

FINANCIAL REVIEW

SE News
HD **A magnate for a mum**
BY Jonathan Barrett
WC 1,147 words
PD 3 December 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 36
LA English
CY Copyright 2014. Fairfax Media Management Pty Limited.
LP

Family dramas John Hancock has had an up and down relationship with his mother, Gina Rinehart – despite the fact they agree a good 90 per cent of the time, writes Jonathan Barrett

Billionaire miner Gina Rinehart and her son John Hancock were having dinner near the banks of the Chao Phraya River in Bangkok when they started discussing media investment.

TD

It was late 2010, during Loi Krathong – Thailand's lantern "festival of lights" – and Rinehart had recently spent just over \$165 **million** buying a 10 per cent **stake** in the Ten Network through the **company** she controls, Hancock Prospecting. She appeared to be trying to **buy** media influence.

The investment not only surprised the market, it had surprised Hancock. It's not that the mother and son shared all information – Hancock had, after all, changed his surname from Rinehart to Hancock by deed poll after a falling out – but it's the sort of **business** discussion they would normally enjoy. They were, for the moment, getting along well and Rinehart had specifically taken time out of her schedule to have dinner at the Mandarin Oriental **Hotel** with her son who was living in Thailand.

According to Hancock's recollection of the evening, Rinehart then told him she wanted to **buy** a **stake** in the The West Australian newspaper. At the time, this could have been done through either a direct investment in West Australian Newspapers or through Seven **Group** Holdings.

"She said she was going to **buy** into the paper, and I said Stoksey controls it," Hancock recalls, referring to Kerry Stokes' tight grip over the network and newspaper.

"That's when I suggested the open register that was Fairfax," says Hancock, referring to the publisher of The Australian Financial Review, The Sydney Morning Herald and The Age.

Hancock picked up his Blackberry and punched in the Fairfax ticker, FXJ, into Google Finance to have a look at the **company**'s market capitalisation. A couple of minutes later, Rinehart called her **company**'s chief financial officer and close ally, Jay Newby, in Perth.

"She picked up the phone and said, 'Jay, don't **buy** The West tomorrow, let's **buy** Fairfax instead'."

Rinehart emerged with a **stake** in Fairfax, and is now its largest shareholder.

She declined to comment on her media investments on Tuesday.

While acknowledging the events of that Bangkok night were somewhat surreal, Hancock says it was a pleasant evening, and indicative of their ability to get along.

It turned out to be one of the last times in recent years the mother and son shared a genuinely pleasant moment.

Within 12 months of the 2010 dinner, Hancock and two of his sisters, Bianca Rinehart and Hope Welker, launched Supreme Court action against their mother over her actions as a trustee of assets left to the four children by Gina Rinehart's entrepreneurial father, Lang Hancock. The third child, Hope Welker, later pulled out of the court action. That battle was sparked in 2011 after the then-trustee, Gina Rinehart, extended the vesting date of the trust to 2068, just days before it was due to vest when the youngest child, Ginia, turned 25.

Gina Rinehart has since voluntarily relinquished the role of trustee. The court is yet to appoint a new trustee.

The two eldest children, John Hancock and Bianca Rinehart, have now launched fresh litigation in the Federal Court alleging assets left to the children were wrongfully transferred to the control of the Gina Rinehart-controlled Hancock Prospecting.

The statement of claim also alleges that the four children should control 49 per cent of Hancock Prospecting, and Rinehart 51 per cent, as opposed to the current 23.45 per cent/76.55 per cent carve-up.

A spokesperson for Gina Rinehart said on Tuesday that while it was not appropriate to discuss cases before the courts "it is worth remembering these projects are important to both West Australia and the nation, and the people working on them both directly and indirectly, in addition to other parties".

During the litigation of the past three years, Rinehart and her representatives have at different times described the children taking legal action against her as "privileged" and that they should "go out and earn for themselves". They have also been accused of harming the family interests by "extracting publicity for the dispute".

This has included a "real risk of **commercial** harm" to projects including the partly built \$11.8 **billion** Roy Hill **iron ore** mine.

Hancock, who denies the allegations and has vowed not to disrupt existing **commercial** arrangements should the litigation prove successful, says his mother has not acknowledged his own **business** credentials.

"Nobody survives long disagreeing with her," he says. "But over the passage of time, she has adopted many of my ideas – she obviously likes them." In the past several weeks, it has emerged that Hancock Prospecting has substantially increased its investment in non-**mining** assets, which includes the **purchase** of several cattle stations, and a proposed investment in infant **milk** powder.

The **mining** magnate has also raised the idea of building a \$175 **million** specialist hospital in Darwin to treat wealthy patients.

The proposed \$500 **million milk** powder plan – a Hancock Prospecting-led joint venture with a **Chinese** industrial – would require the construction of a processing facility in south-east Queensland to export formula to the lucrative **Chinese** market.

A Hancock Prospecting spokesperson said on Tuesday the dairies **business** plan was developed almost 12 months ago.

"A department of Hancock Prospecting, at the request of Mrs Rinehart, had been looking at agricultural investment for approximately two years prior to this," the spokesperson said.

Hancock says it is a good idea – and that it was his.

He says he presented the idea in 2011 to his mother of co-investing with a **Chinese company** to export **milk** powder, which is the main ingredient in baby formula.

"When I suggested this **business** and strategy of engaging the **Chinese** three years ago, it was considered left field.

"Now it's the biggest investment of our family's history outside of **iron ore**. She obviously liked my idea."

Up until about six months ago, Hancock and Rinehart were communicating fairly regularly.

That ended when Bianca Rinehart appeared in the Supreme Court proceedings in June, after she put herself forward as a potential trustee for assets left to the four children, despite protestations from her mother.

Bianca's nomination was ultimately unsuccessful.

Hancock says the relationship with his mother is a "conundrum", given sometimes they genuinely get along well, as was the case at the Bangkok dinner.

"It was a beautiful evening and I enjoyed my mother's **company** very much," he says.

"Ninety per cent of the time we think similarly, although her views can be more extreme. The difficulty is caused with the other 10 per cent."

CO hkpros : Hancock Prospecting Pty. Ltd.

IN i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS ccat : Corporate/Industrial News

RE austr : Australia | thail : Thailand | bakok : Bangkok | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | seasiaz : Southeast Asia

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020141202eac30001g