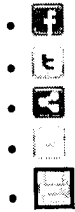
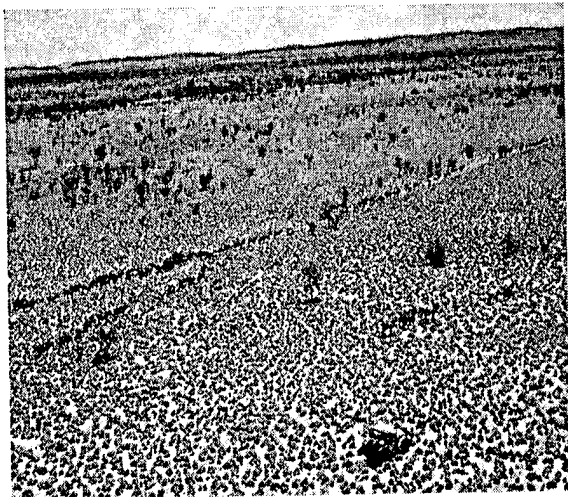


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## Stressed WA properties to be put to market



By Jon Condon 27 May 2013



Mustering on Australian Cattle Enterprise Ltd's Hillside Station in the Pilbara

Another big northern Australian cattle player will attempt to sell its extensive land assets next month – apparently impacted by financial stresses brought on by the 2011 closure and subsequent wind-back in live cattle export trade to Indonesia.

The properties are associated with one of the biggest landholders in Western Australia, the Stoney family's Australian Cattle Enterprise Ltd.

The West Australian newspaper reported on the weekend that receivers controlling Greg Stoney and family's properties, which total 1.6 million hectares, have set June as the target to complete the sale of the land holdings.

WA's cattle industry was bracing for fallout from the forced sale of one of its biggest players, amid fears a fire sale deal would further depress already weak land and cattle prices in the State, the West Australian said.

The Commonwealth Bank appointed Ferrier Hodgson as receivers of several Stoney family companies last August to deal with outstanding debts of \$15.6 million. Ferrier Hodgson is seeking to complete the properties' sale by next month and settle the receivership in July.

It is believed the demise of the Stoney family business can be traced to the Federal Government's snap ban on live cattle exports to Indonesia two years ago. Cattle at port waiting for export had to be trucked back to the properties, the West Australian reported.

The value of the landholdings was reassessed in the fallout from the ban, which had a disastrous affect on equity levels.

Based on the latest creditors' reports, debts owed to Commonwealth Bank have increased to \$16.8 million.

The landholdings involved include Hillside, Mileura and Balladonia stations in WA's Pilbara region, and the Dunmar and Jarrega farms at Badgingarra.

The Stoney family, which has run a beef enterprise in WA for more than a century, have expanded their Australian Cattle Enterprise Ltd operations over the past 30 years.

The company's website, including extensive use of content translated into Chinese, has been actively seeking offshore equity partners, offering shares in the business.

Hillside, Mileura and Balladonia stations in the Pilbara region are the major holdings, totalling about 1.6 million hectares – all pastoral leases, some of which roll over in 2015.

Cattle move from the larger northern breeding properties to the smaller southern properties, providing finishing and depot facilities for live export or to send finished cattle to local selling centres for sale on the domestic market.

The Dunmar and Jarrega properties both carry freehold tenure, and are located within 250km of Perth.

Australian Cattle Enterprise Ltd owns and operates its own plant and vehicles including trucks, road trains and helicopters.

“The potential of this business is long term in scope,” the company website suggests. “It is a finely-tuned operation that has been perfected over the years and continues to be improved in line with modern technology and procedures.”

“Our company is a low-cost operation with excellent returns and provides a secure long-term investment,” the website says.

“In a global climate that sees exponential population growth the demand for beef is guaranteed to increase over the coming years. This low-cost and high quality product has all the hallmarks of global expansion written into it.”

“Carcass beef was described as a ‘great market’ for the company with potential for wider growth.

Other opportunities for diversification included accessing carbon credits, and the plant-based production of bio-fuel, the website suggests.

“With the completion of the registration process now underway, carbon credits of more than 1 tonne per hectare will be saleable across more than 1.6 million hectares.”

The production of bio-distillate was also flagged as a future prospect.

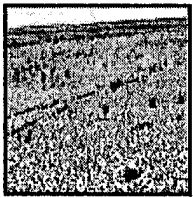
“Research undertaken by the Department of Agriculture (WA) has identified plants capable of yielding easily refined combustible oil suitable for growing in northern pastoral conditions.

“These plants are capable of growing in remote Australia, while supplying distillate to local users, in particular, the large pastoral companies. Trials conducted at Carnarvon in WA suggest oil yields of 1500 litres per hectare of combustible oil.”

The principal by-product of oil production was high quality cattle feed.

Elders is trying to sell the Australian Cattle Enterprise Ltd properties as a going concern on behalf of the receivers.

Selling agent Greg Smith told the West Australian Elders had a host of WA stations listed for sale but tempered speculation about overseas investment in the pastoral industry. He said foreign investors were uncomfortable with pastoral lease tenure and in many cases it acted as a barrier to sales.



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