



Fortescue's green iron dreams sullied by surveillance tactics in tech row

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Body

Dispute A bitter falling out reveals pressure behind the transition.

Billionaire Andrew Forrest has the Chinese Communist Party to thank for holding up the iron ore price.

In the 12 months since The Australian Financial Review lifted the lid on his separation from wife Nicola and the divvying up of their **Fortescue** wealth, it appears the life of Australia's eighth-richest person has become more complicated.

Through all this, the iron ore price has defied forecasts: trading above \$US110 (\$163) a tonne in a low-growth world. Iron ore's outlier status hinges on optimism about what China's leadership might do in response to its growth dilemma.

The **Fortescue** executive chairman's judgment is in question over revelations that private investigators hired by the company watched and photographed the families of former employees. The spying reveals a dark side to the noble quest to produce so-called green iron by **Fortescue**, which makes nearly all its money from selling iron ore to Chinese steel mills.

Fortescue has accused key figures behind its leap into clean energy of copying and taking the company's intellectual property when they left to start a rival green iron business, Element Zero.

Fortescue hired private investigators to trail Michael Masterman, Bart Kolodziejczyk and Bjorn Winther-Jensen in the lead-up to raids on homes and Element Zero premises.

The actions, which included photographing Winther-Jensen, his wife and teenage daughter at their home in the Perth suburb of Scarborough, and Kolodziejczyk's wife at their Melbourne home, were revealed in an affidavit released by the Federal Court this week.

Cameras are everywhere these days but even WA premier Roger Cook has questioned if **Fortescue** went too far. Forrest himself was photographed planting a kiss on the streets of Paris in May. Moroccan energy minister Leila

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Benali, who is on the board of one of **Fortescue**'s joint venture partners in a green ammonia project, later denied that she was the woman in the picture.

Under Federal Court rules, an independent lawyer must carry out raids under privately obtained search warrants of the kind granted to **Fortescue**.

Lawyers acting for Element Zero will seek to have the **Fortescue** claim they stole intellectual property thrown out. They have also pointed to reputational damage suffered by the three men and say the search and seizure orders were improperly obtained.

Fortescue is making no apologies and is standing by its allegations of "industrial-scale misuse" of its work on green iron. Element Zero says its technology was developed independently and is very different from anything **Fortescue** has done.

One-time trusted Forrest lieutenant Masterman and former **Fortescue** chief scientist Kolodziejczyk founded Element Zero in December 2022; they were part of the **Fortescue** team that travelled the world with Forrest in 2020 in the hunt for clean energy projects.

The green hydrogen dream remains elusive. Throughout most of last year, **Fortescue** maintained it would make final investment decisions on five green energy projects by December 31.

Three were announced at the company's annual general meeting in November, and **Fortescue** said at the time that it still hoped to hit the target by the year-end. Seven months later, **Fortescue** remains stuck at three.

It was due to host Cook, other officials and the media on a site tour of its clean energy hub at Christmas Creek on June 21 but cancelled the event because of heavy rain.

The heavens opened up days earlier when Forrest hosted Chinese premier Li Qiang at a **Fortescue** research hub on the outskirts of Perth, where it is trialling hydrogen, ammonia and battery power for use in its mining machinery.

Speaking in May at a JP Morgan forum, Forrest talked up the prospect of a fully integrated Australia-China green iron supply chain. He said **Fortescue** would produce 200 million tonnes of green iron ore annually through its efforts to achieve zero emissions, and Chinese manufacturers would supply the equipment and electrolyzers. In the same presentation, Forrest predicted Morocco would become the "leading green molecule and green electron provider" in a transformation of the global fertiliser industry.

Meanwhile, his US interests are getting expensive. Forrest has warned that plans by US Treasury officials to restrict the availability of tax credits for hydrogen developments through the Biden administration's Inflation Reduction Act threaten the viability of the \$US550 million Arizona project, one of the three big bets. **Fortescue** has counted on access to those incentives to underpin the US hydrogen venture.

In WA, where **Fortescue** still makes all its money, the \$US3.9 billion Iron Bridge magnetite operations remain in need of fixing. It was slated to produce just 2 million tonnes in 2023-24, and it remains unclear if it will ever hit a nameplate capacity of 22 million tonnes a year.

Among its issues, Iron Bridge has been plagued with high turnover. This week, Fiona Hick joined the board of gold and copper producer Evolution Mining in her first major move since leaving **Fortescue** after just six months as chief executive of its iron ore division.

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