V1 - AUSE03Z01MA

THE AUSTRALIAN
THE WALL STREET JOURNAL.
WEDNESDAY, OCTOBER 6, 2021 P13
theaustralian.com.au/businessreview

BUSINESS REVIEW

S&P/ASX200 7248.4	▼	-30.1
GOLD $US1769.52	▼	-$US12.62
DOLLAR US72.5C	▼	-US0.16 c

SAVINGS BOOM
Will you really change your behaviour post-Covid? {P19}

RICHARD GLUYAS
The real reason why the SME loan scheme isn't working {P20}

GREEN FLEET
Qantas wants new planes to be as environmentally friendly as possible {P15}

Revealed: Shipton's busy schedule before exit from ASIC

EXCLUSIVE

DAVID ROSS

In the weeks before he was scheduled to exit the Australian Securities & Investments Commission, chair James Shipton caught up with a flurry of commissioners, but only met his replacements two weeks before his departure.

A copy of Mr Shipton's calendar, released to The Australian under a Freedom of Information request, shows in the three months before his departure he first met incoming ASIC chair Joe Longo and deputy Sarah Court on May 9. This is despite Mr Longo and Ms Court being announced as new heads of the regulator on April 29.

Mr Shipton first met Ms Court, the incoming deputy chair, for an hour over coffee in the Hilton Lobby in Melbourne.

This was followed by a chair and chief of operations update and a following meeting to "discuss incoming comm" with ASIC commission secretary Sarah-Jane Farlow.

Mr Longo was up after lunch, with a 30-minute call with Mr Shipton at 1.30pm.

Shipton

Chester

However, the diary shows Mr Shipton met recruiter Angela David and Ashley Stephenson from Egon Zehnder on March 11 and again on March 18 as the search for his replacement neared conclusion.

The diary notes on April 9 an urgent meeting between Mr Shipton and then ASIC deputy chair Karen Chester, who stepped into the role after Daniel Crennan left in October 2020.

Mr Crennan and Mr Shipton were both ensnared by scandal during their time at the corporate regulator after relocation benefits for the two were scrutinised.

The federal government's auditor criticised the $69,621 paid to Mr Crennan between 2018 and 2019 after he was asked to relocate to Sydney from Melbourne.

Mr Shipton was also snagged by the auditor after $118,557 was paid to KPMG for tax services after moving from the US to lead ASIC in 2018. Mr Shipton stood aside during the review and chose not to receive his salary during this time, with Ms Chester leading the regulator.

With just weeks to go, Mr Shipton recorded a podcast and drafted his final farewell email on May 14. In his final week Mr Shipton met Mr Longo for a "final wrap" on May 19.

One of the last things done by Mr Shipton on May 21 was to record his "final podcast recording".

The release of Mr Shipton's redacted diary comes after months and follows objections by "a consulted third party" that delayed it being made public by a further 30 days. It is not known why the third party objected to its release.

Mr Shipton's jam-packed diary shows a series of meetings with senior figures in Australia's banking and corporate landscapes.

These include snatching 30 minutes with new AMP chair Deborah Hazelton on April 26 and 10 minutes on April 30 with Westpac CEO Peter King.

In the weeks following the meeting with AMP, the corporate regulator launched two separate legal actions – one for charging customers fees for services not provided and another action linked to the wealth giant charging deceased customers.

Mr Shipton's diary shows he met ASIC commissioner Sean Hughes on March 18 to discuss ME Bank, which Bank of Queensland had launched a takeover bid for just weeks earlier.

In an interview with The Australian last month Mr Longo mapped out his blueprint for ASIC, saying litigation will be targeted but active, and enforceable undertakings will be tougher.

Mr Longo wants a no-nonsense relationship with the big banks.

CEMENT, SMELTER IN CLIMATE PLEDGE

Big polluters join net zero carbon push

PERRY WILLIAMS

Big Australian greenhouse gas polluters have pledged to hit net zero emissions by 2050, with the nation's cement and concrete industry and a major aluminium producer taking action to meet green goals ahead of the looming Glasgow climate summit.

Australia's largest building materials players including Boral, AdBri, Cement Australia and Hanson plan to deliver net zero carbon cement and concrete by 2050, while the owner of Victoria's huge Portland aluminium smelter has also committed to meet the green goal.

A more ambitious move has been laid out by billionaire Andrew Forrest's Fortescue Metals Group, which doubled down on its bet it can make hydrogen a key export commodity.

It wants to cut its Scope 3 emissions – those attributable to customers for its products – to net zero by 2040.

The targets underscore a sweeping move by Australian businesses to curb greenhouse gas emissions, with the cement and metals industries both under pressure to lighten their environmental load given they are major carbon emitters.

"The calls for getting to a point of net zero are getting pretty loud and are being communicated across a lot of different fronts and so the industry really thought 'now's the time'," said Ken Slattery, chief executive of Cement, Concrete & Aggregates Australia, which includes Boral and major building materials operators as members.

"Leading up to COP26, now is the time to nail our colours to the mast."

The looming Glasgow COP26 climate summit has sharpened the focus on both companies' and countries' green commitments with the United Nations piling pressure on Scott Morrison to exit coal, commit to a net zero target by 2050 and outline shorter-terms goals to decarbonise the nation's economy.

Australian corporates are increasingly under pressure on climate change as institutional investors, backed by domestic superannuation funds, use their power to hold companies to account.

Liberal MPs, banks and business leaders are also urging the government to embrace net-zero emissions by 2050 and raise ambitions on 2030 targets, with 70 former diplomats signing an open letter to Mr Morrison and Barnaby Joyce pushing for "urgent action".

Treasurer Josh Frydenberg has signalled his support for net zero emissions by 2050, warning businesses, homeowners and borrowers would face higher borrowing costs if the nation was locked out of foreign capital markets over the issue.

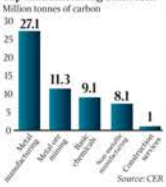
While many Australian companies have committed to net zero goals, delivering on that intent remains hugely uncertain.

Just over half of Australia's 80 highest-emitting ASX200 companies have now set net zero or carbon-neutral goals, but only 16 companies plan to cut operational emissions by switching to clean energy rather than fossil fuels, analysis shows.

Cement is seen as a major contributor to climate change, accounting for around 8 per cent of global CO_2 emissions, and is increasingly facing pressure from customers to boost its environmental credentials.

Australia's cement industry Continued on Page 16

Top manufacturing emissions
Million tonnes of carbon



Source: CER

Retail reset sets fashionable trend

JILLIAN McHUGH

New creations to be revealed at the Karrinyup redevelopment in Perth

GLYNIS TRAILL-NASH
FASHION EDITOR

After three years in the making, the jewel in Perth's retail crown is ready to shine.

Karrinyup shopping centre, in the city's northern coastal suburbs, has been undergoing an $800m redevelopment to become a fully integrated retail, entertainment and lifestyle destination.

The doubling down on retail goes against the trend of recent years when Australians went online for shopping. While Western Australia remains Covid-free, it comes against a national backdrop of large malls struggling to deal with the fallout of the coronavirus crisis.

Long lockdowns in Sydney and Melbourne have battered the industry.

But Karrinyup manager AMP Capital, on behalf of owner UniSuper, says the massive development – which will see the mall virtually double in size – is all about backing retail.

"We've tried to make it a quantum leap into the future," Scott Nugent, AMP Capital's investment and development manager in WA, tells The Australian.

The centre is reopening in stages, with fresh food and youth fashion already open, the main fashion stage, The Loop, opening on Thursday, and the final entertainment stage in a month's time.

Remarkably, taking the pandemic into consideration, the centre will be finished on time, which Nugent considers "nothing short of a miracle".

"It's been very challenging. The team doing this development has had so many things to overcome, even getting fixtures and fittings," he says.

"We've been tracking boats on the ocean because the supply lines have been interrupted around the world."

The shopping centre has been a fixture in Perth since 1973, but Nugent says size restrictions on shopping centres in the state stymied what was possible.

When these were lifted in 2010, the plan to revamp the centre was hatched, and it has been designed and executed by an all-West Australian team.

The centre has now almost doubled in size to 109,000sq m.

Continued on Page 17

MARGIN CALL

MELISSA YEO & CHRISTINE LACY

Hartman's Tattarang rise goes on

The rise and rise of reformed insider trader **John Hartman** continues unabated, with the key lieutenant to West Australian billionaire **Andrew Forrest** now playing his part in Twiggy's latest handout from the federal government.

Energy Minister **Angus Taylor** this week flicked Australia's richest man a $30m grant to kick along Forrest's privately owned Australian Industrial Power's Port Kembla energy hub project, which includes initially a gas-fired power station that will later convert to green hydrogen.

Hartman, who was the youngest convicted insider trader and spent 15 months in Silverwater jail after pleading guilty to activities over 2007 and 2008, is now one of only two directors of Forrest's AIP, which is controlled by Forrest's private investment company Tatterang, of which Hartman is also a director as of mid-last year.

INSIDE MARGIN CALL
No wonder Stuart Ayres could not wipe the smile off his face

It's corporate history now how Twiggy gave Hartman a second chance after he left prison, with the former broker moving to the west coast and getting on with life while his co-conspirator **Oliver Curtis** (husband of star publicist **Roxy Jacenko**) fought similar charges brought against him.

While Curtis was found guilty and also went to jail, Hartman climbed the ranks of the Forrest empire to now find himself a key exec of the vehicle being handed millions by the Feds.

What a reputational recovery.

Twiggy's team is now progressing towards a final investment decision for the project, which is also being considered by the government for its Underwriting New Generation Investments program.

The terms of the UNGI agreement would mean the project – which AIP is stressing will ultimately be a green hydrogen plant – would be funded by a combination of equity from AIP and bank debt, underwritten by the commonwealth – just what Australia's richest man clearly needs.

But it's not smooth sailing from here, with Taylor making the new grant a disallowable instrument. That means political parties could overturn it in parliament if they can gather the numbers.

This newspaper's The List last Continued on Page 14

Step up green shift: Macquarie

JOYCE MOULLAKIS

Macquarie Group chief Shemara Wikramanayake says governments and business must rapidly accelerate the execution of climate and energy transition strategies, including the need to "radically scale up" changes to infrastructure.

Wikramanayake

In the lead-up to the UN global climate conference in Glasgow, which starts on October 31, Ms Wikramanayake highlighted five challenges confronting emission targets under the Paris Agreement. They included the pace of deploying renewable energy, which needed to ramp up from about 250 gigawatts a year to more than 1 terawatt by 2030.

"Renewables are now the cheapest form of new generation in almost every part of the world, and investor interest far outstrips project supply. So, the economics are on our side," she told Macquarie's Green Energy Conference held online on Tuesday.

"Where governments set clear ambitions through NDCs (nationally determined contributions) and net zero targets, backed by strong and sustained policy commitments, and investor-friendly enabling environments, the private sector can direct huge pools of capital towards wind and solar, increasingly without the need for public subsidy.

"However, some important challenges do remain."

She said it was important that renewable project numbers were increased, bottlenecks that held up project development were removed, and that governments prioritised renewables in their energy generation mix.

Domestically, the Morrison government is set to release a long-term emissions strategy in coming weeks, after Nationals leader Barnaby Joyce said he would not oppose a net-zero plan as long as regional Australia was not hurt by the move.

Ms Wikramanayake used her conference speech to highlight gaps in the progress of emerging markets and developing countries on providing an "enabling environment" for private capital in the renewables sector, and committing to more ambitious emission commitments.

"It's vital we make progress in this area at COP (Conference of the Parties Glasgow meeting)," she said.

"We already know that Glasgow will be very different to Paris. We all want to see world leaders raise the ambition on climate."

Ms Wikramanayake mentioned that electric vehicles were on their way to cost parity with fuel-based cars, creating a "positive feedback loop" with Continued on Page 16

Tale of two central banks: NZ takes one giant step

TICKY FULLERTON

If markets are any guide, the trans-Tasman ditch will be a little wider on Wednesday.

Central banks in Australia and New Zealand are on different courses to manage Covid-19 lockdowns and recovery. Watching closely are property markets, small businesses and the big four banks with footholds in both economies.

As entirely expected the RBA left the cash rate 0.25 per cent on Tuesday. But on Wednesday the Reserve Bank of New Zealand, which sets interest rates but is also the prudential regulator, is expected to hike the cash rate from 0.25 per cent to 0.5 per cent. Its last move was in March 2020, a drop from 1 per cent to 0.25 per cent.

Paul Bloxham, HSBC's chief economist for Australia and New Zealand, says behind these decisions are two very different Continued on Page 19

Corporates 'too reliant on Facebook'

DAVID SWAN

Facebook's outage is a sign that Australian businesses are too reliant on overseas platforms, executives say, after the tech giant blamed a faulty configuration change for the disruption that cost Mark Zuckerberg an estimated $8.1bn and sent shares in his tech giant down 5 per cent.

Local businesses need to find a way to ween themselves off the likes of Facebook and become more self-sufficient, according to Macquarie Telecom senior adviser Marcus Thompson, a retired army officer and former head of information warfare for the Australian Defence Force.

"Thousands of Australian organisations large and small, commercial enterprises and not-for-profits rely on Facebook to operate and have woken up today with no alternative platform to reach their stakeholders," Dr Thompson said.

"That this is happening during the pandemic – on the cusp of the easing of restrictions when social media marketing will be critical in helping many businesses bounce back – makes the situation even worse.

"The outage highlights the over-reliance Australian businesses have on international digital platforms and systems. When cyberattacks or other disruptions inevitably strike these international platforms, with no local, sovereign networks, infrastructure or methods to fall back on, we're at the whim of clean-up and remedial measures taking place half a world away."

Dr Thompson said Australia was home to some of the greatest data and security skills in the world, but we didn't leverage them nearly enough.

"Events like this and the recent Fastly outage demonstrate the thin tightrope we're walking on when we rely on companies in other countries for critical digital services and infrastructure."

The outages also highlight that even the world's largest tech giants can experience difficulties, according to Localsearch co- Continued on Page 17

HOW TO COPE P17