

Issue 7

2002

www.in-business.com.au

RRP \$12.95
ISSN 1445-7792

in business

South Australia

Resourceco Takes Trophy for SA

National Telstra Small Business Awards

SA'S SECRET JEWEL

MANAGING DROUGHT

Rural tactics..

ARE LOYALTY PROGRAMS WORTH IT?

What's the bottomline?

BUSINESS EVENTS CALENDAR

Expand your horizons

news that means business

SA DIRECTOR 8-PAGE LIFTOUT



AUSTRALIAN
INSTITUTE OF
COMPANY
DIRECTORS

[log on]

publisher + editor's note



introduction

'in-business' gets behind South Australians who make a difference. Read more about Simon Brown's Resourceco on page 33.

Our second year of publication and growing!

Whichever way we look at it, these are interesting times...

In this issue you'll find the newsletter, 'SA Director' in the centre. 'in-business' magazine is delighted to announce an alliance with the Australian Institute of Company Directors (AICD) which will see all SA members joining our subscriber base. We welcome you all aboard!

'in-business' has established a reputation second to none over the past year since our launch and we are very excited about what the future holds.

Feedback from our readers and subscribers has been extremely positive to say the least – but what is more encouraging is the real effect we are having by drawing South Australian business people together. We know of several business deals that are direct results of 'in-business' articles.

We also know that export opportunities are being sought and developed through the information we've put under people's noses over the past year.

What's in it for us? We have been able to engage and grow both our small business, corporate, public and particularly education sector readership and subscriber base—subscribers who know the value of 'in-business'.

We trade in the currency of the information most relevant to our readers;

we'll do everything we can to drive and support collaborative outcomes to the max!

We're being recognised for our efforts. In her opening speech on innovation in State parliament recently, SA Government minister, the Hon. Jane Lomax-Smith quoted Professor Dick Blandy's research (exclusively published in our fifth issue) on this State's immense public sector R&D effort.

And Stephen Hains, CEO of the City of Salisbury, recently declared 'in-business' "essential reading" at a function of the Salisbury Business & Export Centre.

All of this good news sets us some daunting performance standards for the next 12 months. We know we are only as good as our last issue and that you, the reader, are our most important judge. Don't hesitate to come forward to share your achievements and concerns, or to tell us where you want the magazine to go.

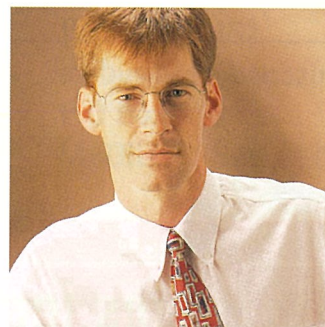
You can now search back issues online, go to www.in-business.com.au – we have a growing archive of SA business articles with keyword search facilities. If you are a paid-up subscriber but do not have your password, simply email subscribe@in-business.com.au and we'll assist you.



Graham Wakeling

Graham Wakeling
Publisher

email: publisher@in-business.com.au



Larry Ellenwood

Larry Ellenwood
Managing Editor

email: editor@in-business.com.au

Company Directors and Asset Protection

Company directors' personal assets can be exposed to considerable risks in today's business environment. This danger has been highlighted by a series of large corporate collapses in recent times. In agreeing to act as a company director, many individuals are often unaware of the vast range of risks they could potentially be subjected to. For instance did you know that:

- under the Corporations Law, company directors can be exposed to civil penalties of up to \$200,000 for a contravention of their statutory duty to act in good faith and for a proper purpose;
- the Corporations Law imposes a duty upon company directors to prevent a company trading whilst insolvent. Liability for insolvent trading is unlimited and civil penalties of up to \$200,000 may be imposed;
- company directors who are knowingly concerned in a breach of the Trade Practices Act are liable for civil penalties of up to \$500,000 and can be exposed to damages claims for unlimited amounts;

If you perform the role and duties of a director but are not formally recognised as a company director on the Australian Securities and Investment Commission (ASIC) records, in the majority of instances, you will still be subjected to the risks of being a company director. This is because some of the legislative provisions mentioned above will deem you to be a director for the purposes of the relevant Act.

Therefore, it is essential for you, as a company director, to be proactive in implementing an asset protection strategy to protect yourself from claims against your personal assets.

Asset Protection Planning

The following checklist provides a useful guide to formulating an effective asset protection strategy:

- Are your assets separated from risk?
- 'Asset protection' is the positioning of your assets to reduce exposure to claims. As a 'high risk' individual, you should review how assets are held;
- Are your assets owned by a safe entity?
- Where appropriate, assets should be owned by a safe entity such as a spouse, superannuation fund (up to the reasonable benefit limit), or a properly structured discretionary trust;
- Are loan accounts putting your assets at risk?
- Individuals at risk should not lend money to other entities such as discretionary trusts. If the individual is declared bankrupt, the trustee in bankruptcy will call up the debt and the assets of the safe entity may be at risk; and
- Have you recently reviewed your estate plan?

Where possible, an individual at risk should not be the beneficiary of a Will as the assets derived from the estate could be put at risk. This applies equally to inheritances that you may be entitled to and to the gifts that you intend to leave under your Will. It may be more appropriate for assets to be left to a testamentary trust which, as well as providing asset protection, allows the distribution of income to infants upon the same taxation basis as if they were adults.

For more information contact either Garry Winter or George Chirakis at Kelly & Co. Lawyers, on Tel: (08) 8205 0800.

Misuse of Corporate Image

With Australian sporting teams and personalities enjoying unprecedented success, it is tempting for businesses to promote themselves in a manner that refers to, or draws comparisons with, that success. For example, by using photographs or other images of those teams or personalities.

How can a company associate itself with these images and personalities in a lawful way?

The legal problems mainly arise under sections 52 and 53 of the Trade Practices Act ("the TPA") and the corresponding sections of the State-based Fair Trading Acts.

Under these sections of the TPA, a corporation must not, in trade or commerce, use a logo or an image (eg, of a well known sports person, entertainer, or celebrity), in a way that is misleading or deceptive or that is likely to mislead or deceive (s52).

In addition, a company must not, in connection with the supply or promotion of goods or services:

- Falsely represent that the goods or services have sponsorship or approval that they do not have (TPA s53 (c)).
- Falsely represent that the company has a sponsorship, approval or affiliation which it does not have (TPA s53 (d)).

There are many examples of companies using images of sporting and entertainment personalities in contravention of these provisions of the TPA.

What Not to Do

In the late eighties, Australian Olympic swimmer, Tracey Wickham, entered into a contract with Associated Pool Builders authorising the builder to use her name and photograph for the marketing of the builder's pools.

The builder was held to have breached sections 52 and 53 (c) of the TPA for using her name and photograph in association with the business after the contract with Wickham had ended.

In 1996, Telstra placed a four-page advertising supplement in the Brisbane Courier Mail newspaper to promote its products and services. A photograph of Kieren Perkins wearing a "Telecom Dolphins" swimming cap was included in the supplement. Perkins' approval was not obtained. Although Telstra had naming rights in the Australian swim team, Telstra had contravened s.52 of the TPA because Perkins was not a member of the Australian swim team when the publication was made.

It is the effect of the use of these images that is important. Intent is not required. It should also be noted that contravention of these provisions not only attracts awards of civil damages, in the case of section 53 of the TPA, it can also constitute a criminal offence punishable by fines.

Care must be exercised in seeking to promote businesses in this fashion and, where appropriate, approval sought from the necessary parties. If in doubt, seek advice.

For more information contact either Rob Kennett or Peter Campbell at Kelly & Co. Lawyers, on Tel: (08) 8205 0800.

Resourceco [crushes] the competition

Resourceco has had a somewhat meteoric rise at the same time earning respect for the emerging recycling industries.

It certainly proves the old truism - "where there's muck, there's brass"

When South Australian construction materials recycler Resourceco took out the Telstra Small Business Awards national prize in August, it was a milestone: recycling had come of age as a serious, heavy industry.

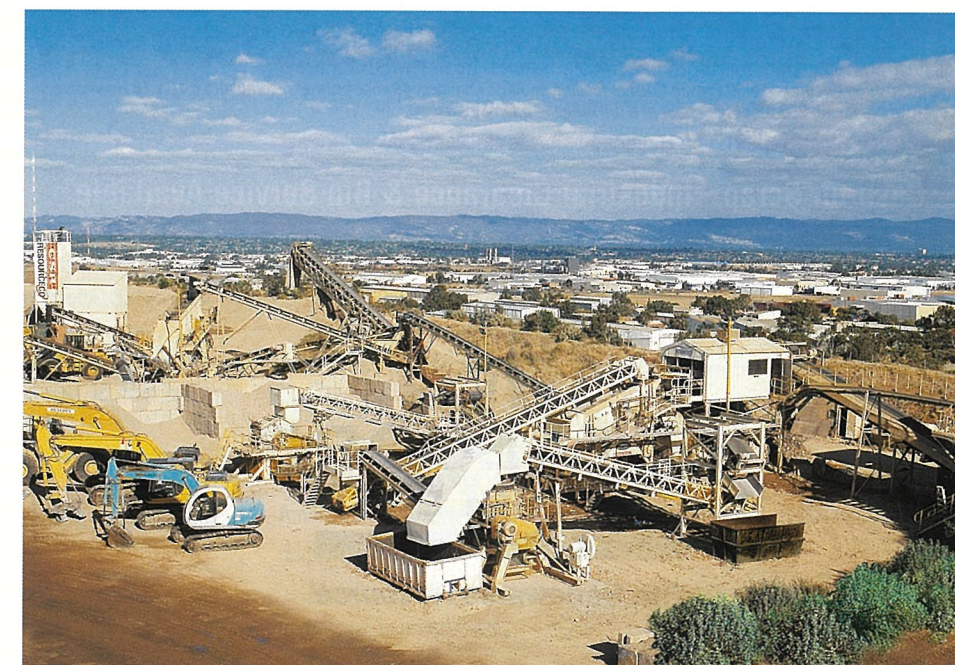
Clearly, recycling the material resources contained in degraded roads and structures is no longer a 'feel-good' exercise for the environmentally conscientious: for a number of reasons, natural resources are no longer 'free'—and it pays to be thrifty.

The Telstra award has recognised Resourceco for its businesslike and innovative approach to its opportunity.

Resourceco was founded in 1992 by the present managing director, Simon Brown. Growth has been exponential. A major part of the establishment strategy has been to work closely with relevant government departments to keep Resourceco products and advances in front of the major potential users of recycled aggregates.

Experience shows that recycled products are as good as traditional, quarried products for many applications in the civil industry, and it can be superior. Transport SA and the EPA have worked with Resourceco to establish usage parameters for recycled products and in December 2000, Transport SA introduced the PM 2000 specifications for supply and delivery of pavement materials.

Resourceco has invested more than \$10 million to create a state-of-the-art-facility to recycle concrete, asphalt, masonry, steel and timber in to a range of quality assured products. Unique 'blower' systems keep impurities out of the finished products and a recently installed pug mill now provides a consistent moisture content as well as the ability to cement-stabilise products. Adding a



Resourceco's crushing plant at Wingfield

trammel and picking shed in 1998 enabled Resourceco to capture another 160,000 tonnes of materials that year. The company now employs more than 40 staff and supports more than 60 subcontractors and SMEs. A new weighbridge and computer billing system now lets Resourceco process up to 1000 customers per day.

Success here has drawn substantial interest from interstate and overseas, in particular from South East Asia.

In 1999 Resourceco joined forces with CSR Readymix to market and brand a range of recycled quarry products. CSR could see potential in the recycling industry and saw a link up with the quality materials Resourceco produces as the

most efficient way of entering the market. The marketing and distribution benefits for Resourceco were obvious and CSR Recycled Products division was founded.

Major projects to use recycled products include the Edinburgh Park Industrial Estate (80,000 tonnes), a new pumping station at Bolivar Treatment Works (30,000 tonnes), the Salisbury North Industrial estate and several stages of subdivisions at Northgate and Walkley Heights. The Port River Expressway, that will require 750,000 tonnes of fill and 140,000 tonnes of sub base and base coarse materials, runs past the Resourceco site. Resourceco estimates that Stage 1 of the project will be worth 70 million dollars.

CSR Recycled Products shares a commitment to recycling and also congratulates Resourceco on their recent success in the Telstra Small Business Awards.

CSR
Recycled
Products

For more information visit – www.readymix.com.au/sant

DIARY DATES

South Australia / Northern Territory Division October - November 2002

OCTOBER

Bourse Talk Luncheon

Date: Wednesday 23rd October, 2002
Speaker: Roger Corbett, Managing Director, Woolworths Ltd
Venue: Hyatt Regency Adelaide, Ballroom
Time: 12.00 noon for 12.20pm to 2.00pm

NOVEMBER

Core Education – Compliance Update Program

Date: Wednesday 13th November 2002
Tutor: Greg Darville
Venue: Hyatt Regency Adelaide
Time: 12.00 noon Lunch and

Registration Program 12.30pm – 5.00pm

Core Education – An Introduction to Not for Profit Governance

Date: Tuesday 19th & Wednesday 20th November, 2002
Tutor: Mark Coleman
Venue: National Institute of Accountants Boardroom
Time: 6.00pm – 9.00pm both evenings

Annual Dinner

Date: Friday 29th November, 2002
Speaker: Richard Butler AM
Venue: Adelaide Festival Centre
Time: 7.00pm

AICD South Australia and Northern Territory Division

Level 2, 32 Grenfell Street
Adelaide SA 5000
Telephone: (08) 8211 8001
Facsimile: (08) 8211 8252
www.companydirectors.com.au

CD AUSTRALIAN
INSTITUTE OF
COMPANY
DIRECTORS

[resourceco crushes the competition]



Mobile Crushing Circuit - 42-30 Pegsun Crusher feeding an Alliss Chalmers 45 cone crusher feeding into a 16 x 16 Hawk screen capable of producing 250 tonnes per hour of a full range of quarry products.

Cash for Scrap - Industrial Clearance & Bin Service Available



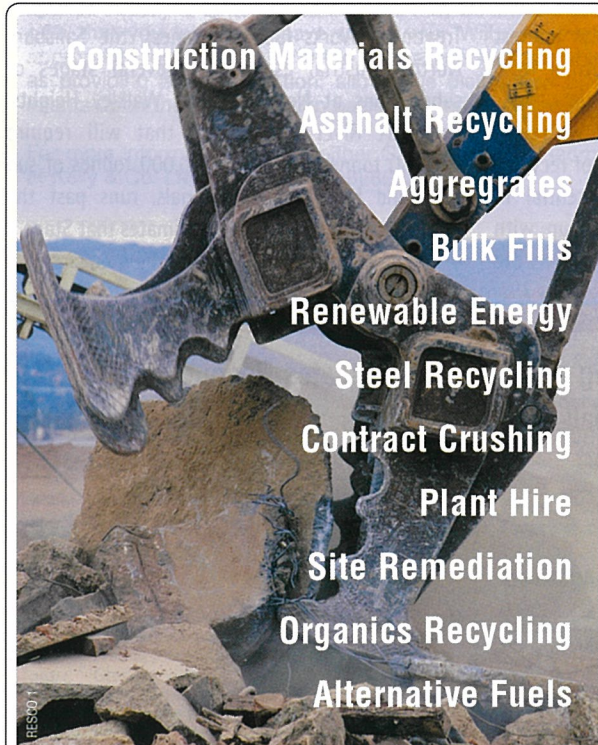
The Renewable Resource

Copper - Brass - Steel - Cast Iron - Aluminium - Lead - Radiators - Batteries etc
Cnr. Eastern Parade & Martin Avenue, Gillman SA 5013

Phone (08) 8447 4488

Email : akeenan@smorgonsteel.com.au

A **Smorgon** Steel Group Member



2002 Telstra
Australian
Small Business of the Year



Ph: (08) 8347 3329
Fax: (08) 8347 3556
Em: info@resourceco.com.au
www.resourceco.com.au

Resourceco has developed a unique position as a one-stop shop for all construction and demolition waste. In the next 12 months the firm will establish 'Recycle Park' in the northwest suburbs of Adelaide that will support a waste derived fuels (WDF) business and process more than 120,000 tonnes of materials a year. A project with a local soda products manufacturer should yield more than 160,000 tonnes of bulk fill from materials that would have been expensive waste. Scrap metal from the project will increase from 6000 tonnes a year to more than 12000, making Resourceco one of the largest waste processors in the country.

Resourceco's contract crushing division in 2001 purchased an advanced, totally mobile crushing circuit capable of crushing up to 250 tonnes per hour in extremely isolated locations. Since it was commissioned the plant has taken on large projects in NSW, Victoria and country SA and business is expanding.

The company is working with governments at all levels to secure work on major infrastructure projects in both civil works as well as rail. Simon Brown also perceives significant opportunity to work with the mining industry.

"Resourceco has always been an innovative company constantly on the look out to create or fill a niche in the market," Simon says.

"Last year we developed a product we called 'bitumate™'. In essence, this is crushed recycled bitumen. It is excellent for pavements and as a final application for unsealed roads. The great thing about bitumate™ is it can be laid using conventional equipment and it is a dust free surface that improves and toughens with age."

CSR and Resourceco have developed a cement-treated pavement product that Built Environs used in quantity (8,500 tonnes) to construct roadways and container storage areas for a new transport yard at Gillman in Adelaide's west.

Simon Brown is very bullish about the future: "We started in 1992 with a very optimistic budget of \$2 million. This fiscal we will turn over just on \$13 million.

"If Australia follows overseas trends and increases incentives by way of tax breaks for contractors using recycled aggregates, we will benefit. Conversely, those who choose to use our shrinking quarries may have a levy imposed.

"This is a viable, very exciting business, but make no mistake; we are also mindful of what we do for the environment. We take 850,000 tonnes of construction, demolition commercial and industrial waste that would otherwise go to landfill, and we process that into products of excellence and the whole community benefits.

"Knowing that creates a feeling of pride in everyone involved in this operation."

Telstra Awards mark 10th Anniversary

Resourceco was chosen from a group of the country's top small businesses to become the 2002 Telstra Australian Small Business of the Year.

The Hon Joe Hockey MP, Federal Minister for Small Business and Tourism and Dr Ziggy Switkowski, Chief Executive Officer, Telstra Corporation Limited presented the award and \$17,000 in prize money.

Resourceco won the overall title after winning the Telstra South Australian Small Business of the Year and the Ford Business Owner Award at the Telstra and South Australian Government Small Business Awards last in July.

There were four national category winners in the Telstra and Australian Governments' Small Business Awards, including Resourceco. In addition, there was a Telstra Country Wide® Regional Incentive Award to recognise the achievements of finalists based in regional areas.

This year marks the tenth anniversary of the Telstra and Australian Governments' Small Business Awards, which Telstra established to help support and encourage the growth of Australian small businesses.

Dr Switkowski believes the Awards have become a significant national platform to recognise and celebrate success in this most important sector of Australian business.

"Telstra is very pleased to be able to recognise some of Australia's most talented business people and help nurture the development of the small business sector. Telstra congratulates the winners, finalists and everyone who entered the Awards," he says.

Nationally winners have shared in a prize pool valued at more than \$326,000.



Simon Brown receives the Telstra Small Business Award on behalf of Resourceco

A serious scrap for Metalcorp

Another key Resourceco partner is Metalcorp Recyclers, a national company that was independently listed on the ASA but recently became a division of the Smorgon group. A new company, it is a serious challenger for leadership at national level in the metal recycling market.

Metalcorp comprises an Australia-wide network of facilities that handles upwards of 600,000 tonnes of ferrous and 60,000 tonnes of non-ferrous metal scrap per annum.

The firm sources, transports, processes and markets scrap metal collected from industrial activity all across the country. In SA, Resourceco cooperates closely with Metalcorp to offer a comprehensive materials recycling package.

Many of Metalcorp's conglomerate of 29 operations were smaller, family-owned scrapyards acquired during its late-1990s establishment phase.

With the world reserves of base metals in decline, it's not surprising that more than half of the global supply of new steel derives from scrap. Considerably less energy is used in the scrap steel making process than in refining mined ores.

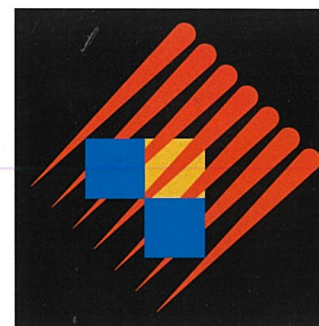
This gives waste materials processing considerable potential and makes it worthwhile to offer the market a collection service. Metalcorp goes out and gets its raw materials, down to abandoned cars out in the bush, using a sophisticated transport fleet.

Metalcorp supplies not only Australian foundries, but Asian and North American mills with product that has been processed to ISO 9002 standard, ready for high quality metallurgy.

Metalcorp also handles non-ferrous metals: copper, aluminium, lead, zinc and nickel-bearing scrap.

The key to superior results.....

The Centre for Innovation, Business and Manufacturing (CIBM) is the central contact point for business innovation and improvement. We have the knowledge, expertise and range of services designed to help your business to become more competitive - to grow and expand. To discover more, visit our website or call us on 1300 132 403



CENTRE FOR
Innovation
BUSINESS AND
MANUFACTURING

www.cibm.sa.gov.au

...because the world won't wait



Government
of South Australia