

## Thoughts...



During the past few months I have been lucky enough to visit businesses in Canada, Darwin, The Riverland in South Australia and the Sunraysia region in Victoria.

Without exception, the owners and directors of these businesses have expressed their confidence in their own ability to withstand the pressures that have been forced onto their market place. Not arrogance, not flippant observation filled with throwaway lines but genuine confidence supported by the systems, controls and conservative management that they employed when they first sensed that there was a big bubble emerging in the talked up, financially leveraged market. There is still no doubt in my mind that globally, the balances between countries have changed dramatically as have all financiers appetites for risk and that this means that "returning to normal" i.e. 2004-2007 is simply a flawed thought. Some would argue that the U.S. is still yet to face the reality of its position. Adrian Blundell-Wignall Deputy Director of Financial Affairs at OECD, says "The U.S. for example, changed the accounting rules so banks no longer have to state the current market value of the toxic assets – no longer have to declare losses"

Is this reform? I think not and this is why I have greater confidence in the ability of conservative working owners and directors dealing on a day to day basis with the real cash flows, risks and profits of their organizations than in much of the political spin we are fed on a regular basis.

For all of us, 2010 will continue the challenges of business life. Thank you all for your ongoing support. Good health, good luck and best wishes for the Festive Season.

**Bevan Roberts**



### MasterChef's "mums and dads" rated much better than their celebrity cousins. Show of the year doubles sponsor fees

*Excerpt from The Australian Financial Review*

#### Neil Shoebridge

Ten Network has more than doubled its asking price for a *MasterChef* sponsorship next year and has signed several deals, although it will not name companies that have bought sponsorships.

This year a *MasterChef* sponsorship cost about \$1.3 million, and Ten signed two companies: Coles Supermarkets and Arnott's Biscuits.

For next year's series, which starts in late April and will run for 13 weeks (compared with 12 weeks this year), Ten is selling "tier one" sponsorships for an estimated \$3 million and "tier two" sponsorships for \$2 million.

The big price increase was not surprising: *MasterChef* was the unexpected hit of the 2009 television ratings year, drawing more than 1.5 million capital city viewers a week. Its final episode had 3.73 million viewers, making it the most watched non-sport TV program since the OzTAM ratings system was introduced in 1991.

Ten chief executive Grant Blackley said it had sold some sponsorships for *MasterChef* next year. He would not name the companies, but Coles and Campbell are understood to have signed new deals.

"Not surprisingly, interest in the second series has been very high," Mr Blackley said. "A lot of companies want to get involved with it."

The success of *MasterChef* caught Ten's rivals off guard.

Nine Network chief executive David Gyngell described it as a "tsunami".

"Ten was lucky it had *MasterChef*, but it did do a very good job with it," he said last month.

"I was also surprised that it was more similar to (American series) *Top Chef*, which Nine had an option on, than the original British *MasterChef* series," he said.

"That was unexpected, but obviously it worked for Ten."

Ten chief programming officer David Mott said the first series of *MasterChef* was

"extraordinary" and generated higher ratings than Ten had predicted.

"It did better than we expected, definitely," he said. "Part of its appeal was that it was the first cooking show based on mums and dads, not celebrity chefs."

TV production company FremantleMedia Australia has started working on the second series of *MasterChef*. Mr Mott said Ten was "figuring out how to launch new programs off the back of it" next year.

The 10-week celebrity version of *MasterChef* that Ten ran during October and November had an average weekly audience of 1.18 million viewers, which was lower than media buyers expected.

Mr Mott said Ten was happy with *Celebrity MasterChef's* performance.

"It did well in specific demographics," he said. "And we were happy with its overall numbers, remembering that unlike the main *MasterChef* series it wasn't on six nights a week. That constant exposure helped build the main series' audience."

Ten will not run *Celebrity MasterChef* next year. Instead, it will launch *Junior MasterChef* after its coverage of the Commonwealth Games in October. *Junior MasterChef* will run once or twice a week.



**MERRY  
CHRISTMAS  
&  
HAPPY  
NEW YEAR**



**Reluctant banks a brake on recovery**

*Courtesy The Australian Financial Review*

Your editorial "Hurdles for an SME-led revival" (October 20) identifies the range of economic pressures facing small and medium sized enterprises. The issues highlighted concur with the responses from our extensive business surveys. None more so than consistent feedback that difficulty in accessing credit is a major constraint on expansion for the sector, and this can occur even where a solid lending proposal exists.

The economic downturn has exacerbated these funding problems, with lower sales and reduced retained earnings limiting sources of available finance. Without the capacity to raise equity or issue bonds, the sustainability of a small business is closely linked to the support it gets from its lenders. In this regard the performance of the banking sector over the last 12 months has been mixed, with loan pricing not even coming close to reflecting reductions in official rates and the imposition of arbitrary lending criteria has further restricted borrowing capacity.

As the economy slowly recovers and deleveraging makes way for an increasing number of SMEs that wish to expand and invest, a real risk is that lenders may pull on the handbrake by repricing to this end of the market. This would have a consequent impact on growth and employment opportunities.

Policymakers need to be aware diminished competition in the market due to rationalisation will come at a cost to mainstream business. The federal government is cognisant of this and support for the residential mortgage-backed securities market will assist where small business proprietors are able to use their residence as security for their business.

Market structure is not the only problem, so are declining risk assessment skills within the banks. Small business lending is highly specialised, it is not generic like providing house finance nor assisted by the transparency and disclosure requirements which help inform lending to larger business. It relies on a skill set which has diminished in the Australian banking sector, including understanding cash flow and the impact of changing market and local conditions, but most importantly knowing and understanding the customer. The smaller and regional banks have done a better job at this, but it's time all participants improved. In doing so they may find lending to smaller enterprises can be less risky and more rewarding.

**Greg Evans**

Director Economics  
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**Canada-India nuclear deal**

*Courtesy The Australian Financial Review*

Canada concluded talks on a nuclear co-operation agreement with India to sell nuclear technology and materials to the energy-starved South Asian nation, Canada's Prime Minister said. The deal will allow Canadian firms to export and import controlled nuclear materials, equipment and technology to and from India, although New Delhi isn't a party to the nuclear non-proliferation treaty.

AP



**Trust your mates to put the knife in**

*Courtesy The Australian Financial Review*

Pollies haven't always had the best track record when it comes to a post-politics life in the corporate sector, although one who is faring better than most is former deputy prime minister **John Anderson**.

The coal seam gas company he chairs, Eastern Star Gas, has performed strongly, quadrupling in value since October last year. At the company's annual general meeting, a call from the back seats for more volume from Anderson prompted him to share a reminiscence from his time on the campaign trail, when he was part of a coalition that was proving deeply unpopular while in opposition (sound familiar?)

During the **John Hewson** versus **Paul Keating** era, while trying to flog a 15 per cent goods and services tax policy to locals in a tin shed community hall in Merriwa in outback NSW, Anderson was somewhat concerned about whether he could be heard at the back of the hall.

"Can you hear me at the back there?" he asked.

To which one of his local mates – a bloke by the name of **Bill** – said, "Yes, but I wouldn't mind swapping seats with someone who can't!"

YOU'RE A FAN OF  
GLOBAL WARMING?!



CLEMENT

YOU BET, I'VE ALWAYS  
WANTED TO GO TO  
TASSIE...



## Viagra puts strain on pensions

Courtesy The Australian Financial Review

The so-called "viagra effect" is challenging Brazil's pension system. A report by the country's National Social Security Institute has shown the trend for men in their 60s to re-marry women half their age will leave a number of young widows collecting benefits for many years. The system is planned on a wife receiving her husband's pension for about 15 years. The younger wife syndrome is stretching this to 35 years. As about 94 per cent of pensions in Brazil go to women, researchers say reform is needed.

## Pubs bowled over

Courtesy The Australian Financial Review

They're still chortling over their cricket victory at Lord's but the English might be running out of pubs in which to celebrate.

The British Beer & Pub Association says about 52 pubs a week on average closed in the first six months of this year, up from 39 a week in the second half of 2008.

There have been problems in the Australian industry as well, with inflated prices paid for pubs a few years ago coming back to haunt many owners.

But it's far worse in Britain, where BBPA chief **David Long** claims the big lift in beer tax has exacerbated the effects of the recession. He claims the tax slug means publicans have contributed another £600 million (\$1.21 billion) to government coffers in the past two years.

Pubs serving food have proved more likely to survive than those concentrating on drinks.

## Chinese car boom

Courtesy The Australian Financial Review

Sales of domestically made vehicles in China rose to more than 12 million in the first 11 months of the year, the official Xinhua News Agency said, citing figures from the China Association of Automobile Manufacturers. Sales for the year are expected to exceed 13 million, it said, making China the world's biggest auto market.

Bloomberg



This quarter, 'The Bear' (our award for Sales Excellence) is shared by

John O'Brien and Steve Foreman.

Here are their stories.

As a business Sale Agent I face many challenges on a day to day basis.

The challenge of working with a business and its owners prior to listing, the challenge of the documentation, marketing, presentation, contract and diligence processes.

No bigger challenge for me than recently bringing together, two quality regional transport businesses.

We were able to overcome the challenges of distance, time, funding and everything else that stood in our way because of two things. Firstly, the quality of the businesses and secondly the outstanding goodwill of the people involved. All parties were pushing in the same direction. It was a demanding but rewarding experience that provided a most successful outcome.

I am looking forward to repeating this success again in the near future. Perhaps I can help you or one of your clients

As a sportsman I have learned over time that a players 'form' can vary during the course of a season. Carrying an injury, disrupted training schedule, new drills, etc can all play a part in determining 'form'.

In a business sales sense, I am enjoying a purple patch. My 'form' has hardly ever been better and I am working hard to ensure it continues. Of course my success has come from the quality of the businesses transferred.

In every case the transfer of quality, from quality management, to new owners with quality aspirations, ensures success. I am very much looking forward to 2010.



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