headed off to the RM Williams store where for some reason my daughter thought it would be funny to take

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half her clothes off and parade around in the shop window waving to bemused passersby.

I left her mum to deal with this (as you do at times like these) and headed off to catch up with cattle folk and other serious Ekka goers.

Even though that week's edition of *Queensland Country Life* had only been off the press a matter of a few hours, it was clear my chosen topic of the McDonalds had generated huge interest – not just the publication of the book itself but specifically the topics raised by me of risk mitigation, diversification and off-farm investment.

I suggested that primary producers could learn from this lesson and protect themselves from unforeseen bumps on life's often unpredictable journey.

We all know about diversification on-farm. 'Off-farm' can take many forms.

It might be a direct investment where you own the investment outright such as a full or part share in a business such as a motel, hotel, manufacturing or retail business. Or it could be a commercial, industrial or residential property.

While these types of investments have several advantages, they are not without potential shortcomings.

For example, managing businesses can be very time consuming and involve management of staff. A business is often not easily liquidated at short notice and may not realise a fair price for forced sellers.

Property investments can also be accessed indirectly via managed funds or listed property trusts where you are the co-owner with other investors and properties are professionally managed. These investment



Springsure graziers Graeme and Susan McDonald with Susan's new book, *Pinched or Planted – The Cungelella Cattle Mystery*.

options can offer the benefits of diversification over property types in different locations. For example, a part share in a commercial high-rise in Brisbane, a shopping centre in regional Victoria, a theme park on the Gold Coast, or an industrial park in Melbourne or even a US or UK city.

The bottom line is that diversification off-farm should include a combination of asset classes including property, shares, cash and fixed interest, and maybe even some alternative investments.

The mix of these investments will very much depend on individual circumstances, risk tolerance and time frame. And how you invest will depend upon your experience and the time you have available to devote to the task.

As a rule I suggest to clients that they apply the TREE principle – If you do not have the Time, Resources, Expertise and Experience, it might be worthwhile turning the job over to a professional – a financial planner or investment adviser.

Just as property, shares or equities should form a portion of any portfolio, shares and property are considered growth investments, while cash and fixed interest are defensive.

You need to keep an open mind when it comes to shares. You need to have a disciplined approach to investing in the sharemarket rather than using the 'shopping trolley approach'

where you just throw into your trolley what jumps out at you while you wander down the aisle without a list. One way to structure a portfolio is to think how you spend your own money – health care, telephone, power, food, clothing and so on.

Within a portfolio you may chose to remain 'blue chip' or consider a portion of upcoming companies.

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Another decision might be whether you want to derive a good tax-efficient income from your shares or focus more on growth, or a combination.

Going back to the story of Graeme and Susan McDonald, liquidity is a big factor in favour of shares. If you need some money at short notice, a quality share portfolio can achieve that within a week. Other assets can take a lot longer to sell.

Another benefit of diversification is that different investment classes will potentially move in different cycles, so if for example you are suffering from drought, poor beef prices and high input costs, it is likely that some of your off-farm investments are faring a little better.



It's your 'steak' in the beef industry...

If beef is your **business**, make sure you are in Rockhampton on **15 September**.

Talk **directly** to processors, AgForce, Meat & Livestock Australia and Cattle Council of Australia at AgForce Cattle's open forum.

Have **your say** in building a **strong** industry.

Where: Rockhampton Leagues Club
When: 15 September 2010, 8.30am - followed by a BBQ lunch.
All industry participants are welcome.

To RSVP for this free event or for more information contact AgForce on (07) 3236 3100 or dunnc@agforceqld.org.au



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awi Australian Wool Innovation Limited

ADVANCE NOTICE OF ANNUAL GENERAL MEETING

Australian Wool Innovation Limited (AWI) is a not-for-profit company that invests in marketing, innovation and R&D to increase global demand for wool and secure a sustainable future for the Australian wool industry.

AWI invests along the global supply chain for Australian wool - from farm to fashion. The company is funded by a two per cent woolgrower levy, a contribution from the Australian Government, and revenue from the sale of Woolmark licences worldwide.

AWI will hold its 2010 Annual General Meeting (AGM) at 10am on Friday 19th November 2010 at:

The Grace Hotel
Wilarra-Marra Room
77 York Street, Sydney NSW

Formal notice and meeting papers will be sent to Shareholders in late October 2010.

More details are available from AWI's website www.wool.com/agm or may be obtained by contacting the Company Secretary on 02 8295 3100.

Issued by S. Holmes, Company Secretary, Australian Wool Innovation Limited (ABN 12 095 165 558)

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