

# Blundy backs northern beef

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WHEN the price of entry into the northern beef industry starts in the millions, and goes up, the prospect of landless people like Adrian and Emma Brown gaining a foothold on the sector from a cold start should be vanishingly small.

The odds changed for the Browns when their ambition to build a northern beef portfolio found support from an investor, Brett Blundy, who isn't following the usual corporate path into the beef business.

The alliance has made the impossible, possible. The Browns have recently become the co-owners of \$6.5 million, 319,000 hectare Amungee Mungee station, about 320 kilometres south-east of Katherine, as minority partners with Mr Blundy's BBRC Beef.

The arrangement follows a pattern established by BBRC Beef with its first foray into the northern beef industry.

BB Retail Capital (BBRC) established its BBRC Beef division in 2010, when the "BB" in BBRC, Brett Blundy, became an investor in Barkly Pastoral Company - the trading name used by the Dunicliff family for the 1.05 million hectare Beetaloo aggregation.

Several things make BBRC's investment in Barkly Pastoral and Amungee Mungee - the stations share boundaries - distinctive from other large investor plays in the northern cattle industry.

One is that BBRC's investment partners and co-owners are also on the ground, running the stations. These are partners with a great deal of skin in the game.

The second is that so far, it's all in the family. Barkly Pastoral is co-owned, with BBRC, by John and Trish Dunicliff. One of the Dunicliff's daughters, Jane, runs the company's marketing and is married to Beetaloo's operations manager, Scott Armstrong.

Amungee Mungee's Emma Brown is another Dunicliff daughter. She and Adrian lived at Beetaloo until they built the Northern Stock Water business in Katherine.

Northern Stock Water points to a third feature of BBRC's beef investments: they factor in growth powered by land development.

Beetaloo is making a \$40 million investment in watering points and fences, a program that by 2015-16 will lift the aggregation's cattle carrying capacity from 20,000 head to 100,000 head.

By completion, the Beetaloo development will have installed about 3000km of 75mm poly pipe, 600 tanks holding 135,000 litres each, and about 70 bores. Northern Stock Water filled the contract.

Adrian Brown, who has left Northern Stock Water in the hands of a manager in order to run Amungee Mungee, plans a similar development program, although on a more modest scale.

Amungee was bought as a bare block with 12 watering points. The Browns plan to install another 170-180 waters, with an expected lift in carrying capacity from 4500-5000 breeders to about 20,000.

The Browns will run Amungee as a separate venture to Beetaloo, which has its total focus on live export. Amungee will produce cattle that will all meet live export spec, Mr Brown said, but about 40 per cent will be bred so they can go into "any feedlot in Australia" if that's where the money lies.

The enterprise will aim for that flexibility by using Barkly and Gulf composite breeds, developed by AACo to be hardy under northern conditions while meeting domestic meat grading specifications.

Getting hands-on in the cattle business has been a long-term ambition of the Browns.

Since they developed Northern Stock Water, Mr Brown has been spending the Dry as a nomad, developing properties along similar lines to Beetaloo (and including Beetaloo), but harbouring an ambition to have their own beef enterprise.

Late last year, he sat down to put together a co-ownership proposal to BBRC along the lines of the investor-friendly business plan developed by his father-in-law. By April 2014, the arrangement was settled.

"We were fortunate that property came available that was relatively undeveloped, with good reliable rainfall, at a time when the market was in a trough," Mr Brown said by telephone from Amungee Mungee, where he is building a new station complex. "The market is already lifting."

"This is our perfect scenario. I don't have to travel and develop other people's places, I can develop our own place, and build up land that way," Mr Brown said.

"Brett has the same ideas as us, but these places are not cheap to purchase. It's a great synergy between the foresight of BBRC, and our expertise to get the most out of these properties."

Also, he observed, "it certainly makes it easier when family has forged the ground for us. We are making minor modifications to designs and ideas, but you have to take your hat off to what John has achieved down there."

"It's certainly given us confidence that us addressing the business in much the same manner is going to work."