

DEFER HI 28 JAN 2016



Selling the renowned pastoral company to Chinese interests is "complete madness", Dick Smith says. PHOTO: DAVE TEASE

Dick Smith slams Kidman sale

Matthew Cranston

Outspoken entrepreneur and aviator Dick Smith has called the pending sale of Australia's largest landholder, S. Kidman & Co to a Chinese company an act of madness and says that with the value of agricultural land rising, Australian super funds should be competing to buy the cattle stations.

Speaking from his 1214 hectare property outside Canberra, Mr Smith, who funded the first major book on his "hero", Australia's greatest pastoral king, Sir Sidney Kidman, in 1987, said he was shocked that Australian investors could not compete with foreign investors.

"I am totally opposed to a sale to the Chinese. It's complete madness," Mr Smith told *The Australian Financial Review*.

"Farming land is going to be incredibly valuable - it is going to generate a lot of wealth into the future so you don't want all that wealth creation to go overseas."

S. Kidman & Co, which has cattle station holdings covering 11 million hectares, was placed on the market in April last year with EY. It was expected to sell for more than \$325 million.

Chinese group Shanghai Pengxin, which has successfully purchased large farming properties in New Zealand where foreign investment rules are much stricter, was S. Kidman & Co's preferred bidder for the business.

But the sale was prevented from

going ahead late last year on the grounds that part of the landholding was within the Australian Defence Force's so-called "green zone" - the lowest security rated area of the Woomera rocket range.

The land that was within the security area, namely the world's largest cattle station Anna Creek, has since been carved out of the overall S. Kidman & Co portfolio of land, allowing for the sale of the remaining business.

However Mr Smith said using the security concern as a reason to prevent the sale was a "furfy". "I really don't

I really don't understand why the major parties are OK with still selling it off.

understand why the major parties are OK with still selling it off. Nine out of 10 people I speak to are opposed to it."

Other Australian investors have been enthusiastic about buying part or all of the S. Kidman & Co landholdings including transport magnate Lindsay Fox.

Mr Smith became one of the top 10 shareholders in Australia's second largest landholder - the Australian Agricultural Company - in 2012 because he didn't want to sound like a hypocrite for suggesting that Australians compete with offshore buyers for

our agricultural land. "The Australian super funds surely they could buy Kidman. Even the prime minister could put in \$1 million. I could match it and put \$1 million in."

At the same time that Mr Smith opposes the sale of S. Kidman & Co to the Chinese company, he is also against the sale of Australia's largest dairy farmer, known as the Van Diemen's Land Company. That company is currently owned by a New Zealand local government but is about to be sold to a Chinese businessman, Lu Xianfeng.

"Don't get me wrong, if that Chinese businessman wants to be an Australian citizen and bring his money in and live here and have his wife become a member of the Country Women's Association and he becomes a member of the Rural Fire Brigade then he should be allowed to. But selling to offshore is just wrong - you may as well not have borders."

The Chinese-based company looking to buy S. Kidman & Co - Shanghai Pengxin - is controlled by Hunan Dakang Pasture Farming - a \$3.4 billion listed company, majority owned by billionaire Jiang Zhaobai. It has been looking to add beef cattle to its agricultural operations.

On Tuesday, the Board of Hunan Dakang announced that its chief executive Gary Romano had resigned. It is understood that Mr Romano would continue as a strategic adviser for Dakang in Australia and on the S. Kidman & Co transaction.