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WESTERN AUSTRALIA

Wealth creators

SPECIAL REPORT



Iron ore, property drive wealth for state's highest flyers

The updated WA 'rich list' shows the state's iron ore magnates are moving far ahead of people who made their money in other industries.



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4-PAGE FEATURE

THE amount of money created in Western Australia's iron ore industry is often hard to comprehend, so here is one statistic that might help.

Five Western Australian families have accumulated a combined wealth of \$70 billion, thanks largely to iron ore mining.

The wealth created in all other industries pales in comparison.

Nonetheless, there are some very large and fast-growing fortunes being created, or expanded, elsewhere.

Top of the WA rich list is **Gina Rinehart**, with an estimated wealth of \$28 billion (see table, page 43).

Mrs Rinehart's wealth is tied up primarily in family company Hancock Prospecting, which reported a net profit of \$4.1 billion last financial year, overwhelmingly from iron ore mining.

Mrs Rinehart's four children have a combined wealth estimated at \$7.5 billion, though how much money they will end up with depends on the outcome of long-running legal disputes with their mother.

The rich list also features the children and grandchildren of the late Peter Wright, the business partner of Gina Rinehart's late father, Lang Hancock.

Much of their wealth derives from an iron ore royalties deal negotiated with Rio Tinto in the 1960s.



GINA RINEHART
(\$28bn)



ANDREW FORREST
(\$24bn)



CHRIS ELLISON
(\$770m)

The royalties flow through family company Wright Prospecting, which paid a dividend of \$230 million last year.

Mr Wright's daughter **Angela Bennett** is worth an estimated \$3.5 billion.

His granddaughters **Alexandra Burt** and **Leonie Baldock** (whose father was the late Michael Wright) have a similar estimated wealth.

The third child, Julian Wright, has taken

legal action to try and reclaim a greater share of the family wealth after he sold out of Wright Prospecting in 1987 for \$6.8 million.

The Supreme Court has not yet ruled on his claim.

Judging the wealth of private people like Angela Bennett is, at best, an educated guess.

It's easier when dealing with people such as **Andrew Forrest**, whose wealth

is largely tied up in ASX-listed Fortescue Metals Group.

Mr Forrest's one-third stake in the iron ore miner has fluctuated widely in value over the years, broadly in line with the ups and downs of the iron ore price.

This month it's on a high, with the benchmark iron ore price recently spiking above \$US140 per tonne (see graph) and Mr Forrest's stake in Fortescue surpassing \$24 billion.

In addition to a rising share price, Mr Forrest has benefited from increasing dividend payments.

In the past two years, Fortescue has paid \$2.2 billion in dividends to Mr Forrest.

Some of that money has been reinvested in Fortescue shares; in the past 12 months, Mr Forrest has spent about \$300 million purchasing more Fortescue stock.

Mr Forrest and his wife, Nicola, have made huge pledges to philanthropy, committing \$2 billion to their Minderoo Foundation.

They have also made big investments through private company Tattarang, which has interests in agribusiness, mining, oil and gas, tourism and hospitality.

Other WA rich listers whose fortunes are tied significantly to iron ore are **Kerry Stokes** and **Chris Ellison**.

Mr Stokes' largest source of wealth is his shareholding in ASX-listed Seven Group Holdings, worth about \$4.7 billion.

Seven Group is a large and diversified company, but its main operation is Caterpillar dealer WesTrac, which is a major supplier to the iron ore industry.

Mr Stokes is also chairman of ASX-listed Seven West Media, which counts Seven Group as its major shareholder.

He also holds a personal stake in Seven West, worth about \$150 million.

That investment has eroded his net wealth, as the value of Seven West has been on a long-term downward slide, reflecting the challenging trading conditions for traditional media businesses.

Mr Stokes' shareholding in gold miner Saracen Mineral Holdings, held through private company Wroxby, is worth \$135 million, nearly as much as his stake in Seven West.

Mr Stokes also holds a major stake in ASX-listed BCI Minerals, worth about \$60 million.

Mr Ellison is managing director of diversified miner and contractor Mineral Resources.

Recession-proof your finances



Janean Hicks
Director, Carbon
Wealth Management

Australia is officially in recession. As the famous American business magnate, Warren Buffet once said,

"It's only when the economic tide goes out that you learn who has been swimming naked."

The COVID-19 pandemic hit the global economy with such velocity that tens of thousands of Australians found themselves standing naked where they were once swimming. Many lost their jobs or had their hours slashed.

But it's not too late to recession-proof your money.

Secure your emergency funds.

If you're fortunate enough to be working, stash the cash you'd normally spend on entertainment and other luxury expenses into an offset account. This will reduce the interest paid on your mortgage while providing you access to emergency funds. Aim to save at least 3-6 months' worth of living expenses.

Reduce debts.

Pay off high-interest debts first and then reduce other debts (like credit cards). Interest rates are low at the moment, but they will rise again so lessen your debt now. You may be able to use your surplus cash to create investment opportunities for a passive income stream.

Find an alternate side-hustle.

Think of ways to generate another source of income, like a side-hustle. For example, do you have unwanted goods you can sell to create extra cash? Or, can you boost your professional value with further certified training? Investigate new employment growth areas.

Stick to a financial plan.

If you haven't already, create a COVID-19 budget. Plus, set out a plan to eliminate bad debt and build a cash reserve of at least three months' worth of living expenses. Meanwhile, look for ways to grow your money and invest as even in the midst of chaos, there is also opportunity. Always do your research before you invest. These are unprecedented times, and scammers are also opportunists.

If discovering your recession-proof mindset is proving a challenge, talk to us at Carbon. Our expert accountants and financial planners can help you eliminate debt and devise a medium and long-term plan to safeguard your cash, assets, investments, and business interests.

The recession won't last forever.

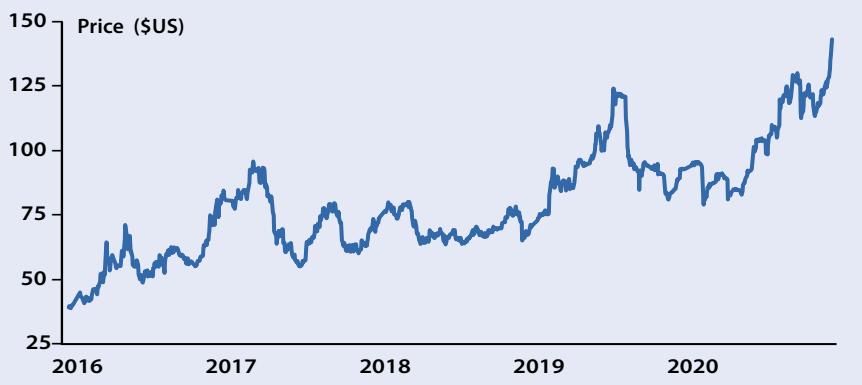


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Iron ore price over 5 years

Data & Insights



businessnews.com.au/bniq/market-index/iron_ore_price/1825

His stake in the ASX-listed company is worth about \$770 million, with a recent spike attributed to the higher iron ore price.

Technology success

The technology sector has been a creator of enormous wealth during the past year.

This is best reflected in the bolting share price of global tech companies such as Apple, Google and Microsoft, as well as Australian companies including Afterpay and CSL.

A big success story with a Perth connection is Canva, the developer of globally popular graphic design software.

Co-founders **Melanie Perkins** and **Cliff Obrecht**, who grew up in Perth and started their first business here, are worth an estimated \$3.4 billion.

That valuation is based on the price at which venture capital investors have bought shares in their unlisted company.

WA is home to very few pure-play tech success stories.

The state's most valuable tech stock is PYC Therapeutics. Its rising share price has boosted the wealth of major investors **Alan Tribe** and **Bernard Hockings** (see article, page 43).

Another big mover this year has been veteran mining investor **Tim Goyder**, who is chairman and a major shareholder in Chalice Gold Mines (see page 42).

Established wealth

The term 'old money' usually refers to families that have held their wealth for multiple generations.

That term does not apply in WA, but it is notable that many of the big fortunes in this state (at least outside iron ore) were made some years ago.

The members of the **Roberts** family – Andrew, Tim and Denby – owe their wealth to their father John Roberts, who passed away in 2006 after building Multiplex into a construction giant.

Similarly, the Buckeridge family can thank the late Len Buckeridge for his success with building company BGC (Australia).

Ralph Sarch built his fortune in property in the 1990s after early success with Orbital Engine Corporation.

Likewise, **Jack Bendat** built his fortune in construction, radio and television between the 1970s and 1990s.

Public companies

While WA's really big fortunes are in iron ore, many of the people on the rich list have achieved success in a wide range of industries.

Ian Trahar, who has pursued multiple ventures over the years, holds a big stake in aquaculture developer Seafarms Group.

Tony Lennon built Peet into one of the state's most successful land developers.

John Rothwell created a new industry in shipbuilding and is still going strong.

David Schwartz and his partners, **Jim Litis** and **John Bond**, turned Primewest into a nationally successful property investor.

The list of wealthy company directors includes some who started with little.

Bill Beament has taken Northern Star Resources from a single, small mine in the Pilbara to a globally significant gold miner.

Another success story is mining services company Mader Group, established by former tradie **Luke Mader** 15 years ago and now operating internationally.

Resource projects deliver for Goyder



BUSY: Tim Goyder is chairman of three listed companies. **Photo:** Gabriel Oliveira

VETERAN mining entrepreneur Tim Goyder has emerged as one of Western Australia's wealthiest company directors, after the spectacular success of Chalice Gold Mines this year.

Mr Goyder has been investing in and running exploration companies since the 1970s and has ridden numerous commodity cycles.

He is currently chairman and major shareholder in three companies: Chalice Gold Mines and DevEx Resources, which both have a diversified portfolio of exploration plays, and lithium stock Liontown Resources.

Mr Goyder's fortunes, literally and figuratively, are very much on the up and up, in large part because of Chalice's Julimar discovery earlier this year.

The palladium, nickel and copper find was one of the most talked about discoveries of the year.

As a result, Chalice's share price has rocketed from about 20 cents to \$4.30 per share over the past 12 months.

That has lifted the value of Mr Goyder's stake to about \$150 million.

His holding could be worth even more.

He sold 10 million shares earlier this year to help satisfy keen institutional demand for the stock.

Those shares were sold for \$1.05 each and are now worth four times that.

However, the company's stronger shareholder base has set it up for bigger things in future.

Chalice is in the midst of a \$100 million capital raising at \$3.75 per share.

The proceeds will fund further drilling, with Chalice planning to deliver a maiden mineral resource by mid-2021 and a pre-feasibility study during the fourth quarter of 2022.

Added to Mr Goyder's Chalice stake is his shareholding in Liontown, worth \$102 million, and his holding in DevEx, worth \$13 million.

In addition, he is a shareholder in gas play Strike Resources, which enjoyed a strong run last year after its exploration success in the Perth Basin.

Mr Goyder's stake in Strike is worth about \$10 million.

If Chalice's Julimar project lives up to its early promise and becomes a world-class mine, Mr Goyder could rival some other notable WA 'rich listers' from the mining sector.

Geologist **Mark Creasy** is worth an estimated \$900 million.

A large part of his wealth is held in shares in ASX-listed IGO, which he acquired after IGO bought the Nova nickel project.

Another success story is **Kerry Harmanis**, worth an estimated \$640 million.

Most of that stems from the 2008 sale of his stake in nickel miner Jubilee Mines.

-Mark Beyer

PUBLIC WEALTH*

Data & Insights

DIRECTOR	COMPANY	\$m
Andrew Forrest	Fortescue Metals Group	24,003
Kerry Stokes	Seven Group Holdings, Seven West Media	4,890
Chris Ellison	Mineral Resources	770
Tim Goyder	Chalice Gold, Liotown Resources, DevEx Resources	264
Alan Tribe	PYC Therapeutics	146
Anthony Billis	Rand Mining, Tribune Resources	133
Luke Mader	Mader Group	112
Ian Trahar	Seafarms Group	111
Tony Lennon	Peet	102
John Rothwell	Austal	93
David Schwartz	Primewest, Schaffer Corporation	92
Jim Litis	Primewest	84
John Bond	Primewest	83
Bill Beament	Northern Star Resources	75
William Hames	Cedar Woods Properties	70
Ross Norgard	Nearmap, Brockman Mining	69
Brad Miocevich	VEEM	56
Steve Parsons	Bellevue Gold	54
Peter Cook	Westgold Resources, Castile Resources	51
John Schaffer	Schaffer Corporation	50
James Fitzgerald	Civmec	44
Pat Tallon	Civmec	44
Michael Carratti	Lycopodium	44
Craig Burton	Grand Gulf Energy, Cradle Resources, Mader Group	42
Malcolm Watkins	Australian Finance Group	41
Bernard Hockings	PYC Therapeutics	40
Brett McKeon	Australian Finance Group	39
Paul Cronin	Adriatic Metals	38
David Watson	CTI Logistics	34
Jules Pemberton	NRW Holdings	33
Rob Scott	Wesfarmers	32
Allan Buckler	Altura Mining	32
Ian Middlemas	Berkeley Energia, Prairie Mining, Salt Lake Potash, Equatorial Resources, Piedmont Lithium, Apollo Minerals, Constellation Resources	28

* Perth company directors ranked by value of shares held in ASX-listed companies on December 7.

businessnews.com.au/bniq/directors-shareholdings

PRIVATE WEALTH*

PERSON	COMPANY	\$m
Gina Rinehart	Hancock Prospecting	28,100
Rinehart children	Hancock Prospecting	7,500
Angela Bennett	Wright Prospecting	3,500
Melanie Perkins & Cliff Obrecht	Canva	3,400
Alexandra Burt & Leonie Baldock	Wright Prospecting	3,200
Roberts family	ex-Multiplex	2,900
Buckeridge family	BGC	1,600
Ralph Sarich	Cape Bouvard Investments	1,100
Mark Creasy	Yandal Investments	910
Jack Bendat	n/a	720
Rae family	ex-Gull Petroleum	670
Kerry Harmanis	ex-Jubilee Mines	640
Paul Blackburne	Blackburne	580
Gordon Martin	Coogee	570
Tony Poli	Aigle Royal Group	540
Rhonda Wyllie	n/a	510
Nigel Satterley	Satterley Property Group	450

* Perth business owners and investors ranked by average of estimated wealth.

Source: AFR, The Australian, The West Australian rich lists



ON BOARD: Rohan Hockings (pictured) joined PYC at the same time Alan Tribe started as chairman.

Tribe's experience adding value to PYC Therapeutics

THE rising fortunes of biotech company PYC Therapeutics have bolstered the wealth of its major shareholders, most notably chairman Alan Tribe.

Established as a spin-out from the Telethon Kids Institute, the Netherlands-based company languished for many years under its previous name, Phylogica.

It has fared better since Mr Tribe joined the board as chairman and Rohan Hockings joined as chief executive just more than 18 months ago.

Mr Tribe brought experience in very different industries when he joined PYC.

An accountant by trade, he came to prominence as executive chairman of Fremantle-based marine technology company Nautronix.

That business was sold in 2002 for \$42 million and now forms part of global defence contractor L3 Harris.

Mr Tribe had even more success with his venture into retailing, as the owner of the IKEA franchises in Perth and Adelaide.

He and other investors reaped about \$310 million when they sold the stores and associated properties in 2017.

The 72-year-old Mr Tribe is now focused on PYC.

The stock was trading around 3 cents per share when he joined the board in April 2018.

It's now trading around 15 cents per share, valuing the company at close to \$500 million.

That's a rarity for Perth, which has been home to many biotech startups

but very few that have grown to have substantial market value.

PYC's share price has lifted on the back of growing optimism about its portfolio of drug technologies and the commercial revenue opportunities that may flow from that.

The backing of a big investor such as Mr Tribe has also helped.

Since joining the board he has invested \$33 million in PYC stock, lifting his stake to about 30 per cent.

That included participating in a recent \$55 million rights issue, giving PYC a deep pool of money to invest in drug development.

Another big investor in the company is retired cardiologist Bernard Hockings, who has been a shareholder since 2012 and a director since 2014.

The father of chief executive, Rohan, Dr Hockings' holding in the company is worth \$41 million, having sold about \$14 million of PYC shares during the past two years.

PYC boosted its management team earlier this year when it recruited Murdoch University's Sue Fletcher as chief of research and development.

Her past achievements include jointly developing a novel therapy for the childhood disorder Duchenne Muscular Dystrophy.

That treatment was one of just a few drugs developed in Australia to gain approval from the US Food and Drug Administration (FDA).

It has since been commercialised by US company Sarepta Therapeutics.

-Mark Beyer

Data & Insights

Showing 6 of 2,675

Horizon delivers wealth of new gold hits

Budding gold producer, ASX-listed Horizon Minerals, reported further high-grade gold hits at the Crake and Coote projects within its 100 per cent-owned Binduli project, located west of Kalgoorlie. The strikes included a shallow high-grade hit at Crake of 3 ...

Momentum builds in western suburbs

sites in Dalkeith. Image: Momentum Wealth By Katie McDonald Property West Perth-based information ... According to Business News Data & Insights, Qbit had 24 staff before the acquisition.

BDO moves into financial planning

Accounting firm BDO has established a joint venture with Integro Private Wealth to offer financial planning and private wealth services, targeting medical professionals and business owners. ...

Economy on the verge of a V

lending by another name and a disaster waiting to happen. Macquarie Bank Morgan Stanley Wealth Management ...

Perth property heating up

Industry Association CoreLogic Momentum Wealth Shelter WA Jennifer Wakeman Damian Collins Michelle ...

Government buys \$13m worth of apartments

incentives for investors. Now a strategic advisor to Nu Wealth, Mr Gemmill said investors were not supplying ... urban sprawl will not solve Perth's rental crisis." Nu Wealth managing director Daniel McQuillan said ... build new homes." Iris Residential Megara Momentum Wealth Department of Communities Peter Tinley ...

