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HD **Regulator told to rein in finances**

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THE impending departure of long-running Australian Competition & Consumer Commission chief executive Brian Cassidy comes as the minister in charge of the regulator, Bruce Billson, has given the watchdog a blast over its lack of financial controls.

Billson, the Small Business Minister, has oversight of the ACCC as part of his portfolio and is unimpressed with its level of financial controls.

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He has read the riot act to ACCC chairman Rod Sims and says it needs to get its controls in order for him to push for an extra $100 **million** in funding over the next few years.

The move comes ahead of the imminent announcement from the government on the panel that will conduct its ``root and branch'' review of competition policy.

The membership of the review panel is key as the extraordinarily wide terms of reference needs careful management.

Joe Hockey has already made clear the ACCC's financial management was allowed to run loose under the previous government, and Billson followed this up with a statement late yesterday.

``Mr Cassidy's departure comes at a time of great focus to improve internal governance, accountabilities, operational efficiencies and financial prudence within the organisation,'' he said.

``Late last year, it was revealed that the ACCC would run out of money in April.''

In last year's budget the ACCC was given $175m with extra allowances if necessary to run court cases.

The public attack on the ACCC's financial management mirrors the tactics used by then Liberal treasurer Peter Costello back in January 2004.

In a letter to then ACCC chair Graeme Samuel, Costello said: ``I am aware that the current financial difficulties precede your appointment. However, the ACCC's financial position is unacceptable to the government.''

The letter noted Ernst & Young had been hired to audit the ACCC. It is understood Billson has also hired an outside **firm** to audit the ACCC.

Cassidy told colleagues on Wednesday that he would retire in May after 13 years on the job and the suggestion that his departure is anything more than his desire to travel more is rejected by insiders.

While the ACCC chairman tends to hog the limelight, the chief executive plays a key role in managing the 884 staff at the regulator.

Cassidy came to the post at the end of Allan Fels's reign, stayed through the Graeme Samuel era and the early part of Rod Sims's term. Sims has two deputy chiefs in Mark Pearson and Rayne de Gruchy.

A decision is yet to be made on who will take the top job and

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clearly the financial controls will be part of that process.

In Sims's time, some high-profile outsiders joined the staff including general counsel Wendy Peter and former Mallesons partner Roger Featherstone as a consultant.

The ACCC's independence is critical to the performance of its role, so any public ministerial blasts of its management worries outsiders as a potential prelude to more controls.

This time the previous government is blamed for what some in the Abbott government describe as ``shambolic'' financial management and ``quite troubling'' financial controls.

A positive spin to the statement would say the noise will help get the extra funding required.

Telco eyes Asia

TELSTRA is chasing a potential $2 **billion** market with its landmark joint venture talks with Indonesia's Telkom Indonesia as part its network application services (NAS) expansion into Asia.

Its global enterprise chief, Brendon Riley, hopes to conclude the talks early in the second half of this year.

The move follows Telstra's establishment of beachheads in Singapore and **Hong Kong** to sell its cloud-based services.

Riley's $5bn portfolio includes big business and government services, but the $1.5bn in revenues from NAS is the fastest-growing part -- up by some 18 per cent in the last year.

The Indonesian talks have been going on for some time but it is notable that Telstra chair Catherine Livingstone was a member of Tony Abbott's mission to the country last year.

Assuming the talks are successful, this will be Telstra's first significant involvement in Indonesia and a welcome boost to its efforts to widen its Asian reach. Chief executive David Thodey has talked up Asian expansion as the next growth leg for the **company**.

Running for cover

IAG boss Mike Wilkins is by some accounts heading into a virtual brick wall, with revenue growth slowing and Merrill Lynch reasoning that the industry has hit a cyclical peak. This theory found some clear support yesterday as the **company**'s update showed $360m in reserve releases would help offset falling revenue growth, which will be more like 3-5 per cent than the previously stated 5-7 per cent.

The statement's timing -- just a few weeks after the **company** raised $1.2bn in new **equity** to help fund its overly generous $1.8bn Wesfarmers insurance **acquisition** -- was also not great.

The stock finished off its lows but closed down 4.1 per cent at $5.59 as sentiment was not too positive.

Last month, the stock, which has had a near-term high of $6.20, fell as low as $5.40.

Then again, with a calendar 2013 stock price outperformance of some 9 per cent, some might say it was due for a slowdown.

CommSec argues the big picture thematic holds true, with the Wesfarmers deal, if approved, meaning less competition and better pricing power.

This is something the ACCC will obviously consider.

The underlying insurance margin at 13.5 per cent was right on market estimates so the real questions are about future growth.

In its defence, IAG noted that the loss of Victorian fire service levies cost it about $107m from the top line, which would explain the lower revenue estimates.

What was at first glance a profit upgrade quickly became a downgrade, with Goldman Sachs describing the revenue numbers as ``disappointing''.

The most disappointing feature was the release of the numbers so soon after Wilkins hit the market with his hand held out looking for cash and saying everything was fine.

It is still fine in the near term, but not quite as sunny as some may have thought.

Northern Star rises

BILL Beament and his team at Northern Star, helped by a run in the **company**'s share price, are busy buying up Australian **gold** assets jettisoned by Canadian giant Barrick.

The **company**, with a market value of $424m, is in the process of a $100m placement underwritten by RBC at 86c a share. The **company**'s shares closed on Wednesday at 99c, but big trades on Tuesday, when the stock closed at $1.01 share, have some folk talking.

Among the 8.6 **million** shares that changed hands that day was a line of four **million** by Hartley Pontoon at 95c a share.

That was on a day when the average price paid was just over $1 a share, so you would have to say whoever was trading was determined, as they say.

Barrick has made clear it wants to clean up its Australian portfolio and Beament's team is helping itself to the loot with $100m worth of acquisitions.

On top of the Plutonic **gold** mine late last year, yesterday it revealed it had snapped up Barrick's 51 per cent of the East Kundana mine and 100 per cent of Kanowna Belle.

Northern Star will now become the fifth-largest ASX-listed goldminer. Beament used to work for Barminco, the contractor that ran the old Barrick mines, so knows what he is dealing with on the ground.

The questions some others have is just who was trading ahead of yesterday's news?

The stock has run ahead of its peers, up from 62c early last month to a high of just over $1, so you can understand why some wanted to take some money off the table.

But the timing of trades ahead of yesterday's deals was either informed, inspired, lucky or unlucky, depending on how you view the story from here. Northern Star declined comment yesterday.

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