FINANCIAL REVIEW

SE Chanticleer
HD NT's blueprint for infrastructure
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WC 1376 words
PD 18 November 2015
SN The Australian Financial Review
SC AFNR
ED First
PG 48
LA English

LP The Northern Territory's $1 billion gas pipeline to bring natural gas to the eastern states provides a blueprint for constructing infrastructure that is entirely funded by the private sector.

At a time when governments in Western Australia and Queensland are struggling under the weight of their debts, NT Chief Minister Adam Giles has shown a pathway to open up the states gas resources without troubling taxpayers.

TD The competitive bidding process for the North East Gas Interconnector (NEGI) resulted in four companies vying for the right to build a pipeline to connect to the east coast gas network.

Chinese-owned energy and water utility company Jemena, which is headed by Paul Adams, won the bid to build the 622-kilometre northern route between Tennant Creek and Mt Isa.

There were plenty of bouquets and brickbats for Giles when the decision was announced. Central Petroleum's Richard Cottee and the Australian Industry Group attacked the decision not to go with the much more expensive southern route option. Cottee will be a beneficiary of the northern route but he laments the fact that federal and state governments did not step in to subsidise the southern route and significantly boost the supply of gas to the east coast.

What Cottee and the AI Group have ignored is two things. First, molecules of gas can be moved anywhere in the network. The important things is being in the network. Second, if Giles had put his hand out for other state governments to step in and fund a pipeline nothing would have happened.

Instead, Giles took the brave step of seeing if the private sector could, with the initial support of government-contracted gas supply, finance and build the pipeline without government funding. Giles was prepared to provide debt guarantees.

A process that started in December 2014 has drawn to a conclusion in less than 12 months with a solution that is cost effective and can be built relatively quickly.

Standing behind the entire process was a decision made several years ago by Giles to call in expert external advice on the management of government finances and the involvement of the private sector.

Giles formed an economic advisory council comprising two people who were respected in their fields - Doug McTaggart, the former chief executive of the Queensland Investment Corporation and Ian Smith, a partner in the firm Bespoke Approach. McTaggart and Smith advised Giles to sell the government owned general insurer, the TIO and the Darwin Port Corporation. Also, they advised the government to seek advice on how to finance a pipeline connecting the territory to the east coast gas network.

The TIO sale was handled by Flagstaff Partners and the pipeline advice came from Port Jackson Partners.

The private sector funding of the NT pipeline is also a symbol of the co-operation between states, particularly Queensland and South Australia.

O'Dwyer's slow reveal

When the Minister for Small Business and Assistant Treasurer, Kelly O'Dwyer, lifted the veil of secrecy surrounding the government's plans for crowd-sourced equity funding it sent shockwaves through the tech sector.

Lawyers, venture capitalists and crowd sourced equity funding experts were horrified with what they heard. They were left with the impression that more than a year of consultations had been for nought.

O'Dwyer said the government's approach would be "focused on Australian public companies with annual turnover and gross assets of less than $5 million so that the benefits are targeted."

This revelation caused concern because Australian public companies carry with them a range of obligations that are both costly and bureaucratic.

Public companies must be audited twice a year, which can cost $20,000 to $30,000. If they are listed they are subject to continuous disclosure obligations and a range of other reporting requirements. Chanticleer understands O'Dwyer only told half the story. It is believed that the crowd-sourced equity funding model being released with the innovation statement in December will include an exemption from all the usual requirements imposed on public companies.

That is an important concession that should assuage those who read O'Dwyer's speech on Monday and assumed that Treasury officials had not been listening during the consultation period.

The special exemption for public companies will be made instead of allowing the use of proprietary limited companies because the legislation says these companies cannot have more than 50 shareholders.

During her speech she said that the maximum funds that an issuer may raise in any 12 month period will be capped at $5 million. That is five times higher than the cap imposed in the United States.

That will be welcomed by many in the industry. However, the $5 million cap on gross assets and revenue could still cause angst among those who think equity crowd funding should be available to larger companies.

Theoretically, larger companies would pose less risk to investors.

Critical issues that need to be resolved and which will have a critical bearing on the success or otherwise of crowd sourced equity funding are licensing arrangements.

If an Australian Financial Services Licence is required it will make the system more costly and forced new companies into the arms of intermediaries. A smarter system would be to use a bulletin board approach that matches investors with companies raising cash.

Woolworths chairman Gordon Cairns is moving quickly to rebuild the company's board of directors. His appointment of Holly Kramer, the former Telstra marketing executive and former CEO of Best & Less, is a good start.

At Best & Less, Kramer inherited a company with a five-year track record of declining sales and profits. She hired the best buyers as the starting point of her turnaround strategy. She has since taken directorships at Nine Entertainment Co and financial services group, AMP.

Cairns has resisted the pressure to appoint former chief executive Roger Corbett to the board. But bringing him in as a consultant is a reasonable second best option.

Corbett's eight-year directorship of one of the world's largest retailers, Walmart, has kept him well informed about global retail trends.

Companies in strife tend to be a magnet for trouble. That appears to be happening at Woolworths. Its shares hit a 12-month low on Tuesday.

One of the many problems causing vexation among the company's senior executive team is the SAP software which was installed over the past few years as part of the $100 million Project Galaxy. SAP is a German company that makes software which is widely used by multi-nationals and locally listed companies. It is said to offer an industrial strength foundation for managing finance, inventory, human resources and logistics.

It is not a very flexible product. In fact, many companies have changed the way they run their businesses in order to make the software work as smoothly as possible.

BHP Billiton runs on SAP systems. This is said to be the abiding legacy of former chief executive Marius Kloppers. Although some would argue that his greatest legacy was the global introduction of the spot pricing of iron ore.

At Woolworths, the SAP implementation was designed to make it cheaper and easier to source products across the group.

But glitches in the system meant that shelves were left empty in 2014. Suppliers to BigW were frustrated by the inability of Woolies customers to purchase their goods. Woolworths admitted to the problems during its last two financial results. While many in the market believed the software problems had been resolved that is not the case.

Woolworths executives do not want to discuss the issues because they don't want to be seen blaming SAP for the company's problems.

It is noble for the company to stand back from blame shifting. But shareholders deserve to know the truth if a software implementation of this magnitude has been bungled.

Chanticleer understands that the after the system was rolled out to BigW it caused severe problems for the supermarkets and still is. For example, adding a new product to the shelves takes about two hours because the request is first routed through the entire database of BigW products.

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AN Document AFNR000020151117ebbi00004