New chief executive pays price

The Australian

February 10, 2024 Saturday

Australian Edition

Section: BUSINESS; Pg. 26

Length: 1187 words

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Body

If it wasn't enough that PwC's tax advice scandal trashed the firm's reputation and forced the outsourcing of its lucrative government services arm, it has also heaped a fresh humiliation on new PwC chief executive Kevin Burrowes, costing the PwC supremo his ranking on the professional services pay ladder.

As the Senate's Star Chamber again turned the screws on PwC's tax advice scandal on Friday, the hearings also revealed that Burrowes is enjoying a far smaller pay packet than his predecessor, Tom Seymour.

Burrowes attended Friday's Senate committee hearings complete with a platter of humble pie, or a reasonable facsimile of one, but still copped a scolding from Senators Deb O'Neill and Barbara Pocock.

But perhaps the greater mortification was the revelation that fronting the accounting and consulting behemoth as the PwC Australia chief executive is now worth a paltry $2.4m a year.

Readers may remember that former PwC boss Seymour, who jumped ship soon after the proverbial contacted the fan at PwC, was enjoying $4.6m a year as Grand Poobah (Australia) of the professional services giant.

But after amputating its government services arm, thought to be worth a cool $1bn, in a deal worth a whole dollar, Burrowes has far less of the big money to rely upon when benchmarking his pay.

Burrowes now ranks among the low to middling big dogs for his pay packet, with Deloitte boss Adam Powick pulling in a cool $3.5m, EY Oceania's David Larocca enjoying $2.8m a year, and KPMG's Andrew Yates basking in the glow of an annual $2.2m.

Worth noting also that Scyne Advisory boss Richard Gwilym is on about $922,000 a year to run PwC's former government consulting arm - meaning both men combined are getting paid less than Seymour was.

Departure lounge Andrew Forrest has lost yet more senior executives, with the president of ***Fortescue*** Energy's European arm set to depart the company after only 10 months.

The Australian understands Carlos Lange has quit the company. Mr Lange was appointed as the president of ***Fortescue*** Energy's European operations in March 2023, tasked with helping ***Fortescue*** make good on its big promises about the production of green energy and hydrogen across Europe.

At the same time long-term company secretary Cameron Wilson is set to take a step back from ***Fortescue***, initially shifting to a part-time role as he hands over duties at the company. Mr Wilson's decision comes only a few months after the departure of co-company secretary and ***Fortescue*** general counsel Gemma Tually, who stepped down from the role in November 2023.

"We are delighted that (Cameron) has agreed to continue with the company on a part-time basis to ensure a smooth transition," a ***Fortescue*** spokesman said.

Both of those moves come amid a fresh wave of senior executive losses at ***Fortescue***.

Former Northern Territory chief minister Michael Gunner quit the company earlier this month, after only 15 months with ***Fortescue***'s Energy arm. Initially appointed as ***Fortescue*** Energy's Head of Northern Australia in late 2022, Mr Gunner finished his period with ***Fortescue*** as the head of business development for Australia and New Zealand.

This year ***Fortescue*** Energy also lost the services of chief financial officer Deborah Caudle, less than five months after she was appointed to the role, with former prime minister Malcolm Turnbull also formally severing ties with the company, and external affairs boss Fiona Sugden leaving to join the office of current Prime Minister Anthony Albanese.

The departure of Mr Lange - also once an executive director of ***Fortescue***'s WAE arm in Britain - extends the uncertainty around the company's progress in establishing a hydrogen and green energy production hub in Europe.

In 2022 ***Fortescue*** committed to delivering as much as five million tonnes of green hydrogen a year to German giant E. ON, one of Europe's largest power companies, with the start of deliveries around 2030.

The company also bought into a German import terminal in late 2022, and has said its first European green hydrogen plant is likely to be in Norway.

But the company also missed a self-imposed deadline to make a final investment decision on up to five green energy projects by the end of 2023, instead saying it had "fast-tracked" an investment decision on its Holmaset project in Norway.

Shipping news As blockbuster names go for decisions at next week's High Court sittings, you couldn't do much better than a showdown between Indian billionaire Gautam Adani and British metals magnate Sanjeev Gupta.

On a first glance, the prospect of a High Court call on a gloves-off stoush in the nation's top court between the Adani Group's Carmichael coal mine and Gupta's Whyalla steelworks should have security guards wedging them into the aisles with crowbars in Court No 1 in Canberra on Wednesday.

Sadly, the reality falls far short of Margin Call's hopes, expectations and sensationalist attempts to fool our loyal readers into reading the last third of this column.

While the case does indeed involve companies associated with both men - along with a shipping line - the actual dispute troubling the court appears to be the most pointless pile of guff to ever be billed in eight-minute increments by King's Counsel.

Essentially, the dispute is this: Carmichael commissioned Gupta's South Australian steelworks to manufacture 8669 individual steel rails for its railway line.

Whyalla did so, and bunged them onto a ship in South Australia - owned by BBC Chartering Carriers GmbH - bound for Queensland's Galilee basin.

As it turns out, somebody failed to tie them down properly in the ship's hold, so the rails apparently got bounced around a bit in transit, rendering them unfit for use as railway lines when they finally arrived in Mackay.

As a result Carmichael was forced to flog the lot off for scrap, fetching $656,998.51. The Adani group now, not unreasonably, wants someone to cough up for the difference in what it paid for the rails and what it received from the scrap merchants.

Although the court documents don't make it clear exactly how much is at stake, the total sum is likely to be a fair bit south of $10m, steel industry sources suggest.

On the face of it, a pretty simple commercial dispute, with only one likely outcome. But, no! As the matter approached hearings in the Federal Court over who should pay, shipping line BBC launched a bid to move the case to arbitration in London.

And, as is known by all close followers of admiralty and maritime law (may God protect their eternal souls), the Australian and British laws on the subject may read the same, but are interpreted very differently - with the British interpretation likely to reduce the liability of the shipping company.

The issue now facing the High Court is whether to allow this type of jurisdiction shopping, or not. Lawyers of our acquaintance insist it could be an immensely important point of law at some other point, or the High Court wouldn't bother hearing it. Irrespective, Margin Call is betting the legal teams will make more money than the cargo was worth by the time the case is done.

INSIDE MARGIN CALL Billionaires battle it out in High Court clash

Load-Date: February 9, 2024