

2016: The business year that was

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Volatility was a key theme of the year for WA business during 2016.

The unexpected yes vote for Brexit, and later the Trump victory in the US Presidential election unleashed global financial turmoil and sent share markets into a spin.

Closer to home, many commodity prices including iron ore staged a comeback, but oil remained weak. The proposed mining tax by Nationals leader Brendon Grylls ahead of the State election remains controversial.

Grain farmers have been on a rollercoaster ride after frosts in December dampened expectations of a bumper harvest, but the damage transpired to be less damaging than initially anticipated.

WestBusiness looks back on some of the biggest stories of 2016.

Iron ore outperformed all commodities after bottoming out in December 2015. The spot price advanced 75 per cent through the year, to trade around \$US80 a tonne by year end.

Brendon Grylls caused a storm when he returned to the helm of the WA Nationals in August and proposed a production tax hike on BHP Billiton and Rio Tinto iron ore from 25¢ a tonne to \$5/t.

BHP Billiton's Jimmy Wilson and Rio Tinto's Andrew Harding both fell foul of leadership reshuffles. Rio Tinto's former coal division chief operating officer Chris Salisbury replaced Mr Harding. At BHP, Mike Henry took charge of Minerals Australia, which includes control of BHP's WA iron ore operations.

Atlas Iron's shareholders overwhelmingly backed a \$US132 million debt-to-equity swap that gave its lenders 70 per cent of the mid-tier miner. Founder David Flanagan later stepped down as managing director in favour of Cliff Lawrenson.

Lithium project developers became "must-have" stocks given anticipated expansion of the sector as batteries become ubiquitous. Although lithium prices have been rising, there were concerns over whether many could become profitable given headwinds facing new entrants. OIL & GAS

The oil price remained weak, though it rose after OPEC nations agreed to cut production last month. BP pulled the plug on exploring the Great Australian Bight, while Hess shelved the Equus gas project in the North West.

Chevron's \$US54 billion Gorgon LNG project in the Pilbara began exports in February and this month started supplying domestic gas to the WA market. Chevron increased its budget for the

Wheatstone project near Onslow by \$US5 billion to \$US34 billion, blaming late arrivals of modules for the blowout. Nigel Hearne replaced the long-serving Roy Krzywosinski as managing director of Chevron Australia in May.

Woodside Petroleum went on a buying spree, acquiring assets including 50 per cent of BHP Billiton 's interests in the Scarborough gas field off the North West, and 100 per cent of ConocoPhillips ' interests in Senegal, giving Woodside a 35 per cent interest in three exploration blocks off the West African coast. **MARKETS**

The unexpected "yes" vote for Brexit and later Donald Trump 's victory in the US presidential election unleashed global financial turmoil. Share markets throughout the world were hammered after both events, creating opportunities for bargain hunters, but stabilised soon after. Volatile equity markets were beneficial for the gold price which reached an Aussie record of \$1826/oz after the Brexit referendum. **AGRICULTURE**

Gina Rinehart 's \$365 million takeover of pastoral empire S. Kidman & Co was given the green light by the Foreign Investment Review Board. Mrs Rinehart's Hancock Prospecting teamed with 33 per cent partner Shanghai CRED Real Estate after an all-Chinese bid led by Shanghai CRED was scuppered on national interest grounds.

Live exporter Wellard issued a series of profit downgrades triggered by mechanical problems on its carriers, shipping delays and high cattle prices, shredding its share price. Founder Mauro Balzarini 's stake in the company was diluted after he sold almost half of his shares to Chinese company Fulida as part of a deal to refinance his privately owned firm WGH Holdings.

An attempt to corporatise CBH by a group called Australian Grains Champion, backed by east coast grain handler GrainCorp , was rejected by the CBH board. A CBH survey completed by 2600 grower members showed 79 per cent of members preferred a co-op model.

Severe multiple frosts across the Wheatbelt caused widespread damage to crops. But yields in less-affected areas were better than expected and some damage was overestimated, putting WA back on track for a bumper harvest. **CONTRACTING**

The Federal Government launched an \$89 billion Navy shipbuilding program, focused on Adelaide. French naval defence and energy innovation giant DCNS was the preferred tenderer for the \$50 billion submarine work. Ten of 12 offshore patrol vessels will be built in WA, with Austal, BAE Systems Australia and Cvmec the State's main contenders.

Administrators and receivers were appointed to builder-developer Diploma Group , controlled by the Di Latte family. The cash-strapped companies led by Nick Di Latte had racked up \$40 million of debts to subcontractors and suppliers, and had construction contracts terminated.

RETAIL

Electronics retailer Dick Smith went into liquidation, closing 394 stores. Its demise was blamed on management focusing on expansion and revenue at the expense of sustainable growth.

Woolworths shut its Masters hardware chain, after failing to compete with Bunnings. About 80 Masters sites Australia-wide are being taken over by Home Consortium — which runs Spotlight and Chemist Warehouse — for conversion into retail centres.

Bunnings boss John Gillam caught owner Wesfarmers off guard by stepping down after 12 years as managing director. He remains with the group as an adviser, focusing on the British expansion through the Homebase business.

German discount supermarket chain Aldi arrived in WA, the first four stores opening in June to long queues of bargain hunters. They were the first of a planned 70 stores across the State.

James Packer 's Crown Resorts proposed, and then abandoned, plans to split its international and Australian businesses. The billionaire decided to not go ahead with the planned 1100-room hotel-casino on the Las Vegas Strip and sold down Crown's stake in a Macau casino venture.

TECHNOLOGY

The year in technology was defined by a plethora of former high-flyers — namely Vocus, TPG, 1-Page, MigMe, CV Check, Ziptel and Empired — whose share prices collapsed as tech, and its blue sky, was covered in storm clouds.

But it wasn't all bad, with Perth 3-D printing company Aurora Labs becoming the talk of the Terrace after a spectacular share price rise, and IT stalwart ASG Group being taken over for a very healthy \$349 million after 20 years in operation. VALE

De al-maker and Azure Capital co-founder Geoff Rasmussen died after being diagnosed with cancer more than a year before. Adrian Arundell took the reins at Azure.