

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
МИКОЛАЇВСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ

Факультет культури й виховання
Кафедра іноземних мов

АНГЛІЙСЬКА МОВА

Методичні рекомендації та навчальний матеріал для самостійної роботи студентів заочної форми навчання спеціальності 8.030 60104 «Менеджмент ЗЕД»

Миколаїв
2015

УДК 811.111
ББК 81.2(4Англ)
А-64

Друкується за рішенням методичної комісії факультету культури й виховання від 24.03.2015 р., протокол № 8.

Укладач:

К. В. Тішечкіна – канд. філол. наук, доцент кафедри іноземних мов,
Миколаївський національний аграрний університет

Рецензенти:

Т. О. Мороз – канд. пед. наук, доцент, завідувач кафедри іноземних мов
факультету іноземної філології, Миколаївський національний
університет ім. В. О. Сухомлинського;

С. Г. Заскалета – канд. пед. наук, доцент, завідувач кафедри іноземних мов,
Миколаївський національний аграрний університет.

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Передмова

Методичні рекомендації для самостійної роботи студентів економічного факультету спеціальності 8.030 60104 заочної форми навчання забезпечують навчальний матеріал дисципліни «Ділова іноземна мова».

Мета даних методичних рекомендацій – забезпечення розвитку мовних та мовленнєвих навичок студентів з тем, передбачених навчальною програмою з іноземних мов рекомендованою Міністерством освіти і науки України та підготовка студентів до складання заліку з англійської мови.

Методичні рекомендації розраховані на 116 год. (3.2 кр.) самостійної роботи.

За кожну тему студент може отримати від 10-15 балів, що передбачено навчальною програмою з іноземних мов.

Методичні рекомендації є збіркою текстів для читання і отримання додаткової інформації, яка доповнює навчальний посібник «Англійська мова міжнародного бізнесу та менеджменту» фактичним матеріалом.

Методичні рекомендації розроблені згідно до вимог типової базової програми. Для підготовки методичних рекомендацій використовувались матеріали з новітніх підручників, автентичних джерел та періодичних видань.

Може використовуватися аспірантами та магістрами спеціальності «Менеджмент ЗЕД».

TOO MANY SNOOTS WALLOW IN ABCS TAXPAYER TROUGH

National broadcaster's been a protected species for too long

MARK Scott can often be found hiding behind the skirts of someone like Peppa Pig or the pyjamas of a couple of well-known bananas. Defenders of the ABC, most often led by the managing director of the time, will run from the threat of funding cuts clutching popular children's programs close to them for protection. Don't touch the budget or the pig gets it. Even Communications Minister Malcolm Turnbull has been moved to reassure the children and parents huddled in a million lounge rooms, saying he would save Peppa's bacon (his pun, not ours) and that this was one snout (ditto) he was happy to have in the ABC trough. However fond of the ABC, viewers can distinguish between quality imports and local product. With the emotional blackmail exposed, ABC spending needs close scrutiny; especially given its preferment under Labor and particularly in the area of news and current affairs, where expectations are high and all too often it fails to deliver content with the required objectivity and plurality.

The Gillard Labor government gifted the ABC the \$223 million Australia Network deal even though it twice lost the tender process. The ABC also escaped what passed for Labor's efficiency drives and was awarded an extra \$10m for news programs in an election year, at a time when fiscal rectitude was the mantra. Yet there was no evidence this money was put to good use. The Abbott government has now axed the Australia Network—hardly surprising given the poor-quality programming and the network's internal conflict between holding a government to account and spruiking for Australia overseas. Much of the funding from the deal was used to underpin broader overseas operations rather than produce worthwhile specific content. Indeed, the ABC approached the broadcaster who won the tender process, SkyNews Australia (part-owned by Britain's BSkyB, which is part-owned by News Corp Australia's sister company), to provide additional programs. Likewise, there is no evidence Aunty's fact-checking unit, through its choice of targets or its detailed findings, has done anything other than reinforce the prevailing groupthink. Fact checking was noticeably absent, for instance, when it came to egregious claims of torture made against our navy personnel, which were run prominently and found to be incorrect. The fact that requires no checking is that, as Gerard Henderson often points out, the broadcaster is replete with hosts and program producers who are progressive in their world view, yet it can't point to any who see the world from a conservative perspective. Mr Scott is rumoured to be examining a token non-Left program for television, but it sounds like a case of too little, too late.

Before he frightens the children with stories about Peppa Pig, Mr Scott should cast an eye around him at ABC head office, where the fat cats have been multiplying on his watch. While rural communities understandably are worried and protective about Aunty's regional services, the inner-city enclaves at Ultimo and Southbank have gathered ever more middle managers on ever-inflating wages. With 50 staff paid salaries of \$270,000 or more it makes it very difficult for the ABC to cry poor. Just why a government authority full to the gunnels with experts in communications and politics needs a raft of lobbyists, government affairs and public relations staff

and consultants is inexplicable. If Mr Scott is worried about the limitations of his budget, he might instruct these people to concentrate on creating quality content instead of marketing it to various silos within the corporation or spruiking its benefits to politicians. As the sage advice goes, don't tell us that you're funny, make us laugh.

Questions remain about other cosy deals. The so-called Chaser Boys who, apart from finding the fountain of youth, seem to be a protected species, are the preferred choice for program supply and various hosting jobs. And, instead of just interviewing former prime minister Paul Keating for the *Four Corners* program he hosts, Kerry O'Brien sold the series to the ABC through his own company as a co-production (and to think some people say the ABC doesn't understand private enterprise). The time for expansion and lack of accountability at the ABC is over. With or without Peppa, Aunty must learn to become a lean operation.

HAVING listened to Joe Hockey insist that our age of entitlement has ended, I was somewhat disappointed to read that several former Labor ministers have been granted non-means-tested legal aid to fight their corner in the pinkbatts royal commission ("Rudd, Gillard seek legal aid in batts probe", 29/5).

Then on the next page, following ABC managing director Mark Scott's selection of a soft target in *Peppa Pig* as a possible casualty of ABC funding cuts rather than trim a bloated management, angry mothers took to social media on behalf of a show that's watched by a minuscule percentage of the population ("PM hits back at Peppa porkies", 29/5)

It seems some are more entitled than others.

John McHarg, Baldivis, WA

FROM the results of recent opinion polls, it would seem the Labor Party is getting some traction from its campaign of deceit where facts about the budget are concerned.

The disappointing element to be deduced from this is just how gullible is the electorate.

The severe budgetary measures are a result of profligate spending by the Rudd-Gillard governments over a period of six years resulting in a national debt of over \$660 billion, a deficit of \$127bn and interest servicing payments of over \$1 bn a month.

Regrettably, after more than 250 days of Abbott government, Labor and its leader Bill Shorten still won't admit responsibility for this situation.

N. Bailey, Nicholls, ACT

ALL economies and institutions have to be nimble in our fast-changing and uncertain world. Attempts to quarantine any particular sector, whether through car

industry subsidies or large medical research funds, come at a cost in terms of a loss of flexibility and an imposition on non-quarantined activities.

The government's commitment to a \$20bn fund is just one sign that it does not understand this.

Michael Cunningham, West End, Qld

IF Bill Shorten doesn't believe there is a budget emergency, why is he backing the deficit levy on higher income earners?

It can only be because he wants to tax the rich for the sake of taxing the rich. At least the budget was designed for the good of the nation.

Keith Mouatt, Richlands, Qld

MANY have observed that the budget unfairly targets the young and the less well-off in society, but am I the only one who has noticed a pattern of unfairness towards women? Spending billions on infrastructure means jobs in a sector dominated by men.

Health and education, dominated by women, are to experience significant cuts. Carers, overwhelmingly women, will suffer from adjustments to the disability insurance scheme. Women will be inequitably affected by the proposed changes to higher education.

Without using the M-word, I would suggest that as Minister for Women, Tony Abbott has done a very poor job of representing the interests of his constituency in this budget.

Louise Denson, Toowong, Qld

BILL Shorten is a modest man with a lot to be modest about (thank you, Winston Churchill), and every day he leads his profligate Labor mates and Australia over the fiscal cliff they created by themselves, by railing against a cessation of the handouts we've come to consider our birthright, he'll have even more to be modest about.

In fact, the \$1bn a month we waste in interest now will soon look modest in hindsight. If only Tony Abbott had admitted that "yes, pin me to the wall if you must but I want to fix this mess, and get it over with", he'd be on the front foot by now, with more than half the nation behind him. The responsible ones at least. It's not too late.

Don Stallman, East Brisbane, Qld

EVERY day, we see patients at my medical centre who can't afford to fill their prescription until pension day. How will they afford \$7 to see a doctor in the first place? Every day we see emergencies. They won't be turned away for lack of \$7. We run a service for homeless people. Who will pay?

The intention of the co-payment is to stop people going to the doctor too often. Our diabetic patients will stop having their leg ulcers dressed. Some will lose their legs as a result. More people with chest pain will convince themselves it is just indigestion.

A co-payment will cost Australia much more than \$7.

Uri Scelwyn, Manoora, Qld

I wonder if people such as the Opposition communications spokesman Jason Clare ever cringe with embarrassment when they read their own words. His warning to Tony Abbott to back off, or the pig gets it, suggests that he resides on another planet. Or perhaps he is in competition with Sarah Hanson- Young to win the award for the most fatuous remark for this sitting of parliament. It will be close.

Frank Pulsford, Aspley, Qld

Trust ABC managing director Mark Scott to sacrifice Peppa. That pig is the only conservative the ABC has. The ABC will see its corporate IQ plummet if it loses Peppa.

Doug Belot, Yeppoon, Qld

The Prime Minister should be commended for pushing back against Mark Scott on the matter of what the ABC may do in order to meet the 1 per cent reductions required in the budget. Mark Coleman, Walkerville, SA

When I picked up Thursday's *The Australian* from our drive at 8.30am, I expected to see the half-time score for the State of Origin that ended at 10.10pm on Wednesday. But no, the final score with description of the second half and photographs of the winners were there. How do your journalists, production team and delivery network do it? It is part of the service we are accustomed to from the national broadsheet.

Les Sullivan, Pambula Beach, NSW

There's no doubt the print media will go on, with *The Australian* leading the way. This is particularly so since the content for news.com.au has been subcontracted out to the ABC.

Mark Scanlan, Hawthorne, Qld

Harris Quelhurst (Letters, 28/5), I too love the new technology. My early morning sessions nursing my daughter in a dark room are made infinitely more bearable by being able to read *The Australian* on my iPad. This would be two hours before it lobs

on my front lawn where it either turns to mush in the north Queensland rain or is chewed up by the neighbour's dog.

Terri Kelly, Redlynch, Qld

Even the daily battle with the plastic wrap is not enough to convince me to switch to electronic delivery of *The Australian*.

David Crommelin, Strathfield NSW

The NSW Counter Terrorism Squad's Peter Dein is incorrect when he says the Muslim community has not done enough to discourage young Muslim men from joining the Syrian jihad (29/5). Not until those in the general Muslim community feel free to write letters to *The Australian* condemning these actions should Dein feel that the relationships he is building with the Muslim community will have any consequence.

Tony Pearce, Wynnum, Qld

SA LIBERAL DEFECTOR SHOULD HAVE RESIGNED SEAT AND STOOD AGAIN

THE defection by Martin Hamilton-Smith from the Liberals in South Australia is an affront to the majority of voters who voted Liberal in the electorate of Waite where Labor received only 27.1 per cent of the primary vote.

To retain his integrity, Hamilton-Smith should have resigned from parliament, ensuring a by-election at which he could have stood as an independent giving voters the opportunity to retain or dismiss him as their local member.

He claims he has received much support from the electorate since making his announcement. His support is sure to have come from the Labor primary support base, and perhaps a few Liberals.

Hamilton-Smith is highly intelligent, but even intelligent people fall for the best offer in town. There is no other rational reason for his defection other than revenge against the Liberal Party over past conflicts. He will be rejected at the next election if he stands — he knows that — and his loyalty and integrity will always be linked to the word treachery.

Allen Arthur, Middleton, SA

YOUR editorial "SA Liberals' blue- on-blue fire" (29/5) says that without the Liberal Party, Martin Hamilton-Smith's career would not have existed. But in the absence of that party, he would undoubtedly have joined another, perhaps even Labor, in which case he would have predated Jay Weatherill and would probably, given his ability, now be leader.

But now he's free of Labor shackles, so his appointment is the best of both worlds: he can contribute to government and put parliamentary duties above party power plays. His electorate chose him to make the best decisions for them, so let him do it.

Darian Hiles, Adelaide, SA

‘LAX’ MUSLIM LEADERS

The rebuke by NSW Counter Terrorism Squad assistant commissioner Peter Dein to leading members of the Sunni Muslim community that they are not doing enough to discourage young Muslim men from joining the Syrian jihad, misses the real issue ("Muslim community 'too lax' on jihad risks", 29/5).

Jihad against Jews, Christians and infidels (which include rival Muslim sects) is mandated by the Islamic scriptures, and the young men are fulfilling what Islam asks of them.

"Ordinary" Muslims who reject violence are actually non-practising Muslims in the full sense of the word Muslim. What is needed is for Muslim leaders to examine their scriptures and do a rewrite — in other words, produce a new testament.

Babette Francis, Toorak, Vic

Leave Peppa alone

IT would be a low act if ABC chief Mark Scott were to cut the popular children's show *Peppa Pig* in an attempt to bring odium on the Coalition over ABC budget cuts ("PM hits back at Peppa porkies", 29/5).

Scott and his lefty cohort at the national broadcaster have a history of allowing their political bias to influence programming.

Those in the adult world who have to put up with this continual abuse of their privileged community position, can vent frustration and outrage, to some degree, by hitting the talkback radio waves, writing letters such as this, or becoming more determined than ever to vote against the ABC's best friend, the Labor Party.

The kids have no recourse. They will just be upset and hurt at losing a program they love dearly. So leave the little ones out of it, Mr Scott.

N. Aisbett, Subiaco.WA

NAIVE ON FAT CATS

THERE'S a quaint naivety running through the article by Alexander Philipatos ("Dividend won't make Canberra's fat cats efficient", 29/5). Of course the efficiency dividend approach has failed. That's hardly news.

And it's not mainly through some legalistic loophole department heads have exploited in the application of the efficiency dividend, as seems to be implied. It's far deeper than that.

The potential for improvements in efficiency implied by the article is far too modest. From my 20 years' experience, administrative costs could probably be cut comfortably by 15 per cent in most departments without cutting programs.

There's a naive overestimation of the ability of ill-equipped ministers to step in and introduce efficiency improvements. The advisability of government doing less is a separate argument.

An increase in the percentage of more highly paid public servants seems to deeply concern the author, but you'd actually expect more highly paid positions as a percentage of the total if departments followed what Philipatos suggests and more work was contracted out.

Politicians can help by refraining to pull ill-planned and/or ill-conceived and underfunded projects out of a hat before elections.

George Finlay, Balaclava, Vic

FROM A SAFETY NET TO CARGO CULT

Ending the status-welfare culture requires a mature debate

NOT so long ago, before bushy beards, pin-up girl tattoos, the hipster blues and Family Tax Benefit Part B, Australia had a tightly targeted welfare system. The social safety net was a bipartisan project, constructed to ensure the poor and disabled did not suffer deprivation, unemployed people could subsist while they searched for jobs and the aged were supported at the end of their working lives. There was some state paternalism built in to help with the cost of raising children, but payments were means-tested. In the 1990s, Paul Keating reined in welfare as Labor struggled to get the budget under control, after our last recession, and as part of his broader deregulatory push.

But almost a dozen years of John Howard's "relaxed and comfortable" politics transformed our entitlement culture. You got a handout because of your status — new parents won a cash "baby bonus" and first-home owners got a grant—rather than due to need. Mr Howard's political fortunes became dependent on his skill in recycling boomtime revenues to key groups of voters, including pensioners, farmers and families. Laura Tingle put it well in her essay *Great Expectations*, about the

needy tribe Mr Howard created: "The battlers were not just low-income earners, but middle- income earners too... Whatever you did in life, there seemed to be a government payment to help you along the way." Kevin Rudd was equally generous and the global financial crisis aided his saviour complex: My name is Kevin, I'm from Queensland, here's a cheque, computer, roof insulation, solar panels and a school hall. Julia Gillard gave us a carbon tax and all sorts of kickbacks to ease the pain, while killing its purpose.

Now Tony Abbott and Joe Hockey want to end the welfare binge — not because they are wowsers or economic jihadists, far from it — but because they must repair the structural fiscal damage caused by handouts for all. Howardism has also embedded a corrosive ethos. Instead of being a safety net, or even a cargo net, our social welfare system has become a cargo cult. In an interview with *The Australian*, the Treasurer disputes the notion that handouts are a right. Indeed, many now believe they deserve welfare and treat it as earned income. This is perverse. Mr Hockey's budget has tried to rewrite the rule book on handouts by sharpening the means test for family payments and limiting it to children under six. He is also seeking to push the retirement age to 70 by 2035 and change indexation of benefits. The Coalition is trying to get young people off the dole and into work or training through a range of reforms. A \$7 co-payment would deliver a modest, much-needed price signal to Medicare services. In attempting to fix the spending overhang, the Abbott government is being assailed by opportunists, agitators and sooks, under the spurious banner of fairness.

But, as Mr Hockey argues, it's a fatuous case. On one side, high-income earners are paying a 2 per cent deficit levy out of their own pockets, while on the other people are losing benefits. The absurdist joke is that the first group are the only people actually paying tax, to fund the lifestyles of everyone else. To be grown-up about the Coalition's plan for a moment, what's wrong with ending this "crippling" mentality? Is it too much to ask university students to contribute more to the cost of their degrees only when they are in careers? Or for patients to pay a modest fee for GP visits? Why shouldn't young people move to where the jobs are, the way migrants do, and as every previous generation has in building our nation?

In his post-budget comment, Paul Kelly pointedly asked if our political culture was mature enough to handle the reforms required to restore fiscal health and to enable higher rates of productivity-based economic growth. Given the bellyaching by the Occupy Anything crowd, the answer is obvious. These whiners are enabled by activist journalists; showing no understanding of Australia's great reform era or interest in policy, they have been drip- fed by private schools, nannied by inner-city baristas, ego-stroked via social media and lulled with a steady affirmation of "you're wonderful" by limp editors and inked producers. For those without a sense of history, this is the dawning of the age of entitlement.

Pick the odd one out: (a) killers, (b) kidnappers, (c) climate change, (d) a winking PM Just kidding. At Fairfax's The Sydney Morning Herald, this would count as a trick question

Elizabeth Farrelly in The Sydney Morning Herald yesterday:

YOU rejected me and that's a crime that can never be forgiven," pouted pretty-boy Elliot Rodger, shooting a selfie-vid in his BMW before killing six people. "If I can't have you, girls, I will destroy you."... He hated women because, choosing, they did not choose him. No one could look less alpha male. Yet Rodger's video mixes narcissism and self-pity with old-school chest-thumping territorialism. "I'm 22 years old and I'm still a virgin," he croons, as though it's someone's fault other than his own. Rodger's revenge was designed to blame-shift; to make his issues ours.

Then, inevitably, painstakingly, Farrelly joins the dots:

THE rhetoric resonates bizarrely with recent events, from the Nigerian girl-student abduction to Sydney men pushing lovely women off cliffs and balconies — and Tony Abbott's viral, smirking wink.

We all know which of these is the greatest crime. Farrelly continues:

(ABBOTT) may not oppose educating women. But the wink! So much callow unthought in a single gesture; so much of the unearned superiority that brought the planet to its knees in the first place and could still send us to a fiery climate-change hell.

Farrelly adds a thought:

THE word misogyny has been overworked lately...

Righto, back to blaming Abbott. Well-trained SMH reader Philip Comans on the paper's letters page on Wednesday:

SEEING the fresh face of murder victim Jamie Gao on the *Herald's* front page saddened me and made me think of his poor parents at a time like this. It also caused me to consider how many 20-year-old university students and unemployed under-30-year-olds will be tempted by the promise of "easy money" through drug deals when faced with skyrocketing university fees and no dole for the young, as proposed by Abbott's budget.

Back to gentler territory with Elizabeth Farrelly:

WE need a femme equivalent of ballsy. Sure, you can call women ballsy and it's taken as a compliment.

But that's the problem, since ballsy still implies a field (namely, scrotum possession) in which women are designed to fail. Yet, if we could just name it, it might yet save the world.

It's a question that has been weighing on a few minds. The South Australian parliament on May 22:

DUNCAN McFetridge: You have got to have gonads to do this job, Mr Speaker, and I do not believe the member for Frome has got the gonads to stand up to the Premier and say, "Premier, you're wrong on this..." Leesa Vlahos: Point of order: Mr

Speaker, I think the anatomical language being used in the chamber is highly offensive, and the member should withdraw...

McFetridge: I digress for a second, Mr Speaker. Gonads do refer to ovaries as well as testicles. Mr Speaker, had I said: "Does the member for Frome have the balls to come down here?", that would have been out of order.

A wise-quacking Opposition Leader makes sure his fowl joke doesn't go unnoticed during his press conference yesterday:

BILL Shorten: Like everyone, we were interested to see Malcolm Turnbull and Clive Palmer and Martin Parkinson having a special dinner last night. What I do know is that Malcolm Turnbull was eating peking duck last night, Joe Hockey's left looking like a goose this morning, and we've got a lame-duck Treasurer ... Malcolm Turnbull's eating peking duck, Joe Hockey's left looking like a goose, and we've got a lame- duck budget with a lame-duck Treasurer ... We've got a lame-duck budget ... You've got Malcolm Turnbull eating duck, you've got Joe Hockey forced to eat some humble pie and we've got a lame-duck Treasurer...

Journalist: Jokes about the dinner aside, have you met with Clive Palmer about the budget?

SARAH DANCKERT BEN WILMOT
PROPERTY

WESTFIELD

WESTFIELD could face legal action after extraordinary scenes at its shareholder meeting that saw a crucial vote on whether to approve the \$70 billion restructure of its shopping centre empire deferred after proxy votes indicated the deal would not pass.

The move, foreshadowed in *The Australian*, has seen major shareholders call into question the company's governance structure and question whether a behind-the-scenes play by Westfield precipitated the incredible course of events that took place at the meeting of shareholders in Westfield Retail Trust.

The dramatic day unfolded after billionaire Westfield chairman Frank Lowy told an earlier meeting of Westfield Group shareholders that if the restructure deal was blocked the company would spin its Australian assets into a new rival company that could compete with WRT.

Westfield wanted to merge its Australian and New Zealand business with the Westfield Retail Trust to create the Scentre Group, leaving an international-focused Westfield Corporation with shopping centres in the US, Britain and Europe.

Mr Lowy declined to comment on the possible legal challenge and suggestions this was a "set play" by the company once it saw proxy votes filed ahead of the poll showed 25.9 per cent of shareholders had voted against the deal. The proposal needs 75 per cent of shareholders to vote in favour.

The vote is expected to be held in the next 10 to 14 days. If the deal passes at that meeting it will need to be approved by a court and at that stage Westfield could expect legal action, a source said.

However, some in the market doubt whether Westfield will be able to swing enough votes in favour to get the deal through.

"I personally think it could work against them. They might just end up pulling the vote altogether," one investor said.

Westfield's proposed demerger plan has raised consternation among a cohort of investors who are opposed to the terms of the deal. UniSuper, WRT's largest shareholder with an 8.5 per cent stake, was a vocal opponent, as was Legg Mason and Phoenix Portfolios. Colonial First State and UBS Global Asset Management are also believed to have voted against the deal.

The decision to delay the vote came after a poll on the floor of the meeting saw only 36 million of the 2.28 billion shares that were allowed to vote at the meeting cast.

The push for the delay came from BT Investment Management head of property securities Peter Davidson, who is in favour of the deal going through.

Mr Davidson was concerned that Mr Lowy's alternative restructure plan to pursue a demerger without WRT if investors did not support the deal represented "material" information that needed to be assessed by shareholders. One shareholder told the meeting such a move threatened to leave WRT as a "sub-scale, stranded" property company.

"Like many shareholders I waded through all 348 pages of the scheme booklet. There were five options on the table at that stage. Now what we've learned today is that there is only one," Mr Davidson said.

The WRT meeting was then paused for a board meeting, after which WRT chairman Dick Warburton said it would only be fair to go to a vote on whether to defer the poll.

"We want to give people a long and better opportunity to look at this part that has come up now fairly late in the piece," Mr Warburton said.

Speaking after the meeting, Mr Warburton said he had not been in contact with BT before the meeting. "Not beforehand — it's just cropped right up on the floor," he said. "It's been exercising our mind, but when it came from the floor we thought, well, this is something material."

However, many investors were furious about the process and the decision not to let the vote on the restructure go through, despite Westfield facing an embarrassing defeat. A significant shareholder slammed the deferment and questioned Westfield's governance.

"It was a terrible abuse of the process ... it was pretty obvious it was a set play. It was pretty clear which way the vote was going to go," the investor said.

"It's appalling that an institutional fund manager has played the patsy here."

He said the alternative proposal was not "new news", adding: "Plan B was always there on the table."

Australia is about the past and the future is clearly brighter offshore. And yesterday's sudden "announcement" that Westfield would most definitely pursue the split of an entirely different set of assets into international and local arms seems to run against the recent family statements it was committed to the proposed locally focused Scentre vehicle.

Opponents of the deal said the option of Westfield Group going it alone with its own split had in fact been widely threatened for months and had not deterred them at all. So while yesterday's controversial adjournment of a meeting of WRT investors may be a victory for the family, their emboldened opponents are also maneuvering.

Even before the debacle of the postponed WRT meeting, heavyweight investors had canvassed the possibility of calling a meeting to appoint a new responsible entity. There is some precedent, notably Lend Lease faced a challenge from fund manager Colonial First State, which in 2003 waged a campaign to replace the manager of the Lend.

Lease US Office Trust. This presents problems for WRT's board, particularly with a chief executive whose departure has already been flagged, if it is unable to quickly defend its position.

With the mood among a mainly Melbourne-based coterie of investors turning toxic yesterday the talk of a meeting to challenge the WRT board could turn to action. Despite a safe record WRT has not been able to wring the best out of its portfolio while it is perceived as a captive trust of the Westfield Group.

The chaos is being closely watched across the shopping centre industry. All this puts the creation of the Lowy's preferred vehicles — Scentre and the high- growth international Westfield Corp—further away than ever.

But his mastery of tactics, that has been on display for decades of deal making, may eventually see this conundrum resolved.

But taking the investors with him is getting all the harder.

WESTFIELD DELAY SPARKS OUTRAGE

Superannuation Investors' Gordon Hagart said the events raised questions about how meetings were conducted, adding: "There will be a lot of institutional investors both offshore and here in Australia scratching their heads over what happened today."

BT has declined to comment.

In a statement issued late yesterday Westfield said it held a board meeting on Wednesday and agreed that in light of how close the vote of WRT shareholders would be, and rumours it would recut the deal, it decided to make its intentions clear at the meeting.

Westfield co-chief executive and WRT director Steven Lowy also defended the company's actions, saying it was "lived out in real time".

Mr Lowy said the clarity of Westfield's position represented "a new piece of information" and denied it had been used to threaten shareholders. "On the contrary, it's giving great clarity for people to make decisions with that information."

He said the next vote would be final.

LOWY'S LONG FIGHT TO LIBERATE HIS EMPIRE

ANDREW WHITE MEETINGS

AT one point in the shareholder debate Frank Lowy's temper seemed to get the better of him.

"Have you been such a success in the last 20 years that we should take your advice?" he taunted the Australian Shareholders Association research director Stephen Mayne, in a reference to Mayne's long history as a public inquisitor of Australian companies and serial failed board candidate.

In 50 years of wheeling and dealing to build his Westfield empire into the second biggest in the world, Lowy has become used to getting his way.

He was not about to let a serial "troublemaker" get away with calling him "oppressive" and accuse him of "strong-arm tactics".

Neither was he going to let a rump of shareholders in just one part of his \$70 billion empire block his efforts to free his Westfield Group of its Australian roots and take on the rest of the world.

It was a fate that very nearly befell his efforts to recast the Westfield Group and Westfield Retail Trust as shareholders gathered in Sydney for a knife-edge vote.

Heading into a series of five shareholder meetings Lowy needed less than 1 per cent of the available shares in Westfield Retail Trust to swing back to him to get the deal over the line.

Months of furious lobbying by himself — he admitted to "15,17, maybe 20" meetings with shareholders — and his board and advisers to convince investors of the deal's merits had still not won the day.

He had engaged seven investment banks — and with \$70 million in fees to share around if the deal succeeds, their chiefs were present at the meeting yesterday —but still could not budge enough votes. He engaged the firm Global Proxy Solicitation at a cost of \$50,000 to spruik the deal to undecided shareholders, but instead put some of them off.

Lowy publicly apologised to one shareholder who said she was rung on a Saturday but her caller would not say on whose behalf he was calling. "Unfortunately from time to time... people are not strict about what they say," Lowy told her from the podium.

Last December he proposed a deal that would shuffle Westfield Corporation's 49 per cent interest in all of the Australian malls, as well as management and development rights, into the Westfield Retail Trust.

For months a rump of institutional and retail shareholders in WRT — led by industry superannuation fund UniSuper and retail fund manager Colonial First State and the ASA — had opposed the deal. They thought it gave too much of the value to WDC and plonked too much of the debt in WRT, as well as raising its costs and risk profile.

A \$300m sweetener offered three weeks ago had not been enough to turn sentiment, and on Wednesday night there were still 25.3 per cent of votes against it- a

margin of just 0.3 per cent that Lowy needed to swing his way for the required 75 per cent majority vote.

Lowy won an overwhelming 97 per cent vote of WDC shares in favour of the deal but seemed prepared to chance an unprecedented vote on the floor of the WRT meeting.

Then came the bombshell that some believe could ultimately swing the vote his way. Lowy told WDC shareholders the board had voted late on Wednesday night to get executives working on a plan B immediately if WRT shareholders blocked the deal.

WDC instead would create a new company that would hold all its interests in the Australian and New Zealand malls jointly owned with WRT, as well as the management and development rights.

"Whichever way the vote falls we will be moving forward," Lowy told the WDC meeting.

It's a move that threatens to leave WRT — as one shareholder put it — as a "stranded, subscale" property vehicle at the mercy of the new company.

WRT director Mike Ihlein noted later that day: "We don't see it as a positive development for WRT."

As displays of power in business go, they don't come more complete than that. With the debate building at the WRT meeting, it fell to BT Funds Management's Peter Davidson, who was in favour of the deal, to take the microphone and ask chairman Dick Warburton for a pause to consider a "material change" in the deal.

"In light of the decision... from the WDC board this morning can this meeting be postponed?"

Like everyone else, Davidson could see a vote yesterday was unlikely to go Westfield's way, making for embarrassment for both boards and their advisers, as well as \$50m of costs.

An estimated 90 million votes were needed to swing the vote Lowy's way, and if he were in any doubt how many of them were in the room he soon found out.

Warburton called a non-binding poll of shareholders in the room — counting their shares, not their raised hands — to see what they thought about postponing the vote. Just 30 million were in favour and 6.4 million against.

It was not enough to swing a vote in favour of the deal. But it was enough to tell Warburton — a former Reserve Bank of Australia board colleague of Frank Lowy — he should postpone the meeting.

As ASA representative Allan Goldin argued, it was not enough of a change to postpone the meeting, as it was not going to result in WRT shareholders being offered a more favourable deal. We will see if it is "material" enough to change investors' minds when the meeting reconvenes in two weeks.

ATLAS POINTS TO PRICE FLOOR AS ORE TUMBLES

RESOURCES: Iron ore has hit a 20-month low on the back of weak interest from steel mills, but producer Atlas Iron remains confident in the long-term price outlook.

The price, which had recovered slightly after a slump early last week, yesterday fell to a new low of \$US96.80 a tonne, sending the share price of iron ore producers lower.

BHP Billiton ended the day 1.3 per cent lower at \$37.49, Rio Tinto fell 2.2 per cent to \$60.07 and Fortescue Metals Group lost 2.9 per cent to \$4.54. Atlas Iron took a 4.6 per cent hit to 72c.

RBC Capital Markets said iron ore prices were being held down by market uncertainty and negative sentiment following the recent price drop.

"Given weak demand, increasing supply, mill destocking and tight credit in China we continue to expect subdued iron ore prices in Q2 2014," the RBC commodities team said.

Atlas Iron managing director Ken Brinsden said despite the iron ore price cooling on the back of increased supply in the market he was optimistic because the demand side did not look as if it had materially changed.

"The supply side has absolutely increased and it will take some time for those tonnes to find their natural home," he said.

"But I firmly believe they will displace some other high-cost production in which case the buying tension re-emerges."

Mr Brinsden said while anyone expecting the price to go back to \$US150 a tonne would be disappointed, he believed there was a good chance the price could stay in the range of \$US100- \$US125 for years to come. "Our challenge as a business is to take advantage of our good assets in the ground, our good people, make sure we look after our cost base and that we've got a healthy balance sheet so we can weather the storm and come out the other side," he said.

Despite the iron ore price fall, ANZ analyst Mark Pervan said there were signals emerging of better seaborne prices, with steel mills running low inventories and cheaper inputs helping profit lines. "Weaker iron ore prices has seen stronger interest in seaborne material from Indian steel producers," he said.

"JSW Steel is set to import additional higher-grade ore to offset shortfalls in domestic supply."

He also said that discussions for coking coal contracts for the third quarter had begun, with producers expected to set prices fractionally higher than agreements from the second quarter.

"BHP is expected to step away from negotiating quarterly contracts, however, preferring to strike monthly and index-based pricing," he said.

SARAH-JANE TASKER PALL GARVE

100 JOBS TO GO AS TOLL CUTS COSTS

Logistics: Toll Holdings has flagged further cost savings initiatives at its upcoming annual results after revealing plans to save up to \$12 million a year by merging some of its businesses and abolishing a division.

From July 1, Toll will have five divisions instead of six to reduce crossover and increase collaboration, which will lead to the loss of 100 jobs from the head office of the company's Domestic Forwarding business and Toll Intermodal.

The majority of the positions will go from the Intermodal business as the specialised contract-driven parts of the operation will merge into the Toll Global Logistics division.

Long-serving directors Paul Ebsworth and Wayne Hunt will leave as part of the restructure.

"We have strong businesses, particularly in Australia, but it is critical that in the current challenging market we reduce complexity and costs, improve our productivity and build on our strengths," Toll chief executive Brian Kruger said.

"This restructure will help mitigate near-term ongoing margin pressures as well as ensuring that we maximise the leverage that our company has to any improvements in the external environment."

But Toll flagged that other cost-saving initiatives would come with the annual results in August. Toll's costs fell by \$30m in the first half.

While analysts such as Bank of America Merrill Lynch said it did not expect further material cost reductions, "we think these measures will be taken positively".

"Toll as been criticised for not being vigilant enough on costs given the weak economy, so this should assuage some concerns," the broker said yesterday.

Toll reiterated previous guidance that underlying earnings before interest, taxation and amortisation for fiscal 2014 was expected to be in line with 2013, while EBIT would be ahead of the prior year.

Toll shares rose more than 4 per cent in the wake of the announcement, having fallen more than 7 per cent so far this year.

"The reiteration of guidance is positive in that it demonstrates Toll has been able to offset a challenging operating environment with some contract wins and cost," Goldman Sachs said. But it added: "While this is encouraging, the backdrop for Toll remains one of subdued activity levels, margin pressure, and risk relating to the tender of Singapore government contracts."

DAMON KITNEY

BAOSTEEL'S BID FOR AQUILA WAVED THROUGH BY FIRB THE TARGET COMPANY IS YET TO MAKE ITS RECOMMENDATION

SARAH-JANE TASKER

FOREIGN INVESTMENT

CHINESE giant Baosteel has been given the green light by Australia's Foreign Investment Review Board to progress its \$1.4 billion bid for Aquila Resources.

Baosteel teamed up with Brisbane-based freight giant Aurizon earlier this month to launch a \$3.40-a-share offer for the iron ore and coal-focused company.

The target is yet to make a formal recommendation to its shareholders, other than for investors to take no action while it reviews the bidder's statement and prepares its response.

Baosteel and Aurizon said in a joint statement yesterday that they had each received letters from FIRB advising that there was no objection to the acquisition of Aquila.

"We are extremely pleased that the FIRB conditions for this transaction have been fulfilled, which further reduces the already limited conditionality associated with the offer," Baosteel Resources chairman Zhihao Dai said.

"Our compelling offer provides Aquila shareholders with an opportunity to realise certain value for their Aquila shares at a significant premium to the Aquila share price prior to the announcement of the offer."

When the bid was launched on May 5, the suitors outlined that Aquila shares had not closed above the offer price since May 2012, adding the \$3.40 offer was a "significant premium" to the market value of Aquila's underlying operating assets.

But the market has been tipping a lift in the offer price, with Aquila's shares sitting comfortably above the bid price since the offer was launched. The shares were trading at \$3.52 yesterday.

The key assets China is chasing are the \$7.4bn West Pilbara iron ore project in Western Australia and the Eagle Downs coking coal project in Queensland.

Baosteel, which has a 20 per cent stake in Aquila, said at the time it launched the bid it had lost patience with the progress being made on the miner's key iron ore asset. Under the deal, Australia's largest rail freight operator, Aurizon, will emerge with a 15 per cent stake in Aquila and head up the infrastructure arm to develop the rail and ports to support the iron ore project, if the bid succeeds.

Aurizon chief executive Lance Hockridge said yesterday the offer was the first step in a potential pathway to co-investment in resources and greenfield infrastructure. He added that it represented a great opportunity to co-develop world-class rail and port infrastructure, and in the process generate jobs, boost exports and deliver to government significant royalty revenue.

There are no Chinese regulatory approvals or funding conditions associated with the offer, which is subject to a 50 per cent minimum acceptance condition.

Aquila managing director Tony Poli, who holds a 28 per cent stake in the company, is yet to comment on the surprise move by his largest shareholder, but if he were to accept, he would receive more than \$400m.

CALLS TO GET TOUGH ON 'USE IT OR LOSE IT'

ANDREW BURRELL
ENERGY

FORTESCUE Metals has called on the federal government to enforce Australia's "use it or lose it" policies on gas-retention leases in order to boost domestic supplies, in a move that could save the company hundreds of millions a year in energy costs.

Chief executive Nev Power said offshore gas reserves that should be developed to supply the domestic market were being left stranded because big petroleum companies were allowed to sit on their leases for years.

"We buy diesel which is produced in the Middle East, refined in Asia and then we transport that all the way into our Pilbara operations, when just off the coast of WA there are massive reserves of gas which are not being developed to supply the domestic market," he said.

Mr Power yesterday released a Fortescue-commissioned report by Deloitte Access Economics recommending stricter enforcement of the commonwealth's retention lease regime.

The report found Western Australia's domestic gas reservation policy, which quarantines 15 per cent of gas from LNG projects for domestic use, could be phased out if a transparent "use it or lose it" approach was applied to retention leases.

It also suggested that the cost of gas could fall from an LNG netback price of as high as \$12 per gigajoule to about \$7.20 per gigajoule, the current cost of domestic production. This would provide a \$2.5 billion boost to the state economy in 2020, increasing to \$4.8bn by 2030.

"Currently, the imposition of the domestic gas reservation policy links LNG export and domestic gas industries together," the report said. "Consequently, domestic gas contracts are being priced at LNG netback prices.

"Phasing out the reservation policy and applying a more rigorous assessment of retention leases would allow the domestic gas industry to develop on its own accord.

"If sufficient reserves were developed to supply the domestic market and the conditions existed for new entry, we would expect domestic gas prices to reflect the cost of developing domestic reserves rather than the higher LNG netback price."

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The Deloitte report is a key plank in Fortescue's push to switch from imported diesel to cheaper Australian gas as the primary energy source for its Pilbara operations.

In January, it said it would build the 270km Fortescue River gas pipeline from Karratha to its Solomon mining hub and deliver savings of about \$20 million a year. "If we were able to convert 100 per cent of our energy use to gas we'd probably save almost half of our energy costs," Mr Power said yesterday.

WA DomGas Alliance executive director Matt Brown said there were no longer any excuses for the federal government not to act on retention leases.

COMPANIES' BAD HABITS TO BLAME FOR LOW PRODUCTIVITY, SAYS ORICA

MINING

THE resources sector must take its own steps to correct the bad productivity habits of the recent past rather than blame current conditions on the industrial relations legislative environment, Orica chief executive Ian Smith says.

Speaking at the Australian Mines and Metals Association conference in Perth yesterday, Mr Smith — who heads one of the world's largest mining explosives company—said mining executives needed to take some responsibility for the rising costs and declining productivity experienced during the last years of the resources boom.

"We can talk about (industrial relations) legislation being restrictive ... but ultimately it comes down to us in this room," Mr Smith said.

"If we want to drive a more productive workforce, we've got to get everyone in the business on board.

"You don't allow things to happen that will end up putting you in a less competitive space."

He said a focus on increasing production during the boom had come at the expense of productivity, with the resources industry now playing catch-up.

"I think a lot of people over the last few years, because they could have allowed uncompetitive, non-productive things to creep in, which ultimately has to be addressed by someone in the future," he said.

"So it's up to all of us to ensure that we drive a more productive, more efficient environment for everybody.

"And you can't blame legislation when it doesn't happen."

Mr Smith, who led Australia's largest gold miner, Newcrest, before joining Orica in 2012, said a focus on productivity rather than the consumer price index

when determining annual pay rises for workers could help to better address productivity levels.

He noted that the remuneration of company executives was heavily reliant on meeting productivity targets, and said worker salaries could be similarly structured. "(Productivity) should be the basis of how people go about pay rises in Australia," he said.

"The legislation should be around productivity, and when people say they want a pay increase without negotiating something that will lead to a more productive environment, then that legislation should help frame that discussion."

Shaun Kenny, the president of Bechtel's global mining and metals division and the managing director of the contracting heavyweight's Australian arm, said on the sidelines of the conference that he was expecting activity levels in Australia to moderate in coming years.

"The work is there — it's just going to be more spread out and moderated ... Right now, for the next two to three years, it's going to be quiet," he said.

"But the things that drive the resources industry are still happening.

"You can still see urbanisation and industrialisation in China."

PROGRESS STANDS ON THE SHOULDERS OF GIANTS

THE fact Australia's first successful offshore oil and gas exploration program involved a joint venture between two large corporations reflects the nature of petroleum exploration.

Like Formula 1 racing, it's-a global, high-tech pursuit requiring very deep pockets.

For the first half of the 20th Century, oil exploration in Australia was essentially ad-hoc and unsuccessful.

When BHP decided to enter the search it acquired the services of one of the world's leading petroleum geologists, Lewis Weeks.

Having recently retired as chief geologist at Standard Oil (ExxonMobil), Weeks understood the fundamentals of petroleum exploration - the geology, the commercial aspects and the latest technology of the day.

He knew what it would take to attract a major oil company to the quest, and why this was so important.

"Scores of millions are spent in exploration for the hidden oil reservoirs," Weeks wrote in the IPA Review in 1974.

"A single exploration well may cost several million dollars, and worldwide, offshore drilling has one chance in 35 of finding commercial oil. When a field is found, further scores of millions are spent in development drilling of many other wells.

"Following this, additional scores of millions are required for the production and oil-gathering pipelines, ocean-going tankers, stabilization plants, etc."

This high capital-risk nature of the industry is one of the key reasons why most of the world's petroleum resources are produced through collaborative joint-ventures involving two or more companies.

Back in 1969, then BHP chairman Sir Colin Syme described the Esso-BHP Joint Venture's success in Gippsland as "a copybook case of what is right".

"An Australian enterprise started off the venture, reached the point where it needed much more expertise than it had, and found a partner who could provide not only the money, but most importantly, great capacity and knowledge in a very difficult and specialized field," he said.

The fundamentals of petroleum exploration, development and production remain the same today.

"An offshore exploration well today can cost hundreds of millions of dollars," explained ExxonMobil senior geoscientist Glen Nash. "Technology has come a long way since the 1960s, and we have a more comprehensive understanding of the subsurface geology, but nevertheless, most exploration wells still fail to make commercial discoveries.

"Our almost unprecedented success in Bass Strait with our first wildcat exploration well made it all look way too easy.

"We signed our joint-venture agreement with BHP in May 1964 and seven months later we were drilling Australia's first offshore well, which discovered gas.

"However, that first discovery was actually the culmination of many decades of technical work by hundreds of geoscientists.

"As with any scientific endeavor, it involves building knowledge through collaboration.

"Even all those disappointing dry holes drilled along the Gippsland coast before the '60s helped to advance our geological understanding of the basin sediments.

"We were able to stand on the shoulders of the giants who had gone before us and leverage their knowledge and wisdom - people like Tasmanian University Professor Sam Carey, whose radical continental drift theory was world renowned and had important implications for offshore oil exploration.

"A great deal of the geoscience data on which we relied originated from state and federal government geoscientists.

"In 1946 the Bureau of Mineral Resources (now Geoscience Australia) was formed and started a concerted effort to find oil in Australia.

"Apart from extensive geological field work, government funds were required for the more expensive aerial gravity and magnetic surveys used to help map the continent's sedimentary basins.

"The fact that the then state-of-the-art floating drilling ship Glomar III was in Australia within months of our joint venture being signed was the result of nearly three years' work by Esso geologists and geophysicists.

"They explored all Australia's likely sedimentary basins before deciding that Bass Strait represented the best prospects."

The decision to choose Bass Strait over, for example, the North West Shelf, was partly based on its proximity to the bustling economies of Australia's eastern seaboard.

This meant any discoveries would be close to a ready market and it also meant easier access to the operations for workers and vessels servicing the drillship.

"Commercial considerations are even more important to exploration projects today, which tend to be more focused on gas," Nash said. "Despite our initial success in finding Australia's two largest oil fields in Bass Strait, 50 years of exploration has demonstrated that Australian basins tend to be dominated by gas.

"The exploration costs for gas are similar to oil. However, their commercial aspects are very different.

"Oil is the lifeblood of the world's transport industries and is essentially without peer, so it is always in high demand.

"However, when we assess a gas exploration opportunity, we have to consider every aspect that could impact our ability to safely develop the resource and deliver it to the market at a price that would allow us to compete with all the other energy sources vying for the same market.

"The start-up of export LNG projects in

Australia has increased demand for gas and opened opportunities for gas exploration. At the same time, technological advances have opened up unconventional opportunities around the world that are competing for the limited exploration capital."

To mark the petroleum industry's

centennial year back in 1959, Lewis Weeks wrote about 'The Next Hundred Years of Energy Demand and Sources of Supply'.

He emphasised the importance of research and the implications of technological advances. "Man lived for many thousands of years among vast potential resources without doing anything with them," he said. "What we see as resources were not such to our ancestors, and the same will be true with respect to us..."

"As long as man's culture, his capacity for basic research, has healthy growth, his resources are bound to grow."

TECHNOLOGY HELPS BUILD BRIDGES TO THE FUTURE

WHEN Australia's first two offshore platforms - Barracouta and Marlin - started up 45 years ago in Bass Strait, they were expected to last about 20 to 30 years.

However, with each passing year, the oil and gas industry continues to advance the technologies and processes it employs from seismic data, capture, processing and analysis right through to customer deliveries.

For example, today, drilling technology is able to go deeper, more quickly, more accurately and more safely than ever before.

As the technology advances, it opens up new opportunities for resources development.

Last year the Esso-BHP Billiton Gippsland Basin Joint Venture built a bridge to a new Marlin platform that is tapping oil and gas in the deeper Turrum field.

This Marlin B platform is the centrepiece of the \$4.5 billion Kipper Tuna Turrum project that started production last year, opening a new chapter in the Strait's story.

Once considered the poor cousin to oil, gas is now the fastest-growing major source of energy. The world is turning increasingly to this abundant, affordable and clean- burning fuel in an effort to meet the growing need for energy while minimising the environmental impacts of our energy use.

Gas is expected to overtake coal as the world's largest source of electricity by 2040.

The rapid growth in global demand has also increased the price of gas, opening up new opportunities for a gas-rich country such as Australia.

This trend, coupled with technological advances, has transformed the energy landscape across Australia and the world.

Gas resources, long considered economically unviable, are now fuelling what the International Energy Agency calls "The Golden Age of Gas".

In the US, the successful combination of horizontal drilling with well hydraulic fracturing by petroleum engineer and businessman George Mitchell, has unlocked vast reserves of unconventional shale oil and gas. This has fuelled a resurgence in manufacturing, and helped reduce America's energy related greenhouse gas emissions to their lowest level since the mid-1990s.

By the year 2020 the value of the Mitchell-inspired shale energy revolution to the US economy is estimated to be between \$380 billion and almost \$700 billion a year.

In Australia, Mitchell's innovation has also led to an unconventional energy boom in Queensland.

As a result, gas demand in eastern Australia is expected to rise almost threefold during the next decade due to Queensland's new export LNG plants.

An increasing share of the supply to fill this demand is expected to come from more unconventional sources, as well as higher cost-conventional sources such as the deeper Bass Strait fields.

Meanwhile, up on Australia's north-west coast, new technology is helping to link a number of gas fields to the growing global LNG market.

Industry giants ExxonMobil, Chevron and Shell have teamed up to build Australia's largest ever resources development with the \$55 billion Gorgon Project.

Half a century ago, new floating-drilling- rig technology opened up offshore opportunities for the Esso-BHP Billiton Gippsland Basin Joint Venture. Today, the same two companies are looking at various options for the development of their remote Scarborough gas field off Western Australia, including new floating LNG technology.

BACK TO DRAWING BOARD ON MH370

STEVE CREEDY

AVIATION WRITER

SEARCHERS looking for the wreckage of missing flight MH370 have failed to find any trace after following their most promising lead and now face the daunting task of sweeping an area about the size of Tasmania.

The autonomous underwater vehicle Bluefin 21 on Wednesday finished a search within its depth operating limits of an area where four acoustic signals or pings were detected in April, and it will probably be August before a detailed search resumes.

Investigators had believed the four pings were artificial signals consistent with underwater locator beacons on the aircraft's data and voice cockpit recorders, but an extensive search found no trace of the wreckage.

Experts such as US Navy deputy director of ocean engineering Michael Dean now believe the pings came from some other man-made source unrelated to the aircraft, possibly the ship or the towed pinger locator.

ATSB chief commissioner Martin Dolan summed it up this week when he said searchers had found a haystack and believed there was a needle in it — but it now appeared that there was no needle there.

Both the Bluefin and the Australian vessel Ocean Shield are on their way back to port and will not be redeployed on the search.

The last dataset from the Bluefin was downloaded on Wednesday and analysed overnight without finding a trace of the missing Malaysia Airlines Boeing 777 or its 239 passengers and crew.

Still out in the southern Indian Ocean is Chinese vessel Zhu Kezhen, which is undertaking a bathymetric survey of 60,000 square kilometres of ocean floor to give searchers a clearer picture of contours, depths and hardness down to 6000m.

It will be joined next month by a contracted survey ship, which will use multi-beam sonar to map the seabed and allow for planning of the next phase of the search. The survey is expected to take up to three months.

During that period, the Australian Transport Safety Bureau will consider tenders, which could be released today or early next week, for an intensified underwater search that could take up to 12 months.

The wider sweep is likely to include a towed sonar, another autonomous underwater vehicle with mounted sonar and optical imaging equipment.

"We have to, by the government's rules, give them 25 days to get a tender in," Mr Dolan said.

"The rule of thumb we're saying is basically a month for tenderers to put something in and then a month for us to assess it and then there's a question of how long it takes to negotiate a contract.

"So the best estimate is stuff starting to churn through the water towards the end of August."

At the same time, checks on the satellite data and calculations by British satellite company Inmarsat that pointed to the southern Indian Ocean continue.

The Malaysian government this week released the raw satellite data to the public in a move to placate relatives of the missing passengers.

The ATSB had already been checking the calculations to try to narrow down the search area.

Mr Dolan said bureau experts were still working on the problem but it had also asked for an independent analysis of the data.

"It's partly because there's still some scepticism on the part of the families about the data and what's been done with it, so we want to be able to say we've run an independent ruler over it," he said.

"The estimate they gave me today is another two or possibly three weeks before all the experts can reach a consensus based on an agreed analysis."

The data from the Inmarsat 3 satellite was based on seven "handshakes" with the airliner's satellite communications system.

Six of the signals were instigated by the satellite but the final came from the plane and was consistent with the plane's communication equipment powering up after an interruption. Investigators believe this could have been the engines flaming out.

Inmarsat's experts used a burst timing offset — a measure of the time taken for a signal to travel from the ground station to the satellite and the aircraft and back to define a circle on the earth's surface.

The burst timing offset gave seven circles without indicating where on these circles the plane might be.

To narrow it down, Inmarsat scientists used burst frequency offset, or the difference between expected frequency of the transmission and the frequency received at the ground station.

This included an analysis of the Doppler shift, the same phenomenon that causes the pitch of a siren to increase as it moves towards you, to estimate the speed and direction of the aircraft.

The results were then successfully verified against Boeing 777s in flight.

One problem is that nobody knows how high and how fast the plane was travelling.

A series of possibilities were calculated that intersected with the seven rings at the right time and their burst frequency offset values were calculated and compared with the recorded values.

The better the match, say investigators, the higher the probability that the path was close to that of the plane.

"We can say beyond a shadow of a doubt already that those arcs associated with the handshakes, all seven of them, are very reliable," Mr Dolan said.

"We have no problems with those at all; they're accurate to within plus or minus 10km.

"The question is where did the aircraft intersect each of them and, most particularly, at the end, where on the last arc did it run out of fuel.

"But those two things are related and then the performance of the aircraft gives you another variable. How far can it reach under various scenarios of how fast it's going and how high it's flying and what its fuel load was.

"I'd like to say it was an easy thing but just watching the guys going through the datasets and how they're being analysed makes my head hurt."

The government has budgeted \$60m for the search.

Mr Dolan said the French investigation into an Airbus A330 which crashed in the Atlantic was nearly as complex, partly because of the undersea terrain.

"But they actually knew within quite a small area where the aircraft went down," he said. "It's a different scale we're dealing with and a different level of uncertainty."

One question still to be answered is how much other parties to the search will ante up in terms of costs.

Infrastructure Department secretary Mike Mrdak told a Senate committee this week that talks were still under way with Malaysia about its contribution to the next phase of the search.

APPLE HIP TO BEATS IN BID FOR MUSIC MOJO

The \$3.2bn deal will help it lift the game in streaming services

HANNAH KARP ALISTAIR BARR

APPLE wants to regain the beat in its music business, which is under assault from a stream of upstarts.

The tech giant said yesterday that it was buying Beats Electronics for \$US3 billion (\$3.23bn) to bolster a music business that had lost some of its mojo, as streaming music services encroached on the downloads dominated by Apple's iTunes service.

In Beats, Apple is getting a music streaming service, high-end headphones and music industry connections. Beats' co-founders, rap star Dr Dre and music mogul Jimmy Iovine, will join Apple.

The deal will make Apple "cool" again by uniting Mr Iovine's feel for "the culture of young people" with Apple's "many millions of young peoples' credit cards," said Sony Music Entertainment chief executive Doug Morris, who as the former chief executive of Universal Music was Mr Iovine's boss when he carved out a sideline running Beats Electronics.

"Apple was starting to lose their edge," Mr Morris said.

Apple will continue to use the Beats brand, a rare move for a company that has almost always focused on its Apple brand.

It became one of the world's largest technology companies by creating huge new consumer electronics categories with the iPhone and iPad. But it hasn't introduced a breakthrough product since co-founder Steve Jobs died in 2011.

At the same time, it has lost some of its grip on the music business, as listeners turn to streaming services such as Spotify and Pandora Media.

Instead of making people pay for songs they will own indefinitely, these services let users listen to music from a huge library in return for a recurring subscription payment or being exposed to the occasional ad, in Pandora's case.

US sales of single downloads slid 6 per cent to 1.3 billion tracks last year while album downloads were flat at 118 million.

Pandora's free, ad-supported service has more than 70 million active users and it had 3.3 million paying subscribers in March.

Spotify, which entered the US in 2011, now has 10 million paying subscribers worldwide. Apple launched its own free music streaming service, iTunes Radio, last September.

It counts 40 million US users, but has yet to make a competitive dent. Beats started its \$US9.99-a-month subscription streaming service in January and has 250,000 paying subscribers so far according to Apple. Apple chief executive Tim Cook said the acquisition would help Apple bridge the divide between Silicon Valley and Hollywood. "We think these guys have a very rare talent," Mr Cook said of Mr Iovine and Dr Dre, whose real name is Andre Young.

"We love the subscription service that they built — we think it's the first subscription service that really got it right."

Apple would pay \$US2.6bn in cash and \$US400million in equity for Beats Music, a subscription music streaming business and Beats Electronics, which makes upmarket headphones and audio software.

The equity is intended as incentive to keep Mr Iovine and Dr Dre at Apple. Carlyle Group, which invested about \$US500m in Beats in October, is poised to receive about double its money.

Mr Iovine said he would leave his post as chairman of Vivendi's Interscope Records and work full-time at Apple.

Dr Dre said he would continue to produce music, but do "as much as it takes" for Apple.

The Beats deal is an effort by Mr Cook to place his stamp on Apple, which is still using much of the playbook established by Jobs.

However, Beats pushes Apple in an unfamiliar direction.

Not only will it take two celebrities into the company — it will acquire a new standalone brand, in a culture where the nearly exclusive brand until now has been Apple.

The acquisition is the largest in the company's history, surpassing its \$US400m acquisition of NeXT Software in 1997. That deal brought Jobs back to the company, laying the foundation for its resurgence. Now Apple is counting on Mr Iovine, a longtime friend of Jobs, to nurture partnerships with the music industry and other content creators.

Mr Iovine began his career as a music producer, working with Bruce Springsteen, U2, Patti Smith and others, but has distinguished himself with savvy marketing.

When online piracy eroded music sales, Mr Iovine encouraged Interscope executives to think of themselves as "brand managers" with an array of products beyond recordings, including clothing, electronics, and even beverages.

Beats By Dr Dre headphones represent the most successful version of that strategy.

TOKYO RUNS OUT OF TIME FOR A PUNT ON CASINOS

A BILL critical for efforts to legalise casino gambling in Japan failed to get on parliament's agenda this week, jeopardising a long-running effort to launch a potential \$US40 billion (\$43bn) industry.

Lobbyists and politicians said they now believed it would be nearly impossible for the bill to get passed during the current parliamentary session, which ends on June 22.

A lower house committee won't have time to address the casino bill in its next session, on Friday, because it has to handle another item regarding the country's Atomic Energy Commission.

Friday was the only realistic date to discuss the casino bill to get it passed during this session, said Sakihito Ozawa, a senior official in the bipartisan group pushing the legislation, during a May 15 interview.

Bills traditionally need to be sent to the upper house at least 20 days before the session ends to enable passage. Toru Mihara, an adviser to the 200-member bipartisan group pushing the bill, said he remained optimistic the bill would still be passed, just "not in the near future".

Some casino advocates, such as Mike Tanji, executive adviser at Gaming Capital Management, said they were now setting their sights on the next parliament session later this year.

But others are bracing for an even longer wait. "Since the coming (northern) autumn session is short, it's unlikely we can pass the bill there. That means we will likely have to wait until next year's spring session," said Mito Kakizawa, one of the MPs pushing the casino bill.

In order for casinos to become legal in Japan, two bills need to be passed the current bill, which asks the government to create a legal framework for casinos within one year, and a second bill detailing that framework.

If the current bill were to go to a vote, it would likely pass easily due to support from the ruling Liberal Democratic Party and several others, proponents have said. But politicians have been reticent to use political capital on the sensitive matter, especially when other bills regarding issues such as defence had become a government priority, they said.

Optimism had bubbled over in recent months that Japan could finally legalise casinos after more than a decade of lobbying, positioning the country to become the world's second-biggest gambling market after Macau.

Casino-resorts have been sold as a way to bolster Japan's sluggish tourism industry, as in Singapore, where visitor arrivals have risen 60 per cent since its two resorts opened in 2010.

Brokerage CLSA has pegged Japan's potential gambling revenue haul at \$US40bn, more than six times the \$US6.5bn total of Las Vegas last year.

But in recent weeks many proponents have come to realise they face a long battle.

TAKASHIMOCHIZUKI KATE O'KEEFFE

PHILIPPINES GROWTH WINDED

ECONOMIC growth in the Philippines slowed in the first quarter, missing both the government's target and economists' forecasts as increased government spending failed to offset the effects on production and tourism of Typhoon Haiyan and other natural disasters.

GDP rose 5.7 per cent on an annualised basis, according to the Philippine Statistics Office, its slowest rate since the 4 per cent growth in the fourth quarter of 2011.

Growth in the first quarter of 2013 was 7.7 per cent while fourth-quarter GDP growth was revised down to 6.3 per cent from the preliminary estimate of 6.5 per cent. The median forecast of 11 economists polled by *The Wall Street Journal* was first- quarter growth of 6.4 per cent.

First-quarter GDP rose 1.2 per cent from the fourth quarter, marking the 20th consecutive quarter of expansion.

The government has set a target growth of 6.5-7.5 per cent for the economy this year, after expanding 7.2 per cent in 2014.

Economic Planning Secretary Arsenio Balisacan told a news conference that prudential measures adopted by the central bank in previous quarters to prevent asset-price bubbles also slowed private consumption, a major contributor to growth.

Despite the slower than expected start for the economy this year, Mr Balisacan said he was optimistic that the domestic economy would pick up momentum in the coming quarters and help GDP reach the government's target.

CRIS LARANO

CAMBODIA FLOAT DELAYED AGAIN

A Taiwanese-owned garment maker has postponed its planned Cambodia listing by two weeks, in yet another delay to what would be just the second initial public offering to be held in the Southeast Asian nation.

Grand Twins International (Cambodia) now plans to list on June 12—postponing its trading debut set for yesterday — after public holidays caused delays in finalising the results of its \$US19.3 million (\$20.7m) flotation, the IPO's sole underwriter Phnom Penh Securities said in a statement.

The Cambodia-based garment maker sold eight million shares, or 20 per cent of the company, at \$US2.41 apiece in its IPO, which was oversubscribed. The price is below the midpoint of the indicative range of \$US1.85- \$US3.50 a share.

Interest in the Grand Twins offering had been hurt by concerns over the prospects of Cambodia's garment industry, which has been hit by labour unrest and rising costs, analysts and brokers said.

The postponement was the second time Grand Twins delayed its publicly announced listing date. The company first set its trading debut for May 8, before pushing it back by three weeks due to delays in getting regulatory approval.

Underwriters and brokers have expressed hope that the Grand Twins IPO could rejuvenate Cambodia's stockmarket, which has foundered since hosting its first- ever listing in April 2012, the \$US20m float of state-owned Phnom Penh Water Supply Authority.

CHUN HAN WONG

CAPTAIN MISSING AFTER JAPANESE TANKER EXPLODES

Thick smoke rises from the Japanese oil tanker Shoko Maru as it burns off the coast of Japan yesterday after a large explosion that severely injured four crew members.

MEGUMI FUJIKAWA

FIREFIGHTERS last night were rushing to put out a fire on an oil tanker that exploded off the coast of Japan yesterday morning.

A spokesman for Japan's coast guard said that the explosion on the Hiroshima-based Syoho Shipping Company's Shoko Maru occurred at 9.20am local time near Himeiji Port in central Japan.

Of the ship's eight crew members, one person is still missing while four people suffered severe burns, the Himeiji Fire Department said. The missing person is presumed to be the tanker's captain, Masaichi Ando, 64.

The ship, which had unloaded its cargo, was en route to Wakayama Prefecture, a spokesman for the fire department said, adding that the cause of the explosion remained unknown.

The blast was significant enough for Japanese Prime Minister Shinzo Abe to issue an alert, ordering swift action and an investigation. Mr Abe interrupted a debate in the Diet to announce: "In waters off Hyogo, a tanker has exploded and is in flames."

Seven people were rescued, though four suffered severe burns, public broadcaster NHK reported. A search was under way for the missing man, it said. NHK said crew members were working on the deck at the time of the blast.

Photos and video from the scene showed billowing clouds of black smoke as coast guard vessels sought to douse the fire, which gutted the middle of the Shoko Maru, a 998-tonne tanker based in the western city of Hiroshima.

The Kobe Shimbun newspaper reported the Shoko Maru was about 2km south of Himeiji port, which sits in a busy shipping area.

ADDITIONAL REPORTING: AGENCIES

ALIBABA VOWS TO COME CLEAN ON WHO'S PULLING THE STRINGS

Telis Demos

Liz Hoffman

ALIBABA plans to disclose the 28 people who will effectively control the internet company in an update to its initial public offering filing, sources say, a revelation that may ease concerns about its governance structure.

The so-called Alibaba Partnership has the power to appoint a majority of the corporate board to preserve the collaborative culture created by founder Jack Ma.

The arrangement is what kept China's largest e-commerce company from listing in Hong Kong, which doesn't allow some shareholders to have more heavily weighted

votes in corporate matters than others. It also has raised concerns in the US among some governance experts, who warn shareholders should be wary of giving control to a group of people they do not know.

The company argued in its IPO filing that the structure preserved its culture without resorting to dual-class shares, which would give holders extra votes in all matters, not just in board nominations.

With its alternative structure, Alibaba says, each share will still give equal say in who will be on the board, as shareholders can vote down the partnership's board nominees.

But votes for the corporate board, at least for the foreseeable future, are likely to be for the partnership's chosen candidates.

Alibaba's filing revealed that the company's two biggest shareholders —Yahoo, with a 22.6 per cent stake, and SoftBank, with a 34.4 per cent stake — have already pledged to vote their shares in support of the partners' nominees. When combined with the stakes of Alibaba's co-founders, Mr Ma and Joseph Tsai, these stakes are likely to create a majority voting bloc.

Naming the partners will indicate how much voting power the partners will personally control. If as a group they have a large stake in the company, it may ease concerns that they are exercising an oversized influence. It was not clear when Alibaba would disclose the partners' names.

Possible partners include Mr Ma, who owns 8.9 per cent of the company, and Mr Tsai, executive vice-chairman, who owns 3.6 per cent, according to the IPO filing.

The filing says these two men could be partners for life, unlike other partner-executives who would lose their partner status on leaving Alibaba or its affiliates.

Chief executive Jonathan Lu and chief operating officer Daniel Zhang each own less than 1 per cent of the company.

The collective share of the partners, as well as that of Soft- Bank and Yahoo, is set to shrink after the IPO. Yahoo has already agreed to sell 40 per cent of its shares in the IPO, representing a 9 per cent stake. Alibaba also said in the filing it intended to sell new stock in the offering, which would dilute existing stakes, though it was not clear by how much.

But even if the partners' collective stake falls below 50 per cent, their voting power could be greater in an election. Board seats will be awarded based on a majority of votes cast, and some shareholders inevitably do not vote.

Alibaba also plans to name its full initial board in a future filing, people familiar with the matter said. The present board of four members would expand to nine, they said.

One of the directors, Jacqueline Reses, who is a Yahoo executive, has agreed to resign before the IPO, according to the initial filing early this month.

Investors might become more comfortable if the partners were founders or other company leaders, said Robert Jackson, a former corporate lawyer and US Treasury Department official who teaches at Columbia Law School. If not, the partnership could make investors wary.

"People have gotten their head around the idea of the visionary founder. They don't particularly like it but they understand it," he said.

"But selling a whole group of unknown (executives) is likely to be tougher."

ASIA'S LOTION-LOVING MEN CATCH THE EYE OF COSMETICS GIANTS

JASON CHOW NADYA MASIDLOVER

THE new face of Asia may be Shum Pak-hin's.

Every morning, Mr Shum puts on a gel mask and then applies a day cream, a sunblock and sometimes a bit of eyeliner.

At night, the 21-year-old Hong Kong native uses eye make-up remover, cleanses his skin and then applies an anti-age serum.

The routine isn't cheap. He spends about \$HK3000 (\$420) a month on skincare and cosmetics. His biggest splurge is on a \$HK2000 whitening cream by La Prairie.

"My skin ages very easily, much more than others," says Mr Shum. "This isn't just for girls. Boys want to feel good, too."

Mr Shum and a growing number of men like him are making Asia one of the fastest growing markets for men's skin care.

The region accounted for \$US2.1 billion (\$2.26bn) or 64 per cent of the \$US3.3bn spent globally last year on items such as male skin creams, lotions and whiteners, data by research firm Euromonitor finds.

That amount dwarfs the \$US286 million spent by North American men and the \$US682.9m spent by men in Europe on the same products.

China, including Hong Kong, is the largest market for men's skin care, at \$US974.8m, an amount that is forecast to grow to \$US1.2bn this year. In second place is South Korea, which spent \$US635m last year.

"This is where the market's development is happening. It's very concentrated in Asia," says Nicole Tyrimou, a beauty analyst for Euromonitor in London.

Men are still far from rivalling women — the women's skincare market is valued at more than 30 times the men's at \$US107.6bn.

But men's skincare products are growing at a much faster pace, 9.4 per cent compared with 4.8 per cent for women.

And as men have only recently considered buying items such as serums and deep-cleansing soap, beauty companies see much more potential for expansion among males. The most enthusiastic adoption, by far, is in South Korea, where male celebrities, including singer and actor Rain, have long endorsed skincare products, paving the way for broader acceptance.

South Korean men spent \$US25.30 per capita on skin care last year more than three times that of the second-place Danes.

Asian countries account for five of the top 10 countries in per- capita spending.

"There is a wider idea of skin care being effeminate in many countries, but in Korea this doesn't seem to be the case," says Simon Duffy, co-founder of the British brand Bulldog, which started selling there last year.

Some retail experts attribute Asian men's relative affinity for skin care to simply following the lead of the women around them.

"If your mother has a nine-step skin routine, which happens a lot in Korea, you're going to do five," says Ms Tyrimou.

MH370 RESPONSE ON IATA AGENDA

STEVE GREEDY

AIRCRAFT tracking, sustainability and improving air-cargo competitiveness will be among the issues when more than 1000 executives and media meet in Qatar for the International Air Transport Association's 70th annual meeting next week.

The meeting of IATA's 240 member carriers is expected to attract 150 chief executives as the industry celebrates its 100th anniversary.

"The loss of MH370 continues to be on everybody's mind," IATA director-general Tony Tyler said in a pre-conference speech. "IATA is working with the International Civil Aviation Organisation to find a global solution to improve aircraft tracking. We have convened a working group of the top experts in the world to agree on a recommendation by the end of September."

IATA will update its global profit forecast, currently sitting at \$US18.7 billion (\$20.1bn) on revenues of \$US745bn, as well as release its latest economic analysis. However, Mr Tyler pointed out that this equated to \$US5.65 per passenger carried.

He said global profitability had been moving in the right direction, with the net margin doubling to 1.8 per cent and a forecast 2.5 per cent this year.

"The point to make is, despite this improvement — and the enormous efforts behind it the industry profit is still very thin. There is very little buffer to protect profitability in the face of an increased tax, a rise in the price of fuel, a new charge or a change in economic outlook."

The IATA boss said the latest figures indicated the passenger business was doing better than cargo. Compared to April last year, passenger traffic was up 7.5 per cent, with airlines filling 79.4 per cent of available seats.

"On the cargo side of the business, growth in demand is a much more modest 3.2 per cent," he said. "We had a post recession improvement in cargo volumes which quickly subsided."

"And we are expecting total cargo volumes this year to be about 52 million tonnes, basically unchanged since 2010."

One way IATA was hoping to address this was to shorten total shipping times by 48 hours before 2020, and by replacing paper documentation with electronic messaging.

Other areas to be discussed include the move to modernise distribution standards, air-traffic management and the role of governments.

UNION LAUNCHES TV CAMPAIGN AS CARRIER PUTS STATE CALL CENTRES ON HOLD

STEVE CREEDY

THE union representing call centre workers will today launch a television campaign against the closure of Qantas's facilities in Melbourne and Brisbane as it escalates a campaign against the airline's cutbacks. .

Qantas announced this week that it would consolidate the three call centres in Tasmania as part of moves to cut costs by \$2 billion over three years.

Melbourne will close by the middle of next year with the loss of 250 full-time-equivalent positions and Brisbane will close in 2016 at the cost of 200 full-time jobs. The union says 540 workers will be affected.

The airline is offering affected staff redundancies or the chance to transfer to Tasmania, which currently hosts 200 full-time equivalent positions. It was unable to say how many additional jobs would be available in Tasmania.

The Australian Services Union has been running advertisements against the cutbacks on YouTube and assistant national secretary Linda White said the move to television would be part of a campaign to fight the Qantas closures.

The advert shows a deserted call centre while a voice-over warns callers of long wait times. It finishes with a snail making its way on to a Qantas plane's tail.

"The real losers are not only the people who are going to lose their jobs but the travelling public," said Ms White, describing the closures as "crazy". The union is worried the move to Hobart is a stepping stone to sending jobs offshore, although it is understood the airlines currently has no plans to shunt Australian callers overseas. Ms White also doubts many of the mainland workers will be transferred to Hobart.

She said Jetstar had more than 1000 offshore jobs in five call centres in Japan, China and The Philippines, and a review of call centres had not looked at these or a call centre in Auckland.

"If you look at the trend in the US, they're bringing call centres back because (having them overseas) is not great for customer service," she said. "So really what Qantas wants to do is recreate the wheel and at a time where customer service is going to be your major differentiator."

Qantas Domestic chief executive Lyell Strambi said this week that operating three call centres in different states was not efficient. Mr Strambi said call volumes had been halved as people used alternatives such as the Qantas websites and apps.

"Having call centres in three different states presents a number of challenges including property costs, duplication of management and operational complexity," he said.

Separately, about 25 ground handling workers employed by QantasLink in Newcastle face redundancy after the Qantas regional operation lost a competitive tender to handle flights by sister airline Jetstar.

SHORTHAUL

INDIA'S Jet Airways has confirmed that former Etihad Australian manager Cramer Ball will be its new chief executive. Mr Ball reignited speculation he would replace predecessor Gary Toomey when he left his job at the head of Air Seychelles in January. The industry veteran's appointment is subject to government and regulatory approvals, including a security clearance. He led a major restructuring program at Air Seychelles that returned the airline to profitability.

THE Boeing 787 will be able to operate 330 minutes from a landing field after the US Federal Aviation Administration has approved additional extended operations (ETOPS). Until this week, the 787 had been approved for 180- minute ETOPS. Boeing lauded the extension as signalling continued confidence in the aircraft's technical capabilities. It will allow airlines to use new and more direct routes and comes as Air New Zealand's new 787-9 took to the air for the first time yesterday ahead of a delivery in July. Air NZ is the launch customer for the 787-9 and has chosen Auckland-Perth as its first route. Customers flying to Tokyo from the Gold Coast will experience Jetstar's Boeing 787-8 from July 24.

COBHAM Aviation Services has been awarded a five-year contract extension by Fugro LADS Corporation to support hydrographic survey services for the Royal Australian Navy. The service supports the operation of an airborne laser bathymetry system to survey shorelines, tides, currents and sea floors.

RICARDO BOLFILL Architect, 73

OUR MAN IN...

Barcelona

The veteran Spanish architect dreams of building an entire city

My life has been that of a nomad architect; I've worked in more than 35 cities and on more than a thousand projects. I started building when I was very young, winning a lot of prizes and experiencing a lot of success. At the age of 40 I was one of the most well-known architects in the world. But that was a long time ago, so my ego has relaxed about that kind of success now. That I have accomplished so many things doesn't have much value, because for me, what's important is what's coming next and all the projects that I would like to realise. I laugh when people say I'm successful. There are so many things I haven't achieved, I haven't even built a whole city yet.

In 1957, during the Franco regime, I was at university. I was a founding member of a student movement against the dictatorship. During a demonstration I was arrested and expelled from university and sent into exile. This left me with the desire to dedicate myself to study in other European universities. Upon completing my studies in Geneva, I went to Paris, and then Algeria. Since then my work has taken me around the world.

I always returned home though. It's a privileged place. Barcelona is special because it isn't a capital. There are two kinds of cities: cities that are the capital of the state, and regular cities. Cities that aren't capitals, such as Barcelona, rely on civil society to give the city a reason to exist. And that's why Barcelona has always had to reinvent herself and has always stayed fresh and current.

As it's not the centre of anywhere, it has been able to play a role in counterculture, and the people here have always challenged the status quo. And it's a place where the battle for personal freedoms is constantly played out. I have inherited that desire to defend personal freedom even as a child I had that fire.

I feel Barcelona and its people are influenced by living by the Mediterranean. We have been imbued with the characteristics of the sea. It has made us non violent, open-minded and with a love of freedom. And as with any port city, it has the mixed community and influences that come with a lot of traffic.

Before the 1992 Olympic Games the city had turned its back on the sea. The coastline was a wasteland of industrial buildings. The first and most important thing we did was to face the city towards the sea. I am proud to have been a part of its transformation.

I was drawn to architecture for many reasons. I suppose one reason is that when I was growing up the inner city here was very grey and underdeveloped. Spain was still recovering from the civil war, and the cities only inspired boredom in the population. I studied lots of different disciplines but found that architecture has a relationship with everything that I was interested in, plus I got to influence and manipulate space, which was very interesting for me as I am claustrophobic.

My favourite project in Barcelona is the building where I live and work [a former cement factory]. I have projects around the world that are more intellectual and more impressive than this, but for me, this is the best. The history of this building is interwoven with my life. Forty years ago I had a small office in Barcelona, but I wanted a big place where I could create a new kind of community. I have achieved that here. At that time nobody wanted to make the projects that I was designing so I had to be everything; the architect, the builder and the PR. I wanted to create a community that represented another kind of economic system, another way of living that had cultural implications that no one dared to do. So I had to do it myself.

I took over the cement factory. It was a big risk for me. It was a toxic environment that created so much smoke and pollution. I dared to transform this disaster into a work of art. It is an on-going project, as it's such a huge space. There are still so many areas under construction. It's an artwork that has to be seen from many perspectives. In part it's Brutalist, because of its rawness; it's also a homage to vernacular industrial buildings; it has a surrealistic quality; and it contains elements of Catalan history and has been influenced by all the places I've ever visited.

I feel that this building is an expression of myself, so it's difficult to sum it up in a few sentences. It's very eclectic and contains so many visions and aspects. I don't like to repeat myself in architecture - I like to keep evolving. My whole life has been dedicated to trying not to be satisfied with what I have created, so that I can keep developing and honing my style, and this building is testament to that.

Gaudi was an amazing creative force: the most remarkable in history. He never repeated himself. He never made two doors or windows the same. But now we live in a different time. We don't have the means or workmanship that they had then. What have I tried to do is keep his philosophy alive, and to never repeat myself. I try to allow each of my projects to be nourished by the genius and cultural infusion of its surroundings.

The most distinct neighbourhood in Barcelona, the one that best represents the individualistic quality of the city, is Eixample. It was built in the era of modernism, in the time of Gaudi. Every house, every building, is distinct. The metal workers, carpenters and artisans were all producing their best work in order to outdo the building next door.

The spirit of Barcelona comes from being an invaded city that, as I said before, is not a capital. The city itself has to constantly reinvent itself and its people have to make things happen. Everyone in this city is open-minded, individual and an artist. Even the business people, under the layers of money and transactions, aspire to become artists, photographers, film makers... That's why people say that rich families never last long in Barcelona, because their children always leave to become artists. The drive to create beauty is stronger here than the drive to create money. Barcelona is a great city to become a nomad, to throw out the guidebook and explore on foot. You get the best sense of the vibrancy of the city by strolling from one neighbourhood to the next. You can go to Gracia, to el Born, the beach, Montjuic, and the ambience changes so much - all these areas offer a unique glimpse of the city.

In Barcelona there is great food everywhere, so you can stop off in any place that you like the look of. I like to go to the restaurants at the W Hotel and the

National Theatre of Catalonia. But you can eat in world-class restaurants or go to Barceloneta and eat in one of the simple seafood restaurants and it's just as good.

The nightlife here offers so much variety, and it's not very segregated. You can go out in the evening and mingle with people from all walks of life. The night is also a perfect time to walk around and take in the flavours of the different neighbourhoods. In one night you can easily feel that you have visited five different cities, but you can be yourself everywhere.

ricardobofill.com

WINEMAKERS HEAD ONLINE TO LIFT PROFITS

BLAIR SPEEDY

SICK of retailers keeping all the profits for themselves, the Winemakers Federation of Australia has launched a web portal described as the "eBay of wine" for producers to sell their wares direct to the public.

WFA chairman Tony D'Aloisio, who also owns Victorian boutique winery Oakridge, said producers could increase their earnings margins by 35 to 40 per cent by selling through the free portal, fromtheproducer.com, as opposed to selling via retailers.

Site developer John Cameron, whose previous roles include leading the construction of the Australian Stock Exchange's automated trading system, said many small winemakers had trouble getting their products on to retail shelves, which were increasingly crowded with in-house brands.

"Local producers sometimes have a tough time getting to market, and when they do, they lose margin to middlemen," he said.

Mr Cameron said that much like online retail portal eBay, fromtheproducer.com was controlled by the seller, who could decide how wines were presented and priced — but unlike eBay, there were no fees to use it.

Market estimates put the size of the Australian online wine market at about \$500 million, with annual growth of about 20 per cent — however, the market is dominated by supermarket giant Woolworths, whose Dan Murphy's liquor chain has the most popular website in the sector, with discount operators accounting for much of the remainder. "Any website that is talking about how cheap it sells wine is no good for anyone, and it's no good for quality," said David Lowe from NSW winery Lowe wines, one of the 55 wineries already signed up to the portal.

"It's annoying that there is a race to the bottom, but this site is about profit for the winery, and the consumer wins because we can have quality wines—it's critical we have things like this or there won't be a wine industry."

The launch comes amid ongoing tension between suppliers and the major supermarkets after the competition regulator this month launched Federal Court action against Coles over allegations it engaged in unconscionable conduct by

demanding rebates from suppliers in return for accessing its new online ordering system.

Meanwhile Mr Evans said the WFA was continuing to negotiate with the retailers over a proposed code of conduct to govern their dealings with winemakers, similar to the food and grocery code signed by Coles and Woolworths in December.

The WFA has also stepped up calls for additional government funding to support export marketing as Australian wine continues to flag in its largest markets of the US and Britain.

Mr Evans said the major problem was that the government's wine export marketing body Wine Australia was funded by fees paid by winemakers for export-related services, so when there was a downturn in export sales funding dried up just when it was needed most. The WFA called for an additional \$9m in annual funding for Wine Australia to support marketing.

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Навчальне видання

АНГЛІЙСЬКА МОВА

Методичні рекомендації

Укладач: **Тішечкіна** Катерина Вікторівна

Формат 60x84 1/16. Ум. друк. арк. 2,8

Тираж 50 пр. Зам. №__

Надруковано у видавничому відділі

Миколаївського національного аграрного університету

54020, м. Миколаїв, вул. Паризької комуни, 9

Свідоцтво суб'єкта видавничої справи ДК № 4490 від 20.02.2013 р.