Tax cheats curbed

PAUL GILDER
TAXATION

CANBERRA is claiming a significant victory in its crackdown on criminal tax cheats, with the amount of hidden funds flowing from illegal activities to offshore tax havens dropping to a five-year low.

Figures from the nation's financial intelligence unit — the Australian Transaction Reports and Analysis Centre — measuring the international flow of funds for 2012-13 reveal 13 per cent less money left Australia for tax havens such as Vanuatu, Liechtenstein and Jersey than five years ago.

"The Coalition Government is serious about strengthening the integrity of Australia's financial system, detecting and disrupting criminal activity and protecting our communities," Federal Justice Minister Michael Keenan said.

Mr Keenan said the figures also highlighted the effectiveness of the Project Wickenby taskforce in exposing the abuse of overseas tax jurisdictions, which has raised more than $1.8 billion in tax liabilities.

The figures will help vindicate the Government's methods of funding AUSTRAC, which will be fully funded by industry bodies by 2017-18.

According to Budget papers, AUSTRAC will derive a further $79.1 million in revenue from industry levies by 2017-18.

ELECRAFT CUTS 200 JOBS

WORKFORCE

FRESH shock waves are rolling through Victoria's electricity industry after 200 Victorian workers at electrical contractor PSG Elecraft were told they would lose their jobs.

PSG, which has its Victorian headquarters in North Melbourne, is set to axe about 600 jobs across Australia after going into receivership with reported debts of about $10 million.

The contractor will axe all of its Victorian staff, mostly electricians and apprentices.

The company also employs staff in Tasmania, South Australia and Queensland.

Workers have been told financial mismanagement on a host of large Queensland projects is to blame.

It is yet to be confirmed when the employees would be stood down and if they will receive all their entitlements.

Luxury hotels filling up

COMMERCIAL PROPERTY
OLGA GALACHO

Docklands will be home to hotels such as Peppers Park Royal and the Four Points Sheraton.

MELBOURNE'S hotel occupancy rates have climbed strongly since the start of the year, with the luxury five-star category soaring to become 91.3 per cent full, research from Jones Lang Lasalle shows.

JLL hospitality research vice-president Karen Wales told *BusinessDaily* that the sector's outlook would remain buoyant for the next two to three years despite an expected extra 1200 rooms to come on line by 2017.

"Investors are very confident that the market will comfortably absorb the new capacity given Melbourne's track record for maintaining high occupancy rates each time a new hotel is built," Ms Wales said.

"In the past decade, 7000 new hotel rooms have been created and the hospitality industry has remained robust apart from the two hiccups in the aftermath of the global financial crisis."

The first slowdown followed the banking woes of 2008. A rapid expansion in the Australian hotel sector post-2009 could not be sustained and occupancy rates plummeted again.

Nationwide in the year to February, hotel accommodation had grown 1.3 per cent to a record 230,000 rooms.

Ms Wales cautioned the improved prospects up until 2017 should not be mistaken for a boom, as the recovery would merely return the sector to historically normal levels.

New entrants to establish in the Docklands precinct include Peppers Park Royal and Four Points Sheraton, both four-star hotels.

Around the nation, Sydney is forecast to match Melbourne's healthy trading in the next 12 months and Darwin is also expected to do well.

However, Brisbane and Perth will lag in the wake of the tailing resources boom.

Vacancies in the resource-rich states have shot up since fly-in fly-out services for workers were significantly scaled back last year.

Mixed-use establishments encompassing hotel rooms, hostel-style and apartment accommodation plus office spaces are likely to feature strongly in future developments.

Former school site sells

THE former Doveton North Primary School site has been sold to Ilim College of Australia for $4.2 million.

Selling agents Fitzroys said eight offers were made during the public tender campaign for the property at 25-35 Rowan Dve, Doveton. Four of the potential buyers had planned to continue offering education at the 20,420sq m site.

It was part of sales of surplus real estate by the Victorian Department of Treasury and Finance.

$10M FOR LATROBE ST

DESPITE four weeks remaining in an expressions-of-interest campaign, an offer of $10 million was too good to refuse for Kevin Winward, the owner of 488 LaTrobe St, West Melbourne.

Mr Winward is chief executive of engineering consultancy WTC Structures, which with training school Beauty EDU was also a tenant of the two-level building. The new owner plans to build a residential apartment block.

THE SHORT CUT
with ROGER MONTGOMERY

Headwinds tipped in mining services

LAST week, the Australian Bureau of Resources and Energy Economics released its biannual Resources and Energy Major Projects report, and it is not good reading if you are an Aussie resource service company.

According to BREE, the amount of committed project work dedicated to the resource and energy sector has declined by $40 billion — or 15 per cent — to around $230 billion during the past year. Unfortunately, this may be just the tip of the iceberg.

What is clear is there are some enormous projects shifting in status from construction to production.

Five projects with a combined production profile of 50 million metric tonnes a year of liquefied natural gas come to mind:

BG's Curtis Island CSG to LNG (8.5 million metric tonnes);

CHEVRON'S Gorgon LNG project (15.6 mmt);

SANTOS' Gladstone CSG to LNG (7.8 mmt);

CONOCOPHILLIPS Australia Pacific CSG to LNG (9 mmt); and

CHEVRON'S Wheatstone LNG (8.9 mmt).

As the construction phase of these significant projects come to an end, the amount of committed project work within the resource and energy sector is expected to halve and possibly halve again over the next four years.

BREE estimates the combined value of committed and likely resource projects will decline by 75 per cent, to an estimated $55 billion in the four years to 2018.

The crucial point from the resource services sector is that the production phase for these enormous projects requires relatively few people. So if you are invested in companies whose prime focus is servicing the Australian resource sector then you should expect headwinds.

One of these companies is Boart Longyear whose share price this year fell from 79c to 19c. Boart is the world's largest provider of onshore drilling services.

Before the GFC, Boart had a share price of $22, but watched this fall to under $2 on the eve of 2009.

Its price has not managed to recover since the GFC because of a series of profit downgrades.

Even if there is an uptick in production volumes, the future appears bleak.

ROGER MONTGOMERY IS THE FOUNDER OF MONTGOMERY INVESTMENT MANAGEMENT