

Gina Rinehart swoops on Kidman cattle empire



Macumba station near Oodnadatta in South Australia is part of the Kidman empire. Picture: Matt Turner.

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Mining billionaire Gina Rinehart has defused the political controversy over the nation's biggest cattle holdings by lodging a \$365 million bid for the historic company, ending talk of it falling into the control of Chinese investors.

Mrs Rinehart launched the move on the S. Kidman & Co cattle company last night in a huge step towards building her own rural empire with as many as 185,000 cattle and a collective land area 1 ½ times the size of Tasmania.

The bid also eases one of the federal Coalition's biggest political nightmares after Scott Morrison triggered outrage from foreign investors earlier this year by rejecting a Chinese bid for the company, leaving it struggling to find an alternative buyer.

The Treasurer is preparing to consider the new offer but is expected to approve the deal, which gives an Australian investor majority control of the country's largest single landholding in an alliance with a minority Chinese partner.

Mrs Rinehart's private company, Hancock Prospecting, will emerge with 67 per cent of the S. Kidman & Co operations. The rest will be held by Shanghai CRED, one of the parties to the earlier bid.

The deal acts on Mrs Rinehart's stated ambition to build up her cattle operations given her family history in outback agriculture over generations.

"The cattle and wider agricultural sector have been a pillar of the Australian economy and we are fortunate to have the land mass we have, and clean air," she told *The Australian* before the formal offer last night.

"But we need our governments to be more cognisant of the need to maintain our cost competitiveness and act to significantly cut government regulation, approvals permits, licences and compliance burdens."

Mrs Rinehart said Australia had a global reputation as a clean food producer and its location gave it a prime opportunity to meet the growing demand for quality food in Asia.

In a sharp contrast to the acrimony over the original Chinese offer earlier this year, politicians welcomed the announcement last night because it would keep the assets under Australian control. Pauline Hanson's One Nation, which warned against the Chinese bid, backed the new offer last night. "I believe Australians will be happy with this outcome given the vast majority of the company remains in the hands of Australia," Senator Hanson said. "I have every bit of faith in Gina Rinehart's capabilities as a business woman and her love for the country and its assets.

"Ms Rinehart has my full support and gratitude. I won't stand in the way of an Australian buying the country's largest cattle property. It's a great outcome for Australia."

South Australian senator Nick Xenophon, whose party backed the government's decision in April to reject the Chinese bid, said: "I think most Australians would see this as a terrific outcome. It means that our most iconic cattle stations and the biggest Australian landholding will be kept under Australian control. Good on Gina Rinehart for making that move.

"But it doesn't obviate the need for more transparency in our foreign investment rules."

Nationals MPs had warned against giving up Australian control of the cattle holdings, putting pressure on Mr Morrison to reject the Chinese offer and leading Deputy Prime Minister Barnaby Joyce to welcome the veto after it was announced on April 29. Mr Joyce is a friend of Mrs Rinehart's but he made no comment on her bid last night. Bill Shorten said in April he was "uneasy" over the Chinese bid for S. Kidman & Co, but his colleagues launched a vigorous attack on Mr Morrison after he rejected the bid, saying the government needed to give more "consistency, credibility and certainty" to investors.

The earlier bid would have seen control of the cattle empire pass to Dakang Australia Holdings, which would hold 80 per cent of the company with the remaining 20 per cent owned by Australian Rural Capital.

Dakang Australia was 51 per cent owned by the Dakang Pasture Farming company of China and 49 per cent owned by Shanghai CRED Real Estate, a company controlled by billionaire Gui Goujie and also a major sponsor of the Port Adelaide Football Club. The new offer keeps Mr Gui involved but dilutes his effective stake in Kidman from 40 per cent to 33 per cent.

Hancock and Shanghai CRED will create a joint venture company, Australian Outback Beef, under which Kidman will be placed, but this is conditional on the sale of two properties, the Anna Creek station and The Peake, a South Australian station. The proceeds of these two properties will be kept by Kidman and reduce the overall purchase price.

Mr Morrison's office noted that the deal would still require foreign investment approval.

"The Treasurer will consider all of the relevant issues ... and will make a determination in due course as to whether the application as structured is consistent with the national interest," a spokesman for Mr Morrison said.

In the past two years, Hancock Prospecting has spent more than \$200m on six stations in the Kimberley and in the Northern Territory.

On Friday she emerged as one of the country's top Wagyu cattle owners after buying 1000 of the most expensive breeding cows from Victorian David Blackmore. Kidman has pastoral leases covering 101,000sq km across three states and the Northern Territory.