FULLY FRANK

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JOHN BEVERIDGE

The future's coming fast

THE future is full of imponderables but Ray Hammond is forced to confront them.

One of Europe's foremost futurologists and a keynote speaker at the CPA Congress today, Ray said most future trends are not that hard to identify.

The difficult thing to wrap your mind around is how much faster those changes will occur.

"When people hear the word exponential, they often fail to grasp that the sort of development that took 20 years may now take just eight years," said Ray.

"And then that shortens again to four or five years and then two or three years."

When you consider some of the innovations that gained popular currency in the past two decades like cell phones, airbags, DVD's and downloads, that is a furious pace of change for business and consumers to cope with.

Ray's six key drivers for the future — any one of which is a massive topic — are:

WORLD population growth
CLIMATE crisis
ENERGY
GLOBALISATION
MEDICAL science and its effects on longevity
THE exponential acceleration of technological development

Every single one of those drivers will require constant innovation from business to cope with.

"Companies that fail to renew and innovate will quickly become yesterday's news." On the other side of the coin though, innovative companies like Google will be able to spring up from virtually nothing and grow very large faster than previously thought possible.

On China, Ray thinks it will be the last big country the world will outsource manufacturing to.

"It may be a long way off but I think China will eventually outsource to robots."

While the development of robots so far has been fairly slow, Ray thinks it will ramp up quickly when computers finally become as smart as humans.

According to his figures, that should occur some time between 2028 and 2035.

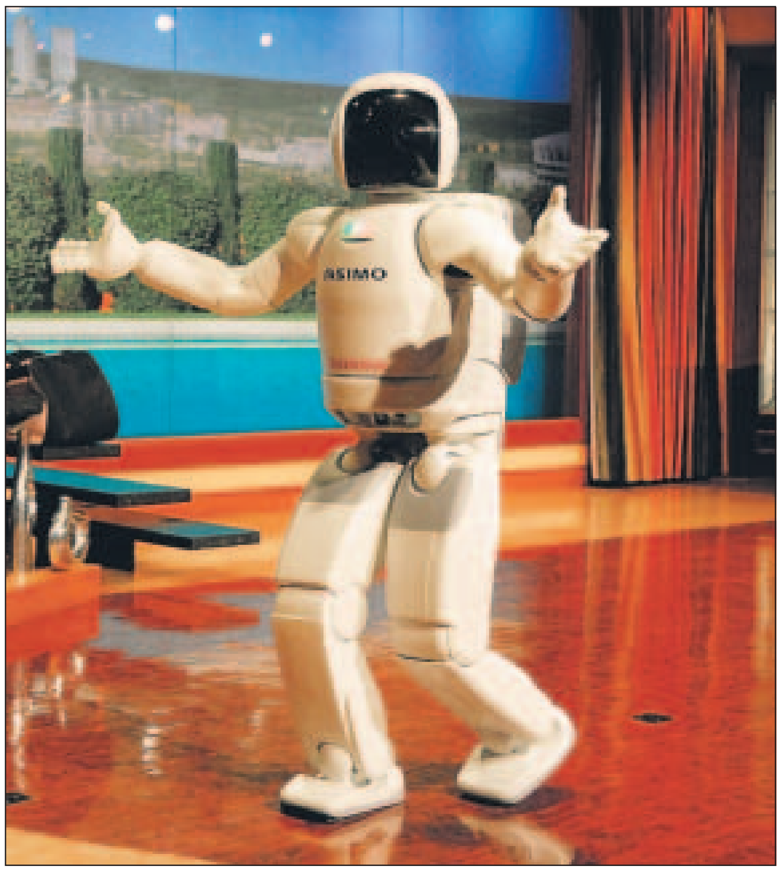
Computers will then quickly become twice and four times as smart as humans with all of the moral and ethical questions that poses — including marrying robotic partners.

As for energy, Ray sees vast opportunities in renewable energy once the climate crisis is recognised for what it is.

He doesn't see such a bright future for nuclear power, simply because it is virtually impossible to quantify its cost over the nuclear life cycle.

"The world is going to have to act in concert on this issue given the costs of extreme weather," said Ray.

More than 5000 delegates are attending this week's CPA Congress in Melbourne, which is hearing from a variety of world business leaders.



Looking for love: robots may one day be life partners for humans

Logo more than green

THE newly combined Clean Energy Council certainly seems to be sticking to its green credentials.

An amalgamation of the Australian Business Council for Sustainable Energy and the Australian Wind Energy Industry Association, the peak body's new logo has a feeling of recycling about it.

Sort of a cross between Macquarie's silver doughnut painted in a BP green.

Whatever the parentage of the logo, the group promises to be a force to reckon with in the federal election.

Chief executive Dominique La Fontaine promised to do her best to keep clean energy and energy efficiency central in the campaign.

"It's imperative that the major political parties go to the election with the strongest possible policies that both respond to climate change and give clean energy industries the necessary level of support to flourish," Ms La Fontaine said.

Pointing out that electricity generators were responsible for half of Australia's greenhouse emissions, she said the council would be looking for assurances in five major areas.

They are:

ENERGY efficiency targets and regulations to use power smarter.
A market mechanism for clean power to compete.
REMOVING any systemic barriers to accessing clean power.
A research and development fund to speed up new technology.
CONTINUED support for a robust emissions trading scheme.

New entry from Tassie's wild west

FRANK Rogers admits that his timing is not always impeccable.

A couple of decades ago he was preparing to announce the float of mining company El Mina on the very day of the 1987 stock market crash.

He did float the company a few years later, but wisely thought better of tackling a full market headwind.

Investors will be hoping that his latest float, Macquarie Harbour Mining, will be a harbinger of market prosperity rather than crunching prices.

It is certainly an interesting explorer, with a massive 1180sq km of tenements in Tasmania.

With primary mineral targets of gold, nickel, copper, zinc, iron ore, tin and silver, Frank is ensuring he covers a fair spread on the periodic table.

However, all those minerals have historic mining and assayed potential to back them.

The targets closest to mining are open-pit gold and tin production on the north-east Tasmanian tenements.

The blue-sky potential for a company making deposit surrounds the massive Macquarie Harbour on Tassie's West Coast.

And Frank has a novel way to deal with the isolated area — he will accommodate the geologists on his 60- foot ketch in the non-winter months.

Macquarie Harbour Mining's prospectus seeking $4 million to $6 million opens next Monday, with ASX listing expected by December 4.

Another explorer using historic gold mines as a basis for modern discovery is Castlemaine Goldfields.

Speaking at an investment lunch yesterday, chief Gary Scanlan said a Victorian field that had produced 5.6 million ounces of gold was obviously highly prospective.

And apart from highly-encouraging drilling results, the heritage value of the area was also a regulatory advantage for a modern miner, given that new workings are also subject to protection as the history of tomorrow.

Winning the game of wealth

IT is not just sport we Australians are great at — we have also been amassing personal wealth at a serious rate.

Boston Consulting Group's latest survey of global wealth trends shows Australia beat every other country in the developed world in the five years to 2006.

Based on personal assets under management and excluding business interests and housing, the measure showed Australian personal wealth growing by a staggering 19.1 per cent a year.

That compares to the global average of just 8.6 per cent a year.

Australia's growing wealth was only outclassed by the fast developing countries of China (23.4 per cent), Brazil (22.4), Hungary (22.3), Poland (22.1), Slovakia (22.0) and the Czech Republic (19.9).

In the year to December 2006 our wealth grew more slowly at 15.4 per cent but was still well ahead of the average growth rate of 11.7 per cent.

Boston partner Matthew Rogozinski said Australia's stellar performance reflected a combination of protracted strong financial markets and our compulsory superannuation system, which was ramping up personal savings.

"The superannuation system is having a very large effect on the way personal wealth is accumulated in Australia relative to most other countries," Matthew said.

It had also skewed our savings away from bank deposits and into listed securities.

In common with most complaints the rich are indeed getting richer here, with millionaire households owning 31 per cent of private wealth in 2006 — up 2 per cent in a year.

Australian millionaire households (with more than $US1 million invested) rose from 110,000 in 2005 to 135,000 in 2006.

Another tailwind for Australia has been a strengthening currency — particularly because the findings are computed in US dollars.

Still, Australia has a long way to go to catch the wealthiest countries in the world, coming in equal 12th place with Belgium in terms of millionaire households.

The US still dominates here, followed by Japan, the UK and Germany. China is rising fast in fifth place, overtaking major European countries such as France and Italy.

WINNING BID

Peter Coster finds one of life's few guarantees

WHAT you see at an art auction, whether it be a Clifford Possum dreaming or a Brett Whiteley nude, the manner of its getting there is often the subject of considerable negotiation.

With six major auction houses operating in Australia, the competition for paintings is fiercer than ever and sellers know they can say it's deal or no deal.

This can be a discount or even a waiver on the seller's commission charged by the auction house, which can be up to 10 per cent and more if the painting sells above an agreed upper estimate.

It depends on how much the auction house is prepared to forego to get it hands on a painting, which it might want for its catalogue cover.

Some auction houses are prepared to offer a guarantee to the seller. The guarantee might be the lower estimate given in the catalogue.

The lower estimate is often the reserve, so the guarantee is an obvious advantage to the seller if bidding fails to reach this figure.

Sometimes, the reserve is below the lower estimate. The sale of a painting is as much governed by the arrangements between the seller and the auction house as the bidders in the saleroom.

In the case of having to pay the agreed guarantee on a painting that does not sell, the auction house becomes the new owner and hopes to sell the painting later at a profit.

The practice was started when the art wars between Sotheby's and Christie's in New York and London were at their height and before the auction houses were involved in a price-fixing arrangement on commissions.

There was much moralistic handwringing and crocodile tears at the time, but as the acerbic Robert Hughes remarked, with an acknowledgment to Oscar Wilde: "One must have a heart of stone to read (Dickens' description of) the death of Little Nell without laughing."

Hughes thought it farcical. However, the chairman of Sotheby's, A. Alfred Taubman, was left to laugh all the way to jail.

Of course, there is nothing illegal in guaranteeing a price to a seller and in doing so, John Albrecht of Joel Fine Art is showing an encouraging transparency in the behaviour of Australian auction houses.

The guarantee comes free of charge if the agreed reserve is not reached. Those stampeding to his door may find this is below the lower estimate in the catalogue.

But if the painting sells above an agreed price, which may not necessarily be the upper estimate, the difference is shared equally between auction house and seller.

Joel Fine Art is not the only auction house to offer a guarantee. It's just that the others don't talk about it.

What *is* being talked about in dealer circles, however, is manipulation of the market where a major painting brings a record price that may not be the price actually paid.

If this were done, it would obviously be to gain a market advantage.

If this were found out, it would be devastating to an auctioneer's reputation.