

# Stock & ore: Gina Rinehart expanding her empire

Paul Starick, SA Weekend

THE sinking Outback sun casts a fierce spotlight on the dusty road, flanked by a stretch of squat gidgee trees.

Four white Toyota LandCruisers, bearing the legendary S. Kidman & Co logo on the front doors, snake along the gravel in 45C heat. Suddenly, the convoy draws to a halt near two Santa Gertrudis cattle, grazing on saltbush and burr grass in undulating, green-tinged country.

Australia's richest woman strides out from one ute, near the convoy's rear, walking toward the cattle about 50m away – evenly but purposefully. The rest of her entourage pause awkwardly, quietly wondering whether the cattle will scatter in fright at this rare human contact.

But Australia's new cattle queen Gina Rinehart, raised on stations in Australia's remote northwest, has a trick up her sleeve.

As she slowly draws close to the tan-coloured steers, perhaps just 10m away, she draws on her childhood experience at Hamersley cattle station, and moos softly at the animals as she approaches.



Tad Watroba, Hancock Prospecting executive director, speaks with Gina Rinehart  
Picture: Supplied

It's a ploy she was taught by her father, iron ore magnate Lang Hancock – but one, she later warns, that is not good to try if you're inexperienced with cattle.

In her case, it works beautifully. The steers are frozen still, calmly returning her gaze as the relieved travelling party looks on.

It's a historic scene at Durham Downs Station, an 8910sq km linchpin of the Kidman empire in southwest Queensland, near the South Australian border. Here, Rinehart rules over all she surveys, having become the principal owner of Kidman's just before Christmas.

It's just after 7pm and these are the first cattle she's seen on Durham Downs since the jet swept on to the tarmac at a nearby gas field airstrip about an hour ago – prompting the billionaire to cheerfully declare upon landing: "Welcome to Channel Country."

Durham Downs, nestled along the Cooper Creek, is the final stop in her post-purchase tour of Kidman stations. Within 24 hours, she will be in Melbourne, unleashing a wave of new investment in the pastoral chain at her Hancock Prospecting Group's first joint board meeting with new Kidman minority co-owners, China's Shanghai CRED Group.

Just before Christmas, their joint venture, Australian Outback Beef, paid \$386.5 million for 10 Kidman stations, spanning 80,000sq km in three states and the Northern Territory, and a bull-breeding stud farm and a feedlot.



Gina Rinehart with her father Lang Hancock in the early '80s

Buying Kidman spreads Hancock's cattle interests across northern Australia, puts the firm in the nation's top three beef producers and is believed to make her the nation's largest private landholder — ironically the biggest since Sir Sidney Kidman. It follows the purchase of three other NT cattle stations last year, part of expanding the business beyond the iron ore sector.

Rinehart's father and company founder Lang Hancock discovered iron ore in the Pilbara in 1952 and forged a fortune. When he died his estate was bankrupt and, his daughter says sadly, the company he founded was in considerable difficulty. She has taken over and, in late 2015, achieved a long-held dream by shipping the first iron ore from the \$10 billion Roy Hill mine and port, also in WA's northwest. She was Australia's richest person from 2010-15, according to the BRW Rich 200 List, but slipped to the fourth ranking in 2016 — still worth \$6 billion — due to falling iron ore prices. Her net worth has likely been substantially inflated, though, by a recent surge in iron ore prices.

But Rinehart, 63, is not stopping with the Kidman purchase. Already, she is vowing to spend millions to increase cattle numbers, install a hi-tech communications network, create a fleet of drones and helicopters, and spearhead a drive for new markets in China.

For now, though, Rinehart has eyes only for her new cattle. She's just like any farmer giving visitors a tour of the stock and paddocks — just on an extraordinarily vaster scale in land and dollar terms.

Having studied the pair of Santa Gertrudis as a photographer records the moment, she beckons others for souvenir snaps. Out strides Hancock's executive director Tad Watroba, her wavy-haired right-hand man who escaped from Communist Poland in the early 1980s. They pose together for more pictures.

Just like here on the Durham Downs roadside, Gina Rinehart is reluctant to bask in the public spotlight. It's something that quickly becomes obvious when *SAWeekend* is given a rare insight into the multi-billionaire's inner sanctum when exclusively joining her station tour.

This is not the polished, slick media management typical of a political leader's travelling party, even if the high-powered group includes Watroba, senior NAB executive Spiro Pappas (her banker) and former Northern Territory chief minister Adam Giles (newly appointed as Hancock pastoral's general manager external relations). For all her wealth, Rinehart displays a reluctance to be the focus of attention, bordering on shyness.

She rarely gives interviews and occasional public appearances are, usually, tightly scripted and controlled. This might stem from her father of whom, she has said, people were jealous.

"My father, who had done so much for our state and country, got sick and tired of hearing his words twisted and misrepresented, so he chose not to have anything to do with the media," she wrote in 2012. In turn, Rinehart has been pilloried for her pro-rich views, her wealth, pushing economically selfish politics and using the courts as her personal plaything (although preferring private arbitration). She has been locked in a long-running [court dispute](#) with two of her children involving deeds signed years ago regarding their mining fortune, worth about a billion dollars.



Even former NSW state minister and Liberal Party treasurer Michael Yabsley, who worked for her very briefly as an adviser, accused her of “being as mean as all get out” – taking people out to dinner and making them pay for their steaks.

Hancock Prospecting makes it clear it thinks it pays its own way. Its Christmas newsletter detailed \$3.338 billion in federal and state taxes paid since 2011, including more than \$390 million last financial year – making the firm Australia’s largest private taxpayer.



Gina Rinehart inspects her new cattle station Picture: Supplied

As for being mean, the privately owned company’s latest financial statements reveal that while Rinehart slashed executive pay last year by 60 per cent, or \$20 million, she has doled out \$267 million in sponsorships and donations in the past two financial years.

Whatever her thoughts about the media, if she harboured any misgivings about having a journalist along on this trip, it wasn’t apparent. From the outset she welcomed *SAWeekend* to her travelling party, and she is unfailingly polite, courteous and generous, despite her public stereotype.

Perhaps it’s because she’s heading for station country, reminiscent of her Pilbara childhood home that she is relaxed and cheerful. Perhaps it’s just that, apart from a lone

reporter, she's surrounded by her closest, most trusted advisers. Perhaps there's also a sense of fulfilling destiny by buying Kidman — her maternal grandfather, James Nicholas, was a friend and business partner of the legendary cattle king.

When asked about her ambition for Kidman, Rinehart tells *SAWeekend* of her pride at becoming the iconic group's principal owner.

“My ambition is to invest carefully to see our Kidman and Hancock properties become some of the best in Australia,” she says. “Our investment in technology, as we do at our Hancock stations, has brought improvements not only to the stations, but also to the staff working on the properties and towards better animal welfare.”

She also gives a clear sense that this is more than just a business, but goes to the historic forging of the nation's economic roots and character — and her own.



Rinehart with, from left, Spiro Pappas, Morney Plains Station manager Craig Lasker and Tad Watroba, at Durham Downs Station. Picture: Supplied

“I’m an Australian — multi generations,” she says. “And our family has held pastoral stations continuously since the late 1800s, so I well understand that pastoral businesses are important to the Outback, provide jobs in the bush and are about jobs for Australians.

“... I can’t help but be reminded of my childhood in the Outback, an upbringing I believe I was very fortunate to have. It taught me much about practical common sense, working together without complaint, and good old-fashioned values, devoid of misrepresentation or entitlement. I loved my time on the stations, so many happy memories, too. And I admire the station people living in, at times, difficult situations, with long periods of heat, battling drought, dust, flies, snakes, floods, fires, without city conveniences, and with little complaint.”

Rinehart speaks precisely, sometimes softly. Aboard the jet on the way to Durham Downs, she distributes plates of crackers — smoked salmon, topped with sun-dried tomato, and lightly curried egg. Writing in my notebook in a seat at the back of the plane as the 10-person travelling party flies toward Durham Downs, I’m surprised when she comes down the aisle to proffer the late afternoon snack. “Would you like something to eat?” she asks quietly.

Earlier, as we landed in Warwick to launch her new export wagyu beef brand, she pops to the plane’s rear to ask Giles and me: “Do you gentlemen have a hat?”

In this company, hats clearly are important. Fresh boxes of Akubras have been loaded aboard the plane in Brisbane and gradually handed out. The affable Giles quickly assures the boss he’s remembered his hat. Awkwardly, I declare I applied sunscreen but foolishly forgot to pack a hat. “Please take this one,” Rinehart responds with a smile, handing over a blue, wide-brimmed number. Her staff later insist it’s one of her favourites.

During the Durham Downs visit, she regularly pauses for brief chats — off the record. Later, she supplies extensive written answers to questions. She’s blunt in her opinions about politicians and red tape, in particular, but she clothes them in courtesy — on and off the record. She rails — again, politely — against high government-related costs, in particular citing state governments’ regulations preventing much-needed bores being sunk or dams built on Kidman properties. It’s very much a case of velvet glove and iron fist.

“The regulatory burden concerned with putting down a new bore or building a new dam or introducing better pastures in some states is excessive. Kidman could expand its herds by thousands if it was allowed to put a few more bores and or dams into some of its properties,” she declares.

“Such investment would mean more jobs for station workers, more jobs for truck drivers, more jobs for meat processors and the list goes on. Government tape and government costs hold us back too much.”

We arrive at Durham homestead shortly before 8pm, driving over a narrow concrete bridge spanning the Cooper Creek as the sun starts dipping behind distant hills. Water laps metres below the top; thick grass lines the banks — remnants of strong rains still washing through the Channel Country.

Four galvanised iron sheds guard a dusty slope above the fibro homestead, outbuildings and common room, which includes two 10-seat dining tables, commercial kitchen and glass-door fridge, amply stocked with beer, water and assorted other beverages. Outside is a shaded outdoor table and barbecue area, set near surprisingly green lawn. There’s satellite TV, just like in the city, and secure wi-fi.

About 200m down the slope, through a stand of trees, is the Cooper. Near the banks are two plastic chairs and a swimming pontoon is anchored offshore — station workers say it gives brief respite from the heat.

Adelaide-raised Jon Cobb has managed Durham Downs since 2007, when he moved there with wife Michelle and their four sons. The couple greeted the Rinehart group at the airfield — now it’s about 8.30pm and he’s getting ready to meet with the boss at the outdoor table. Joining them are Watroba, pastoral company managers and Rick Ford, manager of Fossil Downs Station, northeast of Fitzroy Crossing in the Kimberley — another prime property, bought by Rinehart in mid-2015.

Ford, raised in cattle country between Rockhampton and Longreach, visited SA’s Innamincka Station with Rinehart on Australia Day and toured other Kidman properties with her. At the time, she said she wanted new and longstanding managers to come together and learn from one another’s experiences to improve the stations.





Gina Rinehart with Innamincka station managers. The station forms part of the S. Kidman & Co empire she recently purchased. Picture: Supplied

At Durham Downs, Kidman's former owners had run a lean operation with few of the profits reinvested into the properties. The station can carry 21,500 cattle but now runs about 11,000. The property had inadequate bores and dams to hold cattle numbers in drought conditions. Four years of crushing drought broke last year. The Cooper's flood plains erupted with feed — little wonder Durham Downs is considered one of the nation's finest fattening properties.

The temperature hovers above 40C as the group sits down. A diesel generator chugs loudly atop the slope, struggling amid the heat — a mechanic is staying over because it's been playing up. Just after 10pm, they retire inside the airconditioned dining room for a late dinner of roast beef, potatoes, pumpkin and cauliflower cheese, cooked in the commercial-size kitchen.

Outside, Rinehart's executive assistant Glenn and communications assistant James chat over drinks, the dry heat lingering. Glenn jokes that his birthday — that day — has been forgotten. Suddenly at 11.50pm, just when he is giving up hope of celebrations, Rinehart springs out from the dining room, brightly asking: "Would you like some cake?" and wishing Glenn happy birthday. She is brandishing plates of chocolate cheesecake and layered cream cake, both topped with strawberries — which she places on the table

before us. Durham Downs staff have baked the cakes for her visit and Rinehart is offering them around.

For someone who trumpets the virtues of hard work, she practices what she preaches. The meeting grinds on. As yawns are stifled, advisers politely observe that some are unaccustomed to the late hours she keeps. Yet Rinehart knows she has only one night with the Durham Downs manager — and one also present from another Kidman channel country station — to learn their issues ahead of the first Kidman board meeting under new ownership. She also wants to get across to the managers what Hancock is doing with its own stations, where she has introduced numerous [new technologies](#), and to assess whether she has the enthusiastic support of all Kidman managers for her new pro-technology way ahead.

Finally, the meeting closes about 12.40am. The group retires, resting ahead of the Melbourne board meeting — about 17 hours and 1200km away by air.

After that board meeting, Rinehart will outline her ambitions for Kidman — the result of touring the new empire. Stations like Durham Downs need more water points — cattle start losing weight if they walk more than about 2.5km to water. Walkover weighing stations, already operating on Hancock properties, will be installed. In arid areas, these will be placed near fenced water points, requiring cattle to walk over scales before entering and enabling their weights to be remotely recorded. Importantly, they will remove the need for mustering by identifying individual cattle, calculating their weight change and, if necessary, automatically drafting them into holding pens ready for market. This can also enable overseas customers to order, say, 5000 head of cattle between 450kg and 500kg, and the animals be easily located and corralled.

“As always, water is king, so more water facilities were required,” Rinehart says.

“We’d heard that Kidman was considering introducing an electric vehicle, but hadn’t yet done so, and one of my managers offered to try one on his station if required.”

The new owners are vowing to boost communications — one of Durham Downs’s radio repeaters was down — and forge a hi-tech future for the Kidman empire by transferring technology already used in Hancock’s mining and pastoral operations. A digital UHF radio network will be tested and rolled out across the Kidman empire. The aim is to iron out dead spots and give greater visibility of staff movements across the sprawling

properties, including arming them with emergency position indicating radio beacons (EPIRBs).

More helicopters are on the way. Rinehart tells *SAWeekend* they have “greater diversity of uses than fixed-wing aircraft” and “will add to station staff’s knowledge and efficiency”.

Perhaps the most intriguing, however, is the introduction of drones — already used in the mining industry for mapping, surveying and monitoring environmental management and mine rehabilitation.

Rinehart revealed plans for a large trial of drones in Hancock’s Kimberley stations which, if successful as believed, hopefully would result in aviation authority approval for drones on Kidman properties.

“We are trialling drones at our Hancock Kimberley stations for doing such things as photographing water tanks and troughs, where reliable daily water is critical especially in heat, and photographing fences and filming operations around the station.

“The manager on such large stations can’t be at all places,” Rinehart says.

The trial drones can carry up to 4kg, which she is predicting will be useful in emergencies for quickly carrying items such as epipens (a handheld device used for injecting doses of adrenaline as an emergency treatment for anaphylactic reaction to insect stings, foods and medications).



Gina Rinehart on Glencoe Station in NSW. Picture: Supplied

But Rinehart's horizons are far more expansive than even the wide vistas of Durham Downs. Exports to the world, especially the giant potential of China, is very much in her thinking.

Before we fly to Durham Downs, she stopped in Warwick, 130km southwest of Brisbane, to launch a new full-blood wagyu beef brand for export to Asia, witnessing the first consignment being packaged for China. The 2GR brand includes wagyu from three Hancock cattle stations in western New South Wales, near Dubbo, which hold about 8000 head. They are grain fed near Warwick before processing.

Like the Warwick venture, the Kidman purchase has close ties to China. Hancock Prospecting holds a 67 per cent stake and Shanghai CRED the remainder in the Australian Outback Beef consortium.

Rinehart displays some of the small-government, low-cost agenda for which she has become renowned — and despised in some quarters — when explaining the China push.

"Australia relies, given its relatively small population and large land mass, on overseas markets. We are an export-based economy, whether that be for wool, iron ore, coal, or other primary products," she says.



“We have targeted the British, Japan, South Korea, India, Europe and elsewhere. Increasingly we are targeting China for market opportunities, and while the purchasing power of China continues, Australian producers will continue to seek Chinese buyers also.

“But we always must remember, for countries to be willing to buy from us, we must be price competitive and reliable, in addition to their liking our produce.”

Spending even a short time with Gina Rinehart, it quickly becomes obvious that family heritage is incredibly important. This is reflected in both the Kidman purchase and the 2GR brand — bearing the initials of her and daughter Ginia.

The brand is launched at Australia’s oldest single-family-owned meat processor, Warwick’s John Dee, which the Hart family has operated since 1939. Managing director Bob Hart, aged 92, works from 9am to 5pm every weekday.



The young Gina Rinehart. Picture:ABC

The 2GR name is inspired by Rinehart’s paternal great-grandfather, who ran one of the first stations in WA’s northwest, Ashburton Downs. Her ancestors had sailed, she says proudly, into nearby Cossack (now a historic ghost town near Karratha) aboard the wooden ship *Sea Ripple*, becoming the first European-heritage settlers. Her great-grandfather John Hancock established the H3B brand (standing for Hancock three



brothers) for cattle and sheep in honour of his three sons, one of whom was Rinehart's grandfather, George Hancock.

For all the intense pursuit of revenue and job creation which fuels Australia's richest woman, there clearly is a sense of fulfilling family destiny by buying Kidman. She has repeatedly and proudly spoken of her grandfather, James Nicholas, Sir Sidney's business partner and friend. Their ventures included partnerships in pastoral stations and an extensive Cobb & Co. carrying business in Western Australia. She credits him with building thousands of kilometres of roads, inns and staging posts, along with designing and bringing the first buses to WA.

"I believe as an Australian, our forebears and our heritage is what helps to make us, and I was exceptionally fortunate to have a gentleman as my mother's father, James Nicholas, as one of my forebears," Rinehart declares.

"My grandfather was a hardworking, responsible, wonderful Australian, who contributed immensely to this country. His business reputation was outstanding. His family were loving, loyal and supportive, and he became long-term friends with then Sidney Kidman, later Sir Sidney Kidman.

"I cannot overstate the importance of James Nicholas – this very fine Australian's legacy and contribution to our country. I feel my grandfather would be quite delighted that I've now taken over the responsibility of the iconic station group that his dear and famous friend brilliantly began."

Two of Australia's richest and most prominent family empires have fused with Gina Rinehart, scion of the Hancock mining interests, taking over the Kidman group legendarily forged by Sir Sidney and operated for years by his descendants. Rinehart is deeply respectful of history. But, in bringing in a Chinese partner to help open new opportunities for Australian produce in the world's biggest market, she also has an eye to the future. Australia's new cattle queen – and arguably the nation's most mysterious and polarising businesswoman – is now forging her destiny.