



**HD Capital Cattlemen**

**BY** Tim Lee

**WC** 2,996 words

**PD** 25 October 2014

**SN** Australian Broadcasting Corporation Transcripts

**SC** ABCTRS

**LA** English

**CY** (c) 2014 Australian Broadcasting Corporation

**LP**

The potential of Northern Australia to provide Asia with quality food is driving a bold investment in the cattle industry by one of Australia's richest men.

PIP COURTNEY, PRESENTER: The potential of Northern Australia to provide quality food to Asia is a hot topic in Australian politics and agriculture. These opportunities are driving a bold investment by one of Australia's richest men. Retail giant and entrepreneur Brett Blundy has an estimated personal fortune of close to \$1 **billion** and has bought a large **stake** in the Northern Territory's cattle industry. This rare public outing by Brett Blundy was with Tim Lee.

**TD**

TIM LEE, REPORTER: At one **million** hectares, Beetaloo Station is so vast, it's almost beyond comprehension. But to give you some idea, it's 180 kilometres from the front gate to the back boundary fence.

King of this domain is John Dunnicliff, a 50-year veteran of Australia's beef industry and one of its highest achievers.

BRETT BLUNDY, BB RETAIL CAPITAL: John's story's fabulous and I'm delighted to be a part of it. He is a visionary, he's entrepreneurial and he is so thoughtful about maximising the value, protecting the land, and ultimately, he is changing the way certainly beef farming in far north of Australia is going to happen. I believe that what we're doing at Beetaloo will be the way it gets done in the future.

TIM LEE: Beetaloo Station, 700 kilometres south of Darwin, represents the culmination of a life's work. Four decades ago, John and Trish Dunnicliff and family owned 300 cattle. Today, the figure is nearing 80,000. In that time, they've moved across Australia, buying and developing properties, increasing herds and always moving on to something bigger. From western Queensland to central-west NSW to King Island in the middle of Bass Strait to the far-flung Kimberley; and now, the ultimate: the great expanse of the Barkly Tableland.

The goal here is to greatly bolster productivity and cattle numbers. It's a big ambition and a costly one. Around \$40 **million** is being spent on infrastructure.

JOHN DUNNICLIFF, BEETALOO STATION, NT: We're not unique in this, in a real sense, it's just that we've done it in a, um - on a mass program, and that's really been to do with funding as much as anything. We've been able to get the funds to come in from Brett Blundy and that's really given the whole thing an impetus. It might have been a slow program if we were trying to do it out of the proceeds of cattle, 'cause the cattle market has been to date a fairly fine-margin industry.

TIM LEE: A crucial part of the plan is a world away from the Outback, in the far-off world of big business at the top end of town. With an estimated personal fortune of more than \$800 **million** and rising, Brett Blundy is one of Australia's richest men. His **company**, BB Retail Capital, has a stable of retail brands and products, including fashion jewellery, manchester and homewares, undergarments, lingerie and scented candles. BBRC also has a **stake** in the popular Sydney Harbour BridgeClimb.

Now based in Singapore, Landline caught up with the former farm boy at Melbourne Airport. It's the first time Brett Blundy has spoken in person about his investment in Northern Australia's beef industry. The obvious question is: why?

BRETT BLUNDY: The quick story is about 15 years ago - I've been travelling to **China** and Asia for a long while, and it occurred to me that **China** particularly and consequently the rest of Asia, will not be able to feed itself as their economies grow and then I thought that beef and protein were very important, so I started to look around for that investment and discovered John, Trish and Jane and loved what they were doing. Increasing productivity is going to be essential in beef growing and that was the start of the relationship. John was doing something spectacular. It needed funding to be successful. It was too good an opportunity and here we are.

TIM LEE: The key is water. The only way to fully utilise these vast grasslands is through good, reliable, well-spaced watering points. By late next year, a bold 10-year plan to pipe water underground will be complete.

So John, you've got about 570 of these tanks dotted across the property.

JOHN DUNNICLIFF: We intend to put about 600 in. So we're just about on the home straight now. They're a 30,000 gallon, or 130,000 litre, tank and go to - in most cases they go to four troughs in adjoining paddocks. It's pretty simple. It's just all supplied by a poly' pipe that's coming from the bore. The bore's about 12 k's away. And every four k's along the polythene pipe is a tank and cistern, same as this. ... When we've finished, which will be by the end of next year, we will have put up 3,000 k's of three-inch pipe under the ground.

JANE ARMSTRONG, BEETALOO STATION, NT: It was a plan which had started before Brett came onboard, but needed - we needed, you know, the next leg to complete our program. And so, yeah, I guess he took a bit of a risk sort of jumping in with us on a reasonably different program that's - you know, it's not traditional for this country. On the other hand, it's pretty simple - it's putting water on grass and putting cows on that. So, it's not like we're sort of reinventing the wheel or anything like that.

TIM LEE: Even so, this is trailblazing territory. When each watering point costs about \$60,000 to install, the major banks deemed that funding it was too risky.

JOHN DUNNICLIFF: And Brett was the only bloke that had the inspiration to do it. We talked to a lot of people and very seldom had a second phone call.

BRETT BLUNDY: Banks by their very nature are cautious and we're really changing the way traditional farming happens. That, to banks, has got to be proven before they're going to back it. So it requires people like me to take the bold decision, along with people like John.

TIM LEE: All over his vast holding, John Dunnicliff has grazing trials in place, carefully evaluating what works best, both productively and sustainably. Such frequent access to water means cattle don't overgraze any one area and they never have to go far to get a drink, thereby conserving **energy**.

JOHN DUNNICLIFF: Probably 80 per cent of that country didn't have water on before anyway, so, it's not all a miracle. It's just that we're putting water out onto country which was basically unusable before.

TIM LEE: Just tell us your stocking increase. It's been a remarkable exponential increase.

JOHN DUNNICLIFF: Yes, we've started off with about 20,000 in 2002 and we've built up to 60,000 to 65,000 of our own here and we've got about 15,000 on agistment, so we're up to pretty close to 80,000 and we expect those to go up to 100,000.

BRETT BLUNDY: "Off the scale", Tim's a great word. It's really turning out to be even better than the original forecasts were, which is terrific all-round from an investment point of view, but even from utilising the land and ultimately being able to produce more beef, the world needs that. So it's really win-win.

TIM LEE: Beetaloo is a family concern. Jane, one of John's three daughters, handles marketing. Her husband Scott is the main pilot and **operations** manager.

In the dry season, one of the great threats here is wildfire. Lightning strikes can ignite fires in remote terrain that if left unchecked can destroy pasture, fences and stock. During Landline's visit, that very scenario arose.

JOHN DUNNICLIFF: Basically, we've got a fire that's come into us from about 50 k's east of us and it's probably got best part of 100-kilometre front on it, so it's a pretty good fire now. It's jumped a couple of breaks which we've been burning over the last few nights.

TIM LEE: This fire has already burnt about 200,000 hectares. If it gets into Beetaloo's grasslands, it could easily burn as much again. In the hottest part of the day, the fire jumps control lines and sweeps across tall grass. As luck would it, there's a fire truck nearby. The fire is curtailed, and today, it's a near miss.

Soon, there'll be water laid on out here, allowing grazing to keep the grass and the fire risk down.

JANE ARMSTRONG: I think we've got a very positive outlook. You know, we're lucky, we're fortunate, we're at a good time where I think this industry's going to have a really good future and so it's good, you know, we've got young children and things, so I don't know whether they're every going to want to be involved, but I think it's a long-term business. It's something that's got a really long-term future with a big market and plenty of country that is capable of producing some really good articles.

TIM LEE: It was both the scale of the enterprise and the low cost of producing cattle that attracted the family to the Barkly Region.

JOHN DUNNICLIFF: Our prices are good and we're close to our markets. We're probably the dearest market in Australia at the moment. And so, there's a lot of benefits and I think it's the next generation, it's Jane and Scotty and that group that are going to be the ones that are going to be the winners. I think we're - Trish and I are really - we're at the tail end of a cycle rather - and they're at the beginning of a whole new one.

TIM LEE: Brett Blundy's **stake** in Northern Australian cattle includes other members of the Dunnicliff clan, daughter Emma and son-in-law Adrian Brown. They're on neighbouring Amungee Mungee Station, a three-hour drive from Beetaloo.

BRETT BLUNDY: That's what I've done with Adrian and Emma. They've got real skin in the game, they're driving it and I'm backing it and the results are going to be terrific.

ADRIAN BROWN, AMUNGEE MUNGEE STATION NT: This is what we've dreamt of our whole life. So, being able to do it is great at the end of the day. So, I know there's a lot of people out there that I've spoken to and would love to be - to do what we're doing. But we started this sort of project when we left Beetaloo six years ago and had a focus on where we wanted to go to and we've been driving it ever since. So we're finally getting here.

TIM LEE: Amungee Mungee is undergoing the same transformation as Beetaloo: frequent, strategically-placed watering points - about 180 are planned - and extensive fencing. Within three years, they'll extend to every corner of the station's 320,000 hectares.

ADRIAN BROWN: We had to bring a partner in who has the ability to push it forward. It is in the **millions**. It's certainly not cheap, but we see there's a return at the end of the day to make it work.

TIM LEE: Adrian and Emma Brown have a 12.5 per cent **stake** in the venture.

ADRIAN BROWN: Having a good operation or a good base makes running an operation so much easier.

TIM LEE: Soon the couple and young family will have a new homestead to make life in this isolated region more comfortable.

BRETT BLUNDY: To me, four or five years ago when we made the investment, it was up there in terms of risk-reward. As each year has gone by, as I sit here now, there is no risk. Indeed, as you know, I just spent \$6.5 **million** teaming up with - we bought Amungee Mungee with Adrian and Emma. That probably answers in itself, and we're developing that, 750,000 acres. And we're going to be doing the development faster than we did at Beetaloo, because we've learnt a lot, we know a lot. So I think that probably tells you where I think the risk sits at the moment in terms of - it's now about the normal country risk: droughts, fires, cattle prices, but I don't see those as any risk that any other beef enterprise in the north is faced with.

TIM LEE: Adrian Brown learnt much from his time at Beetaloo, but believes it's possible to improve upon that model.

ADRIAN BROWN: It's certainly given us the confidence in what we're doing is going to work. John's put a lot of effort in over a number of years developing the system and proving it up. So, we're wanting to carry on that idea and also put a little bit of our own side to the development going forward. We're looking at the vegetation that's available and we don't know what's the best for our animal for nutritional levels at the moment, just due to such a variety here.

TIM LEE: While building the watering system at Beetaloo, the Browns were unhappy with the quality of the polythene pipe and concrete troughs they were able to buy, so they built their own manufacturing plant in Katherine. The thriving business now caters for the pastoral and **mining** industries in the north.

ADRIAN BROWN: So we came in and are now producing pipes to an Australian standard and supplying the rural market and specialising in educating the rural people on what good-quality pipe is for longevity.

BRETT BLUNDY: Adrian and Emma are the classic young, ambitious, driven, can see the future, aren't really carrying any of that traditional - what I call baggage that sometimes stops doing these new things.

TIM LEE: Amungee Mungee's cattle herd is on track to grow within three years from 5,000 to 20,000 breeding cows. Brett Blundy's BBRC Beef owns two other nearby cattle stations - OT Downs and Mungabroom. The **company** is aiming to grow its combined herd to around 150,000 head.

ADRIAN BROWN: He's not just a person involved who's looking at it from the outside as a pure investment. Brett has an understanding of what's going on here. He's been involved in the north now for a number of years and has the retail knowledge on the other side to know what people want. And at the moment, Asia is chasing red meat. He understands that he can put the two together.

BRETT BLUNDY: I think it goes even further than cattle breeding of the north. We're very close to Asia and I think the world's waking up to and Australia's waking up to the value of having Asia that's so close to us and that's a huge advantage and that in itself will drive the north to much greater heights over the years to come. So I think it's a very good place to be.

JANE ARMSTRONG: It just makes sense. We're here, we can do the job, we can produce the animals that do well for them, they work well in their climate and they can feed them well and they've got the market for them.

TIM LEE: John Dunnicliff believes that in years to come his development model, or variations of it, will be widely adopted throughout the north.

JOHN DUNNICLIFF: But I'm sure that as time goes on what we're doing here will be considered - certainly won't be rocket science anyway, it'll be fairly standard practice.

TIM LEE: But despite the spectacular results being seen at Beetaloo, John Dunnicliff says it's still hard to attract investment into the northern pastoral industry. Investors still see the sector as high-risk.

JOHN DUNNICLIFF: Capital is still slow to come into this industry in a real sense, particularly from Australian-based - and I'm talking Northern Australia, I'm not talking Southern Australia.

ADRIAN BROWN: One of the issues of the north is bringing a lot of investment that isn't matched to management or people who don't understand the management wasting good investment money.

TIM LEE: In recent months, there's been a much-talked-about federal blueprint for developing Northern Australia. It identifies the need for better infrastructure to cope with the surging live export trade and burgeoning cattle numbers. And of that infrastructure, the big ticket item is roads, roads capable of carrying fully-loaded road trains in all seasons of the year.

JOHN DUNNICLIFF: We're limited by the seasons. You know, we've got a bitumen road goes through the top end of us, but it gets closed down in the wet because it can't take the weight of trucks. Well this is absurd. When our prices are at their peak, we can't get our cattle out.

TIM LEE: Experience has taught John Dunnicliff to temper his expectations.

JOHN DUNNICLIFF: It's going to be a really inspired government that jumps on that bandwagon, because they're only in power by votes and spending money in Northern Australia mightn't be the biggest vote-puller of the lot.

**NS** ntra : Transcripts | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpx : C&E Executive News Filter | niwe : IWE Filter

**RE** austr : Australia | nterry : Northern Territory | apacz : Asia Pacific | ausnz : Australia/Oceania

**IPD** cattle

**PUB** Australian Broadcasting Corporation

**AN** Document ABCTRS0020141026eaap00002