THE AUSTRALIAN

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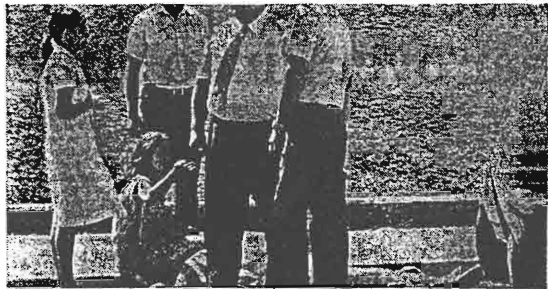
SPORT STARTS PAGE 10

THE VICTIM: Mr Ariyak

This is the bloody message to The Australian at 10.45 am yesterday

'Listen and listen well. We are the Justice Commandos of Armenian Genocide. We have just shot the Turkish Consul-General.'

The caller, a man, claimed responsibility for gunning down Mr Sarik Ariyak. He spoke quickly, nervously, but clearly and even repeated the name: Justice Commandos of Armenian Genocide.



THE WIDOW: Mrs Ariyak beside her husband's body. Behind her is her maid

STREET EXECUTION

Special ASIO squad hunts two assassins

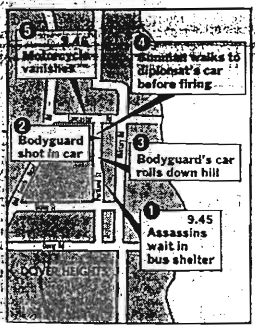
A SHADOWY secret army is believed responsible for yesterday's killing in Sydney of the Turkish Consul-General and his bodyguard — the first political assassination in this country.

Sydney radio stations and newspapers, including *The Australian*, received telephone calls from a man claiming that a terrorist cell calling itself the Justice Commandos for Armenian Genocide had killed the diplomat, Mr Ariyak Sarik, 50, outside his home.

Two men belonging to the group sprayed Mr Ariyak and the bodyguard, Mr Engin Sever, 28, with more than a dozen bullets from a small machine pistol at 9.45am, killing the diplomat instantly and fatally wounding his bodyguard.

The killers were chillingly efficient, ambushing the two men as they drove towards the consulate in separate cars in an exercise which lasted one minute and left witnesses bewildered and shocked.

The gunman, a pillion passenger on a fast motor-cycle, first shot Mr Sever as he paused to wait for his employer to make a U-turn. Then the weapon was turned on Mr Ariyak.



By RICHARD CAREY and STAFF REPORTERS

The Justice Commandos for Armenian Genocide and like-minded Armenian groups have murdered 12 other Turkish officials in Europe and America in the past eight years.

They claim to be avenging Turkish genocide of some 1.8 million Armenians during World War I, and fighting for separation of Armenia, now divided between Turkey and the Soviet Union.

Yesterday police would not say whether they were aware of an Armenian terrorist cell in Australia but a police spokesman, Sergeant Wayne Bottom, said Special Branch detectives had been called in and the Australian Security Intelligence Organisation has formed a special squad to track the murderers and plan protection for other officials.

Mr Ariyak did not have a police guard at his home in Portland Street, a dress circle address in the eastern Sydney suburb of Dover Heights.

But he is known to have feared an attack. His secretary, Mrs Mick Barker, said yesterday that he had gone out of his way to be unobtrusive, knowing that one day he might be a terrorist's target.

The diplomat's wariness was reflected in the car he drove, a nondescript and slightly battered 1970 Holden sedan. He was seated behind its wheel when gunned down yesterday. It is a two-tone blue Holden with conventional NSW licence plates.

His bodyguard was using the diplomatic car, a grey Mazda 323 with consular corps plates.

The new diplomatic car was parked in the Ariyaks' underground garage.

Turkish friends of Mr Ariyak said it was his practice to use the private car and to vary the times he left for the office.

Yesterday morning he set out at 9.45. He walked from the house to his car which was parked on the street, and started making a U-turn while his bodyguard turned out of the garage and waited a few metres down the road.

Police believe the terrorists had been watching for him from a bus shelter further along the road. Witnesses have reported seeing two men in the shelter for about an hour before the attack.

It is thought the assassins saw Mr Ariyak getting into his car from this vantage point.

The two men, both wearing white helmets, rode up the street on a motor bike, drawing little attention, and stopped near the bodyguard's car.

Then the pillion passenger, a man in a knee-length, grey dustcoat, turned an automatic pistol on the car, spraying it with shots, shattering most of the windows and hitting the bodyguard several times in the head and upper body.

He slumped behind the wheel and the car careered out of control down the road, smashing into a fence 100 metres away.

The pillion passenger then jumped from the bike and ran the few metres to Mr Ariyak's Holden.

He fired point-blank at the diplomat, shattering the driver's side window and killing him instantly. Shell cases littered the roadway.

Eyewitness Bruce Cullen said Mr Ariyak stood no chance.

"His car was hard against the kerb and this guy was standing right over him, firing through the window.

"I was immobilised. I could see this guy firing away and I still thought it was some joke. I couldn't believe it was really happening."

Another witness, who refused to give his name, said that from start to finish, the attack took only about a minute.

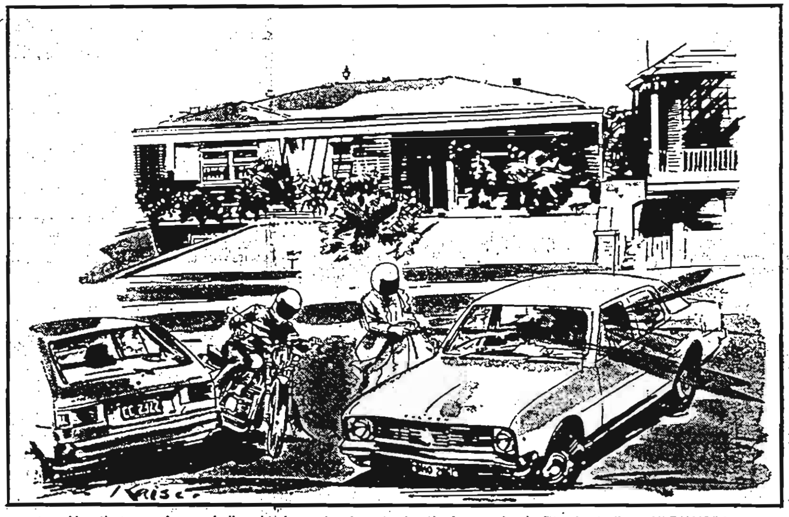
"I thought it was a car back-firing. I don't know how many shots there were. Twelve or 15 perhaps. The guy was really revving up the motor-cycle and when the one with the gun jumped back on they shot through," the young man said.

Tony Sloman, 17, and his younger brother Phillip, 10, went outside when they heard a car crash into the fence of their parent's home, seven doors down from where the Ariyaks lived.

In the car was Sever, critically wounded, covered with blood and with just an hour to live.

Tony said the bodyguard was conscious but did not say anything.

CONTINUED ON PAGE 6



How the assassins are believed to have struck yesterday. An impression by The Australian's ULF KAISER

HOW AND WHY TERRORISM HIT AUSTRALIA — P6

The quiet street where terrorism destroyed a name for peace

By SAM PASSOW

IT HAPPENED just after most of the people in the street had gone to work.

By the time they returned home in the evening, it was impossible to tell that one of their neighbors had been gunned down in front of his house.

There were no policemen guarding the doorway of 5 Portland Street. A child of the slain diplomat answered the door to friends who called to pay their condolences.

Dover Heights is one of those quiet, fashionable Sydney suburbs which co-exists quite comfortably with its much more expensive neighbors, Vaucluse and Rose Bay.

Portland Street is a wide road, bordered on one side by the Dover Heights reservoir and lined on the other by conventional and aging homes, most of which have been renovated in the past 10 years.

Only two homes on the street are rented. Number 5 was one of them.

Most of the other residents have been there for years. The family at No 7 has been there for 19 years. The family at No 9 has been there for 23 years.

Most bought their homes for a song. Today they are worth between $200,000 and $300,000.

At first sight the street looks colorless. Most of the homes are light colored with red or brown tile roofs which blend into the light brown parched soil.

Because of the breezy sea air, there are few flowers. Buffalo grass grows sparsely in the sandy soil. There are a half dozen newly planted gum trees which do not yet shade or protect the front of the homes.

The absence of police, barricades, and armed security men in a street where Australia's first terrorist assassination had not long happened seemed strange.

But there has never been a need for protection. As one neighbor, a well-dressed middle-aged woman who has lived in the street for more than a decade commented:

"So many people from so many countries came to Australia for freedom. And it's still one of the safest places to live in."

Until yesterday, at 9.45am.

THE AUSTRALIAN

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THE CUP
Full guide in the racing lift-out

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Five volunteers perish as bushfire 'blows back'

'Not enough time to run or to douse themselves'

FIREBALL OF DEATH

FIVE volunteer firefighters died yesterday evening when their truck exploded after being engulfed by a fireball as they battled a major bushfire in the Royal National Park south of Sydney.

Their bodies were found huddled beside their seared truck near the town of Waterfall.

They were charred beyond recognition.

By MALCOLM ANDREWS and SAM PASSOW

The dead men, members of the Sutherland Bush Fire Brigade, were trapped while driving down a dirt track on the way to try to save Waterfall Public School.

They were incinerated as they tried to escape from the truck, when the gale-force wind suddenly changed direction, sweeping the fire towards them.

Fellow firefighters who had been following in another truck less than 15m away desperately tried to save their mates but were forced back by intense heat.

Other members of the brigade said later they could not understand why the men had not turned on the hoses and doused themselves.

The bodies were taken from the scene late last night, and police had not at that time released their names.

The victims were found huddled on the offside of the vehicle which had been scorched by the intense heat.

The offside tyres had melted, ladder was buckled and bent and the cap of the petrol tank was burned off, though the fuel had not exploded.

The nearside of the firetruck was virtually undamaged and two plastic hoses were unaffected by the heat.

Experts from the Police Scientific Squad were still trying to piece together full details of the tragedy.

Forensic experts today will try to identify each of the bodies using dental records.

For a while yesterday evening police feared many more volunteer fighters might have been trapped by the fires that were being swept along at speeds of up to 70km/h.

Fourteen ambulances rushed to Waterfall Oval where rescue operations were being co-ordinated. Scores of fire trucks were on standby.

The NSW Minister for Police, Mr Bill Crabtree, late last night ordered a full inquiry.

He said he was distressed by the tragedy and would probably visit the scene today.

The fires in the national park burned for most of the day and almost one thousand police and firefighters, including women and children, were sent in to keep them from reaching houses at Waterfall.

At one stage police closed a 2km section of the Princes Highway because they feared it would jump across the road.

The change of direction came as a major surprise, catching dozens of firefighting units unawares.

Yesterday's episode was the first such tragedy in the Waterfall area in several decades.

But it was the second major bushfire horror within the past six weeks. Early last month three men died in fires on the NSW south coast.

Shocked friends waited at Waterfall Oval for news of who had perished as the fire raged on into the night.

The president of the Sutherland Shire Council, Mr Allan Andrews, had to fight back tears as he told reporters about the fatal blaze.

"It's the first time we've lost any of our men and it's hard to take," he said. "No matter how highly trained firefighters are, something like that can happen so quickly. The fire changed direction so quickly."

In Sydney's northern suburbs yesterday two bushfires raged through Davidson State Recreation Park, threatening houses and causing a widespread electricity blackout.

THE SCENE OF DEATH ... The bodies of five volunteers lie beside the fire tender. Picture by IAN MAINSBRIDGE [illegible] Channel 10 helicopter.

THE FINANCIAL AUSTRALIAN Tuesday January 27 1981—1

THE FINANCIAL AUSTRALIAN

TUESDAY JANUARY 27 1981

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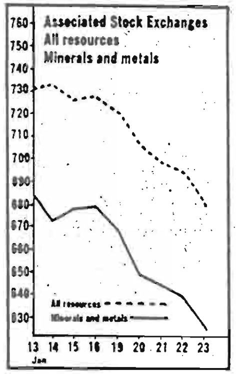
BUSINESS DIGEST

Markets



INVESTORS will be looking for an upward technical reaction on local sharemarkets today when trading resumes after the Australia Day weekend.

The market took a severe battering in all sectors on Friday, but more particularly in the minerals and resources area where previous support had been strongest.

As the accompanying graph shows, the Associated Stock Exchanges' all metals and minerals index was down almost 15 points from 639.4 points to 624.5 points on Friday.

And the all-resources index dropped a similar 14.4 points from 694.6 points to 680.2 points.

But with local and international financial news hardly conducive to a bullish sharemarket, it is likely any upward reaction in share prices today will be limited.

Companies

THE liquidation of the Palmdale Insurance Ltd group has become so complicated that it will take years to unravel.

The winding-up of the company, which is thought to be the biggest insurer to crash in Australia, got off to a bright start with the liquidators amassing $5.5 million in cash in recent months.

But it is hard to predict the outcome of the liquidation of the company whose activities were frozen by the Federal Treasurer, Mr Howard, after earlier takeover proposals failed. Page 3.

SHAREHOLDERS of major banking groups can assume they will not fare badly this year, despite monetary restraint and the inability of the banks to compete with official interest rates.

This appears to be the outlook from the annual general meetings of the ANZ and the National Banks in Melbourne. Brian Hale reports, page 14.

The world

THE British Government is preparing to pour more than $9000 million into British Leyland and British Steel Corp

Lloyd's finds boom business in extortion insurance

By SAM PASSOW

PREMIUMS for kidnap and extortion insurance world-wide have increased more than six-fold in the past seven years to more than $US50 million ($43 million), according to underwriters at Lloyd's of London.

In an exclusive interview with *The Financial Australian*, it was revealed there are about 50 such policies now held in this country.

The recent drama of the Woolworth's extortion case is once again forcing businessmen to evaluate their security arrangements and explore the types of protection available to companies facing a similar situation.

The London insurance market accounts for 75 per cent of world-wide business.

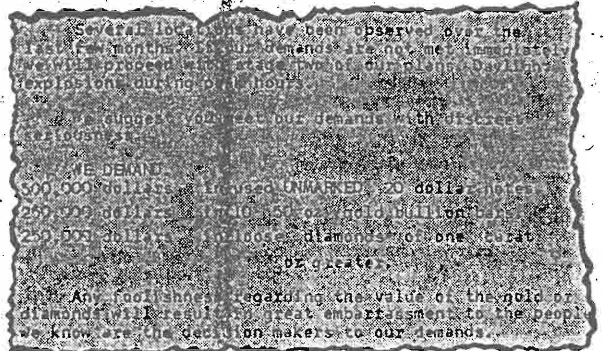
While no Australian insurer is prepared to underwrite such a policy, any Lloyd's broker around the world can arrange cover.

But according to Mr Bill Davis of Cassidy, Davis Ltd in London, before Lloyd's will agree to handle an extortion policy, the client, no matter which country he is in, would be strongly advised to seek the counsel and guidelines of the London-based security firm, Control Risk.

This would be paid for by underwriters if a client bought a policy.

The Cassidy-Davis syndicate, the leading underwriter in the world for this type of insurance, now diverts $US2 million of its premiums into Control Risk, which has earned a reputation equivalent to that of Red Adair in the oil business.

Since 1974, Control Risk's staff of 50 have handled more than 70 kidnap-extortion situations around the world. While it works on a priority basis for the people insured by the Cassidy-Davis syndicate, it occasionally advises clients who are not insured.


Several locations have been observed over the last few months. If our demands are not met immediately we will proceed with stage two of our plans. Daylight explosions during peak hours.

We suggest you meet our demands with discreet seriousness.

WE DEMAND
500,000 dollars in used UNMARKED 20 dollar notes
250,000 dollars in 10–50 oz gold bullion bars
250,000 dollars in loose diamonds of one carat or greater.

Any foolishness regarding the value of the gold or diamonds will result in great embarrassment to the people we know are the decision makers to our demands.

THE threat — police must be called in as soon as it is received

EXCLUSIVE

This is done mainly so that every time it appears on the scene, people won't link insurance with the crime.

A director of Control Risk is in Sydney this week advising Woolworth's on their total security operation.

Control Risk's greatest asset to the insurance industry is that over the years, it has built up a knowledge bank of criminals and situations so when something occurs, not all the cards are held by the criminals.

The underwriters who pay for this service claim if kidnappers find they are dealing with a company or family which has access to experience, there is a greater chance they will extract less than they would from someone who is inexperienced.

Last year, only 28 per cent of Control Risk's negotiating days were for insured people or companies.

While this type of insurance is becoming increasingly popular, it is certainly not new.

Kidnap-extortion insurance started in the US after the Lindbergh case in 1932, when the baby son of aviator Charles Lindbergh was kidnapped and murdered.

But for 40 years it remained a small, quiet market. Brokers were choosy about their clientele, and the policies weren't advertised.

At the beginning of the last decade, the world-wide premium for kidnap insurance was about $US250,000.

Then in the early 1970s, several simultaneous events dramatically changed the situation.

The US banks improved their physical protection so criminals found it difficult to get into the vaults. Instead, they resorted to holding the bank's president and his family away from the bank. The money was paid away from the premises and not covered under the normal crime-premises policy.

When these incidents started to occur more frequently, the banks asked the premises underwriters in America whether they would cover this sort of situation and they said no. So it ended up, as it frequently does, at Lloyd's in London.

At the same time in Latin America, a new brand of criminals emerged.

Left-wing, often Marxist, well-educated university students, who had a vendetta against multinational companies, which they claimed were exploiting their people and robbing their country of its wealth, would kidnap the companies' executives and make enormous demands against corporate assets.

In Italy, corporate executives, especially in Milan and Turin, were constant targets for terrorists such as the Red Brigades.

In the Middle East, the Palestinians extended their campaigns of terror from Israel to targets in Amsterdam, Munich and other major European cities.

The proliferation of incidents was suddenly matched by growing numbers of individuals and corporations trying to find partners to cover this sort of high risk.

The premiums for kidnap insurance grew from $US8 million in 1973 to $US32 million a year later. Today, the total world-wide premiums for kidnap and extortion insurance are just over $US50 million.

The early policies protected against demands made on corporate or personal assets.

There were two stringent terms and conditions in the policy:

- THE police had to be informed as soon as a threat was made.
- THE company or individual insured had to meet the ransom demand from its own resources, and if everything was in order, the insurance company would indemnify him to the extent of the policy.

The conditions of this type of extortion policy were extended in the early 1970s to include threats to kill or injure without actual kidnap.

In El Salvador, the highest risk spot in the world, if a multinational wanted to insure two or three executives, Lloyd's would charge it 2 or 3 per cent of $US1 million for a coverage of $US20 million.

If the same multinational wanted to insure the same two executives in Australia, the premium would drop to 0.2 or 0.3 per cent on $US1 million for the same $US20 million coverage.

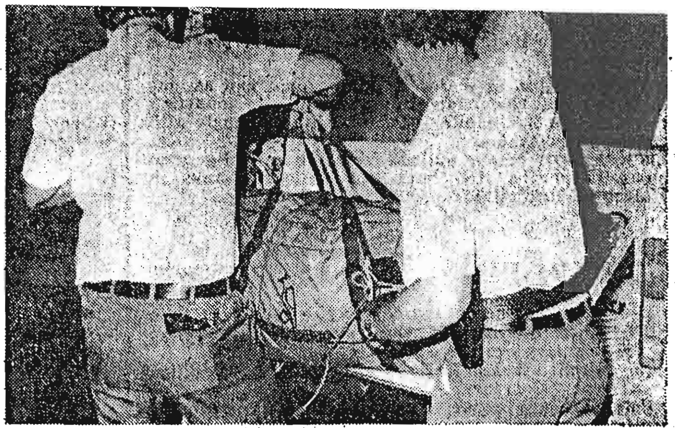
Lloyd's estimates there are about 50 Australian individuals or companies who have taken out kidnap-extortion insurance. They include well-known names who mainly travel abroad.

CONTINUED PAGE 2

Power row threatens

Hooker boasts a bonanza year

THE attack — the damage is often covered by existing fire and accident insurance



THE pay-off — the "ransom" must be paid and then claimed from the insurer

Rise in demand widens forms of extortion cover

FROM PAGE 1

In the early days, this type of insurance was a loss-making business. There were periods when underwriters lost their world-wide annual premium income in Argentina in one week.

The biggest kidnap ransom pay-off was in Argentina in 1974, when the local grain company, Bunge y Born SA, paid an extortionist $US62 million.

In the past 18 months, terrorist groups in El Salvador — such as the Popular Liberation Force, the Democratic Revolutionary Front, (a coalition of 48 leftist groups), and the Popular Revolutionary Army — have extorted $US80 million in ransom pay-offs from German, British, American and Swedish multinationals, only 5 per cent of whom had bought insurance before hand.

In 1974, Lloyd's was asked to extend its kidnap-extortion insurance to include property threatened by a criminal if his demands were not met.

But to date, there hasn't been an enormous amount of property damage extortion insurance written (it is readily available around the world), mainly because most companies in this situation resist the extortion demand, and if the worst happens, and a building is blown up, they are frequently covered under their existing fire and accident policies.

Property extortion insurance costs average from 0.1 per cent to 1 per cent of the sum insured.

Last March, there was an incident in Europe which triggered a new type of policy to cover the polluting or contaminating of a company's product. It's now known as product-extortion insurance.

A very large company whose products were a household name decided to meet an extortionist's demands because they were terrified of bad publicity, a fall in sales and the loss of profits which would result if the extortionist carried out his threat to pollute the product.

Underwriter, Cassidy, Davis Ltd was asked if it would be willing to cover the actual recall cost of the product and the cost of its destruction. It is still the only company offering this type of insurance.

The policy covers three things:

- THE actual extortion money demanded.
- THE recalling of products threatened or contaminated. (The actual sum paid out is determined by the amount the company is insured for, as it alone must decide how much it costs to recall the product).
- THE cost of the physical destruction of the contaminated product.

Depending on the size of the company and the number of products made, the average cost of the product-extortion insurance would be between 0.5 per cent and 3 per cent on the sum insured.

While underwriters are prepared to insure a company for up to $US20 million in this category, like the kidnap insurance, it's a policy of reimbursement, which means the insured person or company would have to lay out his own money first and then put in a claim to the insurance company.

As long as a company follows the terms of the policy carefully, the policy will cover it even if it pays off a hoax caller. The policy does not cancel out after a payment is made. Like other insurance it runs for the entire term of the policy. So if a company has to pay out $US1 million, but is insured for $US20 million, it is still covered for a further $US19 million.

If, in the underwriter's opinion, a company has behaved in a way which invites further threats or extortion demands, the company would certainly be charged a higher premium at renewal time, and may even be refused a new policy.

A specific exclusion of the policy is that it does not cover loss of revenue or profit because of business interruption.

But according to Mr Davis, "given today's climate there may certainly be a market for such coverage".

CONTENTIOUS ISSUE

While in the past six months there have been a number of incidents of product extortion, there have been no claims. But those incidents have already made underwriters realise just how risky this coverage is, which is why it is more expensive than property-extortion insurance.

To date, no Australian companies have taken out a product-extortion policy.

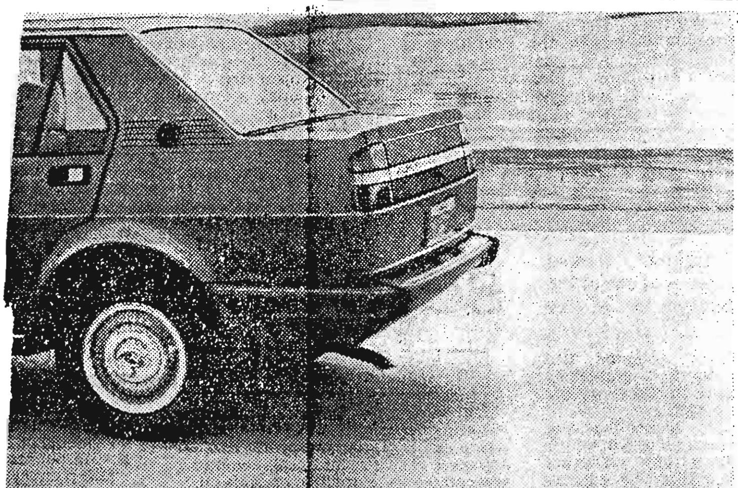
"If more people knew of the incidents of product extortion through media exposure in particular, we feel that more people would consider this type of insurance," a leading Lloyd's broker said.

"The problem is that people just don't know that these things are going on."

Not surprisingly, extortion insurance is an extremely contentious issue in the insurance world. Some people think if insurance is bought it just helps to increase the risk of extortion threats.

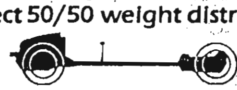
In fact, the opposite normally happens.

Underwriters of this type of insurance contend that because of security companies like Control Risk, the fact that the police have to be informed when a threat is received and that the ransom is not paid directly by the insurance company, the type of coverage does not result in an increase in incidents.



which achieves performance and economy through efficiency. This engine is widely acclaimed as one of the great classic designs of all time.

Perfect 50/50 weight distribution



The engine is at the front, but the transmission is at the rear in unit with the final drive. This gives a balance that remains almost unaffected even when the Giulietta is fully loaded. It is part of the secret of the totally predictable handling that sets Alfa Romeo in a class apart.

$13,890* *Recommended retail price excluding pre-delivery, registration and stamp duty. Alloy wheels an optional extra.

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Woolworths plans to 'share' its tale of extortion

By SAM PASSOW

FOLLOWING weeks of tight-lipped security, Woolworths chairman, Sir Eric McClintock, says his company plans to share "the country's first in-depth experience of commercial extortion" with the rest of the business community.

Sir Eric said yesterday that in about 10 days' time he would call together 20 or 30 of his suppliers, bankers and colleagues to discuss the findings of two privately commissioned security reports to be submitted to the company's board by the end of the week.

The first report is by the director of the London-based security group, Control Risk, who is in Sydney evaluating the internal security of the retailer.

His recommendations are expected to detail several cost-effective measures designed to protect the company ahead of such incidences.

Control Risk was recommended to Sir Eric by the company's London insurance broker

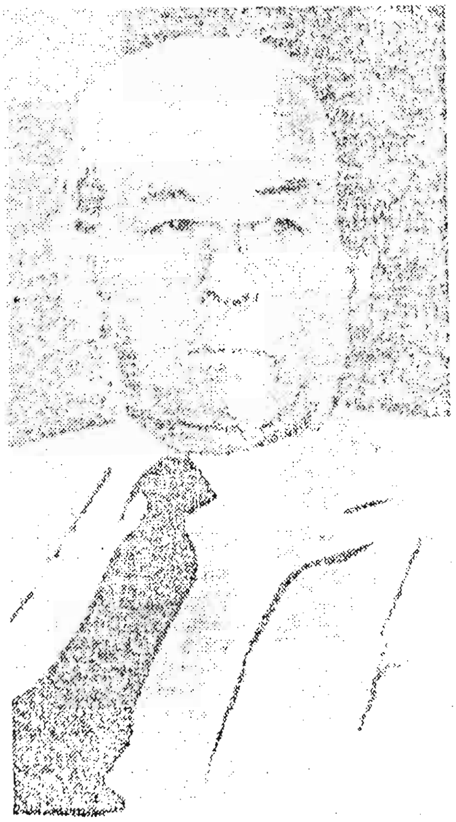
The other report will be by the former commissioner of the London metropolitan police force, Sir Robert Mark, who will be taking a macro look at the problem, and will advise the company on how it can improve its relations with both the police and the media, thereby instilling public confidence in the company

Sir Robert was recommended to Woolworths by officials in Canberra because of his previous work with the Commonwealth Police

Both Sir Robert and Sir Eric agreed that legislation which made it a crime to meet an extortionist demand, such as already existed in several States in the US, would be counter-productive in this country

"My experience" Sir Eric said, 'suggests that if a company is resolute to get its own policy clear, if it has good enough relationships with the police to go into partnership with them in combating the crime, there is not much more that it can do, except to ensure where it sees deficiencies in its own practices to correct them.

"It can draw them helpfully to the attention of politicians, because political support for what the police need to do is essential if they are to get the expenditure priorities and so forth."



SIR ERIC McCLINTOCK

Sir Eric said that while commercial extortion was on the rise overseas, it had not really taken off here.

"I think if the companies, the Government and the police took a decision that we are going to keep it out of the damn country, then we probably would get close to succeeding," he said.

"We are a very public company.

"We are always in the news one way or another, and I think people would expect us to share our experience rather than put our heads in the sand or under the carpet and quietly go about our business.

"It would be out of character to do otherwise."

While making it quite clear that the planned talks would not be "a town hall meeting" he said that "if specific ideas come out of the recommendations we've got we will share them.

"I don't really think that our competitors were pleased that we were in this position. They would pick up some extra sales of course, but for the grace of God go they. I think we have mutual self-interest in the country.

"I would be very surprised if we didn't have a general willingness of commercial interest to put national interests before the immediate commercial interests in a thing like this because in the long term it's in the interest.

"We will take an active role in sharing our experience as opposed to keeping the experience to ourselves for the immediate commercial gain, because their isn't much commercial gain in it, he said.

28/1/81

29/1/80

New scares at Coles, Woolworths

By SAM PASSOW

POLICE early this morning were investigating a new bomb scare at a Woolworths' store in a shopping centre in the western Sydney suburb of Liverpool.

First reports from the scene to CIB headquarters said there was a package "ticking loudly" behind the shattered glass of a display window.

Police immediately called in bomb disposal experts with special equipment to erect roadblocks to keep bystanders at least 100m from the Phoenix Plaza store.

Earlier in the evening, police were called to a department store in the city, G.J. Coles, in King Street, when a break-in was reported.

Detectives reported that three men had gained entry to the store and had broken out of it by smashing the glass of a front door with a crowbar when they were disturbed by a telephone ringing.

Bomb squad specialists with a sniffer dog spent more than an hour searching the store before clearing it.

The threats gave police an anxious night, coming on the eve of post-Christmas sales which draw tens of thousands of shoppers to the city seeking bargains.

Controlling the risks of corporate extortion

EXTORTION is a growing threat to large companies everywhere. But in Australia the business community is fighting back in an unorthodox way. In a two-part series, SAM PASSOW reports on crisis management teams and the British security firm that trained them. Since July 1976, consultants from Control Risks have spent 5083 days at 126 sites in more than 50 countries advising on extortion incidents.

THE extortionist who, in August, planted a bomb in a Woolworths' store in Wollongong on the NSW coast is still free. Yet on September 21, the management of Woolworths' released details of the case to the public. They even offered a $50,000 reward.

The answers as to why they did this and whether their action was a planned or desperate one can be found in a new decision-making process called crisis management.

To work effectively, a Crisis Management Team (CMT) must include executives responsible for finance, risk management, legal matters, personnel and public relations and whoever is earmarked to be the chief negotiator.

In many respects, the present Woolworths extortion drama confirms the Australian business community has taken some rare and substantial steps in combating this insidious and growing form of threat which is gaining currency among criminals of the developed nations of the world.

This is not the first time that Woolworths has taken the high road against criminals.

In January 1981, after suffering five such extortionist threats in 14 months, Woolworths' chairman, Sir Eric McClintock, called in the heads of 50 of Australia's top corporations to discuss the lesson learned from his firm's ordeal and to explore the types of protection available to companies facing a similar situation.

In all, Woolworths was the target for five extortion incidents (three product and two bomb threats) from September 1979 through to January 1981.

The first, in Adelaide, involved the planting of gas explosive devices in shops and the threat to detonate them against a demand of $150,000.

In December 1979, contaminated food products were planted on store shelves in Sydney and a demand of $500,000 was made against the company.

In October 1980, more contaminated food products were placed in Sydney shops against a demand of $800,000.

And in December 1980, high-explosive devices were detonated in Sydney shops. The demand to stop further explosions rose to $1 million.

Finally, in January 1981, further contaminated products were found in shops and the demand this time was $250,000 — rising to $500,000 and then $1 million if the demands were not met in two days.

Refused

There was no evidence to suggest these incidents were connected, or instigated by the same extortionist. But following the arrest of a man after the final incident, the extortion demands ceased.

Throughout this entire period, Woolworths refused to give in to the extortionist's demands and when the situation warranted it, absorbed the commercial loss and closed its stores.

Through this experience, the company's Crisis Management Team — headed by Sir Eric and aided by Sir Robert Mark, the former commissioner of the Metropolitan London police force — developed a public policy which called for sharing such highly confidential information, even with competitors, in the hope such action would help stem this type of crime.

The program seemed to have paid off handsomely one year later.

In May 1982, the Sydney retail chain, G.J. Coles, discovered food products in five of its stores had been contaminated with rat poison.

The extortionist made an initial demand of $500,000, which he threatened to increase to $2 million if the payoff was not made. He also threatened to explode nail and petrol bombs in the stores if the company called in the police.

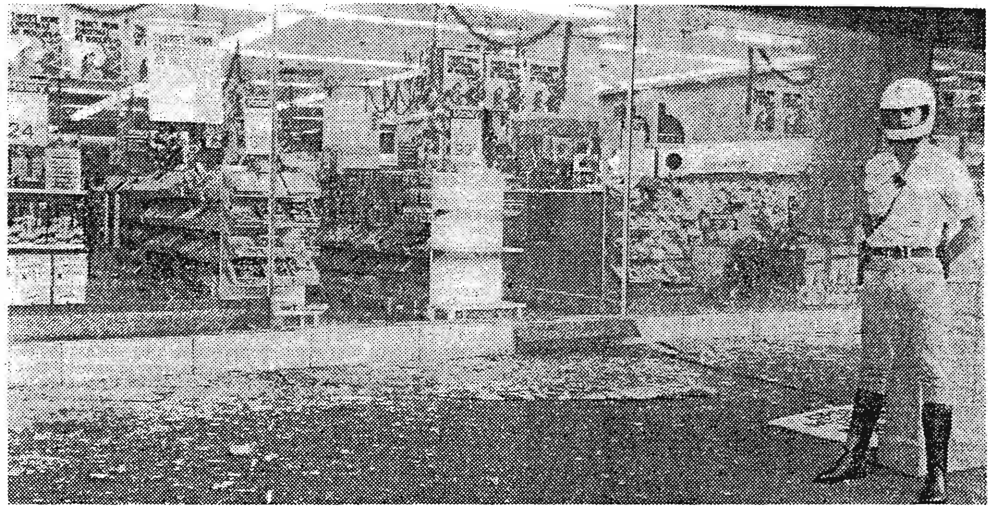
Adopting the policy which had proven successful with Woolworths, G.J. Coles decided not to give in to the demands and called the police in from the start.

Together, they set up a rendezvous with the extortionist at which police posed as the store's executives. The criminal fell for the bait and was shot as he tried to escape.

If any lesson can be learned from these incidents, it's that a well-briefed crisis management team is essential if the threat is to be quashed.

In a recent interview in London, Sir Robert, who was also an adviser to the Fraser Government in the establishment of the Federal police force, said that as a result of the January 1981 meeting, more Australian executives began actively to consider the type of extortion protection offered

Sir ERIC McCLINTOCK



WOOLWORTHS: the aftermath of the December 1980 bombing

by Lloyd's of London, which is backed up by the British risk analysis consultancy, Control Risks.

Control Risks is a company providing professional advice on preventive security against terrorist attacks. Far from the popular image of being James Bond-type secret agents, its consultants never carry guns, deliver ransom payments, nor deal directly with terrorists.

Rather, they advise their client, be it a corporation or a family, on how to effectively set up a Crisis Management Team and negotiate an extortion threat or ransom demand.

Negotiations

Since July 1976, Control Risks' consultants have spent 5083 days involved in an on-site advisory capacity in 126 extortion-related incidents worldwide, of which 78 were kidnap negotiations, with the remainder being extortion by product contamination, bombs and other forms of threats.

These negotiations covered more than 50 countries including those with the highest risks, such as El Salvador, Colombia, Guatemala and Italy.

Given the nature of their work — and the fact most of the senior personnel in the firm were either officers in the Special Air Service, the elite British Army unit which has, among other things, special responsibility for the security of British VIPs such as ambassadors in high-risk areas; or members of British counter-intelligence, it is understandable why many would be under the misapprehension that Control Risks is nothing more than a quasi arm of Her Majesty's Government.

The reality is far less intriguing and more blatantly commercial — hardly the stuff of which novels are made.

Control Risks was created nine years ago as a subsidiary of the British insurance company, Hogg-Robinson Ltd.

It was the brainchild of three businessmen who saw the need to provide insurance underwriters at Lloyd's of London with an independent team of specialist surveyors which would visit the client before a kidnap and ransom insurance policy was written in order to assess the risk and advise on reducing it.

The underwriters agreed to contribute toward the surveyor's fees and if the client acted upon the recommendations of the report, then the premium would be reduced. If a kidnapping occurred, a consultant from Control Risks would fly out at the scene at once and advise on crisis management and negotiation, again at the underwriters' expense.

The scheme was eventually sold exclusively to the Lloyd's of the world market in K and R insurance.

Brokers in London estimate that, in 1982, the Cassidy-Davis syndicate wrote more than $37 million in policies, a small percentage of which was paid to Control Risks as a retainer for its services.

Yet only 60 per cent of Control Risk's revenue is derived from the Cassidy, Davis K and R insurance subsidy. The rest is comprised of retainers from uninsured companies or from those clients who pay a daily fee of $US500 ($549) for prevention services to $US1200 plus expenses, for crisis management skills.

As the demand for kidnap and ransom insurance and prevention strategies grew in the late 1970s, so did the staff of Control Risks — from three in 1975 to 20 by 1979.

In April 1982, under the direction of Arish Turle, the company broke away from the Hogg-Robinson group to become an independent firm with a full-time complement of 65.

In addition to the salaried staff, the firm retains some 40 consultants around the world, most of whom are ex-British foreign service officers, businessmen and academics who have worked, and in many cases still live, in the country on which they report.

Control Risks has 480 clients around the world — up from 236 in 1980. The Americas account for the firm's largest client base with 227, while the UK is second with 124. The company has 129 clients in other parts of the world.

Over a third of its clients worldwide fall among the service sectors of banking, finance, insurance, media, computers and high-technology. Thirty-four of its clients are families or individuals.

Using the Fortune magazine poll as a barometer, their client base includes four of the top 10 companies in the world, 16 of the top 50. A further breakdown shows Control Risks to have as clients three of the top 10 US industrial corporations as well as 83 of the first Fortune 500.

While underwriters at Lloyd's will not reveal how many extortion policies they have sold in Australia, since that meeting in 1981 Control Risks has gained 30 clients in the country, including six of the top 10 firms.

In order to meet the growing demand for their services, Control Risks opened an office in Melbourne under the direction of Mr Alfred Deakin Brookes, a founding director of Australia's Secret Intelligence Service.

Mr Brookes, who is the grandson of Prime Minister Alfred Deakin, was also a foreign service officer in Singapore and Malaysia as well as a member of the Australian delegation to the United Nations before joining Control Risks in 1982. Working with Mr Brookes is Mr Bill Robinson, the former head of the Government Protective Services Co-ordination Centre.

Yet it is symptomatic of this crime for the extorted companies to shun publicity. Thus the above figures represent only the tip of the iceberg. Control Risks assesses they may represent as little as 10 per cent of the total cases which have occurred in the last five years.

Geographically, product poisoning and extortion have so far occurred in the developed areas of the world, where a sophisticated manufacturing and distribution network for consumer goods exists. This type of attack has mainly centred on the food and beverage and pharmaceutical industries.

Demand in product extortion attempts known to Control Risks has ranged from $US6000 to $US20 million.

It is tempting, but unwise, to infer that lower demands indicate a lack of resolve on the part of the extortionist.

Experience has shown the level of the demand tends to be a moderate sum in a range the extortionist believes the target company may prefer to pay quickly in order to avoid publicity, costs associated with the recall of goods and the disruption of management time and effort.

While there have been only four known cases of attempted product extortion in Australia to date, the reality of product extortion and its possible harmful effects on an unsuspecting public was raised to a level of worldwide consciousness in October 1982, when seven people in the US died after taking cyanide-laced Tylenol.

Doubt

After the deaths were reported in the press, an extortion threat to contaminate more of the product was made against a reported demand for $US1 million. There is, however, some doubt as to whether the extortionist had actually contaminated the product, or whether he was just exploiting the work of a lunatic.

Extracting valuable information from cases like these and those they have worked on themselves, Control Risk's consultants in Australia have over the past few months, been putting some of their clients through simulated product extortion incidents in which the management of those firms have a chance to identify their roles and rehearse their responses.

Under carefully controlled conditions lasting about half a day, executives are led through the key stages of an incident.

RECEIPT and analysis of threats;

RESPONSE to demands and formulation of policy;

PRESS and public relations policy;

LIAISON with police;

CONCLUSION of incident.

The fee for this course starts at about $US1800. For $US5000, Control Risks will conduct a survey of a company's crisis management capability and will advise a firm on

Simulated extortion threats produce valuable dividends

THROUGHOUT the world the incidence of extortion threats appears to be increasing. So is the client list of Control Risks, a company specialising in dealing with such threats. In this concluding article SAM PASSOW describes how the consultants operate.

A CRISIS Management Team can best be trained by simulation exercises. One of the best techniques available is a formula called the "hypothetical" – developed in the US by the Harvard law school and promoted by the Ford Foundation.

In this simulation, all those in responsible positions are seated round a horseshoe table facing inwards and are presented with an on-going hypothetical situation which is developed by a skilled moderator who throws the problem at the executives or officials concerned and carries the story forward in the light of their responses.

A highly successful hypothetical was run jointly by the British Broadcasting Corp and the Ford Foundation in late 1979, uncannily predicting the situation which occurred when terrorists seized the Iranian Embassy in London in April 1980.

Participants in this simulation included the senior police officer from Scotland Yard who was destined to handle the actual event when it occurred, army officers, lawyers and journalists.

Also included was the BBC television reporter who was on duty when the rescue attack went in and the editor of BBC-TV news, who played a crucial role in the operation itself.

Although it took many weeks of preparation, the hypothetical simulation took three hours.

A large number of actual problems were tackled and resolved – often with considerable heat – by those who were later to face them, again with each other, in a few months' time.

But for those who went through the experience, there is little doubt in their minds the exercise played an important part in the success of the containment, negotiation and eventual rescue of the hostages.

An alternative simulation exercise is the "paper chase", which is widely used by the British police college and military staff colleges. In this simulation, a series of pre-planned paper simulations are handed to a committee (CMT) which discusses them and moves on through a series of crises to a denouement.

This is normally done in a one-day exercise in which the CMT is presented with six or eight situations in turn with an imaginary gap of several days or weeks between them.

Another variation of the paper chase is to spread the exercise over several weeks, assembling the CMT for two or three hours each week to face an on-going series of decisions. This is more realistic and gives greater opportunities for role playing, but involves more time and expense.

The message Control Risks drives home at these simulation exercises is that a company's first response to an extortion demand or kidnapping – and the first few minutes or hours of the crisis – are often crucial.

Blundering into negotiations with criminals or the immediate payment of ransom can be disastrous. Corporate policy must be set in advance, and is best carried out by a CMT.

An effective CMT must include executives responsible for finance, risk management, legal matters, personnel and public relations and whoever is to be the chief negotiator.

The reason for the diverse nature of the CMT can be seen in the complexity of the decisions which need to be reached. If an extortionist threatened, for example, to pollute food or drink products, the CMT has to consider four types of costs: management diversion, commercial, moral and legal.

The CMT must be able to calculate and prepare a contingency plan for the management time and effort from running the business and the salaries of senior executives taken away from their normal jobs during the crisis.

Commercial costs can be horrific. A mere rumor that some of the foods in a large chain store may have been polluted can cause sales losses running into millions of dollars within a week or two.

The extortionist will therefore almost always threaten to tell the Press. Substantial losses may also result from a moral obligation to destroy the entire stock of suspect items and this may in itself unavoidably result in the reason becoming known.

On the other hand, failure to remove stock or warn customers could be even more expensive in the end.

Moreover, the management would have to justify the morality of its response in the event of customers being poisoned. This in turn, could lead to heavy legal liabilities if no warning had been given of a known risk.

Then too, there is the factor of public policy. If a firm gives way and pays a large ransom to keep the matter quiet, the government or other firms may complain this encourages repetition of the crime.

Finally, there is the (news) media, which can either be a liability or, if their co-operation is obtained, a powerful asset.

In most countries, sadly, the (news) media are under direct government control. In others, the (news) media may be totally irresponsible, aiming only to compete for readers and listeners no matter what risk to human life.

It is essential for the public relations representative on the CMT to know his way around, to know how best to keep unscrupulous or hostile journalists away and, if possible, to develop friendly contacts with some reliable ones, who can be repaid for their co-operation and forebearance by being the first to get news and exclusive comment.

But none of this will be achieved unless painstaking preparatory work and development of contacts has been done before there is a crisis.

Control Risks' consultants stress their role in a crisis management situation is purely an advisory one. For in the final analysis, the decisions which ultimately have to be made in an extortion or kidnapping threat are proprietary ones.

Even if a client is insured with a Lloyd's policy, under which Control Risks' services are guaranteed, they are under no obligation to accept the consultant's advice.

But in most cases a degree of trust is established which enables a crisis to be handled almost entirely by the negotiator from the CMT and the consultant, leaving other executives free to concentrate their time and efforts on their normal day-to-day jobs.

As in any service business, where quality of the product is often measured in the confidence one has in the consultant's competence, it is certainly prudent for firms to consult other corporations or individuals who have had occasion to use professional consultants in similar situations before succumbing to a quick sales pitch by a slick security firm.

But aside from the personal recommendations of a trusted source, there are also other considerations one should bear in mind.

For example, be wary of security consultants who have links with security equipment manufacturers, since their advice may not be wholly objective. Find out the number of cases handled by the consultancy firm under consideration and in particular, the number handled in the country concerned, or in similar neighboring countries.

It is also vital to find out as much as possible about the professional background of those engaged as consultants, as many an ex-cop has hung out a shingle as a security expert.

As many firms have already learned to their own detriment – you pay a price when you take advice during a crisis from a person who is more experienced in negotiating a traffic jam than a kidnap or extortion threat.

Compendium of terror

THIS year alone, Control Risks has monitored seven major cases of product extortion:

JANUARY: In the US, the Louisiana water authorities received telephone threats to poison the water supplies of 11 areas with cyanide. The threats continued for four days, after which cyanide was found in the water supplies to several areas; 125,000 residents had their water cut off while attempts were made to clear the water.

JANUARY: A Californian wine company received a letter asking for a package to be collected from the airport. The package contained a bottle of contaminated wine and a demand. If the demand was not met, similarly contaminated bottles would be placed in stores. A token payment was made under FBI surveillance. The extortionist was arrested and the money recovered.

JANUARY: A European brewery received a package containing two poisoned bottles of their product and a letter demanding that the company pay a large amount of money or more poisoned bottles would be distributed around shops and stores in the area. The company received no further threat and no payment was made.

JANUARY: A Mexican food products company received a telephone call threatening to place chewing gum poisoned with cyanide in stores unless a payment of $US50,000 was made. No further contact was made by the extortionist and the company believes it may have been a hoax by an employee.

JANUARY: A Brazilian brewery received a threat to put poisonous substances into its products and distribute them in food stores around Rio de Janeiro, against a demand of $US180,000. The demand was paid but police arrested a man shortly after the pick-up.

Police are now investigating a possible link with an incident that occurred in December 1982, when a soft drink company suffered the consequences of having their product contaminated with sodium hydroxide. A woman and a five-year-old girl were hospitalised after drinking the product. Police believe the motive of the crime was to defame the name of the company.

MARCH: A West German water authority received a threat to poison its water supply against a demand of $US2 million. The extortionist, a 27-year-old paint sprayer, was arrested as he collected the money from an arranged drop.

APRIL: A West German pharmaceutical company received a letter threatening to contaminate the company's mouthwash product unless a demand of $US200,000 was paid to the extortionist.

The letter also contained threats to harm the family of one of the corporation's top executives. The West German police were informed and fully involved. No further contact was made.

APRIL: A West German foods manufacturer received a letter demanding $US400,000. It contained a sample of poisoned food with the threat that similar poisoned foods would be distributed in shops. The company complied with the instructions and indicated a willingness to pay under the guidance of the police, but nothing further was heard from the extortionists.

Supply side of economy coin lands face up in US

By SAM PASSOW

SUPPLY and demand are the concern of all economists. The question is whether adjusting supply will right the problems that adjusting demand has failed to accomplish.

What is involved is not so much a revised view of how an economy works, but an effort to look at an economy's problems and solutions from a different angle. Though no one has formally defined the term "supply-side economics", most supply economics is concerned with the effect of government policy on supply, capacity and productivity.

While an awareness of the supply-side theory is fundamental to understanding "Reaganomics", as the Administration's economic policy is popularly described, it is important to note that it is not really new.

To classical economists, it is a resurrection of the notion that "supply creates its own demand", put forward by the 18th century French economist Jean Baptiste Say. Say's law that "people produce in order to consume" asserts the primacy of supply as the only sustainable source of real demand.

Around that same time, the "father of capitalism", Adam Smith, also warned that "high taxes, sometimes by diminishing the consumption of the taxed commodities and sometimes by encouraging smuggling, afford a smaller revenue to government than what might be drawn from more moderate taxes".

Those with a less historical background contend that the foundations of the supply-side school were laid eight years ago by three persistent conservative economists — Arthur Laffer, Robert Mundell and Norman Ture.

Though working independently of each other, their ideas captured the imagination of Wall Street Journal editorial writers Jude Wanniski, and later Paul Craig Roberts. Mr Wanniski, who now runs his own economic consulting firm, finally found a receptive ear to this theory in the person of Congressman Jack Kemp, who in 1977 co-authored the Kemp-Roth bill to cut income taxes by 30 per cent over three years.

The idea finally reached the level of respectibility when it was embraced by Republican presidential candidate Ronald Reagan, who put it forth as his panacea for the ailing US economy. When he won by a landslide last November, the theory not only suddenly became policy, but to many, practical as well.

Mr Reagan then appointed Mr Roberts as his Assistant Treasury Secretary for Economic Policy, and the new conservative cabal was firmly entrenched.

Supply-siders base their theory on an abundant faith in the American work ethic, entrepreneurial spirit and investment savvy. Their basic notion is that government has become so big, and taxes have grown so large, that the economy no longer works efficiently.

Supply-siders say that rather than making decisions which are economically rational, consumers and businessmen are now making decisions based on how to avoid regulations or paying taxes. Individuals look for investments not with the greatest return, but with the lowest taxes. Workers look for jobs not that pay the most, but where they can hide their income.

In short, supply-side economics encourages increased supply at lower prices through reducing disincentives, or giving positive incentives, to production and investment that, in turn, may increase productivity and production at lower costs.

The measures they advocate, such as deregulation and tax cuts, are aimed simultaneously at reducing government and stimulating the private sector.

In broad terms, the supply-side prescription reads as follows:

- LARGE and sustained cuts in personal tax rates and business taxes to induce increased work effort and capital investment.
- A SLOWDOWN in government spending to halt the continuing rise in the nation's tax burden relative to the gross national product.
- RESTRAINED monetary management, with the aim of bringing monetary growth in line with the long run growth of the economy. This may mean moving to some form of gold standard.
- GREATER reliance on the internal dynamics of the free-market economy.

When the Reagan Budget cuts were being ramrodded through congressional budget committees, New York Democratic Senator Daniel Patrick Moynihan said that 30 years of social legislation had been undone in less than one hour.

That social legislation was based on the gospel of British economist John Maynard Keynes, whose "demand-side" economics of the 1930s, made popular during the Depression by President Franklin Roosevelt, was developed mainly to deal with the problems of too little demand in an under-utilised economy.

Keynes argued that a shortage of buying power could grow progressively worse as consumers cut spending and business responded by curtailing production and investment. His solution was to use government spending to stimulate demand.

But his remedy did not have to tackle the twin problems of high inflation and high unemployment which plague the Western industrialised world, and a review of those economies in the last decade will show that there is no denying that the Keynesian prescriptions of the past are inapplicable to the present.

Mr Roberts, in a recent article in the Washington Post, argued that "the demand managers didn't realise it, but their problems were created by mixing together demand stimulus with supply disincentives".

"The inflation that accompanied the demand stimulus eroded the real value of business depreciation allowances and pushed taxpayers into higher marginal tax brackets," he wrote.

"As a consequence, today, for the majority of the population, the incentive to produce additional income is the lowest in our history, and the personal saving rate is the lowest in anyone's memory."

Supply-siders fight off the doubts of many present-day economists, saying they are prisoners of their conventional demand-side computer models.

Supply-side purist, Tom Bethell, said: "Its recent emergence in the public consciousness — signalling the beginning of a return to micro, or classical, economics, and turning away from macro, or Keynesian, economics — is no doubt the most important development in economic theory in the past 25 years.

"The macro school reduces economics to a task for statisticians and computers. In the study of averages, reality is excluded. A rich man and a poor man, added together, and divided by two, yield an average man.

"Microeconomics is closer to real life. But because it deals with such unmeasurable qualities as motive, desire, aspiration and expectation, it does not easily lend itself to quantification.

"Statisticians will therefore be unenthusiastic about a return to micro-economics, because it cannot be so easily shaped into a 'model', complete with inputs, outputs, fine-tuning, computer print-outs and forecasts, all of seemingly mathematical precision.

"Such analysis always depends on the assumption that the future will be like the past. It is precisely such static analysis that supply-side economists wish to overthrow."

Mr Bethell's desire to break with the past is shared by Otto Eckstein, a Harvard economics professor and president of Data Resources Inc, a forecasting firm, who said recently that "we're at one of those great moments where the opportunity to reverse the steady slide of our economic system exists and where new ideas are being offered to accomplish the turnaround".

But he warned that much of the supply-side theory had not been tested, and he was worried that its rapid adoption "would be a gamble with our economic system".

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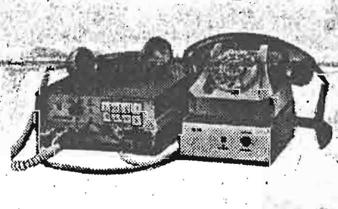

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Dominion Mining & Oil N.L.

QUARTERLY REPORT

The company reports on the following exploration activities and events for the quarter ended March 31,1981.

3. GOLD

Dominion has a 50% interest in A.T.P's 2275M and 2524M near Cooktown in Queensland. A sampling

SENIOR RESEARCHERS
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The Bureau of Transport Economics (BTE) is a multi-disciplinary research body undertaking independent studies and investigations of economic, technical, operational and financial aspects of transport in Australia. Although formally attached to the Commonwealth Department of Transport in Canberra, the BTE has a considerable degree of professional and administrative autonomy and reports directly to the Minister for Transport on its program of research work.
The BTE is seeking applications from suitably qualified and experienced men and women for four senior level vacancies. Applications may be for permanent appointment or for periods of temporary or contract employment.

POSITIONS AVAILABLE
The four positions are officially designated Officer-in-Charge (Class 11) and will head the following sections:
- Economic Analysis Section (Economic Assessment Branch—Position No. 105)
- Financial Analysis Section (Finance Branch—Position No. 110)
- Intergovernment Finance and Legislation Section (Finance Branch—Position No. 111)
- Operations Analysis Section (Planning and Technology Branch—Position No. 117)

Successful applicants will be required to plan, organise and direct their section's work program, set standards and objectives for approved projects, allocate tasks, brief project leaders and act as project leaders on major projects, advise on appropriate analytical techniques for particular problems, appraise reports and recommendations and evaluate work performance.

QUALIFICATIONS
Appropriate tertiary qualifications, preferably at Honours level or higher, in a relevant discipline, together with relevant experience in a research, policy, operational or consulting environment. Applicants would need to demonstrate an ability to undertake major studies and to write reports in an easily comprehensible form. Direct experience in transport planning or applied research would be an advantage as would a background of numerate work in the general field.

APPLICATIONS
Applications should clearly indicate the position(s) applied for and should be forwarded to:
The First Assistant Secretary
Management Services Division
Department of Transport Australia
P.O. Box 367
CANBERRA CITY, ACT, 2601
Further information about the positions can be obtained from the respective Branch Heads, either by writing to them at the above postal address or by telephoning them on (062) 473333.

Bureau of Transport Economics

HEALTH COMMISSION OF VICTORIA
Mental Health Division

AUSTIN HOSP[illegible]
TRAINING PR[illegible]M
IN CHILD PSYCHI[illegible]

Applications are invited for a t[illegible] position which has become vacant in [illegible] Psychiatry in the abovementioned progr[illegible] the 1981 program is to commence on [illegible]ary 2 or soon thereafter.
The training program is cond[illegible] within the facilities of the Austin Hospital [illegible] Queen Victoria Medical Centre and the [illegible]tal Health Division of the Health Commiss[illegible] of Victoria. It is a 2 year training program [illegible] credited by

THE WORLD

Buccaneer-style operation planned for hijacked ship

From IAN WARD: SINGAPORE, FRIDAY

A POLISH crew is reported to have mutinied and hijacked a British-registered cargo vessel, the Krystina F, which is thought to be sailing somewhere in the Malacca Straits.

The 5500-tonne vessel has become the focal point of an extraordinary ownership dispute, and one of the interested parties is planning a buccaneer-like boarding as soon as the Krystina is located.

Captain Charles Gnanakone, a Singaporean, claims he has assembled a new crew of 50 men to seize control of the Krystina F in a high-seas boarding action, which he plans to direct from a chartered helicopter hovering above the scene.

The trouble-plagued ship sailed from Calcutta under mysterious circumstances on January 3. Manning her were 11 Polish seamen who had been employed by the former owner, Commodore W.H. Fornalski, a US citizen.

Commodore Fornalski is chairman and president of the Polamerican Steamship Company.

Polamerican is said to have sold the Krystina F to Captain Gnanakone, managing director of the Cross World Navigation Services Organisation, in Singapore on December 15. The deal included the takeover of all Polamerican shares by the new owners.

Commodore Fornalski said today: "The crew were on loan to me by the Polish Government. If they cannot offer any satisfactory explanation for sailing off without any orders from me, I will charge them with mutiny, which carries a sentence of 15 years imprisonment in Poland."

Daily Telegraph, London

Marcos to proclaim end of martial law

UNITED PRESS: MANILA, FRIDAY

PRESIDENT Marcos is to issue a proclamation tomorrow ending more than eight years of martial law.

He announced the imminent lifting of martial law during a caucus today of the ruling New Society Party at his official residence, Malacanang Palace, from which the proclamation will be made during a nationally-televised function marking Constitution Day.

Official sources said the proclamation revoking martial law, declared on September 21, 1972, will take effect immediately.

But even after the lifting of martial law the President will retain authoritarian powers.

Under the Constitution he can issue decrees even when Parliament is in session.

Mr Marcos told his party members to prepare for "sometimes scandalous debates" that may come about with a resurgent opposition after the end of martial law.

The Maid of Derry: rebel with a cause

BY SAM PASSOW

SHE would just as soon toss bricks as words.

When most young girls were reciting "Jack and Jill went up the hill . . ." Bernadette Devlin preferred, "Whenever there's blood and plunder, they're under the British ground."

Born on April 23, 1947, the feast of St. George, the patron saint of England, she grew up in the days when if you were working class and Protestant you worked but if you were working class and Catholic you were unemployed.

She was shot down last night, with her husband Michael McAliskey, and at last report both were fighting for their lives in a hospital in County Tyrone in Ulster.

Her first civil rights march was the day after her 20th birthday in 1968, protesting against the anti-Catholic gerrymander in Londonderry that makes the National Party's effort in Queensland look like reasoned democracy.

Later that year, she led a sit-in at Stormont, the Northern Ireland Parliament, because the House would not debate a Human Rights Bill.

It was then that people started to take notice of the universal kid sister.

Then there was the Long March from Belfast to Derry, which seemed to trigger the new and seemingly lasting wave of violence in the province, running the gauntlet of sticks and stones and jibes while the marchers swelled from 30 to 2000.

Bernadette was now the Maid of Derry or St Bernadette of Bogside.

In 1969, at the age of 21, she became the youngest member of the British Parliament since William Pitt, and certainly the smallest.

Ignoring a House of Commons tradition that new members wait sometime before delivering their maiden speeches, the new mini-skirted member for Mid-Ulster managed to contain herself for just an hour.

Her speech had all the flavor of a Molotov cocktail, astonishing both sides of the House. But within weeks, when the publicity had died down, she was virtually ignored.

On January 30, 1972, she was standing in Londonderry's Bogside when British soldiers shot and killed 13 civilians.

A few days later, when Parliament was debating the aftermath of Bloody Sunday, she ensured her place in British history.

As the then Home Secretary, Mr Maudling, began to outline his view of events identical with that of the British Army, she leapt to he feet and shouted: "Is it in order for the Minister to lie in the House?"

Pointing an accusing finger she screamed that Maudling was a "murdering hypocrite". The wisp of a girl then bounded across the House, hitting and scratching Maudling, and had to be dragged out of the chamber.

She was a social rebel as well as a political one. In 1971, while still unmarried, she had a baby daughter and refused to name the father.

In February 1974, still reeling from the controversy of the child, she was voted out of office by her conservative constituency — by 21,000 votes.

A few months later, at the age of 26, and in relative obscurity, she married McAlisky, 24, a republican schoolmaster.

After her marriage in Tullyodonnell, County Tyrone, Bernadette stopped at the graveyard and placed her bridal bouquet of red carnations on the grave of an Irish Republican Army officer who had been shot by the British Army.

Although no longer in the limelight, she continued to passionately plead for her beloved Ireland, as a leading member of the National H-Block Committee which had been campaigning for political status for convicted Republican terrorists in the Maza and Armagh prisons.

BERNADETTE Devlin (left) and her husband, Michael McAliskey

Sergeants get life for Irish murders

LONDON BUREAU: FRIDAY

TWO British army sergeants were jailed for life yesterday at Belfast Crown Court after admitting to having murdered civilians in Ulster.

Staff sergeant Stanley Hathaway, 36, pleaded guilty to two killings, and Sergeant John Byrne, 33, to one.

The court heard how their victims, farmer "unco-operative" with a patrol of the Argyll and Sutherland Highlanders.

Murray was killed because he was a witness.

A former lance corporal, Iain Chestnut, 32, was jailed for four years after admitting to the manslaughter of Murray.

Captain Andrew Snow-

Black student boycott running out of steam

From NAT GIBSON: JOHANNESBURG, FRIDAY

MINOR violence and a demonstration hampered registration for the new year at South African black schools yesterday as students sought to keep alive their six-month-old boycott.

A small group of mothers in Soweto, the black township outside Johannesburg, protested against compulsory education and police with dogs and whips broke up a demonstration of black students in a township near Kimberley.

A police spokesman said four students were arrested and several others received minor injuries in the Kimberley clash.

The Soweto protest by a dozen women was launched to protest against the

Whites start to drift back again to Zimbabwe

By BRUCE LOUDON: SALISBURY, FRIDAY

THE tide of white migration from Zimbabwe has not yet turned, but signs of a reversal are slowly developing as more of the families who left the country start to return.

Officials in Salisbury say that since the signing of the Lancaster House agreement in December 1979 there has been a perceptible increase in the number of immigrants to Zimbabwe.

A spokesman for a leading firm of Salisbury removal agents said yesterday: "Before the independence agreement was signed, our vans taking people's possessions to South Africa used to go fully loaded and return empty.

"Now, they still go down south loaded up, but more are returning with the household goods of people coming to settle in Zimbabwe."

An executive of another firm of removalists said about a dozen families a week had been returning to Zimbabwe in recent months.

The change is reflected to some extent in official figures issued by the Central Statistics Office.

The flow of immigrants from the months of May to November last year was: May 464; June 519; July 542; August 550; September 948; October 733; November 503. Comparative figures for 1979 were: May 292; June 238; July 237; August 382; September 288; October 365; November 307.

Removal companies in Salisbury said some of those returning were middle-aged Europeans who left the country a few years ago to avoid the effects of the war, but who had not found happiness abroad.

Others are younger, especially young men who went abroad to avoid military service.

The inflow is, of course, still eclipsed by the outflow of mainly white Zimbabweans seeking new homes abroad.

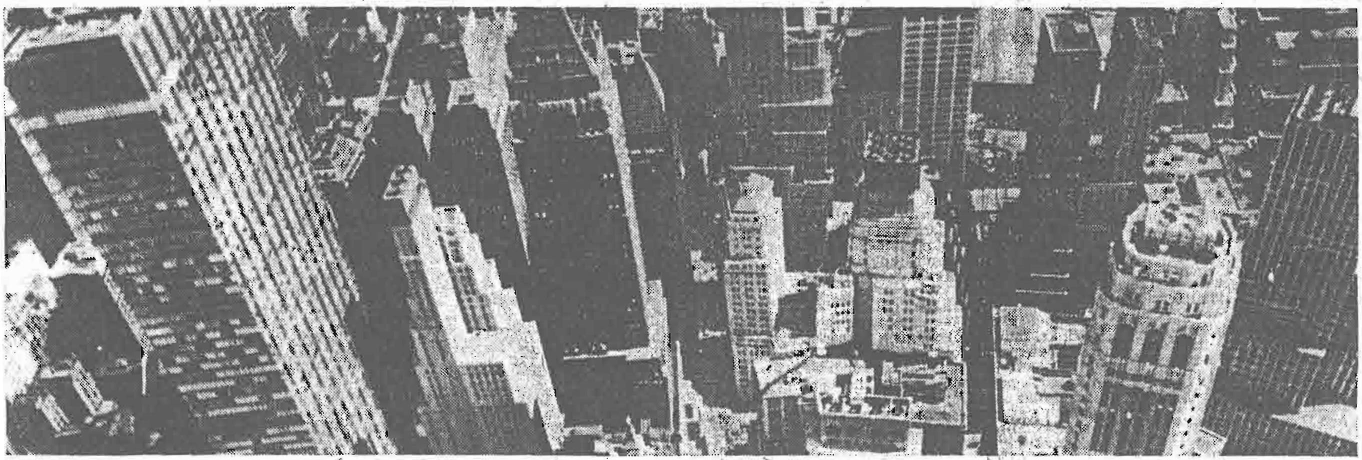
From January to November last year, the period covered by the most recent statistics, there were 15,499 officially noted departures from the country compared with only 5844 new arrivals.

Analysts also caution against reading too much into the slight rise in immigration, say-

Esso

4/5/81

The Bottom Line



Taking a bite out of the Big Apple can be very expensive

From SAM PASSOW: NEW YORK, SUNDAY

PERHAPS one of the greatest benefits so far from the resources boom is the growing awareness in the United States of Australia as an urban, industrialised society instead of a large zoo of kangaroos and koala bears.

With caution and uncertainty synonymous with Reagonomics, American institutional investors are once again looking overseas to diversify their portfolios, with special attention being given to the Pacific Basin.

Wall Street analysts contend that while institutional investors are usually the first to make major moves in these markets, once a general awareness in the financial community has been established it is only a matter of time before more direct trade links result.

For this reason, it is not surprising that in the past six months a number of leading Australian stockbrokers have either opened, or announced plans to open, offices in New York, and the time seems ripe for other Australian companies either wishing to establish joint ventures or expand their export opportunites to the US market to do the same.

Unlike establishing offices in distant lands with strange languages and unfathomable customs, where one tends to rely on a local agent to handle all the awkward transitional arrangements, an Australian setting up in New York speaks (almost) the native tongue and can do the setting up himself.

Apart from the broad-brimmed hats with dangling corks, and kangaroos in the back garden (if you think this is an exaggeration, just look at the latest Pan-Am ad in the New York Times) Americans, by and large, look on Australians as equals.

When contemplating setting up a representative office in New York, there are several important considerations to bear in mind.

If you are sending over a single man, make sure he is very patient and has a minimum salary of $US41,000 ($35,000).

The single most asked question in New York is: Have you found an apartment yet? (To an American, a flat is a tyre with no air in it). If the answer is yes, the next question invariably will be: How on earth did you find it?

Vacant apartments in Manahatten are not only hard to find — they are nearly impossible to afford.

An unfurnished one-bedroom apartment in Manhattan with living room, kitchen and bathroom and all mod-cons (such as dishwasher, refrigerator, clothes washer and dryer) will cost between $770 and $940 a month.

But one also has to pay either a month's rent as an agent's fee, or what is called key money to the superintendent of a building who showed you the apartment if you found it yourself through a friend or a newspaper, plus a month's rent in advance as security, which means an initial outlay of $1540 to $1880.

But finding an apartment will take time. Most New York real estate agents reckon on at least a month.

So in the interim, include in your budget an extra $3850, to cover the cost of a hotel (single room and bath) which average at $85 a night, plus $34 a day meal allowance, and about $213 in taxi fares while you find your way around Manhattan looking for a flat.

Once you find a place to live, it will conservatively cost another $5125 to furnish the apartment as it doesn't really pay to ship furniture from the other side of the world. But one should also budget $1100 for shipping a three square metre shipment of personal effects.

One may also need a whole new range of electrical appliances, ranging from stereos to clocks, because the current is 110 volts and appliances which are not manufactured for dual currents often cannot be adapted.

While heat is provided by the landlord and is included in your rent, and there is no charge for water, the monthly Con-Edison electricity bill will average about $51. The summer bills (June, July, August) are always twice as high as the winter ones because of the cost of air-conditioning, which any New Yorker will tell you is a matter of survival.

The monthly local phone bill will average about $43.

It is not only uneconomical to have a car in Manhattan — there is simply no place to park it. All streets have alternate side-of-the-street parking in order to make way for the street cleaners, who start at 8am, and if you haven't moved your car by then, you'll more than likely have it towed away, which will cost you $64 to get it back.

Towing away cars is one of New York City's unique methods of offsetting its Budget deficit — it's more effective than writing out tickets no-one pays.

The best way to travel around the city is by subway or bus, which cost a flat 51c a ride, and for that you can go either one stop, or the whole route.

A taxi ride across town (20 city blocks) will average around $4.25 a trip. From Midtown, where most of the offices and restaurants are, to Wall Street, will cost about $8.50 with a tip.

A lawyer in New York will cost about $115 an hour and he will probably charge you $250 to look over a lease.

Now that you have found yourself a place to live, you'll probably want a place to work.

Unfortunately, that is going to be as easy as finding an apartment.

So steep has the rise in rent levels been in recent months, and so hectic is the demand for space, that many owners have become reluctant to break up existing larger blocks of office space, which are beginning to rent for more per sq ft than traditionally more expensive small offices.

The small office renter, unlike the residential renter, is basically without legal protection (over escalation clauses which cover rent increases linked to the consumer price index, fuel and tax increases) and must resort to contractual obligations which often involve lengthy leases with the landlord.

A small unfurnished two-room office in New York is considered 1000 sq ft (92.9 sq m). Two offices and a reception area will be around 1500-2500 sq ft and in a place like the prestigious World Trade Center, it will cost you about $29 a sq ft.

In the Wall Street area, where there are very few places available, a 2000 sq ft area rents for $18.80 a sq ft. Leases are ususally for three to five years, with the first year paid in advance, and an additional six month rent as security.

Utilities will cost $1.70 a sq ft a year, and one should conservatively estimate $6840 to fully furnish a two-room office, including electric typewriter, telephones, calculators and potted plants.

A leading local employment agency quoted a weekly salary of $247 for a good quality secretary capable of assisting a foreign employer with the more mundane vagaries of local life.

Most employers are expected to provide some sort of medical insurance along with the job, and a group Blue Cross/Blue Shield package for the employer and his employee will typically cost $1280. Routine doctor visits are not covered by insurance and vary between $21 and $43.

Like living in the Garden of Eden, there is a price to pay for taking a bite out of the Big Apple.

5/4/81

Marketing

Selling the 'magic moment' leaves little reality in US ads

From SAM PASSOW NEW YORK

Mr MEREDITH . . . 'heart strings'.

"The loose sand they want you to wallow in is very often involved around a magic moment."

That is not a line from a Thomas Hardy novel.

It's a vivid appraisal of American TV commercials by an Australian creative director who 18 months ago was transfered from McCann-Erickson, Sydney to its New York office.

"American commercials very often revolve around a family situation," says Brian Meredith. "A magic moment such as a mother and child or grandparents. The heartstring approach often imbedded in emotion takes up 20 seconds of a half minute commercial."

To Meredith, 33, what separates America and Australia is not so much distance as a state of mind. To prove his point he cites the US advertiser's tried and true formula of pulling at the heart strings of the audience as a startling contrast to what he terms "the Australian crotch approach".

He contends that unlike Australian copywriters who promote the obvious, American's are always playing "mind games" with their suggestive copy.

One of the most talked about commercial on US TV is the Calvin Klein campaign which uses sensuous teenage actress-model Brooke Shields to promote designer jeans.

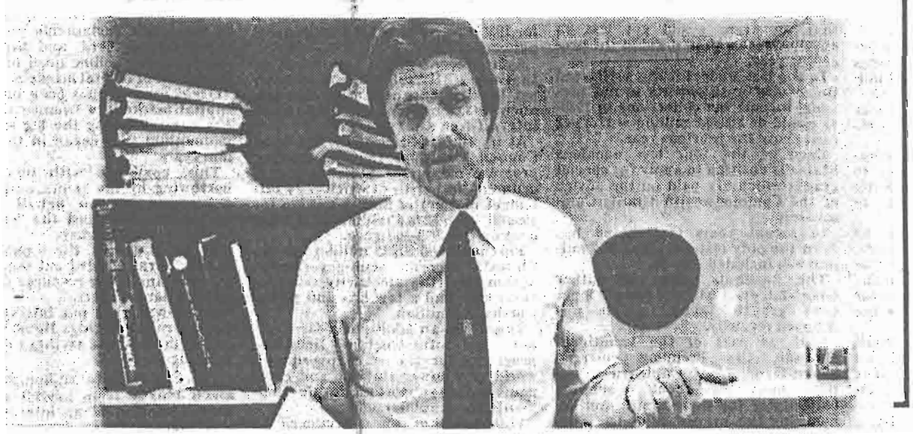
"For a puritanical society such as you have here, it's highly suggestive and sexual. It's considered outrageous, filled with innuendo and the Lolita look."

"But," says Meredith, "I don't think many people would blink an eye at that ad in Australia."

Another ad which has caught his eye is the current save-the-water campaign in drought-ridden New York City. In a 30 second commercial, the flamboyant Mayor, Ed Koch, tells the children that he is making them "deputy mayors" in-charge of saving water.

Like the Australian anti-litter "Do-The-Right-Thing" campaign, the appeal for public concern became more effective when children were used as role models.

Says Meredith, "The New York version has an extra punch because here a genuine authority figure is seemingly giving genuine authority to a part of the population."



Mr MILLS . . . 'discrepancy between US life and the screen.'

Yet for Meredith, who has spent the last 18 months working on multi-national accounts in Latin America such as Coca-Cola for the "New York Team", what appeals to him the most about working in the States is the earnestness that the people approach a problem.

"I find it very refreshing to find that when you enter a meeting here people do not feel self-conscious about taking the problem seriously," he said.

Another Australian who has "made good" in New York is John Mills. As a matter of fact, he has made very good.

Mills, 42, hails from Nanango, a tiny town in the sleepy alfalfa fields of Queensland. He dropped out of high school to work as a copy writer for Johnson, Jones in Brisbane. Left Australia 19 years ago for Canada. Joined J. Walter Thompson in 1966 as an account executive in Vancouver, and since then has steadily climbed the corporate ladder.

Today as general manager of its New York office, he is responsible for some $300 million in annual billings.

Like Meredith, he too finds America a bit too self-righteous, especially in the ads. He cites two example:

- UNLIKE their Australian counterparts, beer commercials in the States do not show people "drinking the suds".
- IN Australia you see women taking their bras on and off in commercials which depict real-life situations. In the US, in order to show how the product looks, the woman in the commercial has to wear it over a sweater or leotard.

"When you look at the commercials from countries outside the North American market there appears to be a little more vitality, a little more use of humor, a little less of the stereotypical kind of slice of life in its execution," says Mills.

"This is because this market relies very heavily on certain kinds of testing techniques, such as day-after and on-air recall, which lead you in certain directions, and I don't think that those testing tehniques are in vogue in other countries."

Mills contends that the American penchant for playing on the heart strings is done because it "is an interesting way to play on the tensions of people. . . some of the testing techniques seem to reward the creation of that type of tension."

Meredith also sees a discrepancy between the vitality in the American way of life and the way it's finally projected on the TV screen.

"You walk around the streets of this city and you can't help but be kicked, figuratively at least (and sometimes the other) by what goes on.

"And yet when it comes down to putting that commercial on the screen, the dollars are at stake and the big desire is to play safe and protect the dollar in the short term by making sure that their commercials represent not necessarily the most exciting thing on televison."

Another one of the constraints that Mills sees on American advertising is the growing impact of the right-wing "Moral Majority" lobby.

"The impact they are having is something else. The way they work is really a form of censorship.

"I think they are getting stronger, better organised, more able to make a case, more able to apply a fair amount of pressure on a client company."

Meredith doesn't think that he will be able to take back to Australia too much from his "American experience" because of what he calls the "not invested here syndrome" — an aversion to imported ideas he says is endemic to the ad business worldwide.

As a matter of fact, he is already looking for ways to stay on.

As Mills noted: "After you have been in the United States for five years, it's difficult to go back."

TAKEOVERS

ctrol Ltd: Repco Ltd is standing in market until May 29 offering for all the company's 50 cent ordinary

ation is three $1.00 ordinary APM shares plus $6.00 cash for every two $1.00 ordinary Containers

cash for each share. The offer for the 50 cent unlisted 7.5 per cent redeemable cumulative preference

gations so that all remaining shareholders will be able to receive its offer of

Paringa Mining and Exploration Company Ltd: Hampton Gold Mining

13/5/81

The Bottom Line

All set to take a Goode bite of the Big Apple

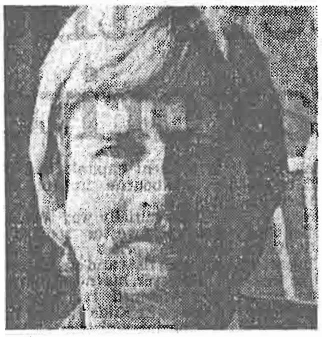
WHILE he hasn't done that much business since his company started trading on December 16, A.C. Goode's first representative in New York, Mr Graham Buckeridge, has got off to an impressive start, even by Wall Street standards.

Sitting in the office once used by John D. Rockefeller as his corporate headquarters, in the Standard Oil Building overlooking Battery Park and the Statue of Liberty, the lean, bronzed 33-year-old broker tried to play down the importance of Australia's first brokerage office in the financial capital of the world.

His reason — why let the competition know that he is on to a good thing?

This is not the first time that A.C.Goode and Co has opened an office in New York. The company had just opened its door on the morning of July 18, 1962, when President John F.Kennedy announced that afternoon in Washington that he was imposing an interest equalisation tax on the purchase of foreign securities.

By SAM PASSOW, who recently visited New York



The New Frontier was trying to stem the run on gold, which officials claimed was coming increasingly from the sale of foreign securities on the American market. The IET was regarded by the Administration as a long term solution to the problem.

Within hours of the announcement, A.C. Goode realised that all it would be doing in Wall Street was taking up space, so its staff packed their bags and returned to Melbourne.

The IET lasted for 15 years, and so too did US ignorance of offshore investment and the Australian market.

"We haven't launched ourselves in a big way because we are feeling our way at the moment," said Mr Buckeridge. "Being an institutional broker, it is not necessary to put huge ads in the paper, because all that accomplishes is retail business."

A.C. Goode, which spent $US150,000 setting up its Wall Street office, does not handle Australians wanting to play the New York market. "That is something we do not have expertise in," said Mr Buckeridge. "Nor the facilities to handle such transactions.

"At the moment, we are doing one-way trade (US to Australia) and it will stay one way I think until the capital outflow restrictions in Australia ($A2.5 million for institutions) are lifted.

"The only way I can handle a retail client is if they have a custodian facility with a retail bank back in Australia which will handle all the paper work.

"We look after American institutional investors which have links with Australian banks, and the exchange of stock certificates for money is done through the bank in Australia."

Most of the trading in individual stocks in the US is done in American Depositary Receipts. These ADRs are negotiable certificates which represent foreign securities held by a custodian bank in the country where the foreign company is based.

When there is evident interest in a foreign stock, a US bank creates an ADR to accommodate US investors. The ADR then begins to trade just like a domestic security. Most ADRs trade in the over-the-counter market, although a few are listed on the New York exchanges. ADR prices tend to move with the price of the underlying securities in their home markets.

In 1980, US investors poured $US17,800 million into foreign stock markets, compared with gross transactions in 1979 of $US10,000 million. According to the Securities Industries Association, net purchases of foreign stocks — the excess of purchases over sales — amounted to $US2200 million compared with $US783 million a year earlier.

Once the purview of large institutions or wealthy speculators, foreign stocks, according to the Wall Street Journal, lately have begun to intrigue even traditionally conservative pension fund managers.

The funds are estimated to have as much as $US3000 million invested in markets outside the US.

Miles Seifert of Grey, Seifert and Co Inc, one of the leading US investment managers to dabble in the Australian sharemarket, contends that if US buyers were to come on strong in the Australian market, then it would be they who would determine the future of shares "regardless of what Australians did to their own market".

"The UK has proved that through the years, by determining a lot of the direction of the Australian market. We think as we get further along into this that the US will be in that kind of a league," he said.

While few New York analysts are telling their clients that Australia needs a tremendous amount of outside capital to develop its energy and mineral projects, at some point, they say, the barriers will have to be taken away to allow for Australians to invest in the US.

Going to a professional manager in the US who is an expert in foreign stocks is undoubtedly the easiest way to overcome the difficulty of picking securities in land you've never even been to. But the service doesn't come cheap.

The minimum investment most US managers require ranges from about $US300,000 at firms such as Fiduciary Trust Co of New York, to $US1 million at Grey, Seifert and Co Inc, and $US3 million at Scudder, Stevens and Clarke. The annual management fee ranges from 0.25 per cent to 1 per cent a year.

Are Wall Street brokers worried about A.C. Goode's presence on their turf?

Hardly. Analysts like Mr Seifert see A.C. Goode's purpose in New York as one that generates interest with the ability to get into some corporate finance.

"We think Graham is a very good representative of Australia. As far as I'm concerned, the only problem A.C.Goode has in New York is that they can't trade ADRs," Mr Seifert said.

"From the standpoint of a flow of information, it's useful to have an Australian broker in New York. When Andrew Peakcock resigned, for example, Graham called around and discussed it with everybody. That kind of thing is good. It's a real benefit. From the clients' point of view, they like to know that there is an Australian broker here."

While he is full of praise for the A.C. Goode operation, Mr Seifert nevertheless notes with a wry sense of competition that "the most useful thing they can do is to increase the knowledge of the US market vis-a-vis Australia, as opposed to netting brokerage out of it.

Mr Buckeridge has been with A.C. Goode for five years on the institutional dealing desk in Melbourne. Last June he went to London for the summer to get a quick primer on their European operation and arrived in New York in August, 1980.

He gets a 12m telex every morning from Melbourne with the latest news, both political and financial, and a courier service which delivers Australian papers two days later.

"The Americans definitely want more background statistical work, and that is primarily because they are starting up an investment program in a new country from scratch," he said.

"They want the current political scene mapped for them; they want the economic scene over the last 10 years mapped out for them. The American institutional investor is starting for the first time to look offshore and they are looking at Japan first and then Australia. Distance is not a factor; they want geographical diversification."

Australia holds a strong attraction for foreign investors because it is one of the few industrialised nations which can boast a stable government, a strong currency underpinned by high interest rates, an energy-rich economy and a growth rate well above the rest of the industrialised world.

Despite this growing interest, very little Australian news makes the New York Times or the Wall Street Journal.

Mr Buckeridge said that while he already had a substantial client list even before he arrived, he nevertheless got at least a half dozen letters and another half dozen phone calls a day from people inquiring about Australia. One caller even complimented him on his English.

Mr Sam Isalay, a foreign securities analyst of Merrill Lynch Pierce Fenner and Smith, whose company cooperates as well as competes with A.C. Goode for business in New York said: "Interest in Australia is intense and will continue to be."

Although he has been trading for only four months, Mr Buckeridge has already learned that the US institutional investor is a very conservative person.

"A lot of that is to do with government restrictions, and the pressures on him for performance. They do have to be pretty careful — they do have to have the facts behind them. If I ring up and say, 'Gotta buy CSR, it's great', they will not say, 'That's terrific, I'll buy some CSR'. They will say, 'Send me the last two annual reports. What do you have in writing. Give me the last ten years' adjusted earnings. I'll look at it and we'll talk.'

"In Australia, I can ring up a client and say, 'I have a line on CSR. This is the price and the guy says OK I'll take it. That's because he knows the scene.

"Here in New York we are nowhere near that stage, but in five years you will see a huge difference.

"That's why A.C. Goode will be here for a long time — because it's a long term project."

GRAHAM Buckeridge (left and above) at the start of another day at the office once used by John D. Rockefeller in the Standard Oil Building in New York. Each morning he gets a 12m cable from Melbourne with the latest financial and political news. A courier service delivers Australian papers two days later.

THE FINANCIAL AUSTRALIAN

TUESDAY DECEMBER 23 1980

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Oil sheikh disputes claims of fuel crisis

By IAN PERKIN and SAM PASSOW

SAUDI Arabian Oil Minister Sheikh Yamani said in Sydney yesterday the world no longer faced an "oil crisis" and that for the next decade there would be balanced supply and demand for oil.

At a lunch given by the Bank of NSW and attended by more than 100 of Australia's leading businessmen, Sheikh Yamani said: "You in the West will now conserve on energy and will use alternative sources of energy and the supply and demand picture in front of me doesn't show any crisis."

His prediction came as latest figures for OPEC oil production showed a dramatic downturn because of the Iran-Iraq war.

Sheikh Yamani said the Iranian revolution of 1979 and the three-month Iraq-Iran war had shaken the whole consumer community and spurred the development of alternative fuels.

"Because the OPEC share of the market has gone down from 31 million barrels to 25 million barrels, there is a good surplus capacity inside OPEC," he said.

"I think the other producers outside OPEC are now able to increase production for the 1980s."

Sheikh Yamani said OPEC hopefully would adopt a long-term strategy which would stabilise the price of oil and lift that price only in real terms.

"At least for the 1980s I don't see any problem, except if a political interruption in the area stopped, or reduced the flow of oil," he said.

"But this is beyond our control and we can't base our judgements on it."

Figures issued yesterday in New York by the Petroleum Intelligence Weekly revealed oil production by the 13 OPEC members dropped to a 10-year low in October, giving further credence to forecasts of more price rises next year.

Daily OPEC production was 23.3 million barrels in October, compared with 25.5 million barrels in September and 31.2 million barrels in October last year.

SHEIKH YAMANI . . . 'no oil crisis'

Iraq's daily oil output for October was just 450,000 barrels, a massive drop from the 3.4 million barrels produced every day before the war broke out.

Iran's already shattered oil production (it was running at more than 6 million barrels a day before the ousting of the Shah) was only 150,000 barrels for the month.

It was also well down on the 1.3 million barrels produced in September.

But the supply-demand gap left by the warring OPEC members was partially filled by the biggest OPEC producer Saudi Arabia (which produced 10.3 million barrels compared with 9.5 million in September) and non-OPEC member, Nigeria (up from 1.6 to 1.8 million barrels).

OPEC production levels, with a satisfactory end to the Iran-Iraq war, will be the critical factors in determining the trend in world oil prices throughout 1981.

Jointly they will determine the level of stocks available on the world market after the high oil consumption period during the northern winter and the spot price level on international markets.

Stock levels and the gap between existing "official" OPEC prices and spot market levels — with world inflation levels — will, in turn, determine future OPEC price rises and margins.

Delegates to the 59th meeting of OPEC in Bali last week left the conference saying production levels for 1981 had not been discussed.

But observers said it was unlikely such a crucial factor as future production levels had not been considered — however superficially.

They said it was more likely no official statement on production levels had been made because of the uncertainties caused by the Iran-Iraq conflict.

The key to production and prices in the immediate future will be the level of world oil stocks after the opening March quarter of next year.

A severe winter in the northern hemisphere could increase oil use for heating and severely cut back available world inventories and possibly force up prices on the spot market.

At this stage, the most widely accepted scenario for 1981 is for a further lift in stocks in the second quarter, which should ease any upward pressure on prices.

This would allow oil prices to rise in line with projected world inflation rates (suggested at 10 or 12 per cent for the year) with a small "real" margin above that.

But much will depend on production levels from the key OPEC members — Iraq, Iran and the biggest producer, Saudi Arabia.

Some observers suggested at the Bali conference the Saudis might take advantage of quieter world oil conditions in the second quarter to cut production.

The Saudis had in fact intended to cut production last September from 9.5 million barrels to 8.5 million barrels a day in response to a developing oil glut on the world market, but this plan was shelved when the Iran-Iraq war began.

In such a situation, most observers believe oil prices would still reach a range of $US37 (for Saudi Arabian light crude — the price on which the Australian "world parity" scheme is based) to $US42 a barrel.

This compares with a present base price range for Saudi Arabian light or "marker" crude of $US32 to $US36 a barrel — the price agreed on at the Bali conference.

Sheikh Yamani predicted the 1982 oil market will be similar to 1980 when there will again be a glut of crude.

A long-time advocate of the argument that Western industrialised nations only became aware of their over-dependence on oil following the 1973 Arab oil embargo, he told businessmen to maintain their vigilance in the future.

"Because of that surplus the price of oil might deteriorate in real terms, then we will lose steam and relax," he said.

But he told the assembled businessmen the only way to avoid this situation would be "to increase prices in very small doses, even at a time when there is a glut."

Sheikh Yamani also predicted market conditions, as evidenced by the long-term glut of oil, would force some countries to abandon their policies of imposing premiums on top of the OPEC agreed price of $US32 per barrel.

He said the reason these countries got away with this higher pricing policy was that consuming countries agreed to it before they signed contracts.

For most of the hour-long question and answer period with the business leaders, Sheikh Yamani listened to pleas for a better understanding between the two countries to boost the flow of trade.

He said he had discussed the possibility of establishing closer financial ties with Australia through the banking institutions, but said that could only happen after Australian companies had secured contracts in his country.

Investor claims North bid 'immoral'

THE controversial North Broken Hill Holdings Ltd share swap bid for Dunlop Olympic Ltd was criticised yesterday by a prominent North BH shareholder.

Mr N.E. Renton, the executive director of the Life Insurance Federation of Australia, asked the North board to reconsider the bid so shareholders who had already been adversely affected by the company's premature disposal of its holdings in BH South were not further disadvantaged.

He said it was not moral for directors to try to deprive their shareholders by artificial means including the issue of shares to outsiders.

North BH has offered one of its shares for three Dunlop shares and Mr Renton is concerned the move will dilute existing shareholders' equity in the company.

He is also concerned that the issue of millions of shares to cover the bid, which is for 70 per cent of Dunlop, will diminish the chances of North "receiving an attractive takeover bid".

In a letter to North managing director, Mr R.L. Baillieu, Mr Renton said he was a "long-time shareholder".

He said he was concerned about the Dunlop bid because:

- THE shares to be issued to Dunlop would dilute the equity of existing North shareholders in North's present assets and earnings potential.
- THE issue of millions of extra North shares "will reduce North's chance of ever receiving an attractive takeover offer".
- SHAREHOLDERS who wanted to invest in a manufacturing company, such as Dunlop, could do it directly.

TCL

Weekday Magazine

Strangers step in where angels fear to tread

Extortion is big business in Guatemala

By SAM PASSOW

AT least 20 kidnappings in the past 12 months, right-wing political intrigue and a growing extortion industry — that's Guatemala 1981.

The abduction of Australian businessman Mr Leon Richardson brings to seven the number of foreigners' snatched so far this year.

US authorities believe the Richardson abduction may have been carried out by criminals, sub-contracted by an extremist group.

Left-wing elements trying to overthrow the right-wing regime of President Romeo Lucas Garcia have kidnapped well known businessmen to gain publicity for their cause and finance their revolution through ransom payments.

For the past year President Garcia, claiming that left-wing extremists pose a communist threat, has been trying to enlist more US aid to bolster his regime.

The last two known foreigners kidnapped in Guatemala were both Americans.

Laverle Osborne Cummings, 50, who ran a clinic in the northern Guatemalan countryside, abducted on Christmas Day by an unidentified gunman, was freed on January 23.

Goodyear Tyre and Rubber Company executive Clifford Bevens, 55, also grabbed last December, was kidnapped by men dressed as policemen. His fate is not known.

The Richardson abduction was unusual. Visiting businessmen aren't usually victims of such crimes. And, police say, they don't stay in the country long enough to establish a routine, vital in the planning of a kidnap.

Police say kidnappers observe their victims for several days, sometimes weeks, before making their move — one reason why foreign businessmen living in Guatamala's "dangerous zones" are advised to constantly alter their business schedules and daily routines.

Lloyds of London, which carries 75 per cent of the world's kidnap and extortion insurance, rates the Central American countries of El Salvador and Guatemala as the highest risk areas.

There is no knowledge of any terrorist organisation in the world specifically preying on scientists. It is considered unlikely Richardson was abducted because he knew how to build an atom bomb.

He was involved in the Manhattan Project which built the first atomic bomb at the end of World War II but, as authorities point out, the actual construction of a bomb is no longer a secret.

Several years ago, two New York City High School science students published a detailed description of how to put a bomb together.

This knowledge is readily available. "However, abducting one scientist with such knowledge isn't even one eighth the way to actually building a bomb," according to one US official.

It is now believed a local businessman with knowledge of Richardson's corporate affairs and financial capabilities leaked information about his visit before he arrived in Guatemala on February 8.

He was abducted three days later in the centre of Guatemala City by men wearing police uniforms, and three women, all armed with automatic weapons.

Local police said the abductors stopped Richardson's car and forced him out into a waiting car. Richardson's local associate was ignored, suggesting the kidnappers knew their target.

The American-born Mr Richardson, 62, who became a naturalised Australian citizen in 1970, works for the Hong Kong-based Magna Alloys and Research company.

Mr RICHARDSON

PASSPORT

Although he carries an Australian passport, it is more than likely he would still be considered an American — and a prime target.

US intelligence sources, basing their assessment on past experiences, say ransom money seems to be the only motive for the abduction.

Security experts say Latin American kidnappers often don't know much about their victims except that they may be wealthy.

Based on the conduct of extremist groups in Guatemala over the past year, it is unlikely Mr Richardson — who suffered a heart attack in 1976 and has since required daily medication — will be deliberately ill-treated.

BUSINESS FEATURES

RONG YIREN . . . would "be like a tree without roots"

The Rong way is to put right doubts on China investment

By PHILIP BEARD

"Companies investing in our country should be able to make money. How else can we guarantee that they will come?"

But for the permanent grin, laughing eyes and the interpreter, one could have been excused for believing it was Sir Charles Court, Doug Anthony or Joh Bjelke-Petersen talking about the need for foreign investment.

Instead it was China's top foreign investment official, Mr Rong Yiren.

Mr Rong is in Australia beating the drum to awaken local companies on the opportunities in his country under the new liberal approach to overseas capital.

Not that many Australian companies really needed any prompting. Already Mr Rong's private discussion time has been booked out by our leading corporate heavyweights — including BHP, CRA and Western Mining — seeking joint ventures in China.

Mr Rong is leading a delegation from the China International Trust and Investment Corp (CITIC), of which he is president and chairman.

The delegation will conduct seminars on investment in Melbourne and Sydney as well as private talks with potential investors in both cities.

Australia is only the second country Mr Rong has visited since CITIC was set up under a new Chinese law on joint ventures a year ago.

It may seem more than a little unusual that Peking should seek joint ventures with the West, given its regular warnings to the developing world about the dangers of capitalist imperialism.

But that incongruity pales when compared to the paradoxical career of the man chosen by Peking to convince overseas companies to invest in China.

Mr Rong is one of the very few (official) millionaires living in any Communist country.

His family was entrenched in the capitalist ruling class before Mao Tse-Tung swept to power in the 1949 revolution. He was born in 1916 into a large prosperous family with interests in flour mills, cotton mills and banking.

NO CONFISCATIONS

After being tutored at home, Mr Rong left his home of Wuxi (pronounced Wooshi) to go to St John's private university run by American missionaries in Shanghai.

After graduating in June 1937 Mr Rong was sent to work in one of his family's flour mills and later to run a bank owned by the family.

With Mao's rise most of Mr Rong's family left China, leaving him the sole representative in control of the family's businesses.

When asked why he decided to stay behind, Mr Rong, feeding the traditional Western view of Chinese inscrutability said: "If I left my country I'd be like a tree without roots."

But how a millionaire can be sanctioned under the "each according to their needs" syndrome officially adhered to in China is something Mr Rong explains away with heavy emphasis on the word co-operation.

It's a contradiction one feels might have taxed Confucius.

Now China is liberalising its approach to foreign investment. Mr Rong's business skills are very much in demand, particularly since most of the other ex-capitalists who stayed behind in 1949 are now in their late 70s.

One major concern is that investments could be confiscated.

The other is that in times of foreign exchange difficulties, the Peking Government might make it as hard to remit profits out of the China as it used to be [illegible] New Zealand.

But Mr Rong stresses there will be no confiscations and that profits can be sent to the parent in the original currency at the end of each fiscal year with no waiting period.

The joint venture law also allows tax holidays for companies which suffer establishment losses.

The fact that the total tax rate (national and local) on companies operating in China is 33 per cent of gross profit should bring a wry smile to businessmen in free enterprise Australia who toil under a 46 per cent company tax rate.

Putting brakes on business bandwagon

By SAM PASSOW

EXPORTERS hoping to cash in on the untapped China market will have to alter their plans by at least a year.

The Chinese Government has scrapped its 1978-1985 economic plan which it hoped would bring about a massive transformation and modernisation of the economy with a particular emphasis upon industrial development. It is now in the midst of drawing up a new economic blueprint to cover the next 10 years.

The Chinese are in the second year of an officially declared three year period (1979-1981) of "readjustment" during which they hope to reorganise their economy by speeding up the development of the agricultural sector, textiles and other light industries.

But a report prepared by the Australian Embassy in Peking notes that "senior members of the (Chinese) Government have stated that it will probably take even longer than three years to get the economy properly oriented."

The reason for the rethink is quite clear.

The Chinese have been unable to raise the necessary foreign currency to finance their optimistic plans of 1978.

In early 1979, the US Department of Commerce estimated China's import bill for the 1978-1985 plan at between $US123-136 billion ($105-$111 billion). This would have meant an annual outlay of between $US17.5 and $US19.5 billion a year.

The assessment was based on the feelers the Chinese Government was sending out to Western governments and industrial corporations.

In fact, the Chinese only imported an estimated $US13.5 billion worth of goods in 1979.

Sam Burton, managing director of the Australian Export Finance and Insurance Corp (EFIC), said: "The Chinese assessment was right, the question was the speed of the operation."

Mr Burton contends that businessmen and governments on both sides are guilty of jumping the gun.

OBLIGING

The Chinese wanted to carry out their "Four Modernisations" program (industry, agriculture, science and technology, and defence) too quickly, and Western businessmen were too obliging.

Last year alone, Australia and China exchanged 50 trade missions. When taking into account all the other major Western trading nations trying to crack the market, it's easy to see why the red carpet at Peking airport has become threadbare.

"Their business acumen has caught up with them and they are tending to look more carefully now," Mr Burton said.

The Chinese are now acutely aware that while they may be a major world power in political terms, they are an under-developed country in economic terms. Their trade relationship with this country is indicative of the problems they face.

Australia now enjoys a trade balance of over 4-to-1.

Exports to China last year totalled $845 million, our sixth largest overseas market.

It also represented an 80.5 per cent rise on the previous year.

But $720 million of that export bill was accounted for by six raw material commodities (grain $452.9 million; sugar $73.4 million; iron and steel $55.6 million; iron ore $51.1 million; pig iron $50.6 million; and greasy wool $36.6 million), all of which the Chinese need to fuel their own export industries' desperate drive to raise foreign currency.

In 1978 the EFIC extended to China a $50 million low interest line of credit. This was based on a fixed, minimum interest rate set by the Organisation of Economic Co-operation and Development and was well below the present commercial rate.

To date, the Chinese have only taken advantage of $30 million of this credit facility, using it to finance the construction of eight mini-hotels built from Australian materials which will provide their growing, foreign-currency-only tourist industry with a further 880 bedrooms.

When looking at China as a consumer market with a population of more than 950 million, it's certainly an attractive proposition. One should consider that the estimated average annual per capita income is only $420 (or $35 a month) compared with the average Australian's $6500 (or $540 a month).

This basically was the message Australian businessmen received last week at seminars held in Sydney and Melbourne by the Australia-China Business Co-operation Committee, which featured as its main speaker, Mr Rong Yiren, president of China's newly-formed International Trust and Investment Corp.

Recognising that they can't buy what they want outright because of a lack of funds, China's new economic policy-makers will devote their attention to those companies interested in establishing joint-venture investments in China, especially in export related, labor intensive industries, according to Mr Rong.

A minimum capital requirement of 25 per cent is required of foreign companies entering into a joint venture.

In its purchase of required raw and semi-processed materials, fuels, auxiliary equipment, etc, a joint venture should give first priority to Chinese sources, but may also acquire them directly from the world market with its *own* foreign exchange funds.

This in effect means the Chinese Government will not give the Chinese partner in the joint venture additional foreign currency, and any such funds would have to come from the Australian partner.

New tax laws approved by the National People's Congress in August called for a tax holiday on profits for the first year of a joint venture, and a 50 per cent tax reduction for the next two years.

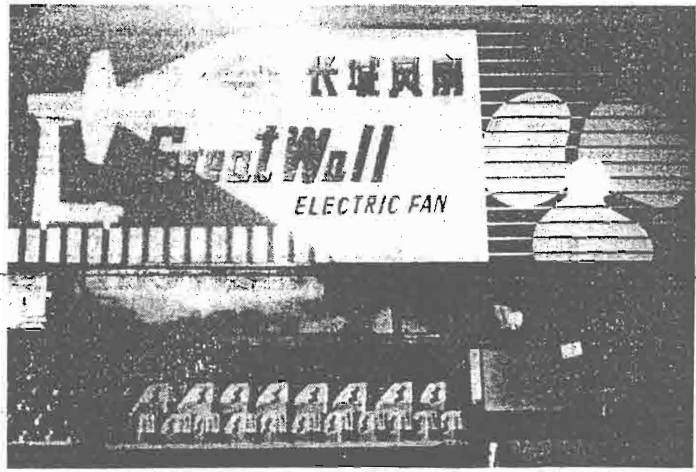
Thereafter the profits of the joint venture will be subject to an annual government tax of 30 per cent, a 10 per cent local tax, and an additional 10 per cent tax on the profits of the foreign investor if he wants to take his profits out of China.

When asked by an executive from Peat, Marwick and Mitchell attending the seminar in Sydney, what accounting standard would be used to determine profits, Mr Rong replied: "When we refer to profits, we refer to the gross profit. Sales minus the depreciation of machinery and costs of production.

"In our country we usually apply a very low depreciation rate as machines last a long time. My personal estimate is that we would decide on a period of 10 years," he said.

When asked to outline the wage scales for workers in various industries in an effort to determine production costs, Mr Rong replied that he couldn't supply those figures "because they were very difficult and complex to calculate."

One should bear in mind that China is neither a signatory to any international agreements on patents and copyrights, nor does it have a tax agreement with this country.



AN ADVERTISEMENT in a Gueilin store reflects the Western influence on Chinese industry

TDI raises the bamboo curtain

9/2/81

By SAM PASSOW

AIRPORT advertising agency, TDI International Holdings Pty Ltd next week concludes a $US2 million ($1.7 million) deal with Shanghai airport authorities.

The agency's Sydney-based chief, Mr Albert Camp, who claims to have pioneered airport advertising not only in this country, but in New Zealand, Japan, Fiji and a number of Pacific islands, said it took him two and half years to conclude the deal with the Chinese authorities.

Mr Camp, who flies to Shanghai on February 17 to sign the contract, said the deal would last for five years with a three year option, and would initially be worth $US2 million.

Under the terms for foreign investment set out by the new Chinese Investment Authority, Mr Camp will be allowed to repatriate profits, but at a 36 per cent tax rate.

Mr Camp is expected to return to Sydney in May, and plans to announce to advertisers in the first week of June the costs and the availability of sites at Shanghai's new international airport.

Mr Camp will be looking for clients prepared to promote products in China from between three and five years, with the provision of being able to change copy every six months.

Mr Camp said all advertisements would be in English and Chinese.

He expects the airport, which serves the world's most populated city, to be saturated with ads within two years.

By the end of this month, Shanghai's airport will be linked to the international air routes with scheduled services by Pan Am from the US, Cathay Pacific from Hong Kong, China's national airline, CAAC, which will also have flights from the US and Hong Kong, and regular charter services by Air France and Aeroflot from the Soviet Union.

The Chinese are expected to open the airport to other major foreign carriers in the near future as landing fees and refuelling costs are seen as an excellent way to attract the foreign currency the country desperately for development.

Most of the ads will be illuminated transparencies and glass displays similar to those at Sydney, Melbourne and Bisbane international airports, which were set up by TDI.

Today, TDI International sells similar ad space at airports in 12 countries.

While the ad and displays will be in all the main public areas of the Shanghai airport, Mr Camp expects most of the advertised products will be ones which can be bought through duty free shops, which will include few Australian companies.

Because an airport is generally accepted by advertisers as a place where they can connect with the higher socio-economic consumer, Mr Camp claims that as a rough guide, it is possible to say the annual revenue an advertiser can expect from airport advertising is $US20 per thousand, and the receipts from such advertising are directly proportional to the increasing passenger traffic as an airport expands.

FEATURES

Chinese set for a bumper year

AUSTRALIA'S Chinese citizens have always been known for frugality and hard work. Now they are making their mark in business, finance and property. SAM PASSOW reports on their prospects in the Year of the Rooster.

DIXON St, the heart of Sydney's Chinatown

IN the Chinese calendar, 1981 is the Year of the Rooster.

According to the oriental zodiac, it symbolises the prefectionist, the tireless worker, who with his sharp eye for detail and using an exact formula will reap a year of prosperity.

Indications are that this year could well prove to be a bumper year for local Chinese businessmen.

Real estate agents and property developers in Sydney contend that the Chinese are far wealthier than the average Australian.

"Their net capital builds up more quickly," said Terry Agnew, L.J. Hooker's city sales manager in Sydney until six months ago.

"It would not surprise me if their average per capita net assests were about $100,000."

The per capita net assets of the average Australian family are estimated to be less than half that, according to these sources.

Unlike their Australian counterparts, who flaunt their disposable wealth, the Chinese quietly pride themselves in their committed incomes.

"These people are incredibly hard workers," said Mr Agnew, "and it's the ones living here who will realise the potential which will show up in the next decade."

It's their adherence to a work ethic — which would put most Protestants to shame — which has earned them the reputation of being "the most desirable people as banking customers," according to Mr Frank Harper, manager of the Sydney Chinatown branch of the Bank of NSW.

"We have never had an account here where we have had to force a repayment or had any bad debts.

"It's pretty easy to deal with the Chinese, because they know all about it before they walk in the door."

L.J. Hooker estimates that more than one-third of the Chinese in the Sydney area own multiple properties.

There are an estimated 80,000 Chinese residents in Australia, more than half of whom live in NSW.

By their own admission, 60 per cent of the community are involved in the restaurant business.

While the return on such a business is small, the growing popularity of the low cost Chinese dinner in this country has made that return consistent, enabling the restaurant owner to steadily save his money for investment in property.

A chef in a Chinese restaurant earning around $300 a week will probably open his own restaurant in three year's time, and five years later will enter the property market.

While Mr Agnew forecasts a decrease in major Hong Kong investment deals in Sydney this year, at the same time he expects a rapid increase in purchases of small commercial and residential properties as investments by local Chinese, especially in Sydney's northern and eastern suburbs.

One of the major reasons for this is the attitude of the Foreign Investment Review Board, which has clearly stated its fear of the increase of foreign investments in this country and is now pressuring even established foreign companies to divest 50 per cent of their ownership.

The local residential property market becomes even more attractive when one takes into account that the FIRB does not look into purchases less than $250,000.

According to real estate agents on Sydney's North Shore, Chinese investors, many of whom are local restaurant owners, are looking for long-term investments and therefore buying up commercial properties between $100,000-$300,000 because they are able to command three to five year leases with three or five year options.

These earn 8.5 per cent a year on the investment in rental incomes alone.

As well the rent, real estate agents conservatively estimate that such investment would earn a capital gain of 15 per cent a year for the next four years.

Nearly a third of the fashionable suburban shopping complex at Gordon is owned by local Chinese.

In the swings and roundabouts of the erratic Sydney property market, those investors who bought such commercial properties two years ago would by now have earned a 100 per cent capital gain.

Almost any real estate agent will tell you that the Chinese are astute businessmen, whose success can largely be attributed to long range planning.

They recognise, for example, that over a 10 year period, homes have a higher capital gains value than units, attracting a more stable clientele who tend to care for the property, thus protecting their investment.

When buying units in high rise apartments for investments, they favor ones near major commuter services, such as a railway line, knowing that while there may be a high turnover in residents, the attractive location will almost always ensure occupancy despite high rents.

Ten to 15 years ago, the Hong Kong Chinese looked upon Australia as a safe and secure place to invest their money.

People like Sydney restaurateur Stanley Wong managed to keep one step ahead of trouble. He had nine restaurants in Shanghai before the communists took over, and sold up four of his five properties in Hong Kong after the 1967 riots.

As Hong Kong is a tax-free zone, Hong Kong residents must pass a tax clearance before they are allowed to invest in this country.

All new investors are given a blanket approval for a one-off investment of up to $250,000, with all subsequent investments subject to FIRB review.

The FIRB approval of foreign investment plans are based on the benefits which will accrue to Australians from the investment. Foreign investors are often required to sell off 50 per cent of their venture to Australians with five years.

But by using their friends and relations already resident in this country, the Hong Kong investors are usually able to side step these regulations, and still "keep it in the family".

In general, the Chinese do not like to have their property purchases reported. They like to keep a low profile.

In fact, their public profile is so underplayed that the FIRB claims it often hears of deals well after they have been completed, and the Reserve Bank openly admits it has no idea how much Chinese money is flowing in.

What figures are available (from the Hong Kong Bureau of Statistics) often bear little resemblance to the truth.

In 1979 it claimed the amount of Hong Kong money invested in Australian property was only $3 million, despite the fact that two Hong Kong-based businessmen publically announced deals totalling $11 million.

Hong Kong-based companies or syndicates are dabbling in the Sydney property market because of the abundance of surplus capital generated from the overheated Hong Kong market.

They consider their investments virtually guarantee them a safe return on their money in a relatively short period.

Some of the leading foreign Chinese investors in Australia to date include:

● GEORGE TAN — owner of the Hong Kong-based Carrian Investment Co, which spent $3.68 million for the Carlton Rex Hotel in December 1979, and who is now looking to unload the property.

Despite this reversal, the Carrian Group is reported to be willing to invest up to $200 million in this country.

● JAMES WU — who spent $8.3 million for the New Chevron Hotel in Kings Cross. He is also reported to be planning on spending a further $22 million on residential and commerical properties.

● HO WHYE CHUNG and HO SIN GUAN — Singapore-based businessmen who bought the Hyatt Kingsgate for $26 million.

●C.Y. TUNG — who paid $5.1 million for a city office building.

●SALLY AW SAIN — the Tiger Balm heiress and Hong Kong-based newspaper publisher who spent $2.3 million on the Fortuna Court restaurant, and has residential property in Rose Bay worth another $1 million.

The most visible Chinese assets are, of course, in Chinatown.

Property developers in Sydney say Chinatown has now been developed to its maximum, with little chance that it will be allowed to expand.

Today, the real estate value of Chinatown is estimated at between $30-40 million, a three-fold increase in the last five years.

The only property in the area not owned by a Chinese businessman is the Myer Western Store Ltd, whose property value is estimated at $1.5 million, and is certainly within the financial reach of many an interested investor wishing to expand or ensure his place in the heart of the Chinese community.

In addition, real estate agents estimate Chinese investors own a further $20-$30 million in property in Sydney's central business district.

While this may sound a staggering sum, their combined total of CBD and Chinatown property only accounts for about 1 per cent of the area's total real estate value.

For all their outward appearances and cultural differences, historically, the Chinese are as much a part of this country's heritage as the British and Irish.

Within 50 years of Australia's foundation in 1788, the first Chinese arrived from Fukien Province, just north of Hong Kong, to work on the sheep runs.

The Chinese resent having to form companies. To them business is a family affair, with the eldest male exercising his unquestioned autocratic rule over his offspring and the relatives he supports.

Children, both male and female, eventually take up management positions.

To the Chinese, life is a cash and carry proposition. They tend to discard established financial assets, such as life insurance. A will is a curse.

The patriarch guarantees his family's future by giving it property, which is usually completely paid for.

The average local Chinese businessman does not play the sharemarket. It involves too much time, which takes him away from his business at which he normally works about 14 hours a day.

They are not necessarily anti-union as much as they are anti-Australian labor. They instinctively believe a Chinese worker will put in a more honest day's work.

23/10/80

Sydney exhibition to show products of Chinese 'sister'

By SAM PASSOW

A WIDE range of products from China's Guangdong Province, formerly known as Canton, will be displayed in Sydney for 12 days starting Friday.

MR WRAN

The exhibition, called the Canton Fair, will be held at the International and Podium levels of Centrepoint until November 8.

The display of goods from the southern province of China is a goodwill gesture resulting from NSW Premier, Mr Wran's visit to China in April.

Guangdong and NSW have shared a "sister province relationship" since September 1979, and this exhibition is being described by the NSW Government as a "one off" goodwill exercise to further that relationship.

On display will be a wide range of small industrial products, including small power engines and farm tools, as well as textile products, ceramics and art objects.

All items at the exhibition will be for sale to the public.

BLACK GOLD

One display to capture the attention of the NSW Government is the bottle of petroleum to be shown along with a map of where the Chinese hope to drill for the black gold.

During his visit to China in April, Mr Wran secured the right to negotiate for the Chinese oil when it is available.

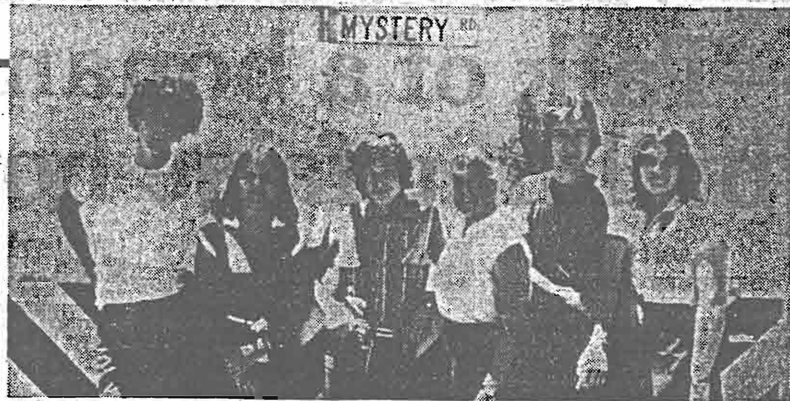
The goods on display should not be seen as the range of products made in China.

Organisers point out this is a fair of goods produced only in Guangdong Province, and should not be confused with the bi-annual Canton Fair, held in Canton, which shows products from all over the country.

Mining & Exploration

PAUL Clarke (left), Rodney Graieg, and David Bennet . . . the dreams quickly faded

MANY city people believe mining towns to be romantic places where hardy people keep Australia's "Henry Lawson" traditions alive. But as SAM PASSOW reports, after a visit to WA's Pilbara iron ore mining centre, the truth is a little different.



STUDENTS from Karratha High . . . "the town is so small you know everybody at once"

On the front line, life is air-conditioned boredom

IT was the notion of making fast money that made unemployed 18-year-olds Paul Clarke, Rodney Graieg and David Bennet drive for two days straight from Perth to Karratha in a station wagon loaded with all their worldly possessions.

Unskilled, but willing to do a hard day's work, they went from one mining company to another in the area, only to be told that nowadays miners aren't hired on site, given a pick and then sent straight to work.

First they have to fill in application forms and then be interviewed by personnel officers in air-conditioned offices in the capital cities.

There are still many myths surrounding miners and their lifestyle in the Australian outback even among Australians, of whom these three youths were typical of many.

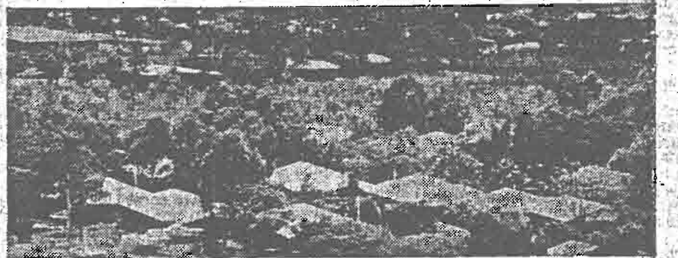
For an expatriate American like myself, a mining town today is still thought of as a dust bowl of tin shacks, saloons, and men built like oxes with grizzly beards and dirty clothes, strolling about with packs on their backs and fast women hanging on their arms.

According to legend, these men were rugged individualists, the true Australians, who in an attempt to master fate went to stake their claim and make their fortune with their bare hands and the sweat of their brow.

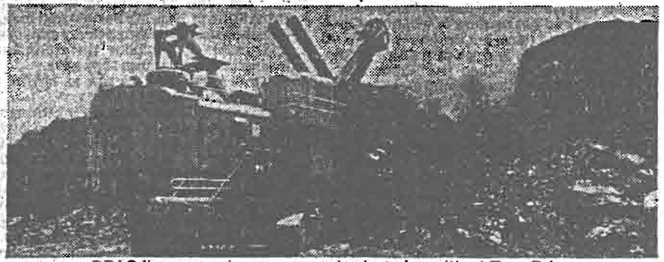
While there might have been some truth in this romantic picture during the days of the gold rush a hundred years ago, almost none of this remains today, which is perhaps why to most people in the big cities the resources boom is seen in terms of splash headlines detailing massive corporate profits and the overnight successes of sharemarket speculators.

I found the three youths, after two weeks of their trying to "make it on their own", on a hill overlooking Karratha, which wasn't even on my map, drowning their dreams with a local brew.

The dictionary defines the word bonanza as "any mine of wealth or a stroke of luck".



KARRATHA . . . the company owns almost everything



DRAG line excavator gouges out mineral wealth at Tom Price

But for the people who are actually involved in the resources boom, or bonanza, there is nothing romantic or lucky about what they are doing.

They're just employees of large companies and it is just a job.

The most common reaction you'll hear among the miners of Western Australia is: "Don't think we are millionaires, we're not. We pay for the things with the conditions we live in."

That statement was made by 17-year-old Andre Zanardo, of the Karratha Senior High School, who, along with five of his classmates, spent three hours telling me what it is like to be "a child of the bonanza".

Their observations are important, because in six months from now they will leave school and become their community's second generation.

Their fear and frustrations, hopes and aspirations, are an indication of what Australians who inherit the future expect of it.

It is understandable why none of them see themselves as pioneers.

To them, the biggest irony is that because of today's technological advances, the biggest problem miners and their families have to cope with these days is boredom and complacency, in what has been termed by the inhabitants as the "air-conditioned syndrome."

Towns like Karratha and Tom Price in Western Australia are company towns, almost wholly-owned by giant companies mining the iron ore riches of the Pilbara.

Nearly everyone in such towns works for the companies.

In a typical town, each married couple is entitled to a $70,000 three or four-bedroom house with a quarter acre of garden for an almost nominal rent of $40 a week. Water and electricity are free.

Single people are provided with dormitory-style private rooms for $20 a week.

The homes come furnished with all the latest mod cons of suburban living.

There are no busy roads congested with traffic, crime is virtually unheard-of and, according to most local residents, the towns are ideal if you like sports and the outdoor life. And they're great places to bring up children.

Companies like Hamersley Iron have created total welfare states, spending an average of $190,000 on each employee to provide housing, schooling, medical and recreational facilities.

In this part of northern Western Australia, they even had to build many of the roads, airports and railways.

For most people who live in these towns, the standard of living is far superior to what they could attain in a capital city.

Many of the families with whom I talked had already put a down payment on a property in a capital city, and were willing to endure the rigors of the mining town for two to three years in order to quickly pay off their investment.

If a couple do not waste their money on booze or expensive holidays, they can easily bank $15,000-$20,000 a year.

But among the fruits born of this "corporate environment" are boredom, especially among the majority of women for whom there are no jobs.

The environment has also taken its toll on the miners themselves. The sophisticated technology means that huge machines which can do the job of 10 men can be driven by a lone worker who sits in an air-conditioned cabin of his truck or excavator for eight hours at a time, using a two-way radio as his only means of contact with workmates.

For the children too, life is not exactly a ball.

"The place is so small that you know everyone at once," lamented Michelle Atherton.

"And because you know them, they're not so interesting.

"You come up here and you become a stereotype," she said.

According to the students, and many of the residents, it is very much an artificial existence, which to them does not accurately reflect the permanent benefits that the nation, and certainly their communities, should be attaining from the resources boom.

All six students felt the Government was not offering enough incentive for alternative private enterprise to set up in the area.

"The Farmers Market has a monopoly on what is sold in this town and there is no variety," said Jan Turner.

"If we could get the shops, the prices would come down."

Since almost everything in their lives is paid for by the company, they can't see where all the money the Government earns in tax revenue from the resources boom is going.

They would like to know why their town has no public transport or commercial television.

They can't understand why it is cheaper for them to fly to Singapore than it is to Sydney, or to Bali than to Perth.

To these kids, the resources boom means that Karratha has grown threefold in just a year, but to them, a town is not a home unless it has a roller disco centre and half a dozen fast food shops.

Said Tracy Brown: "We're a town of 9000 people and we don't even have our own weather forecast."

Such moves, they feel, would make towns like Karratha permanent fixtures which one day would warrant their being featured on maps.

But most of all it would give them an incentive to return from university to the town they grew up in, with the choice of not having to work for the company.

NSW '81

Price crisis hits coal producers

ALTHOUGH 1980 was a record export year for NSW coal mines, not one in the Hunter Valley is showing a profit.

Two years ago they were forced by a depressed Japanese steel industry to accept a $2-a-tonne price cut which cost the companies nearly $28 million.

Production costs no longer make mining a paying proposition.

The mine owners are now trying to rectify this situation, as their long-term contracts with the Japanese expire on April 1.

The six producers of soft coking coal, Clutha, R.W. Miller, Buchanan Borehole Collieries, Bloomfield, Coal and Allied and Peko Wallsend, are looking for a 40 per cent price increase.

In all, eight NSW coking-coal shippers (Austin & Butler and Kembler Coal and Coke are holding seperate talks) are negotiating one and two-year increases for fiscal 1981.

According to sources at the negotiations in Tokyo, the NSW companies are reported to be seeking a $15 a tonne on the $37.60 a tonne price they settled for two years ago.

The Japanese responded with an offer of $10 a tonne, but this was refused by the six Hunter Valley companies who have decided to stick it out and fight for a joint acceptable offer.

The six companies ship about seven million tonnes of coking coal a year to Japan, so if they were to get the increase they are seeking, it would mean an additional $115 million a year.

The NSW Joint Coal Board claims that if the Hunter Valley price was set at $47 there would be little incentive for the Hunter collieries to wash their coal (which adds between $5-10 to the cost per tonne), as it could be sold directly as high-priced steaming coal which is already being sold by the same collieries at $51 a tonne to other markets.

The two mining companies which stand to lose the most from an unfavorable agreement are BBC and R.W. Miller, who are the leading producers of coking coal in the area.

The Hunter Valley cartel's negotiating stragedy is based on the argument that for the past two years, the Japanese have been able to syphon-off and convert large amounts of gas from the cheap, high-volitile coking coal to power their steel mills, which means they have had to import less oil from the Middle East.

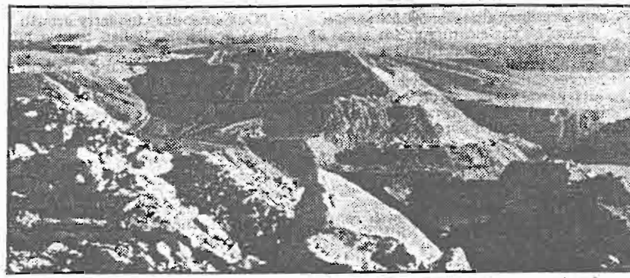
NSW coking coal has a composition of 35 per cent volatiles, or reuseable gas, compared with US coking coal which only has a 15-20 per cent content.

In 1977, Japan was paying $US12.70 a barrel for Middle East crude oil, compared to the present price of $US32 for a barrel of Saudi Arabian light crude, which is considered to be the world marker price.

The 40 per cent price increase the NSW companies are demanding for their coking coal equals oil-price rises during the last two years they have had a fixed contract with the Japanese.

Coking coal is basically carbon. When

Miners determined to break Japan's bloc negotiations



THE BBC open-cut coal mine in the NSW Hunter Valley

By SAM PASSOW

put into a blast furnace with oxygen from iron oxides, it gives off oxides of carbon and iron which forms into steel.

For the time being, the Japanese are in a stronger bargaining position. With the present price of imported oil they are able to turn down the Australian price-rise demand, and call their bluff to sell off their coal as steaming coal to other markets at $50 a tonne, while making up their coking coal shortfall with increased American stocks, without increasing their overall bill.

But the Australian position should improve by May when OPEC ministers meet in Geneva to discuss a further petroleum price rise, which many experts believe will range from $US37 to $42 a barrel.

Then, even with a 40 per cent price rise, NSW coking coal will once again prove to be an energy saver for the Japanese.

Another problem for the Japanese is that if they give into the Hunter Valley cartel now, it would set a negotiating precedent which other industries, both here and in other countries, might try and emulate, and which in the long run would severely undermind Japanese management philosophy.

While the Hunter Valley miners and other companies have in the past tried to beat the Japanese at their own game of bloc negotiation, their efforts have been foiled by Tokyo which has always managed to find one company in the group who would agree to a separate contract.

The six Hunter Valley companies are confident that their cartel will hold together this time because they are all losing money.

The Japanese also feel that if they give in to the Hunter Valley demands it might provoke higher demands from other coking-coal producers, such as the US, Canada and South Africa, who are also due to renegotiate their contracts.

There are now strong indications that to retain their relative bargaining positions, both sides will agree by April 1 to trade for the time being on a spot basis at a compromise price of around $49 a tonne rather than signing long-term contracts as they have in the past.

Such a situation would be acceptable to the Hunter Valley consortium, because it would still allow them to maintain unity while awaiting more favorable conditions.

It would also give it time to expand its steaming coal markets, which would further strengthen its overall market position for coking coal — which is virtually tied to the Japanese market.

Recently released Japan Iron and Steel Federation figures show that its blast-furnace steel makers used 8.3 per cent more coking coal, an increase of 5.4 million tonnes last year.

The federation attributed the rise to a step-up in switching to oil-less blast-furnace operation.

Preliminary 1980 coking-coal at 61.8 million tonnes is up 11.2 per cent. This is the highest in blast furnace usage since 1977.

With steaming coal prices moving ahead strongly, the Australians are also seeking a healthy escalation clause in their contract with the Japanese to cover the possibility of steaming coal prices moving even more rapidly.

Last year Australia took the lead in satisfying Japan's new-found hunger for steaming coal.

Steaming coal exports to Japan have leaped threefold, despite a 30 per cent price rise, giving Australia more than half of the Japanese market.

Demand led by the cement and paper-pulp industries, soon to be augmented by electricity power stations, pushed up Japan's steaming coal imports from 1.4 million tonnes in 1979 to 5.2 million tonnes last year.

Of that figure, 3.5 million tonnes came from Australia, or 67.6 per cent of the total imports, despite the fact that Australian prices for steaming coal rose by 30 per cent from $39 to $51 a tonne on a cost-insurance-freight basis, and was about $1 above the average price from all other countries.

The total for NSW steaming coal exports jumped 50.1 per cent to a record 8.05 million tonnes last year.

Exports for coking coal for steel production last year were up only 3.8 per cent to 14.85 million tonnes.

Overall exports of NSW coal increased 16.2 per cent from 19.67 million tonnes to a peak of 22.9 million tonnes in 1980.

However, because of industrial disruptions, overall production in NSW coal mines fell from 50.89 million tonnes to 50.72.

Industrial action particularly affected underground production, which fell 3.2 per cent from 37.98 million tonnes to 36.77 million tonnes.

But at the same time, open-cut production rose 8.1 per cent from 12.91 million tonnes to help overcome the decline in underground output.

By the end of the year stocks were only 7.56 million tonnes, well down on the previous year's 11.78 million tonnes.

Hedging their bets in an uncertain market and the potential export boom in steaming coal as an alternative source of energy, the Hunter Valley mines are quickly switching to more open-cut operations with a greater emphasis on the highly-priced steaming coal.

The other major reason for this shift in operation is the by using open-cut mining methods, the companies can extract double the amount of coal per miner, compared with productivity from their present underground operations.

An example of this shift in strategy is the new CSR Ltd operation at Drayton.

The 3200ha Drayton mine is located in the rolling hills of the Hunter Valley 12km south of Muswellbrook.

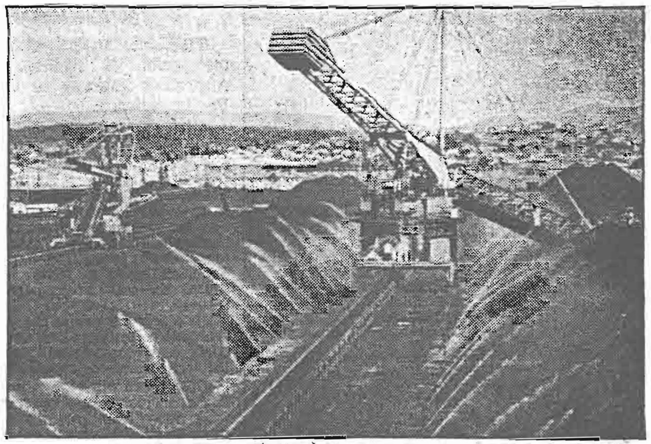
The coal seams at Drayton are high-quality steaming coal which can be marketed in an unwashed state as a low-ash, high specific-energy and medium-sulphur product ideal for electricity-generating plants.

The entire output of the mine will be exported, with the main markets being Japan, Taiwan, South Korea and Europe.

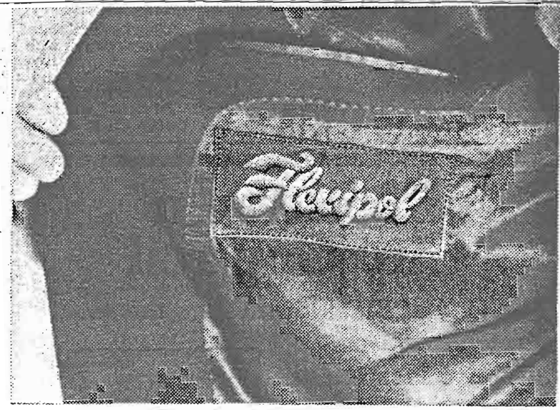
Even though it may be another year before the first lump of coal is taken from the ground, Drayton has already signed a $130 million, 10-year contract for 4.5 million tonnes with the Korean Electric Company.

The "life-span" of the mine is expected to be 24 years.

Coal production from Drayton will start at 1.6 million tonnes in late 1982



THE Port Waratah coal loader through which Drayton will ship 4.5 million tonnes to the Korean Electric Company in the next 10 years



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T&G 640

Talk of a bonanza 'building false hopes'

By SAM PASSOW

A DEPRESSED world steel market is forcing CRA Ltd to freeze capital programs this year for its Western Australia iron ore operations.

Mr Tom Barlow, managing director of Hamersley Iron Pty Ltd and a director of the CRA-controlled holding company, Hamersley Holdings, said: "The combination of the pricing of the product and extra capacity you have to build in for disruptions is making us think quite seriously now whether it's worth investing more money by way of obsolete plant.

"This is now a critical time to the extent that the market is so depressed that we will be virtually freezing all our capital programs for this year," he said.

Mr Barlow, 53, lashed out at the Government, the unions and the press for building up false hopes of a resources bonanza.

"Everyone who is in the industry knows it's rubbish, so they are going around looking at other things. If you're not careful, you'll get your fingers burnt," he said.

In a warning to both politicians and investors alike, Mr Barlow said: "Just because you have had Utah making a lot of money out of its investments, don't assume that everyone else does.

"I think if you look at the iron ore industry, the returns have been dreadful. At the moment we are only making 3 per cent on our investment."

Mr Barlow said it was getting harder to "tough it out" and that members of the mining industry would soon be playing it out by themselves.

"The press are against the companies. The politicians are because they are afraid to do anything. All they are thinking about is getting back into power, so their policies are just run around the next election," he said.

"Mr Fraser is the greatest huffer and puffer of all times.

"All he does is talk to the Blue Rinse Set at Toorak, who say Malcolm is doing a great job and wasn't that a great speech he gave yesterday. But you know that at the end of the speech there is no action."

MR TOM BARLOW . . . 'critical time'

Mr Barlow said the mining projects are going ahead not because of what the Government had done, but despite it.

"I think there is a lot of politics in the resources boom. When the Labor Party got kicked out, the current Government came in and said we are the Government who will develop the country and get all these projects going. I think a lot of the politicians have been confounded by their own bull," he said.

"I think we are on the UK train myself, or just a few years behind, and I don't see anything in Australia which suggests to me that we aren't going down the same course.

"I think we are getting close to a crisis point. I think that what will happen is what happened in the UK. It's rather pathetic to look around at some of the industries there, but companies there have just stopped upgrading their technology and I think that is the type of decision which could force on a crisis here.

"What really happens is that because of industrial disputations, we don't get a fair return on our products. Our customers discount prices and so on to compensate for constant delays in deliveries.

"So the resource isn't really earning the revenue because of the penalties, which are too high.

"I suppose there are some marginal projects which won't get developed because they will be too susceptible to problems from industrial muscle.

"I think that some markets won't get covered because of the risks involved, and we do restrict our sales in some areas because of the fear of penalties involved through industrial disruption."

He said iron shipments to Europe were an example.

"Our type of low value commodity is a very marginal turn at best because we are a long way away. So we would think very carefully about taking on extra sales in that market, knowing that shipping penalties could swing the margin from plus to minus," he said.

A mining engineer for the past 30 years, and the man who started up the Tom Price Mine in 1965, Mr Barlow said history had shown an unwillingness by employees and unions to discipline themselves and live up to undertakings they gave.

It was a situation he saw as having an effect on the whole nation.

Lashing out the Federal Government's proposed resources tax, Mr Barlow, who has been general manager for CRA planning and development since 1970 said: "I don't think they realise what is behind investment decision, and people aren't going to invest in risky ventures when you can go and buy bonds, put you money in property in the city and so on.

"So instead of basing their philosophy on this bonanza idea, they should be saying, now, how can we use this upsurge in this demand for our resources in a way to put down a foundation for the nation for the next 50 years.

"If the companies are going to be bled dry, they aren't going to make a step."

THE AUSTRALIAN
MONDAY MARCH 2 1981

Retailers must pick buying trends quickly to survive

by SAM PASSOW

THE fight over Walton's retail chain must be sending shivers up the spine of every retailer in the country.

Competition for the shoppers' dollar is hot, and prompt identification of emerging markets is necessary for survival.

New needs of working women are viewed by members of the industry as an important area for retailers to concentrate on in pursuit of the shopping dollar.

According to a representative of one leading retailer: "The working woman has not been properly addressed in Australia as she has in the past two years in America.

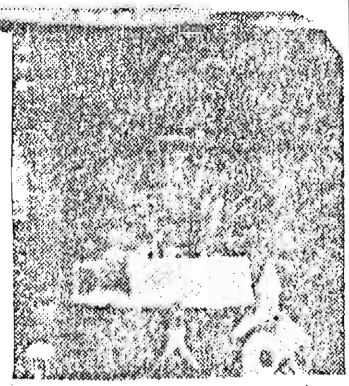
"The requirements of shoppers have changed dramatically," said Jack Shea, executive director for planning and distribution for the Myers department store chain. "We have a whole social change in how people use their discretionary time.

"Who could have predicted many years ago that we are going to deal with two-income families, and all of their needs," he said.

Today, with over half the women in this country holding full-time jobs, few shoppers browse in the inner city department stores after lunchtime, because most of them have to get back to work.

Unfortunately, when they are free the stores are closed.

While Mr Shea contends that the strength of a department store is its ability to change and shift to its customers needs, he does concede: "We don't really know how much more shopping time has to be provided, but it's a lot more than we are providing right now."



According to Leonie Still, an expert in retail training and lecturer in marketing at the University of NSW, department stores are boring and unoriginal, and they won't survive unless they stop copying each other and start thinking about their customers.

"Their priority has become technological change. They have centralised their buying and have restricted their ranges.

"They have become consumed with systems — the introduction of computers with point-of-sale terminals, with inventory recording and distribution systems.

"Now you find the same systems and the same merchandise in every store," she said.

She also notes that because women now have more of their own discretionary income, this new freedom manifests itself in the fact that they want to buy items which will make them more individual, which is why they are now patronising the smaller specialty shops.

Miss Still does not deny that department stores are convenient, nor does she think that they are a dying breed, but she does contend that while there are busy being cost conscious, they are missing what is going on outside.

This is a fact not lost on the corporate balance sheets or Mr Shea, who admits that he has never seen any time in history when the people don't get what they want. It may take a little while, he says, but eventually it happens.

For the major retailers, the change better happen sooner than later.

The Myer group, David Jones, Grace Bros and Georges all reported a fall in profits in the past financial year.

Waltons, Nock and Kirby, McEwan's, and Melbourne retailer Buckley and Nunn all finished the financial year trading at a loss.

The only two major retail chains to show healthy profits were Woolworths and Coles, both of which gained market shares at the expense of others.

Said Miss Still: "Customers are no longer store loyal or brand loyal, they're only price loyal."

Customers no longer regard the city centre as the mecca of retailing. Unable to provide parking spaces for their customers, retailers have chosen to move with the urban sprawl, out to the suburbs where they are in direct competition with the smaller, and often more attractive boutiques.

The casualties of this transition have included some well-known retailers such as Cox Brothers, Hugh Atkinson, Anthony Horden, Mark Foys, Mutual Stores, Beard Watson, Marcus Clark and Bebarfalds.

Myer Emporium Ltd has now joined the trendy set in the retailing business by buying garment maker and speciality chain, Country Road Pty Ltd.

Country Road had sales of $9.2 million last year and has assets of $1 million.

Mr Shea contends: "The biggest single problem that these specialty shops are going to have is the transition from what currently is a much younger economy to one where peopole are a little [illegible] and where their needs will change."

According to Eric Step[illegible], editor of Retail World: "[illegible] large department stores have had specialty shops for the past 30 years, they [illegible] turn them over to a buyer and a manager who can't [illegible] the efforts of the small boutique owner who is willing to work 18 hours a day to make his store a success."

Like Miss Still, he contends that in the past few years: "The small shops have [illegible] ripping into the sales of [illegible] large department stores, and have been tearing them to pieces."

It is estimated that there are about 30,000 boutiques in Australia, which account [illegible] nearly half the retail fashion business.

Their success is based on [illegible] notion that most women prefer to make a selection from a limited range of a certain product in a more intimate environment.

Maria Finlay, who owns a successful, high-class sh[illegible] Sydney's fashionable D[illegible] Bay says: "Every garment [illegible] hand picked, with my clients in mind, and I go to many different countries several times a year and spend a long time selecting garments. Our p[illegible] are high but not astronomical, and we give very personalised service."

Roger becomes Mr Money

MR CLUMSY was due to appear with author, ROGER HARGREAVES (right), but an accident intervened, and MR WRONG, who really wasn't supposed to be there, came instead.

While Mr Wrong and friends do the right thing

By SAM PASSOW

ROGER Hargreaves is certainly Mr Happy. The creator of such characters as Mr Wrong, he is convinced he does things for the right reasons.

"Everybody believes childrens' books should teach them things. I don't believe that. Why shouldn't they have books that just make them laugh?" he said.

Three years ago Hargreaves gave up his job as creative director for the Foote, Cone and Belding advertising agency in London, to devote his talents to his world of "ordinary" characters.

"Mr Men are personality characters that everybody can identify with. Everybody knows a Mr Clumsy or a Mr Fussy. I'm sure your boss is Mr Uppity, a bit. It's taking a word and turning it into a figment of my imagination," he said.

What isn't left to the imagination is the amount of money these 39 little characters are earning for Roger Hargreaves. Last year in the UK alone, merchandising sales from 167 companies totalled more than $50 million.

His books have sold more than 25 million copies in 22 countries, in more than a dozen languages. He's also made three TV cartoon series which have been shown in 15 countries, and does a daily strip cartoon for Britain's Daily Mirror which is also syndicated around the world.

In this country, he has made nearly $3 million in book sales alone.

But Mr Hargreaves is also Mr Clever, because when he began to realise the potential of his product, he moved his family to a farmhouse on the Channel Island of Guernsey where he only pays 20 per cent tax on his estimated $3 million profit, instead of the 83 per cent hads he stayed in England.

A father of two teenage boys and young twin girls, Hargreaves says he is now working on a series of "little ladies" books such as "Little Miss Late" and "Little Miss Plump".

Hargreaves said the reason he chose these characters is because he "couldn't draw real figures", and since no one had drawn them before, anything he dreamed up would be acceptable.

Asked if he found it difficult to think like a child, he said: "Not at all. I find it very difficult to think like an adult . . . I don't think men actually ever grow up. I think they are all five-year-olds who pretend that they are grown up."

To Mr Hargreaves, money buys freedom, which is why he now walks around like Mr Smile.

OECD tips fall in jobless here

10/7/81

From SAM PASSOW: LONDON, THURSDAY

THE Organisation for Economic Co-operation and Development forecasts that Australia's unemployment will fall to 4.5 per cent by 1982 but that inflation will rise to 11.25 per cent.

In its latest economic outlook, released today, the 24-nation Paris-based OECD indirectly praises the Fraser Government's restrictions on government spending and civil service employment and the recent work of the Razor Gang.

The report says of Australia: "Improved labor market conditions are likely to be associated with faster growth in wage rates, average earnings and consumer prices.

"Current expectations suggest that the value of investment expenditures in mining, energy and basic metal industries may double between fiscal years 1979-1980 and 1980-1981.

"For other industries and dwellings, little increase in the growth of the rate of investment is expected in the immediate future."

The ratio of fixed investments to Australia's gross domestic product is expected to rise from 22 per cent in 1980 to 24 per cent in 1982.

While noting that industrial disputes in the second half of 1980, as well as slower growth in world markets, adversely affected Australia's export performance, the OECD says exports from the resource-based development projects should spur a recovery by the end of 1982.

On the negative side, imports are expected to grow by 9.75 per cent this year in response to growing consumer demand and stock-building. This is not expected to slow until the end of next year.

On the world front, the OECD says that despite an immediate outlook of a protracted transition from recession to renewed growth, accompanied by inflation and unemployment which are "excessively high and hard to reduce", it is essential that a free-trading market system be maintained and that a range of performance-improving micro-economic, or monetarist, policies, be adopted.

The OECD, an organisation of industrialised nations that monitors economic developments, reports that the annual rate of inflation in the past 12 months in the non-communist industrial countries decreased slightly to 10.4 per cent, due largely to falling food and energy prices in the United States, Canada and Japan.

The report notes that "the

CONTINUED PAGE 14

The World

UK riots put more pressure on pound

Economy

From SAM PASSOW: LONDON, WEDNESDAY

FEARS about the stability of sterling in the wake of the recent riots in Britain have sent the pound tumbling even further.

As the market opened in London yesterday, the pound dropped almost 2.5c to $US1.8575 aganst a close of $US1.8820 on Monday.

In New York, sterling closed 1.6c down at $US1.8660 on Monday.

According to a foreign exchange dealer in London, the strengthening of the dollar is due in part to a 1.2 per cent rise in US retail sales at a time no increase had been expected.

The higher retail sales are being seen as an indication the US recession may not be as bad as feared.

WEAKER

But according to London forecast group, Forex Research, the lowering of interest rates in the US in the next six months should send the pound back up to dollars $US2.02 by January, levelling off to $US2.08 by July next year.

Forex notes that sterling has been weakened lately by the fall in international oil prices, but that any disturbance of world oil supplies would further boost the pound.

But while sterling may gain against the dollar, the Forex report suggests the pound will be weaker against other European currencies, due to a massive turnaround in Britain's current account balance of payments.

This is tipped to swing into a $US1000 million deficit next year from a $US4000 million surplus this year.

The pound is tipped to be worst off against the German mark.

Big electrical group powers ahead with sales, earnings surge

UNITED PRESS: NEW YORK, WEDNESDAY

Electrical industry

WESTINGHOUSE Electric Corp has performed strongly so far this year with sales and earnings for the first six months well above last year.

Second quarter sales and earnings were also well up on the second quarter of 1980.

Chairman, Robert E. Kirby said net income in the three months to June 30 amounted to $US111.8 million ($98,070,175) on sales of $US2383 million.

This compared with earnings of $US104 million on sales volume of $US2130.7 million in the second quarter of 1980.

Net income in the first six months of 1981 to June 30 was $US230.3 million, compared with earnings of $US204.6 million in the first half of last year.

Sales in the 1981 half were $US4561 million, against $US4174.6 million in the year-earlier period.

The second-quarter improvement in operating profits over last year came primarily from the industry products company, while public systems' operating profits were up a little and power systems down slightly.

The broadcasting unit's operating profits advanced over last year's second quarter.

For the first half, operating profits were ahead in all the major segments of Westinghouse, with the exception of power systems.

This year's first-half income benefited from the disposal of the corporation's interest in a European fuel fabrication operation. The disposal, which was recorded in the first quarter, resulted in a per-share gain of 17c.

Higher interest expense and foreign currency translation adversely affected earnings in the second quarter, while a lower tax rate boosted earnings.

US domestic car sales plummet to a 20-year low

UNITED PRESS: DETROIT, WEDNESDAY

Motor industry

UNITED States domestic car sales in early July dropped 17.4 per cent below last year's figure to the lowest level for that period since 1961.

It was the third consecutive period of severely depressed sales for the car industry and coincided with the most recent run-up of the prime interest rate.

Industry reports indicated 128,717 US-built cars were sold in the July 1-10 period, off 17.4 per cent from last year's depressed volume of 155,843.

The daily sales rate was only 16,090 cars, lowest for the period since the industry recorded a daily rate of 14,227 in early July, 1961.

It amounted to a seasonally adjusted annual sales rate of 5.8 million cars compared with 5.5 million for the entire month of June.

Chrysler Corp continued to outperform its competitors with early July volume of 16,435 cars, up 13.6 per cent from 14,463 in the same period last year.

Sales were low...

Import boost aims to trim huge surplus

UNITED PRESS: TOKYO, WEDNESDAY

Trade

THE Japanese Government pledged yesterday to do its "utmost" to increase imports from the United States and Western Europe.

The Government hopes this will reduce expected criticism at the Ottawa summit of Japan's huge trade surplus.

International Trade and Industry Minister Rokusuke Tanaka, said; "To expand the imports of manufactured goods, what is fundamentally needed is efforts to sell (in Japan) on the part of exporting countries.

"We intend to support their efforts to sell in ...

51

26/6/81

Stocks and ceramics prove the best bets

Investment

From SAM PASSOW: NEW YORK, THURSDAY

AN unlikely combination of Chinese ceramics and stocks proved to be best for investors in the year to June 1.

According to a survey by Robert S. Salomon jr, of the New York brokerage house, Salomon Bros, the Chinese art treasures returned a staggering 36.5 per cent on their investment while stocks had the second best showing in terms of upside volatility with an annual return of 25.3 per cent.

Glittering prizes such as gold and silver dropped from first and third places last year to 14th and 16th respectively. Foreign exchange remained a dismal 15th.

Those investing in gold this past year ended with a net loss of 13.9 per cent, while traders in silver lost as much as 26.6 per cent on their investment.

Bonds were another major loser, falling 9.6 per cent due to inflation. Continuing concern on inflation caused investors to buy stocks because bonds were judged on their poor historical record.

Equally important, expanding corporate profit growth suggests the effects of inflation are in fact flowing through to the bottom line which enhances the case for investing in stocks.

Mr Salomon says: "We have entered a period of speculative excess in the stockmarket that may be sustained for a while. Much of the improvement in inflation appears only cyclical."

The Salomon Bros survey measures the performance of 15 investment areas and gauges them against the consumer price index which now stands at 10 per cent.

The survey notes that even though the rate of inflation dropped nearly four points in the past six months, only six of the 15 categories were able to provide real returns in the past 12 months.

In addition to Chinese ceramics and stocks, old masters (paintings) showed a 22.9 per cent return; US stamps 18.8 per cent; rare books 18.8 per cent and oil 14.3 per cent. Among the losers were US coins 8 per cent, Oriental carpets 0.2 per cent and foreign exchange 17.3 per cent.

Although diamonds, housing and farmland were stable, their return for investors was less than the benchmark consumer price index.

OECD sees renewed world growth

FROM PAGE 13

influences most immediately shaping the overall course of the OECD economies are the after-effects of the 1979 oil shock and the macro-economic, or Keynesian, policies adopted to meet it.

As a result, unemployment is predicted to rise in most countries throughout the next 18 months to an average of nearly 7.5 per cent (representing around 25 million people), while in Europe the figure could go as high as 9 per cent by the end of 1982.

What is even more alarming, the report says, is that youth unemployment in some European countries may soar to 20 per cent.

Women were also particularly affected by the loss of jobs.

The gross national product of the 24 OECD countries is expected to grow by as little as 1 per cent this year, rising to around 3 per cent in the second half of next year.

The growth in economic activity which was expected in the first half of 1981, says the report, has been delayed by at least six months.

But weak commodity prices, a subdued oil market in the coming months, and moderating wage growth should result in a progressive drop in the rate of inflation from an overall average of 10 per cent in the first half of this year to about 8.5 per cent in the second half of 1982.

The OECD forecasts that Germany will be able to trim inflation to 3.5 per cent, Japan to 4.75 per cent, the US to 7.5 per cent and Britain to 8.25 per cent by the latter part of next year.

But many of the smaller countries will still be coping with double-digit inflation.

The report projects tight fiscal policies which will be reflected in little growth in government consumption or investment.

It also sees few signs that interest rates will fall.

The growing strength of the US dollar will continue to depress the commodity market, as the depreciation of currencies vis-a-vis the dollar results initially in an increase in the local currency price of most commodity imports.

But, notes the report, "to the extent that commodity prices are ultimately determined by underlying supply and demand conditions, the dollar price should weaken".

The report says: "In all countries, monetary and fiscal policies need to remain steadfastly non-accommodating of inflation, conducted with medium-term focus and in a complementary fashion so as to avoid financial market pressures . . . the implementation of such policies needs to be carefully judged.

"Where private demand is strong, a fiscal stance that fully supports the achievement of monetary policy objectives is particularly necessary. Where inflation threats are intensifying and structural public sector deficits are persistently high, resolute measures are called for curtailing such deficits."

Such mutually supporting monetary and fiscal policy should, as inflationary expectations subside, allow for lower interest rates in order to encourage investment, says the report.

But it notes that while the medium term goals of an aggregate demand policy are immediately dependent on short-term results, there is a risk "that ill-timed action to reflate demand would undo the progress made in reducing inflation and would result in a further entrenching of inflationary expectations, with consequent worsening of growth performance".

The report says some OECD ministers believe that "in the absence of strengthened demand, there would be increased risks of protracted unemployment, heightened protectionist measures, amplified structural distortions and weakened investment and productivity gains."

WAGE SYSTEM IN CHAOS

Rise pleases no one

By SAM PASSOW

THE Arbitration Commission's latest wage award and its decision to scrap the national wage index seemed to disappoint everybody.

While their reasons differed, both sides of the political and business spectrum predicted the move would reduce industry's competitiveness and set the stage for further industrial strife.

The Federal Treasurer, Mr Howard, said the 3.7 per cent national wage rise was disappointing and went in the face of the clear requirements of the Australian economy at the present time.

The increase represented 79 per cent wage indexation. It would push up wage costs and place further pressure on prices, thus making more difficult the Government's task of controlling and reducing the rate of inflation.

"But I welcome the commission's continued recognition of the need to avoid passing petroleum products price rises into wages," Mr Howard said..

The Government would approach, in a positive fashion, any reconvened conference or public inquiry into wage fixation principles.

"It is hoped that all other participants will do likewise and that any inquiry will prove to be more than a rehash of entrenched positions, Mr Howard said.

The Leader of the Federal Opposition, Mr Hayden said: "The Arbitration Commission should have provided the full 4.7 per cent cost of living increase sought by the ACTU.

"Its failure to do so will unfortunately guarantee further industrial pressure from the unions in an effort to try to re-establish wage justice for the families of Australian wage earners.

"The undeniable fact is that the wage structure in this country is in a completely unacceptable mess.

"Grave anomalies which result in tradesmen earning less than unskilled workers on the same factory floor are the guaranteed ingredients for more industrial disputation and serious and growing trade skill shortages."

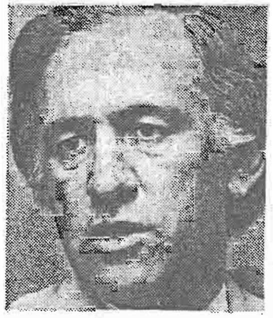
The Minister for Industrial Relations, Mr Peacock said such a large increase would add to inflationary pressures in the economy and jeopardise the current economic recovery.

GAUNTLET

"Excessive increases in labor costs, whether by national wage cases, work value adjustments or reduced working hours will rebound on workers either through fewer employment opportunities or through higher inflation," he said.

The ALP spokesman for industrial relations, Mr Hawke: "The judgement represents a further erosion of the real purchasing power for a large number of people.

"That is going to add to the difficulties for those who are already underprivileged in our society".



Mr PEACOCK

The ACTU president, Mr Cliff Dolan: "They have abandoned indexation — which is the most equitable way of maintaining real wages and living conditions — but they have kept the guidelines with respect to all other claims.

"Unions will still have to run the gauntlet of these very severe guidelines while having the benefits of indexation withdrawn."

The Minister for Industry and Commerce, Sir Phillip Lynch: "The National Wage Case was a financial bonanza for the unions.

"The wages bill for every percentage increase amounted to over $500 million nationally.

"This wages slug will undoubtedly affect Australian industry's competitive position.

"It is a tragedy that the unemployed will also suffer as a consequence of the Arbitration Commission's decision.

"It was only through real wage restraint that a substantial and permanent solution to unemployment could be realised.

"The union's having-their-cake-and-eating-it attitude does nothing to help this pressing social problem."

The national president of the Amalgamated Metal Workers and Shipwrights Union (Australia's biggest union), Mr Dick Scott: "The decision was an outrageous one which is bound to cause industrial turmoil.

"It is designed to force workers to fight on a wages front and to shift the emphasis away from the shorter hours campaign.

USEFUL

"We will encourage our members to make wage claims on all employers as they return to work after the holiday break, and in February will step up the campaign for shorter hours across the board."

The NSW Premier, Mr Wran: "Even with all its imperfections wage indexation has been a useful tool both in securing some measure of wage justice for employees and at the same time a measure of restraint so far as employers are concerned on overall wage bills.

"Wage indexation provided an orderly and just system of wage fixation.

"All I hope is that now the scheme has been put aside we don't let the law of the jungle take over."

The NSW Labor Council spokesman, Mr Les Bain: "Once again the working people of the Australian community have been made to bear the brunt of the inefficient Federal Government with the cost of living adjustments being discounted because of the Government's incompetent policies."

Western Australia's acting Minister for Labor and Industry, Mr Old: "Time and again, the State and the nation have been subjected to unnecessary industrial disruption by unions trying to gain benefits outside the conciliation and arbitration system.

"As a result the effectiveness of the wage indexation system has been gradually eroded to the point where the commission has been left with no choice but to abandon it."

The Queensland Premier, Mr Bjelke-Petersen: "It will cost the Government and the consumer a lot of money.

"I feel we ought to give ourselves a breathing space and increased production, instead of wages and costs chasing one another upwards all the time."

The Premier of Victoria, Mr Hamer: "If unions and management could work together to increase productivity, our wage rise will be real. If not, we are simply like a dog chasing its tail.

"The wage increase would cost the State Government $85.5 million in a full financial year."

BUSINESS REACTION — PAGE 15

Petrol price to leap by 2c a litre on New Year's Day

23/12/80

By SAM PASSOW

PETROL prices are due to rise by up to 2c a litre on New Year's Day.

A formal announcement by the Minister for National Development and Energy, Senator Carrick, is expected in the next few days.

The increase in the pump price follows the Saudi Arabian decision at last week's Organisation of Petroleum Exporting Countries conference in Bali to raise their for crude oil by $2 to $US32 a barrel.

Despite the projected price rise, the Federal Government yesterday reaffirmed its oil pricing policy and rejected any suggestion that Australian petrol prices should be raised to the average European and Japanese levels.

The suggestion for higher oil prices was made in a draft report by the International Energy Agency.

Senator Carrick said yesterday the Government would "stick to its import parity pricing policy for locally produced crude oil, which gives Australia petrol that is half the price it is in Europe and Japan".

Senator Carrick, who returned to Sydney yesterday from a meeting in Paris with the governors of the IEA, said: "We gear our import parity pricing to the price of Saudi light crude, because that is the crude we buy in Australia."

The Saudi price is the lowest on the world market.

Shortly after defending the Government's policy, Senator Carrick and the Treasurer, Mr Howard, met the Saudi Oil Minister, Sheikh Ahmed Zaki Yamani, to discuss the Saudi pricing policy. (See report Page 1 of *The Financial Australian.*)

Senator Carrick said that Sheik Ahmed assured him there would be "no wild increases in oil prices in the next couple of years, but that there would be moderate increases geared to inflation and some small movement in the Gross National Product".

PERTH: Fine, sunny Max 24

SYDNEY: Hot, a late change Max 34

In 1980 the media itself was a major story

By SAM PASSOW

MR GYNGELL

MS BUTTROSE

MR WILLESEE

IT was a landmark year for the media.

The electronic media was switched on by two events — a multi-cultural television channel and commercial FM radio.

The future of TV network programming was put in doubt by a ruling by the Broadcasting Tribunal.

And the press was embroiled in a circulation war for business readers.

TV: The country's boldest experiment in broadcasting got under way in October when TV Channel 0/28 went to air in Sydney and Melbourne.

While 97 per cent of the viewers were aware of the station, it rated only 1.7 per cent, largely due to poor reception.

Despite the mixed reaction, station manager Mr Bruce Gyngell was determined to stick to his policy of "giving the public a little bit better than what it thinks it wants", and waiting for the ratings to catch up.

The Queen became the nation's top-rated TV star when the Royal Charity Concert in May was seen by more than half the country.

The long-running current affairs program Willesee at Seven was knocked for six in the ratings by the game show, Sale of the Century, on Channel 9, the top-rated station in Sydney, Melbourne, Brisbane and Perth. Channel 10 captured Adelaide.

In a decision against networking, the Australian Broadcasting Tribunal refused an application by the News group for joint-ownership of Melbourne's ATV-10.

The ruling sent shudders through an industry which has relied heavily on networking. The News group promptly applied for a review of the decision.

RADIO: The new commercial FM stations finally went on air during the second half of the year.

The most successful station was 6NOW Perth, which scored 12.9 per cent of the market.

In Adelaide, station 5SSA had a 7.5 share, while Brisbane's 4MMM ended the year with 6.9 per cent.

But FM's commercial viability was best measured in Sydney and Melbourne, where there were two new stations each, in what many thought were already over-saturated markets.

In Melbourne, the two stations, 3EON and 3FOX, ended the year with a combined market share of 7.9 per cent.

In Sydney, the ability of stations 2DAY and 2MMM to attract new audiences was less dramatic — each had 4.6 per cent at year's end — but much of this could be attributed to the fact that both stations experienced early transmission problems.

Contrary to most expectations, there was no across-the-board loss in market share among the existing stations.

Top AM stations in 1980 were 2UE Sydney, 3UZ Melbourne, 5AD Adelaide, 4BK Brisbane and 6PM in Perth.

PRINT: Following the newspaper strike in July, Mr Rupert Murdoch's News Corporation made an assault on the established *Financial Review* by creating the daily (Mon-Sat) *Financial Australian*, a separate section of *The Australian*.

In September, Mr James Fairfax launched a competing journal within his own stable by creating a business pull-out section in the weekly *National Times*.

In October, Mr Kerry Packer made his bid for the business reader by introducing a new fortnightly publication titled *Australian Business*.

This new approach to the market appeared to be successful for everyone as *The Australian*, *The National Times* and *The Financial Review* all boosted their circulations.

Although the newspaper target audience was still growing, newspaper sales failed to keep up.

By year's end it was apparent the daily "popular press", especially the afternoon papers, was losing popularity, as most of the major tabloid papers in the country had reduced circulations.

But Sunday papers continued to do well.

MAGAZINES: The national predilection for magazines spawned a new crop of special interest magazines, including *Omega*, *Australian Business*, *Sydney City Monthly*, and *Farm*.

But the women's field was again the hardest-fought area of publishing.

New Idea was the year's winner — increasing readership more than 20 per cent and overtaking *Woman's Day*. *Women's Weekly* remained the market leader with 860,000 readers.

But the news of the year came at the very end: Ms Buttrose was to leave the *Weekly* to become editor-in-chief of News Corporation's *Daily Telegraph* and *Sunday Telegraph*.

In the "men's" market, *Reader's Digest* rose steadily to end 9 per cent ahead of last year at 540,000. *The Bulletin* also rose (12 per cent) but stablemate *Playboy* and rival *Penthouse* both lost 30 per cent of their readership.

Unprofitable radio stations 'not fit to hold licences'

23/2/81

By SAM PASSOW

COMMERCIAL radio stations should lose their licenses if they can't show a profit for three consecutive years.

This recommendation is being put forward by Melbourne media mogul, Harold Mitchell, 38, of Merchent, Pettett and Mitchell, whose agency accounts for $45 million worth of radio and television air-time in the Victorian capital.

According to Mitchell, five of the nine commercial radio stations in Melbourne are running at a loss, and creating a bad image.

"I'd like to see the Government reconsider the licence of a radio station if it has been unprofitable over a period of time. It should have to show cause as to why it should be allowed to hold onto the licence.

"I'd say that three years in a row is more than enough time for someone to hold a licence and prove that they can run it to the good of the community and to their own commercial profit.

"We live in a world where profitability is a measure of success, and if they are unprofitable, it follows that they are unsuccessful," he said.

Mitchell estimates the advertising market in Melbourne is worth $450 million.

He says radio in Melbourne has become so localised in its program formats, that advertisers now use it primarily as a local retail medium.

"We don't recommend radio to our clients as a mass audience medium, because it has become too specific a medium.

"So, in order to reach a mass audience, you have to use a number of stations and that can become a very expensive proposition."

He says the successful stations such as 3UZ in Melbourne, 2UE Sydney and 5AD Adelaide had broader appeal [illegible]

HAROLD MITCHELL. . . 'expensive proposition'

in that way were able to gain the national advertising dollar.

Mitchell says the Melbourne radio market is just able to attract 6c to 7c of the advertising dollar compared with the national average of 9c.

He lays the blame for the medium's weak performance on the management of the radio stations whom, he says, aren't doing enough to make their stations more attractive.

"Their first mistake," says Mitchell, "is that they are only selling their medium on its cheap price.

INEXPERIENCED

"What they are not doing is selling the medium as an advertising vehicle, developing reasons why advertisers should use the medium, such as test situations for new advertisers, promoting success stories in new fields to other operators in other new fields.

"They are simply not being aggressive enough in building a base of new advertisers in the market.

"The radio salesmen in the Melbourne market are too young, too inexperienced and are [illegible]

cated salesmen in the marketing community," he says.

While Mitchell may be outspoken, his comments are certainly not unsubstantiated.

Rex Collins, 42, who for the past two years has been ad director for 3XY, the top-rated commercial station in Melbourne, says improvement will only come about through collective promotion.

"It is the station managers' lack of commitment and involvement which is holding back the medium's growth," he says.

He suggests the nine stations collectively raise $100,000 a year and commission a full-time local market researcher who can come up with inter-media comparisons.

Such a detailed study, he says, is needed to supplement the one already done by the National Radio Marketing Board.

At the same time, he also feels the stations should setup an education program for sales staff to provide them with not only a greater understanding of their own medium this new market research will provide, but to gain an insight into the television and print markets which they are com- [illegible]

2/2/81

Increase in advertising complaints last year

By SAM PASSOW

THE number of complaints against advertisers unfairly misrepresenting competitors rose last year, according to a Media Council of Australia report

Of the 19 complaints lodged before the Joint Committee for Disparaging Copy, six were upheld, two more than in 1979.

While comparative advertising is allowed and even encouraged in the industry, an advertiser is not allowed to place its competitors' products in an unfair light to promote its own.

The JCDC, which has been reviewing and arbitrating the advertising industry's complaints since 1954, noted in its report that the beginning of this decade was a dramatic improvement over the start of the 1970s.

In 1971, there were a record 60 complaints, 22 of which were upheld.

In 1972, the number dropped to 46, of which 12 were sustained, and they have been declining ever since.

According to Mr Jim Furlong of the Media Council, greater government legislation, such as the Trade Practices Act, was largely responsible for cutting down the number of disparaging commercials.

19/1/81

MARKETING

Networks will slug it out at breakfast

MORNING TV news may soon be as much a part of your breakfast as coffee and cornflakes. SAM PASSOW looks at the plans by the Nine and Ten Networks, where they got their ideas, and how advertisers will react.

THIS autumn the TV ratings war will begin at sunrise.

The battleground will be the breakfast table, the command posts will be the news rooms of both the Nine and Ten Networks, as both TV channels try to capture viewers with their morning news programs.

The Ten Network plans to fire the first salvo in March when it airs *Good Morning Australia* from 7am-9am.

"We have been looking at daytime TV for more than 16 months because daytime and morning TV have tended to be the province of the Nine Network, and we can't let that continue," said Brian Morris, general manager of the Ten Network.

"Obviously you can only get so far in maximising your revenue in prime time and you have to look for others areas for maximising the revenue," he said.

Channel Ten's program will be modelled after the American Broadcasting Co's *Good Morning America*.

Like its American counterpart, the show will be produced by the network's production department, not the news division.

"*Good Morning Australia* will have a very strong news content," said Mr Morris, "but that will only be one ingredient in the program. News and news orientated product such as interviews will be 50 only per cent of the program."

Mr Jim McKay, executive vice president of programs for the Nine Network said the channel first began discussing the morning news program last June.

"We were already on the air for 24 hours a day, so we're really not getting into a new field of transmission," he said.

The Nine Network has not as yet titled its new program, nor has indicated when it will go to air.

The only public word on the program to date is that Steve Liebmann will host it, and that Mike Walsh will be the executive producer. Both are currently in the States watching the American programs and speaking to US network executives. They are not due to return before the end of the month.

The Ten Network will announce its key on-camera personalities in the next few days.

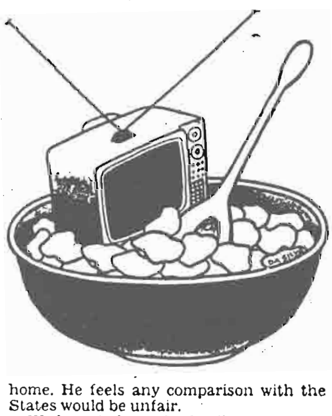
While both Nine and Ten admit that the new program will mean they will have to expand their current news operations to 24 hours, neither has yet begun hiring the additional journalists.

Both networks contend that the budget for their two hour morning news program will be very similar to the weekly budget for their existing evening half-hour network news programs.

The Nine Network spends $65,000 a week for its half-hour evening news and the Ten Network spends more than $50,000 for its hour-long evening news program.

Executives at the Ten Network say that while their program will not be identical to ABC's *Good Morning America*, it will resemble it in very broad principles. When talking about their program plans, they frequently cite the "American experience" or "American research", which seems to be little more than a six-page Time magazine article from last December.

According to Peter Sutton, one of *Good Morning Australia*'s two executive producers, the average Australian home is different from the average American



home. He feels any comparison with the States would be unfair.

"We hope to have the family turn on the TV set and leave it on. They can be wandering around the house eating breakfast or combing their hair, brushing their teeth, still listening to the TV set, and if there is something they find interesting, they can walk in and see it," he said.

Despite the fact that such a programming policy would be an anathema to advertisers (see box on advertisers' view), Mr Morris insists that *Good Morning Australia* "will be a listened-to program as well as a looked-at program,

"There will obviously be regular features in the program which I think people will say, 'hey I want to hear what this guy has got to say, or see what this girl has to show me', and if you structure your program where that segment comes at a predictable time, it will appeal to a certain member of the household.

"And if we are good enough," said Mr Morris, "they will take the time out to watch that five or 10 minutes."

The Ten Network plans to pacify wary advertisers by offering them an extremely lucrative rate structure, which would make it cost effective even if people weren't watching all the time. It will announce its rates later in the week.

The Ten Network admits that it has done no research into the program here in Australia.

According to network general manager Brian Morris: "Maybe, once a program starts going we'll do some research into it, see what audience attitudes are, who is watching it, why they are watching it, why other people aren't watching it.

"If you start programming a TV station by research, its the same as producing a magazine or newspaper by research. They usually turn out to be disasters.

"Either you know your business and get on with it, have a feel for what public tastes are, what the mood of the public is, or you haven't," he said.

He rationalises this approach by noting: "I dont think a lot of research is done in Australia into product concepts in television, and I think that's probably why Australian TV is more volatile, more interesting, in my view, view, than American or English TV."

Executives at the Nine Network are adopting a far more cautious approach. They insist that they will not let the competition panic them into making an early start.

The network, which spent almost a year planning the now successful news magazine program *60 Minutes*, says it has not set the date for the new morning news program, "because we want to make sure the pre-planning is 100 per cent."

The Nine network news division has now entirely switched over to hand-held electronic news-gathering cameras, more commonly known to the viewer as the "Action Cam" or the "live eye."

Last year, it became the first network to break the Visnews (British Broadcasting Corp and the American NBC network) satellite monopoly and offer viewers a different slant to foreign news by signing contracts with UPITN (which is a combination of the Independent Televsion Network in the UK and the American ABC News) and the American CBS News.

Nine's news director in Sydney, Ian Cook, said that while Nine's show will also resemble *Good Morning America* in that it will not be entirely a journalistic effort, "the hidden benefit of the two hour morning news program is that it will expand the networking of news and provide an outlet to exploit the stories from the smaller cities, like Adelaide, Brisbane, Darwin and Perth, which at the moment, are not considered 'strong enough' to make the half hour evening news."

The executives at the Ten Network all claim that Mr Rupert Murdoch is very committed to the idea, and is determined to see a dramtic improvement in the network's ratings outside prime time.

His chief TV lieutenant, Brian Morris said with pride: "I have worked for Rupert Murdoch for 16 years, and I beleive his philosophy is that when you decide to do something you get in and do it.

"My own experience in the magazine business is that if you decide to do something, then get in and do it.

"And if you make a few mistakes along the way, if you're professional enough and have the right people, you pick up your mistakes quickly, you learn on the run, and I think that's far better than sitting around and asking committees of people what they think of this and that," he said.

Brian Morris and his like-minded executives at the Ten Network pride themselves in their "tablold Press" approach to the electronic media.

"We are in the communication business," said Mr Morris.

Coffee, scrambled eggs and TV news

ON January 14, 1952 television's first morning news program, *Today* was aired by the National Broadcasting Co in the United States.

It bombed.

Critics were hostile, advertisers were wary and audiences were scarce.

But the show was saved by J. Fred Muggs, a baby chimpanzee.

His owners, two former NBC employees, brought him to visit the set, and a producer gave him a screen debut.

As Darwin discovered a century ago, man's primitive cousins are endlessly fascinating, and soon, it seemed just about everyone in America was watching the antics of the mischievous anthropoid.

But fame went to Muggs' head, and he began biting the hand that fed him — and any other piece of exposed anatomy.

Four-and-a-half years after he lept onto the set, he retired according to the network's public relations department, to "extend his personal horizons."

But by that time, morning TV news was as much apart of the American breakfast as percolated coffee, scrambled eggs and Cornflakes.

Today, all three major commercial networks have their own morning news programs which each weekday are tuned in to by more than 10 million households.

The most popular of the three shows is the American Broadcasting Co's five-year-old program, *Good Morning America* (watched by 4,590,000 households) which in 1979, managed to break the 27-year domination of the 7am-9am time slot by NBC's *Today* (watched by 3,968,000 households). The third contender in the field is the Columbia Broadcasting System's *Morning* , which is only on from 7am-8am, and is watched by 2,723,000 households.

Until recently, watching morning television was for many people like drinking before noon: if you did, you certainly didn't admit it. Now many more people seem to be sneaking a glance.

ABC estimates the average US viewer watches one of the network morning news programs for two minutes to find out what happened during the night, learn how to guard against heart attacks and prevent wrinkles, hear the latest gossip from Hollywood and receive instruction on how to manage a household.

On the assumption that more men watch in the first hour than in the second, the shows concentrate on the hard news early on. By 8am, the working men and women have presumably left — along with CBS's *Morning* — and ABC and NBC turn their attention to housewives.

Not only are Americans starting their day better informed then they were a decade ago, but newsmakers are finding this an increasingly popular time slot to make major pronouncements, often with more effect then they could have achieved on the evening news 12 hours later.

Jimmy Carter announced he was close to a deal on the American hostages in Iran as voters in Wisconsin were trooping off to the polls during the presidental primaries last spring. Since most people voted before they went to work, he was able to capitalise on a sudden surge of patriotism which evaporated later in the day when the deal fell through, and managed to hold on and narrowly defeat Edward Kennedy.

Many people in Washington now consider tuning in to one of the morning news programs as important as getting out of bed.

Although the three shows offer basically the same information, they have each managed to retain their own personalities.

NBC's *Today* is like a morning newspaper. Solid, informative but sometimes pompous and solemn. Its set, which has virtually remained unchanged for 25 years, is dominated by an imposing horseshoe-shaped desk, behind which are chairs for the staff and a giant backdrop of the Manhattan skyline.

The show is co-presented by Tom Brokaw, 40, a former White House correspondent with the snub nose and boyish good looks of a class president, and Jane Pauley, 30, whose prim and manicured appearance makes her look like a law school trainee.

ABC's *Good Morning America*, on the other hand, is more like an afternoon tabloid, more frivolous but also less pretentious. The set is a cosy living room of mock suburban home, and the show is co-presented by David Hartman, 45, a tall, easy going New England TV actor who displays the same concerned but reassuring bedside manner of Marcus Welby MD; and Joan Lunden, 30, a wholesome-looking gal whose style of interviewing is to elicit the least information with the widest possible eyes.

CBS's *Morning* is presented by Charles Kuralt, 46, a veteran newsman and modern day Huckleberry Finn, whose 13-year "On The Road" series for the *Evening News* won him millions of fans. A lone performer, Kuralt's show is more a magazine than a newspaper, and he presents it from a modern two-tiered yellow and white set, sitting on an artist's stool with, with an easel containing his notes off to the side.

The presentation of the programs is to a large degree a reflection of their origins. Both *Morning* and *Today* are part of their network's news division, while *Good Morning America* is a production of ABC's entertainment division.

All three programs also have generous budgets: *Good Morning America* $20 million a year; *Today* $16 million, and *Morning* $7.5 million.

But the real costs of the programs are even higher since all three use stories and correspondents paid for by their evening news programs.

Advertisers plan to set deadline of six months

TV media buyers will be giving Australia's latest experiment in morning news six months to prove itself commercially viable.

The warning comes from Alan Robertson, general manager for Merchant and Partners, the largest media buying consultancy in Australia, who said the advertising industry would be approaching AM TV "with a great deal of caution."

"TV media buyers will always look at ratings. They are notoriously unforgiving, and within six months they'll want to see real trends towards healthy ratings," he said.

Mr Robertson strongly rejected the contention by *Good Morning Australia's* producer Peter Sutton that the show would be successful if families turn the TV set on when they wake up, then go about the house getting dressed, having breakfast, still listening to the TV, and looking at the set if they hear something interesting.

"That kind of hypothesis would be absolutely contrary to what an advertiser would want," he said. "An advertiser wants people to sit there. The more captive the audience, the better it is for the advertiser.

"It would be absolutely useless to the advertiser to have a situation where someone was shaving or brushing their teeth and heard a piece of news they were interested in, went and looked at it in the lounge room and then returned to whatever they were doing.

"I think if they (the program's producers) felt that way, the advertiser wouldn't even bother to use it," Mr Robertson said.

Morning television news is not a new concept in this country. It's not been a successful one either.

In 1969, Channel 7 aired a program called *Network 7 Today*.

Even though it had five years to develop, the program only attracted 25,000 households on a weekday morning (July/August survey 1974), or 3 per cent of the 807,000 Sydney TV households.

The rival networks both had children's programs and cartoons on at that time which attracted almost double Channel 7's audience.

Channel 9's Marilyn Mayo Super Flying Fun Show attracted 55,000 homes, while Channel 10's children programs reached 42,000 homes.

With this in mind, Mr Robertson said that the new morning TV news programs will have to be as fast paced and as hard hitting as drive-time commercial radio.

18/5/81

The rise (costs) and fall (ratings) of a late night news show

By SAM PASSOW

SYDNEY station ATN-7 plans to drop its nightly news magazine program, Newsnight, as part of a major newsroom reorganisation.

The move means local television news coverage in the nation's leading media market has suffered yet another blow.

It is the second major local news show in the past six months to be shelved by the No 2 rated station.

Last January the low-rating, nine-month-old Seven Sydney News was axed when presenter Steve Leibmann signed a contract with the Nine Network.

According to an ATN executive, the reorganisation plan will be presented to station manager, Mr Ted Thomas, when he returns in two weeks from a business trip to the US.

The reorganisation plans have been developed so the station can compete more effectively for the prime-time 6.30pm-7pm national news spot, as well as bolstering its morning news program 11 AM.

In the last McNair-Anderson ratings survey (March 15-April 11), TCN-9 captured 36 per cent of the Sydney market, followed by ATN-7 with 27.1 and ATV-10 with 25.6.

In the 10.30pm-11.30pm (Monday-Friday) time slot, Newsnight averaged 5.7, beginning the hour with an average audience of 133,200 and dropping off to 61,600 at the close.

Channels Nine and Ten competed during that same hour with variety programs, movies and serials. Nine captured a 10 rating (average audience varying from 195,400 to 60,200) while Ten managed 7.8 (136,600 to 56,600).

While the difference in audience share might not seem dramatic, at $70,000 a week the nightly news magazine is far more expensive than the competing programs.

When viewed in terms of revenue versus costs, almost all local programming ends up in the red. But stations consider them essential because they usually rate well and act as a counter-balance to the low cost imports which dominate prime-time.

But in terms of advertising revenue, the low-rating Newsnight is considered marginal at best by ATN executives and and when viewed in terms of an already over-extended news budget, it was a toss-up between being a bold experiment into the realm of nightly news and a luxury.

In the past 18 months, ATN spent more than $750,000 revamping its news studio and upgrading production facilities with state-of-the-art equipment from the US, Britain, Canada and Japan.

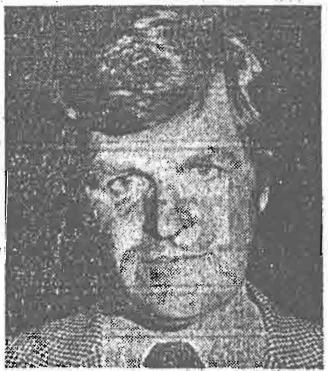
Cancellation of the three-year-old Newsnight will not come as a surprise to the program's staff. Reports from the newsroom indicate morale is low and that there are professional differences between the two presenters, ex-ABC newsreader Ross Symonds and Mike Peterson.

The program, whose main feature is its capability to provide live coverage of late-breaking stories, is being produced by the station's weather man, Mike Bailey, who used to co-host the program with Peterson before Symonds joined the ATN news team in January.

But an ATN executive said the planned program cutback is the result of a lack of talented and sufficiently trained personnel capable of using the latest technology.

The ATN news division now plans to concentrate the bulk of its effort on the all-important 6.30pm nightly national news, which has a potential audience of more than 1.4 million people in the Sydney area.

During the last survey period, the Seven National News attracted an average of only 352,400 people (15.3) in Sydney, compared with 588,200 (26.6) for TCN-9 and 354,200 (17.2) for TEN-10.



Mr TED THOMAS . . . US trip

Short cuts

ACI polishes image

FOLLOWING hard on the heels of BP's plans to spend $6 million or so polishing up its corporate image, comes a "me too" announcement from ACI.

The company has asked for submissions from four Melbourne-based agencies — USP Needham, Masius, Leo Burnett and McCanns — to handle an estimated $1 million plus corporate image campaign.

The four agencies involved handle various divisions of ACI.

L & K breezes along

THE new product development department at Lever and Kitchen seems to have been working overtime for the past couple of months.

First it was the $3.5 million launch of Wisk, which was followed soon after by the higly promoted new-look Omo.

Next month the company is weighing in with the launch of Breeze, a fabric conditioner for use in tumble dryers.

Despite the fact that only 37 per cent of Australian households own tumble dryers (compared with 75 per cent in the US market) L&K is putting around $250,000 into a TV and women's magazine campaign to promote the product with particular emphasis during the early winter months in the Tasmanian, Victorian and NSW markets.

Grey fills breach

GREY hasn't wasted any time filling the gap left by last week's departure of the BMW business from the agency.

Filling the breach is the yoghurt and instant milk business from the Foremost Consolidated division of Petersville.

The account, estimated to bill around $600,000, was previously with Patterson and Partners.

New York award

THE Campaign Palace has scored Australian advertising's first gold at the prestigious New York One Show awards.

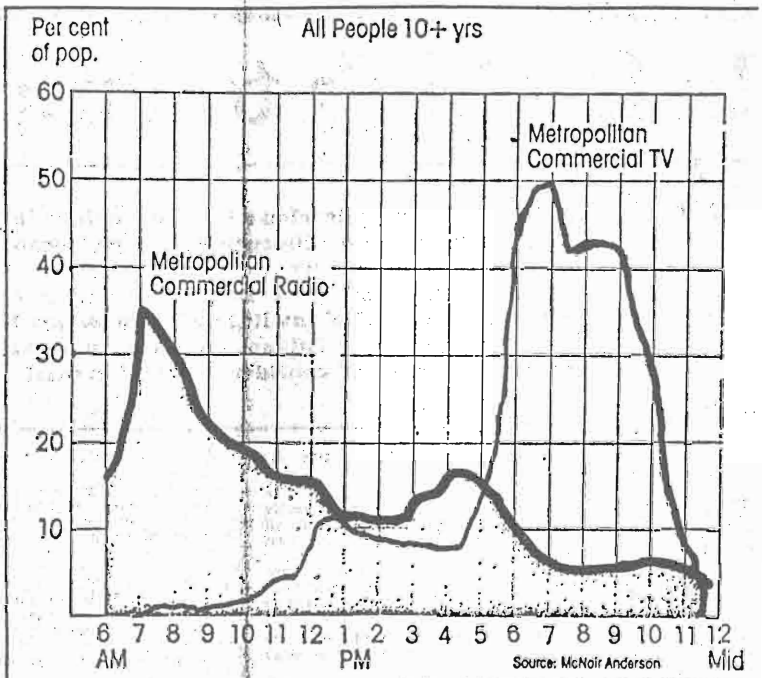
The gong was handed out for the How to Kill a Baby ad (promoting the Woman's Day story on the baby seal slaughter in Canada) for Palace client, Sungravure. Meanwhile, Coudrey Dailey's Moove commercial continues on its award winning way — the latest trophy for the mantelpiece coming in the form of a gold Clio.

Director Richard McCarthy also scored a gold for his Reader's Digest commercial for Gough Waterhouse. The commercial, tagged President Carter, featured a look-a-like of USSR President Leonid Brezhnev.

9/12/80

FEATURES

King Radio aims to get on same wavelength as the advertisers



SURVEYS show that radio reaches more people than TV for almost two-thirds of the day

QUESTION: Why does radio attract only 9c out of each advertising dollar?

Answer: Because everybody listens to it.

It doesn't make sense? Here are some facts to confuse you further:

● ALMOST every home in Australia has one or more radios.

● OVER half of the population live in households with at least four sets.

● SOME 84 per cent of all car owners have a radio in their vehicle.

● AND 87 per cent of all the people in this country over the age of 10 listen to the medium every week.

● IN the major metropolitan markets, women aged 18 and over spend 23 hours a week on average listening to their radio sets, while men of a similar age spend 21.5 hours.

● TEENAGERS in the metropolitan areas tune in just above 15 hours a week.

● RADIO reaches 75 per cent of all people 10 years and older during "morning drive time" (5.30am-9am) and 63 per cent during "evening drive time" (4pm-7pm), making it the nation's main source of news.

The reason for this apparent contradiction according to Mr Bob Logie, director of the Radio Marketing Bureau, is that "radio is so much a part of people's lives that as a result of that fact, it doesn't have the top of mind awareness that other mediums have.

"It doesn't have the same kind of visual impact that TV has, because it's there, it's always been there and functioned well.

"Radio tends to be like water from the tap — it's taken for granted."

Advertisers, he claims, are needlessly throwing away their money by overspending on television and print ads when they could more cost effectively reach the same audience, with greater frequency, on radio.

"In many instances," says Mr Logie, "it becomes almost im-

By SAM PASSOW

perative that the advertising agency gives the client what the client thinks he wants, and unfortunately, many clients see themselves on television, often for purely emotional reasons."

There is little doubt that television is the most powerful medium an advertiser can buy — if he can afford it.

But a lot of companies with modest advertising budgets simply can't.

In many cases, radio can be the next best option.

Or it can be used effectively in conjunction with a light television schedule.

It costs up to $1150 for 30 seconds of prime time on TV.

On radio, it's less than $150.

RECRUITED

Peter Shackleton, media director of Young and Rubicam, Melbourne, quite blatantly says radio is not doing enough to sell itself as an advertising medium.

"This is especially the case in Melbourne where many radio sales executives do not fully understand the application, in advertising, of the medium they are selling.

"They tend to be recruited from other selling environments and are inadequately trained in the medium before being dispatched to make their first sales call," he says.

Shackleton also contends that the Melbourne situation adversely affects radio stations nationally.

More than a third of national advertising expenditure is generated out of Melbourne, yet estimates indicate Melbourne accounts for only 15 per cent of national radio advertising revenue, which last year was more than $130 million.

"Some Melbourne station sales managements seem unable to merchandise their stations properly to all of the right people in advertising agencies.

"So not only media departments, but account service and creative people all tend to disregard radio as a medium," he says.

This view is supported by the fact that advertising agencies allocate on average only about 9 per cent of their total billings to radio.

But according to Chris Maitland, sales manager of Sydney radio station 2UE — the highest rated commercial station in the nation's number one media market — "the Sydney scene is a damn sight better than Melbourne".

Mr Maitland defends his fellow salesmen by contending that "most of the time we don't even get a chance to meet the creative people and the account executives.

"We only get to see either media buyers, who buy time for an agency, or the media planners in agencies who say they will pass the information.

"Neither of whom," he notes, "make the original decision as to which medium will be used in a campaign."

Mr Logie agrees radio is not doing enough to sell itself, and reckons the medium would be reaching its full potential if it were to capture 15 per cent of the total $1.5 billion advertising market, or 15c out of each advertising dollar instead of its present 9c.

He contends that the major weakness of the medium lies not with untrained salesmen, but with a lack of creative writers in the ad agencies.

But he is willing to concede that "there is a fair bit of evidence to suggest that the quality of radio creativity is reaching much higher levels than it did five years ago."

Young and Rubicam's senior copywriter, Mr Julian Smith, is quick to note that before mapping out a radio campaign, it's important that agencies make sure their clients understand the functions and limitations of a radio commercial:

● RADIO is an awareness medium. It's there for 30 to 60 seconds, and then it's gone.

Radio is not like a press ad, where content can be studied at length or at leisure.

● RADIO must therefore be single minded.

It must contain one proposition only. Everything that is heard in that commercial must support that single proposition.

● PEOPLE hardly ever listen to the radio with total attention — although it is possible to capture it.

So a listener must be left with a single, strong message from commercial radio.

Although it is easier for a creative director to work with pictures, motion and color, "executed properly, radio can be television of the mind," says Mr Smith.

"What a listener hears can conjure up powerful images."

While this may work in theory, in practice, says Mr Maitland, "we often get copy that is based on the body copy of a newspaper ad, or an agency will send us the soundtrack of a TV spot".

Without a doubt, the only ones who conjure up better images than Merlin the Magician are people who work in radio.

Like emotional Latins, they talk with their hands when they try to explain to you how versatile their medium is, compared to television.

"Where else, for instance, can you talk to young people 18-24, on a sunny Sunday afternoon?" they will ask you.

And before you have a chance to think up a snappy answer, they will tell you with a flick of the wrist that radio is a moving medium, which reaches an otherwise unreachable mobile market.

DOMINANT

They also stress that radio is an immediate medium which generates same day results, to which they gleefully note that television stations use it to "sell" their programs on the same night.

According to a McNair-Anderson poll privately commissioned by the Radio Marketing Bureau, commercial radio has a far more consistent audience than television, and is not only the dominant medium for 12 consecutive hours (5.30am-5.30pm), but th most active during commercia trading hours, while televi sion's ability to command a audience's attention is limite to six night-time hours (5.3 pm-11.30 pm) where an adver tiser then has to hope his mes sage will not be forgotten b the time the viewer wakes u the following morning.

Yet even during those sam night hours while most peopl are enveloped in a video haze 45 per cent of the populatio still tune into radio for at leas 15 minutes.

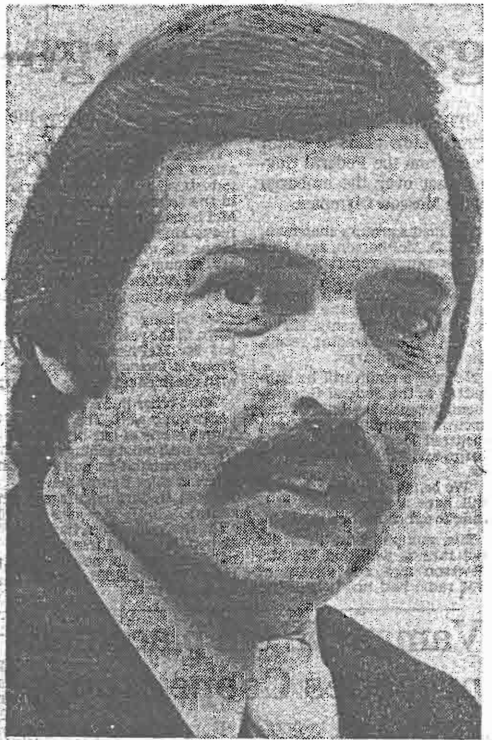
Dial dilettantes like Mr Mait land are emphatic that radi does work.

He says the problem is tha the overall picture is looked a in dollar terms and not th number of advertisers the me dium is attracting.

As an example he cites th Sydney market where a pea time TV spot costs 7.6 time more that a peak time radi spot, while TV's total share the advertising market is on 3.4 times greater.

FEATURES

FM begins to bag the ears and revenue



Mr George Chapman, manager of Perth's 6NOW-FM

By SAM PASSOW

IN the broadcasting trade, ratings are more of a final judgment than an opinion poll. The difference of a percentage point either way can make or break a career, and will largely determine how some $93 million in advertising revenue will be spent.

But whether one agrees with the fairness or accuracy of the McNair-Anderson and Associates survey of radio audiences, its now clearly an undeniable fact, that FM commercial broadcasting has captured the ears of Australia.

In their first showing in the ratings, the new FM stations have already proved their capacity for attracting listeners away from their established AM counterparts, ranging from 12.9 in Perth to 2.0 in Sydney, and their performance in the months to come will undoubtedly force a number of AM stations to change their formats.

While all markets surveyed by McNair-Anderson use the diary system, the frequency of the surveys and the number of people polled each time vary from market to market.

In Sydney and Melbourne, 2500 people are polled each time in four, eight-week sweeps. In Brisbane, the sample drops to 2000 people in three eight-week surveys, and in Perth and Adelaide, 1750 people are asked to fill in the diary during three eight-week periods.

In all cases, a cross section of people is chosen based on ABSTAT figures. It's a purely voluntary exercise, and 80 per cent of those asked to participate do.

A review of the final survey for 1980 on a national basis indicates a number of clearly-defined trends in FM broadcasting:

- IT appeals most to the 18 to 24-year-old age group. They are also attracting a large slice of the 10 to 17-year-old age group.
- WHILE the peak audience share (that is a percentage of the total number of radio listeners at a specific time) is between 7pm and midnight, the individual FM stations actually attracted their largest number of listeners from 9am to 1pm. This is because more people listen to radio during the day.
- FM stations offered little or no competition to AM radio's peak audience time of 7.15am-7.30am, or into "morning drive time" between 5am and 9am.
- THERE had been no across-the-board loss in the share of the market held by AM stations. But rather than creating a new group of listeners, FM was drawing from AM stations which catered mainly to 10 to 24-year-olds.
- THE ABC suffered an average loss of about two per cent in Sydney, Melbourne and Adelaide, but held their own in Brisbane and Perth.

While most FM stations were aiming for a target audience which was 5-10 years older than the one they initially captured, George Chapman, general manager of the most successful FM station in the country, 6NOW-FM in Perth, contends that this was to be expected.

"I think any marketing man will tell you, that when you are marketing any new product, you get the younger people to sample it first.

"Radio is very much habit. If you look at successful radio stations over a number of years you will see a lot of it is attributed to habit, and the 18 to 24-year-old male seems to be the one who is not so set in his ways, and is more prone to change. He changes first, and obviously he mixes with females and then they become converted.

"We checked out our second four weeks against our first four weeks of the eight-week survey and we found that we were growing in females in the second four weeks," said Mr Chapman.

This view was agreed by Rod McKay of 4MMM-FM in Brisbane in a somewhat more novel explanation: "To tune into an FM station is basically a mechanical thing which is part of the male role, but once females get on to it, they tune in for themselves."

David Greenwood of 2DAY-FM in Sydney discounts FM's attraction to the 10 to 17-year-old age group audience as "trendy" and said their share of the market dropped off as the eight-week survey progressed.

Mr McKay is not so dismissive. He contended that younger people are more aware of what's going on and are part of the technological revolution of the 80s. Their showing in the ratings suggest, he says: "That kids are really into things that are new and are happening. They are into the space syndrone and laser technology. They see an ad on TV coming on for FM stereo and it wouldn't matter if you put on bloody Beethoven, they would like to tune across and hear it."

Mr McKay sees FM's biggest challege in the coming months as trying to overcome what he calls the "rusty dial syndrome", which he claimed mainly afflicts those listeners aged 25 and over who kept their sets fixed to the established AM stations like 2UE and 2CH in Sydney.

"It doesn't matter what the bloody hell those AM stations do, their listeners will stay there," he said.

Mr Greenwood, who said his station was right on target with the two per cent share it received in its first rating insisted: "If you can make a chink in the market, you have a very good chance of not only being successful, but very successful."

The question is, how do you determine success?

In the country's largest market, Sydney, where there are nine commercial radio stations (seven AM and two FM), which as a group are also competing for listeners against four ABC stations (two AM and two FM), the actual market share for each station would obviously be less than for example Perth, which is the country's fifth rated market, where you only have five commercial stations (four AM and one FM) which are also competing with three ABC stations (two AM and one FM).

This is where the deification of McNair-Anderson comes in.

The lifeblood of commercial radio is advertising. And as a rule, advertisers determine which station will get their business based on that stations performance in a survey, which McNair-Anderson have been conducting without any competition for the past seven years.

While advertisers will closely scrutinise the survey results for a breakdown of the radio market by specific age groups and times before they finalise their campaigns, the overall revenue-drawing power of each commercial station can be effectively calculated on an annual basis by multiplying their cumulative share in the survey by the market value of each share point.

In Sydney a share point this year is worth about $350,000 in advertising revenue; in Melbourne $225,000; in Brisbane $125,000; in Adelaide $125,000; in Perth $85,000 and in Hobart $40,000.

So a station in Sydney, for example, which scores a two point rating should be expected to pull in about $700,000 in advertising a year, while a station in Perth can score six times as high in the ratings but draw in only $1 million in revenue. This is why stations in a more competitive market can survive on lower market shares.

17/6/81

The Bottom Line

LEFT: Finance and investment is the best-served and most viable field for local newsletters, and now supports 12 of them. But there are others covering diverse issues

BELOW: Mr ADRIAN McCABE, founder of Australia's biggest-selling and best-known investment advice sheet. It goes to 15,000 subscribers at $120 a year each

Newsletters wait to realise local potential

By SAM PASSOW

AS a medium, newsletters in Australia are more a vehicle to cater for greed than to quench a thirst for information.

The problem is that the people who put them out admit they don't know how to exploit the market.

According to William Fenn, marketing manager of the country's biggest-selling newsletter, The McCabe Letter, "the audience here for newsletters is far less educated to their importance than they are in the United States".

"We lack an understanding as to their usefulness in the market-place," he said.

"We have to appeal to people who are concerned with money.

"That's why there is a reasonable chance in Australia for confidential information in the investment area," said Mr Fenn, who now sells his monthly newsletter to 15,000 $120-a-year-subscribers on the lookout for a hot tip.

Newsletter publishers generally agree that with the exception of the financial world, where there are already 12 newsletters, the market here is not really sophisticated enough to stand competitive newsletters in the general business world.

The publishers are now nowhere near aggressive or open-minded enough to exploit all the opportunities to extend their audience beyond their primary target.

Their marketing strategy is based on the premise that a particular sphere of business is the sole concern of that industry alone.

One of the major exceptions is Ad Briefs, published by Specialist Newsletters.

This highly successful publication is widely read at all levels of the advertising world because of the competitive nature and aggressiveness of the industry.

But it is also read by a lot of people who aren't in advertising, but are interested in the shop talk and broader commentaries of the market-place.

The biggest obstacle in starting a newsletter is the sheer expense.

It costs around $50,000 to launch a general newsletter, and that would include staff and the costs of getting your message across through direct mail, trade advertising.

The break-even point for a weekly newsletter is around $35,000 a year.

The average subscription for a newsletter in this country is 600.

You can count the number of private subscribers on the fingers of one hand as newsletters are viewed as purely a corporate affair, and a right reserved for senior management.

Mr Fenn said few young businessmen on their way up the executive ladder saw newsletters as "must reading" because the "the business environment has not gotten to the cut-throat stage where it would be a factor".

But perhaps the answer also lies not so much in the type of information offered, but the style in which it is presented.

According to Bob Freeden, publisher of Specialist Newsletters, the largest newsletter publishing house in the country, "I don't think our newsletters would influence a decision; they are not designed to do that.

"We are here to inform, not to influence.

"We don't take sides, we don't wage campaigns. We occasionally make predictions on what is happening, but not because of what we want to happen."

Specialist Newsletters put out 11 newsletters including such titles as Workforce, Liquor Letter, The Medical Letter, Systems Users and Management, Occupational Health and Inside Tourism.

Of their 11 publications, five are weekly, five are fortnighly and one, The Australian Business Index, which is a guide to published business news and feature articles, appears monthly.

To the editors of the Specialist Newsletters, their product is designed to be a summary of existing news, so that the subscriber can read the whole thing in 10 minutes.

Mr Freeden, 57, has headed his company for nine years — a time span he calls a lifetime.

He and his staff make no effort to conceal the fact that their main aim is to pursue the "good life".

They grudgingly concede that perhaps there is a correlation between the impact of newsletters as a major medium for communication and the lack of aggressiveness with which they approach the market-place.

It would take at least 12 months to win audience acceptance, because the only way you can gauge that is by the renewal rate at the end of the year.

While Mr Freeden claims his newsletters have a 95 per cent renewal rate, his success is not overtly apparent.

"We live well because we live on a shoe string. If we wanted to impress people with fancy offices, we would be history," he said.

Mr Fenn, who does work in a fancy office, attributes much of the success of The McCabe Letter to the fact that it's easier to market a personality than a general subject.

"To a degree, it's like the star system — it's believability that he creates through his own character."

Both Messrs Freeden and Fenn admit their newsletters have little or no influence in the corridors of powers in Canberra, either with politicians or lobbyists.

"We haven't educated politicians or the leading decision-makers in business to use newsletters as pressure vehicles," Mr Freeden said.

But said Mr Fenn optimistically: "As the needs and opportunities of lobbyists becomes more necessary, the newsletter will play a greater role."

15/6/81

'Junk mail' proves to be among the best sellers

THE other day I got this package from Singer Sewing machines which advertised a sewing machine for sale for $99, and that if I bought it in the next 10 days I would get 12 different colored spools of thread. I didn't read that one.

"And then I got this advertisement from Time magazine which said that if I subscribe right away I get an extra six months free and with the copy they are sending me they would also send me a free World Atlas. I didn't read that one either."

— A woman responding to a survey on direct mail.

By SAM PASSOW

ALTHOUGH few would admit to reading "junk mail", surveys in the United States show eight out of 10 people do read all the post stuffed in their letter boxes.

In addition, most of the people who receive direct mail promotions get them from a company with whom they've already been doing business.

Direct marketing is a $100,000 million business in the US. Here it generates around $900 million a year.

Murray Raphel, winner of the National Retail Merchants Association award for the most outstanding direct mail in the US, said: "In direct marketing, it is not unusual to get a 10 per cent response rate. That's a far greater response than through newspaper advertising."

Direct marketing is more than junk mail. It is the presentation of your product or company image directly to the customer.

Speaking at the three day Pan-Pacific Direct Marketing Symposium in Sydney last week, Raphel said: "What people fail to realise is that you can get a lot more money from the customer you already have than trying to get a new customer.

"The customer you already have has already shown their trust in you by putting money in your register.

"New customers don't know who you are. They're reluctant to come into your store and generally think you are just trying to make a fast buck out of them."

Raphel, 51, who sells ready-to-wear clothes and accessories to a medium and upper middle-class clientele in Atlantic City, New Jersey (population 44,000), denies direct mail has any specific class appeal.

He implored an audience of 300 local direct marketers to practice the art of active listening.

"We are so anxious to sell our product that we don't listen to the public," he said.

"If you know what the public want then you not only can position yourself in an already crowded market, but re-position your competition as well."

In addition to his multi-million dollar retail business, Raphel is an advertising consultant to a dozen corporations and writes monthly columns on advertising and promotion in Bank Marketing, Direct Marketing and Earnshaw's magazine.

He also puts out a monthly newsletter for all US supermarkets.

Like many other small businesses, Raphel got into direct mail because he could not afford to advertsie any other way.

After 30 years of trial and error, he claims the secret of direct marketing is that it should be entertaining and should get the customer involved.

Copy for direct mail advertising does not have be novel, just eye-catching. He also discovered the follow-on phase to this approach to the market place invariably was word of mouth — the cheapest form of advertising.

In what he terms the "psychology of the first person plural", Raphel advised businessmen to talk to their customers as though they were a part of their organisation.

By using words such as we and us, "you make a customer feel so important that he doesn't want to go somewhere else".

Raphel claimed one of the biggest errors copywriters of direct mail advertisements made was that they failed to write headlines as people talk.

Quoting ad mogul David Olgilvy, "when you have written the headline for a product you have spent 75 per cent of the client's money", he then gave several rapid-fire slide examples of eye-catching ads used in the US.

- EUROPE on a dollar a day. Once caught with that attention-grabbing headline, the travel group which who took out the ad then explained in small print that if you saved a dollar a day for a year, you could then afford to go to Europe.
- EINSTEIN'S theory of relativity. Give strangers the same prices as you give your relatives. The ad by the Einstein carpet group then used the small print to explain its bargain offer.

Analysing why some ads were more successful than others, Raphel said the key words in a short and punchy headline should be only (show exclusivity), you (shows involvement), can (can you afford to miss the offer?), now (implying the time to act), why (the customer should do something).

According to Raphel, there are seven steps necessary to produce a successful direct mail piece:

- PROMISE a benefit.
- ENLARGE on the benefit.
- BE specific.
- GIVE proof of past successes.
- WHAT happens if you (the customer) don't act on the offer.
- REPEAT the above.
- ASK for the order.

AMP boosts its '80 income to a bumper $1426m

By SAM PASSOW

AUSTRALIA'S biggest life insurance group, the AMP Society, boosted 1980 income 16.6 per cent from $1242 million to $1426 million.

According to the annual report released yesterday, premium income was up 14.4 per cent from $778 million to $880 million and investment income 17.7 per cent from $464 million to $545 million.

Income from freehold and leasehold property was more than $118 million, while income and land tax accounted for a further $65 million.

The yield on policyholders' funds continued its strong rise to 11.74 per cent — up nearly 1 per cent on the previous year.

The society's assets rose 15.4 per cent from $6049 million to $6902 million.

Freehold and leasehold property and associated assets increased $275 million to $1718 million, while loans on mortgages and policies were $847 million.

The interest rate for No.1 statutory fund deposit administration superannuation plan in Australia rose to 11.143 per cent for 1980, against 10.255 per cent in 1979.

The rate is calculated after making allowances for realised capital profits and losses, appreciation in the book value of certain assets, and investment expense charges.

According to AMP chairman, Sir Vincent Fairfax, the more than two million policyholders will benefit from rises averaging over 15 per cent in bonus rates, due to a record surplus causing $305 million to be set aside for reversionary bonuses of $803 million.

The society had a record $8220 million in new protection buying — a rise of 19.5 per cent.

The AMP paid out a total $298 million in benefits to policyholders during 1980 — an increase of 11.8 per cent.

The amount of protection now provided by the society is more than $44,707 million — $15,300 million in employer-subsidised superannuation plans and $29,407 million in private insurance.

The market value of AMP's ordinary share portfolio rose 52 per cent from $1297 million to $1971 million.

In 1980, the AMP invested $185 million in the Australian sharemarket on behalf of its three funds, of which $65 million was for new issues.

Market value of the New Zealand listed ordinary portfolio was $114 million, and in the UK, $70 million.

The figures include $618 million for ordinary shares held in respect of the society's investment linked business.

6/5/81

AMP sets out to unravel the great jigsaw called life

By SAM PASSOW

PUTTING together the pieces of corporate life has never been an easy game, but the AMP Society is at least trying to make it fun.

The society is promoting its 1980 annual report with a $60,000 television campaign, which will feature up to ten 30-second animated prime-time spots a week in each capital city.

The media blitz will last a month.

According to AMP's manager for public relations, Mr Ken Blair, the country's largest life office is "making a conscious effort to be uncomplicated and to get our message directly to the people and off the stuffy financial pages".

"We are the first organisation to actually market an annual report," he said.

"Last year up to 100 people a day came to our headquaters during the ad campaign and asked for the book they saw on TV."

The idea to make the annual report "public" was started last year when the format was changed from the more formal corporate tome to a zippy news magazine.

The 1979 TV campaign cost the AMP $50,000.

This year, its looks more like a travel brochure for a Gold Coast holiday, with a jigsaw puzzle of Australia as the underlying theme.

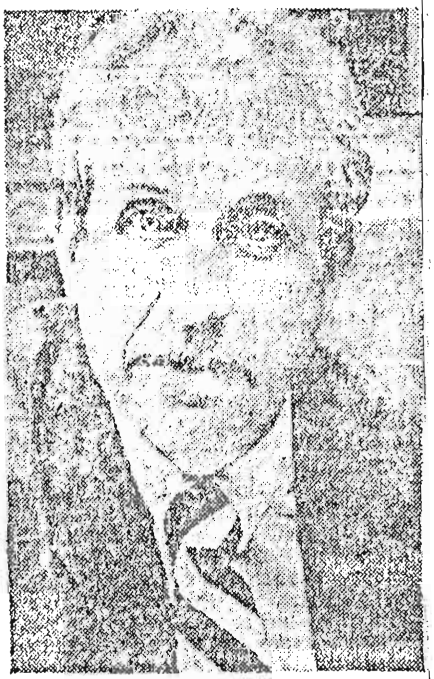
Both the report and the television campaign have been put together by the George Patterson agency.

The circulation of the report rose from 80,000 in 1978 to 125,000 last year. This year the AMP has lifted the print run to 150,000.

The AMP has more than two million policyholders and 6500 employees and agents.

The report is available at any one of the company's 35 regional offices and is mailed to 15,000 policy holders who have requested it.

By law, all corporate annual reports must be made available to all policy or stock holders, but in practice few, if any, are interested, so few are printed. The report is free because it is illegal to sell an annual report.



Mr KEN BLAIR

"We also want the people who work for us to understand the sort of society they belong to," Mr Blair said.

"Every member of the staff will attend a 40-minute audio-visual training session on "the book" and special training sessions for our 4000 agents will also be held to teach them how to promote our annual report.

"Each of these people will also be given their own individual jigsaw puzzle so they can see just how the company fits together.

While the AMP is the only company to engage in "finance for the masses" it is not the only one to adopt a more popular approach to money matters.

The No 2 life office, the National Mutual Life Association, is targeting its efforts to the nation's young spenders and recently released an annual report for young people.

11/5/81

18/2/81

News seeks part in HWT share probe

By SAM PASSOW

NEWS Corporation has asked the Australian Broadcasting Tribunal to consider it a participant in the share transaction hearing involving John Fairfax Ltd and the Herald and Weekly Times Ltd.

Speaking on behalf of News at an ABT preliminary hearing in Sydney yesterday, Mr Hendric Nicholas told the tribunal: "It would only be doing only half the job if it were to look at just one network.

"The questions of dominance, interference, influence and its effects has to be looked at in the overall context of the service to the Melbourne public."

Referring to the policy of networking TV programs from one city to another, Mr Nicholas said: "The tribunal is ruling on the propriety of what is already a long-established practice."

Citing a similarity in News' effort to gain control of Channel 10, Melbourne, he said: "The inquiry into this issue can be regarded as a watershed decision."

Fairfax applied to the ABT on November 29, 1979 for approval to buy 14.5 per cent of the Herald and Weekly Times.

If the deal is approved, it will mean Fairfax will gain a prescribed interest in Channel 7 Melbourne, while it already has a prescribed interest in Channel 7 Sydney.

If the ABT rules in favor of the Fairfax share takeover, then it will in effect be sanctioning the financial networking of TV stations, a move News has been trying to achieve with its takeover of Ansett Transport Industries, which is the licensee for Channel 10 Melbourne.

The ABT ruled against News last September, but the decision is currently under review by the Administrative Appeals Tribunal.

Mr Nicholas said since both News and Fairfax's share transactions would affect two-thirds of the Melbourne commercial TV market, the question must be looked at in the totality of that one market.

PUBLIC INTEREST

Counsel for both Fairfax and the Herald and Weekly Times objected to News' request to be included in the hearing.

For the second time this week, ABT chairman, David Jones, questioned whether it would not be better to put off the hearing until the Federal Government has made public its intentions on proposed changes to the present Broadcasting and Television Act.

The changes are intended to define the questions of networking and public interest.

On Tuesday, counsel for the AMP Society asked the ABT to put off its hearing into the Pioneer Concrete-Ampol share transaction affecting two TV stations in Brisbane until May 11.

The Federal Minister for Communications, Mr Sinclair, has confirmed his department is considering changes to the Broadcasting and Television Act but would not commit himself to a date when he will raise the matter in Cabinet.

Mr Jones said he will rule on the News request and announce the date for the hearing within a week.

20/2/81

Tribunal asked to delay probe

By SAM PASSOW

THE Australian Broadcasting Tribunal has agreed to consider a request by the AMP Society to postpone its inquiry into the purchase of a prescribed interest in TVQ Brisbane by Pioneer Concrete Services Ltd.

The postponement was requested until the Federal Government has considered the question.

Pioneer Concrete obtained its interest in the station indirectly through the purchase of a controlling interest in Ampol Petroleum Ltd.

Mr Roderick Meagher, QC, for the AMP, asked the ABT preliminary hearing in Sydney yesterday to put off the inquiry until May 11 because the Federal Minister for Communications, Mr Sinclair, is reconsidering the Broadcasting and Television Act.

Mr Meagher presented as evidence a statement Mr Sinclair made in Federal Parliament on December 4, 1980 in which he said: "There are a couple of instances of recent times which have caused the Government to consider the implications of the present provisions of the Broadcasting and Television Act."

He said one was "inadvertent transgressions of the provisions of the Act as a result of the stock exchange dealings for the takeover of the Ampol company, which causes us to look at the present provisions to see whether they do need modification, and, if so, in what way"

"This consideration will involve not only the machinery provisions within section 90 to 92K of the Broadcasting and Television Act, but also the consequences and implications of inadvertent stock exchange transactions and the way they should or should not be approved."

A spokesman for the Minister said he was unable to give a specific date on when the matter will be presented to Cabinet.

The chairman of the ABT, Mr David Jones, said he would rule on the request by the end of the week.

The inquiry was called when Pioneer bought 64.4 per cent of Ampol, which held 66.5 per cent of the shares of Universal Telecasters Qld Ltd, licensee of commercial television station TVQ Brisbane.

The AMP, which owns 12.2 per cent of Pioneer, contravened the Broadcasting Act by owning more than 5 per cent in three television stations.

The maximum prescribed interest holdings allowed by the Act are two, and the society already has a stake in QTQ-9 Brisbane and ATV-10 Melbourne

The Act also rules out licensees having interests in two stations in the same city.

Mr Meagher claimed the AMP is merely an institutional investor which has no interest in the actual operation of the stations.

FACTS wants Govt out of broadcasting

12/2/81

By SAM PASSOW

THE Federation of Australian Commercial Television Stations has recommended to the Federal Minister for Communications, Mr Sinclair, that the Government should hand over control of broadcasting to a single broadcasting authority.

In a formal submission to Mr Sinclair on the future of the Broadcasting and Television Act which is now under review, FACTS contends that the minister should have no role in the determination of standards or codes for broadcasters nor in their administration.

Cabinet is due to discuss the proposals today.

The Association of Television Executives proposes that licences should be renewed automatically unless licence fees are not paid or a wilful or grave offence has been proven in relation to a licence.

In this context, an offence would constitute a breach of provision of the Act, conditions of licence or approved codes.

But FACTS maintains that individual voluntary codes be required for each sector, and that all codes apply equally to all sectors of the broadcasting community.

In addition, the metropolitan members of FACTS, together with a number of regional licensees, believe the Minister should also have no role in the licensing process.

The majority of regional members of FACTS, who, in the main, support the National Country Party, believe the Government should regain control over the licensing of stations.

The Government relinquished this control when it established the Broadcasting Tribunal in 1977.

But it is believed the Communications Department submission to the minister will support the independence of the broadcasting authority.

FACTS says the present fragmentation of broadcasting administration should be eliminated and replaced by a single independent body.

This new broadcasting authority, which FACTS concedes could be the existing Australian Broadcasting Tribunal, would supervise all sectors of broadcasting including the ABC, the Special Broadcasting Service and commercial television, irrespective of the technology used in transmission — terrestrial, cable or satellites.

Under the FACTS proposals, the broadcasting authority would also be responsible for administration of program and advertising codes envisaged in the Broadcasting and Television Act (No 2).

In order for this authority to maintain its political independency, it is believed the members of the body will be appointed for six years with half of them retiring every three years as is now done in the Senate.

If the FACTS proposals are adopted, then public hearings at licence renewal inquiries would be dropped in favor of public hearings to be held at the discretion of the broadcasting authority, which would report its findings in a White Paper, and would then invite the Government and/or the broadcasting industry to respond as necessary.

The present open-ended references to "public interest" in the Act are unacceptable to all FACTS members, who feel they should be replaced by an explicit set of defined criteria.

16/2/81

Nicholas gets set for growth game

By SAM PASSOW

THE advantage of being in charge of the Pacific Region of the Nicholas International empire is that when you have a headache you don't have to look far for relief.

Although Mr Bill Leslie, 48, has been at the helm only since mid-November, he readily admits he is not entirely happy with his present stable of products, and would like to bring in some of Nicholas' other domestic medicinal products which are sold outside the Pacific region.

"Growth is the name of the game for us," is how he prefaces most of his remarks.

Last year the Pacific Region — Australia, New Zealand, New Guinea, Fiji and the smaller islands in the area — accounted for 23 per cent of the multinational's $167 million (1979-1980) sales.

The total operating profit for Nicholas world-wide last year was $8.09 million.

"The Pacific region is a very lucrative market and could be more so," said Mr Leslie.

"In the next five years we hope to account for 35-40 per cent of the total turnover."

In a major realignment of the corporation's structure in the New Year, Nicholas' empire was consolidated from six regions into five.

The UK, accounting for 30 per cent of the group's profits, was consolidated into Continental Europe, and Thailand and Singapore, which was in the Pacific Region, were taken over by the Africa and Central Asia division.

It was felt these two countries, whose $1 million in sales accounted for a little more than 2 per cent of the Pacific Region's turnover, could best be served by the head office in Nairobi, which specialises in working through distributors and cross-border trade in politically sensitive regions.

The other major change to the Nicholas line-up is that Peter Daldo, who used to head the Pacific Region, has moved to the United States to spearhead Nicholas' efforts in that market with the wide-range of cosmetics for blacks — already proven highly successful in Africa.

In fact Nicholas' Envi range of ethnic skin products is such a hit that it has made the company the envy of a number of multinationals which have already approached Nicholas' with takeover bids in an effort to penetrate the African market.

MR LESLIE

The Pacific Region earned $43 million dollars for Nicholas last year, of which $25 million was from Nicholas products and $18 million from Watson Victor distributorships.

Of the total regional earnings, only $7 million was gained outside Australia, in a market with just over six million people.

New Zealand was the region's biggest overseas market, accounting for $4 million of Watson Victor sales and $750,000 of Nicholas' overseas sales.

Of the $25 million worth of Nicholas products sold in the Pacific Region, 90 per cent ($22.5 million) were sold in this country.

Over the counter analgesics accounted for 57 per cent ($12.8 million) of sales, home medicines $5.6 million, toiletries and cosmetics $2.5 million and hospital products and prescription medicines $1.8 million.

Mr Leslie, who has been with Nicholas for 11 years, eight as head of manufacturing for the UK region and three as head of manufacturing world-wide from the head office in Melbourne, has wasted no time in settling into his new job.

"Some of our existing products simply need a kick in the behind," said Mr Leslie, who plans to finance the development of these products from products already well known and highly successful — such as Aspro, Vincent's, and Radox, which he calls "cash cows".

He is already planning to launch a new "top-secret" product in the cosmetic area as well as a new medicine for patients with a lung condition.

But his most ambitious project to date is the revamping of the company's high publicised product Staminade, the liquid energiser for tired atheletes.

Mr Leslie contends "that there is room for growth in this product, but there is something holding us back".

Because he is unsure just what it is that is keeping the product from taking off, his office at Chadstone, Victoria, will spend the next three months test marketing new versions of the product, reformulating its taste (now salty and bitter) to something more palatable to the consumer.

"The product as formulated now is for strenuous sports such as running and squash.

"I would like to reduce the strength of the product (the electrolytes which replace the perspiration in the body) so it will have a greater appeal," he said.

Last year Staminade earned $2 million for Nicholas, but with a revamped product, Mr Leslie is projecting sales up to $10 million.

Mr Leslie's approach to Staminade will be a good example of how he plans to run his region.

Recognising that six out of every 10 new products to come on the market never survive their first year, Nicholas will be spending more of its time and money developing its existing range of products rather than pioneering new developments.

"We will be plagiarising the home [illegible] already done in the other regions for our own market," Mr Leslie said.

The Pacific Region now spends $2.5 million on advertising with three Melbourne agencies — John Clemenger, Monahan Dayman Adams and 3-Dimension Marketing.

Mr Leslie said he planned to increase the ad budget this year because "if you don't tell people what you are selling, they won't buy".

11/2/81

FEATURES

PRESTEL in action. . . up-to-the-minute information on a variety of subjects available at the touch of a button

Prestel unites world at touch of a button

By SAM PASSOW

THE space invader syndrome which captured the minds and imagination of the younger generation is just a taste of things to come.

By the time these kids are ready to take over the boardrooms of the likes of BHP and CSR, television computer technology will not only be as much a part of their daily working lives as the 10 minute coffee break, but will be accepted in the same unquestioning manner.

Technology has now surpassed the video display unit this article was typed on, which allows this journalist in the newsroom to set his copy directly into type in the press room two floors below with the touch of a button.

Now we have reached the stage where with the same touch of a button, thousands of people all over the world can simultaneously and instantaneously call up information which would normally take countless hours to find.

This technological wonder which would even impress Stanley Kubrick's 2001 computer marvel, HAL, is called Prestel, and has just completed a highly successful year of international market trials.

Prestel was invented by the British Post Office's Telecom division in the early 1970s.

In the 18 months it has been in commercial service in the UK, more than 9000 terminals have been hooked up to the London-based computer system via ordinary telephone lines, 90 per cent of which are in the business sector.

Prestel uses the GEC 4000 series computer which is capable of storing and retrieving 250,000 frames (TV screens) of information at one time.

At present, there are two such computers in London which are in operation 22 hours a day. Two more are planned to go into operation at the end of this year on the east coast of the United States.

The information available in the Prestel computers is broken down into six categories:

●FINANCE: exchange rates, money markets, stock markets, commodity prices and company results.

●MARKETING: international and national trade statistics, names of commercial attaches, exhibitions, current research papers and names and addresses of suppliers and agents.

●NEWS: international news, weather, future events, personalities and viewpoints.

●TRAVEL: airline timetables, fares, hotels and restaurants, tourist exchange rates, travellers briefings, entertainment and sport directories.

●PERSONNEL: cost of living statistics, living abroad data, visa requirements, conferences, and business courses available.

●FUN: demonstrations, games, amusements.

But the real impact of this system is that it will not only be an invaluable aid to the market place, it will in itself become the market place.

The information is programmed into the computer by publishers and news organisations around the world who phone the information to London at their own expense.

When the subscriber wants to read any of the information, he is charged per screen he views, and that money is remitted directly to the supplier of that information.

The average cost for a single frame of information is about 10c. But if the the price of the information is determined by the supplier, it can vary enormously.

FAULT REPORTS

News Corporation, for example, charges 1c for its frames of information which include national news headlines, a financial summary, company profiles and tourist information on the capital cities, all of which is fed in directly from its newsroom in Sydney.

The *Wall Street Journal* charges 5c a frame, and *The Economist* charges 10c.

American Express offers a free instant hotel reservation service, while the American market research organisation, Frost and Sullivan, charges a dollar for a peep at one of its market forecasts.

Other information sources include the ABC airline travel guide, *Newsweek* magazine new products and processes, Merrill Lynch, Dow Jones and the Dutch news agency, *ANP*, to name but a few.

Prestel International was test-marketed in 1980 by Logica Ltd, the UK-based international computer and communications company.

The market trial aimed at integrating the international business community was conducted in Austria, Australia, Belgium, Holland, Hong Kong, Italy, West Germany, Sweden, Switzerland and the US.

Among the trial users were: Bowater Corp, British Petroleum, Cable and Wireless, Chase Manhattan Bank, Hertz Europe, IBM, ICI, ICL, Manufacturers Hanover Trust, PA International; Peat, Marwick, Mitchell and Co, Rank Xerox, Sony (UK), Texas Instruments, Trusthouse Forte and Unilever.

One of the main attractions of the system is that individual organisations and companies can program the computer for their own internal purposes such as company newsletters, stock lists, price lists, specification changes, fault reports, or personnel movements, all with the very latest updates, making the information instantly and simultaneously available to ranch and subsidiary offices world-wide.

To date, there are 32 subscribers to Prestel International in Australia and 28 terminals in operation in Sydney, Melbourne, Canberra and Perth. The subscribers include Unilever, ICI, Pilkington, ACI, PA International, Department of Science of Technology and News Limited.

The system costs about $5000 per terminal. The components of the costing include:

●RENTAL of the terminal.

●A 20c per minute cost of connection to the computer in London.

●THE cost of the ISD phone call to the computer centre in London. (Clients outside the UK are given a 50 per cent rebate by British Telecom for calls made into the computer centre).

Prestel hopes to reduce the costs of calling London this year by installing a direct lease line to the computer centre which subscribers can hook up to via a local phone call.

When the lease line is installed, British Telecom will terminate the rebate scheme.

While there are three major competitors to the Prestel system, none of them have even begun their market trials, which inevitably means they will be at least two years behind the British system.

The French will be marketing Teletel, which of the three, will be the one most similar to Prestel.

The Canadians are coming out with Telidon, which offers higher resolution of graphics on the screen.

The Japanese will market Captain, but is designed primarily to cope with the nearly 4000 character oriental alphabet.

Now that Logica Pty Ltd in North Sydney has completed its market trials in Australia for British Telecom, it is looking for a company to market the service in this country on a full-time basis.

The company Logica has in mind will either be in publishing, time sharing computers or bureau operations.

22/12/80

Film-makers heave a sigh of tax relief

By SAM PASSOW

TELEVISION executives and independent producers are breathing easier this week following the Government's announcement that they will qualify for the tax incentives for investors to be tabled in Parliament in the autumn session.

The concession to include TV productions not only fulfils one of the Government's campaign promises, but ensures a competitiveness in the industry which is essential for its development.

According to Mr Hector Crawford, managing director of Crawford Productions: "There are much greater prospects for the industry's development in TV production than there is in feature films, because without TV productions, you have no regular employment at all for artists, writers, technicians, and most importantly, the independent documentary film makers.

"Australian television production could, if it had to, live without the taxpayers. I don't think feature films could," he said.

Crawford's sales manager, Mr Nick McMahon, went a step further and credited the rebirth of the film industry in the last six years almost entirely to the staff who came from television.

Mr Ian Holmes, managing director of the Grundy organisation, said the investment incentives will be particularly helpful in the making of documentaries and high-budget mini-series "which have a financial requirement beyond the capacity of the Australian film industry".

Programs not covered by the Government's plan include light entertainment, quizzes, panel games or variety films, films of public events, theatrical performances, sporting activities, training films or serials.

The tax incentives outlined by the Minister for Home Affairs, Mr Ellicott, are based on the exisiting definition of film as set out in Section 124K of the Tax Assessment Act.

It says: "Film means an aggregate of images, or of images and sounds, embodied in any material."

The main provisions of the incentives allow for 150 per cent write-offs in the first year of expenditure and an exemption of an amount of net earnings by an investor of up to 50 per cent of the investment.

This means an investor who puts up $100,000 for an Australian film can claim a tax concession of $150,000, and should the movie make a profit, the investor will not be taxed on the first $50,000.

Compared with the previous scheme, established in 1977, where an investor in the 60 per cent tax bracket was risking 40c in each dollar over two years, the new incentives mean an investor in the same tax bracket is only risking 10c on each dollar in the first year.

In an effort to ensure investors do not take advantage of the new incentives by backing projects they know to be non-starters in order to strengthen their tax shelters, the Government has reserved the right to deny a deduction if a film is not produced, or if produced, is not shown and marketed.

The new tax ruling will be back-dated to October 1, 1980.

But while an aggregate of images may mean both TV and film, TV executives are seeing a different image of the future than their film counterparts.

Locally-made television programs are cheaper to produce than locally-made films in any market and imported TV programs are even less expensive than locally-made ones, which means if the Australian TV production industry is to grow, it must do so overseas.

"The great benefit that will be obtained from incentives of this sort is that it will make it possible to make products which will sell overseas and which will bring money back to Australia," said Mr Holmes.

Australaian TV programs have only been selling overseas in the past four years, and no-one has managed to make a sale to one of the three major US networks.

The only Australian TV production company to come close is Cash-Harmon which sold the format of *Number 96* to NBC.

Nevertheless, Mr Holmes said his company had sold 10 TV films and 150 episodes of "Prisoner" in the two years overseas, including sales to the ever-growing US syndication market.

He also indicated his company was trying to market overseas 1000 episodes of *The Young Doctors*, 500 episodes of *The Restless Years*, and 26 episodes of its new series *Bellamy*.

In the four years Crawford Productions has been selling overseas, it has sold 39 episodes of *Homicide*, *Ryan* and *Bluey*, 13 episodes of *Solo One* and 350 episodes of *The Sullivans*.

Diamonds are not forever

Gems 'lousy' for speculators, says UK expert

By SAM PASSOW

"ONCE you're out, you're out." That is not the call of an umpire at the Sydney Cricket Ground.

It is an emphatic statement by the president of the London Diamond Centre, who claims "diamonds are a lousy investment."

According to Mr Norbert Streep, in purely financial terms diamonds are, for the most part, only a good hedge against inflation.

"While you can make a sizeable cash profit on the trade-in of a diamond, you then cannot expect to replace the stone for a similar size and still make a profit," he said.

"It is not a speculative commodity. Once you're out of the market, you're out."

His reasoning is based on the fact that unlike the gold market, which fluctuates and allows investors to recycle their profits when the market drops, diamond prices have only risen, which means the speculator can't play the market.

Mr Streep, who is visiting Sydney this week to encourage more Australians to visit the London diamond market, said: "Everybody who has tried to use diamonds as a short-term quick investment has burnt their fingers, because when they tried to do this, they have invariably ended up with one of those investment companies which come and go like you change your shirt.

"There has been too much misrepresentation done by these sort of companies."

For Mr Streep, the fifth generation of the Dutch diamond merchant family who began trading in 1876, the minimum amount required to get into the diamond investment market is $US50,000 ($43,000). But even then, there are a number of qualifications which more than likely will put off the small investor.

These are:

- AN investment parcel is made up of several stones which disappear into a safe for a number of years and are not touched until they are sold again.
- INVESTMENT stones are always flawless and colorless.
- EACH diamond is sealed individually with a certificate, which becomes invalid once the seal is broken.
- THE certificates come from three sources — the Gemological Institute of America, the High Diamond Council in Belgium and the International Gemological Institute in Belgium.
- DIAMOND merchants trade the investment on fixed margins, which are added to the market value of the diamond. The margin is usually 15 per cent on a $US50,000 minimum.

HEADACHES

The last stipulation is directly related to the limited benefits diamond merchants feel they reap in the investment market and why over 90 per cent of their business is in the high turnover jewellery trade.

The London Diamond Centre, the largest commercial diamond outlet in London open to the public, only takes on a couple of investment clients a year, because according to Mr Streep: "There is far too much work involved for the number of stones we can get and the profit at the end of the day it will generate."

Out of every 100 diamonds mined, only 15 are used for jewellery, and of those only 5 per cent are considered good enough for investment.

Mr Streep said: "When people think of investment, they come to me with $1000 and say, 'I want to put it into a building society, but maybe diamonds are better'.

"I kick them in the arse and tell them to go away because nobody can make a living on that sort of investment.

"If they want to buy a $900 ring for their wife and make her happy that's great. But for $100 commission, I have to spend as much time as I would for $1000 or $2000 worth of commission."

Like the gems, the merchants have a clarity of their own. Mr Streep describes the glory of the trade as minimal, the headaches and eyeaches as optimal and said he has yet to have a woman in a low-cut dress come to beg him for diamonds.

19/12/80

1/12/80

JOHN SINGLETON

TLC defends ALP, union gag on Singo

By SAM PASSOW

The secretary of the NSW Labor Council, Mr Barrie Unsworth, has defended an agreement with John Singleton that no criticism of unions or the ALP be aired on the weekend breakfast show on the Labor-owned Sydney radio station 2KY.

Mr Unsworth said the verbal agreement he reached with Mr Singleton was similar to conditions agreed to by other on-air personalities "who understood the philosophy of the station".

Mr Unsworth denied that the station's policy was intended to gag the talk-show presenter.

"It's the people who phone in that we are concerned about," he said.

He said that in trying to increase the ratings of 2KY, the management felt political comment was not good entertainment, and that if listeners wanted to criticise the unions or the ALP, they could ring another radio station.

Holcroft slams 'unhealthy' law-making trend

By SAM PASSOW

AUSTRALIANS get the laws and regulations they deserve.

According to Mr Warwick Holcroft, this is because they tolerate time constraints on public debate as well as insufficient evidence and information which frustrate proper scrutiny of proposed legislation.

Addressing the 1981 congress of the Institute of Chartered Accountants in Sydney yesterday, the former chief executive of Brambles departed from his prepared text to say:

"If our elected representatives are unwilling or unable to carry out a proper level of professional research and inquiry into proposed laws and regulations, then we in private enterprise and the professions must protest volubly and publicly while at the same time setting about to provide the public with the facts.

"To do less would be to suffer the consequences of our own ineptitude," he said.

Mr Holcroft based most of his remarks on what he called an "alarming" report by the Confederation of Australian Industry.

The report concludes that we now live under government by statutory rule.

"The output of regulations has overtaken the use of Acts of Parliament as the prime means of governing and regulating in this country," Mr Holcroft said.

"This trend is disturbing from the point of view of public accountability and legislative control since in many cases such regulations become law without proper parliamentary understanding and debate or even in some cases affirmative assent.

"This is truly an unhealthy and dangerous state of affairs."

Mr Holcroft, who recently headed the government inquiry into the two-airline policy, seemed to speak from bitter experience when he said:

"The bureaucrats, State and Federal alike, are way ahead of their political masters in matters of policy formulation and implementation of their own particular philosophies and ideologies.

"Today's bureaucrats cannot be condemned for assuming greater powers than their forefathers in public service, for it must be acknowledged that it has been our own elected representatives over the past years who have wittingly or unwittingly acquiesced to the transfer of more power to them.

"Ministers in our parliamentary system are caught in a web which causes them to enter into marriages of convenience with their own immediate bureaucracy.

"The reason ministers are so defensive of their own department's performance and planning initiatives is that they are almost totally reliant on their departments to carry out the functions of review and administering of policy and in safeguarding against the normal privations of political life," he said.

Mr Holcroft used the CAI survey to highlight what he saw as an almost unstoppable expansion of government power:

- IN the 10 years 1970-1980 total spending by government was 298 per cent higher than a decade before, while the private sector was up only 132 per cent.
- GOVERNMENT spending was 2.3 times higher than private sector expenditures on all counts.
- GOVERNMENT borrowing was 26.9 times greater than the private sector's.
- GOVERNMENT employment had increased 18.6 times more than the private sector's.
- IN the 10 years to 1969, Parliament passed 6928 Acts and approved 12,420 statutory rules, while in the 10 years to 1979 there were 9703 Acts of Parliament, and 20,131 statutory rules.

Mr Holcroft said there was a balancing factor in business — particularly in public companies — which did not exist in the corridors of Parliament.

28/4/81

WEEKEND AUSTRALIAN
DECEMBER 13-14 1980

Lithgow ambulance inquiry ordered

By SUE COOK and SAM PASSOW

AN immediate independent investigation has been ordered by the NSW Health Commission into allegations that two ambulance drivers from Lithgow threatened to shut down the State's ambulance sevices if a helicopter was used to evacuate a critically ill patient.

The commission chairman, Dr Rod McEwin has appointed an eminent surgeon, Dr J.E.Goldie, to head the special investigation because of conflicting evidence made in sworn statements yesterday to the commission.

The inquiry was set up on Wednesday after two Lithgow ambulance officers allegedly threatened to call an immediate State-wide strike if a doctor from Sydney's Royal North Shore Hospital evacuated a patient to Sydney on the Wales helicopter.

The commission was also reportedly presented with additional evidence of industrial harassment during the past two years by Lithgow ambulance drivers.

The RNSH doctor said in an official hospital report that, while he believed the helicopter transfer would be in the best interest of the patient, he had to weigh this against the interests of the many people who would suffer during a strike by ambulance officers.

The doctor and his 22-year-old male patient, who was suffering from a fractured skull and pelvis he received in a car accident the previous day, were subsequently driven to Sydney's Westmead Hospital.

The director of the Wales Helicopter Rescue Service, Mr Ian Bandham, said yesterday the trip took three times longer by road than it would have by air.

It is believed there was conflicting evidence presented to the commission as to the alleged threat of industrial action by the two ambulance drivers.

The helicopter pilot said the ambulance drivers "came into the ward and told him (the doctor) there was something he should know."

The pilot said: "They said if the doctor was going to transport the patient by helicopter, there would be an immediate strike called for all NSW ambulance officers."

But the ambulance drivers are then reported to have offered to transport the patient to the waiting helicopter.

Mr Alan Daily, industrial officer for the Health and Research Employees Association, on behalf of the ambulancemen, denied that they had threatened industrial action.

He said: "It was the doctor's decision to determine whether the helicopter was used to transport the patient. The ambulance officers never threatened him."

Hospital officials are reported to have told the commission that this was not the first time that Lithgow ambulance drivers and doctors have clashed.

Last November, a helicopter flew a doctor from the Royal Alexandra Children's Hospital in Sydney to Lithgow to bring back a baby.

The helicopter crew waited 45 minutes while the doctor went into Lithgow Hospital with the ambulance officers. Later, the crew was told the doctor and baby would return by road.

Fires blaze as warders stay out

27/10/80

By SAM PASSOW

WARDERS at seven NSW jails have ignored three directives in the past 48 hours to return to work, leaving the prisons vulnerable to further outbreaks of violence.

The return-to-work orders have been issued by the management committee of their union, the Prison Officers Association, by their employers, the Public Service Board, and by the State Industrial Commission.

As the strike ended its third day last night, fire brigades were called to Sydney's main jail, Long Bay, to extinguish fires started by prisoners.

Warders at Broken Hill, Cessnock, Cooma, Goulburn, Grafton, Long Bay and Maitland jails will meet today and tomorrow to decide whether to continue their strike.

Parramatta Jail warders returned to work yesterday.

The warders went on strike because of the State Government's decision to take action against the Superintendent of Maitland Jail, Mr Alan Penning, and a warder at Grafton Jail, Mr Max Lollback.

They were named by the Nagle royal commission in connection with violence and maltreatment of prisoners and face possible charges under the Public Service Act.

The Premier, Mr Wran, has also firmly rejected warders' demands that the Katingal maximum security section at Sydney's Long Bay Jail be re-opened.

The chairman of the general division of the Public Service Association, Mr Jack Mullins, said he hopes to meet Mr Wran and prison officers today to discuss the situation.

Mr Mullins visited Parramatta Jail yesterday and inspected damage caused in Thursday's four-hour riot, during which shots were fired and tear-gas used.

Fifteen prisoners and one warder were taken to hospital.

Mr Mullins said: "There was tremendous devastation which will take a long time to clean up."

Earlier, warders invited reporters and photographers into the prison to inspect the damage but they were refused entry by the superintendent, Mr H. Duff, who said such action might incite another riot.

An hour later, prison officials drove out a truck carrying weapons used by prisoners. They included iron bars, railings, table legs, bits of wood with nails, bricks and dustbin covers which were used as shields.

Despite cell searches at Long Bay by a police weapons squad, prisoners continuously started small fires throughout the weekend by burning the blankets and other materials in their cells.

Firemen were called in to put out a blaze in Wing Five of the Central Industrial Prison.

It took them 45 minutes to extinguish the fire which reached the building's roof and forced the evacuation of three prisoners.

The 1100 inmates at Long Bay are being guarded by police.

30/10/80

Two men 'gassed in prison cell'

By SAM PASSOW and DAVID O'REILLY

POLICE were last night investigating a claim that a gas canister was thrown into the cell of two Long Bay prisoners after they allegedly fired a slingshot at policemen manning the strike-bound jail.

Both incidents were decribed by a man released from the jail yesterday.

The allegations came as the strike by NSW prison officers entered its fifth day with no hope of a return to work until Friday at the earliest.

Meanwhile, the NSW Commissioner of Police, Mr Lees, has told his force that policemen on duty at the jails would receive, with the approval of the Premier, Mr Wran, leave of an additional day for every two days spent on duty during the strike.

In other developments yesterday, a Supreme Court judge said it was disgraceful that the strike was preventing prisoners on remand appearing in court and it was revealed that Qantas was supplying food for the strike-bound prisoners from its catering complex at Mascot.

The former inmate who made the allegation of gassing said outside the main gate at Long Bay that he had witnessed the incident from his cell.

"These two fellows were taken out of their cell for allegedly firing a shanghai at the police," he said.

"They were put into another cell that was stripped of everything except the basin and the toilet, and before they were put into that second cell, there was a gas put in.

"Whether it was mace or tear gas we don't know, but I had a distinct view of them, and when they were thrown into the cell the door was bolted and they came gasping to the window, almost choking. It took them 10 minutes before they could even talk."

When asked who threw the gas into cell, he replied: "The only people who were on duty as far as I know were the police."

The Government is now banking on a list of compromise proposals to end the strike affecting 15 of the State's 25 jails.

As nearly 2000 prisoners faced another day locked in their cells the Premier, Mr Wran, called for the assistance of the former State ALP and union power broker, Mr John Ducker, who is to chair a meeting today of Public Service Board and warder representatives.

Early yesterday, Mr Wran, the Minister for Corrective Services, Mr Haigh, and the Commissioner for Corrective Services, Dr Tony Vinson, spent four hours in talks with warder representatives.

Mr Wran's only comment was: "The Government is hopeful that the discussions will lead not only to a resumption of work on Friday but to some permanent mechanism for ensuring consultative and co-operative processes are set up between all the parties concerned."

In Parliament yesterday both the Premier and Mr Haigh again came under attack from the Opposition.

Mr Haigh refused to explain why one of the officers facing charges, Mr Alan Penning, was recently appointed superintendent of Maitland Jail.

The Opposition claimed the appointment was made, even though the Government had a report from the Crown Solicitor's Office outlining the options for charging him.

Mr Haigh refused to answer questions on the grounds the matter was sub judice.

6/4/81

Pop food art raises much bread

By SAM PASSOW

POINTING down to his latest masterpiece, Geoff Rose said: "This is the outer suburbs of art, across the tracks from marketing."

Yet after only two years in business, in which he realised the potential for his Frozen Moments art form in the advertising world, Mr Rose, 36, is able to afford a studio on the right side of the tracks.

An exhibition of his work at the Hogarth Gallery in Paddington last year captured the attention of a number of creative directors from leading advertising agencies in Sydney and since then he has done a Kelloggs breakfast setting for J. Walter Thomson, a striped Paddle-pop for Fortune, a cork bursting out of a champagne bottle for Grey and a Big Al sandwich for Melvel.

Mr Rose, who has a physics degree from the University of NSW, set up Frozen Moments in 1978 after dabbling in this type of art for four years in London.

Even there it was with a group of architectural students, not artists, that he developed the concept of pop food art in a company called Concrete Catering.

In the star-struck phraseology of success, he describes the acceptance of his art form in this country as "a super-nova".

The $15,000 Kelloggs project, which was done in conjunction with the Egg Board, involved 163 displays which will be used as point of sales displays in up-market supermarkets.

The Big Al sandwich was commissioned by the company as an incentive award for the most successful outlet.

For three sandwiches Rose made $500 — which, as they say in the business, is a lot of bread.

Mr Rose, who cooks up ideas in his kitchen-cum-studio in Darlinghurst, said: "My goal was to integrate the art world by selling the same thing in Woolworths as in an art gallery."

To date he has 25 products on the market ranging from ink spills, toothpaste squeezing from a tube, tissues and what he calls the "poised pint", a pint of milk flowing into a glass.

Frozen Moment displays are made from existing packaging and implements, perspex plastics, polyester and expoxy resins and gypsum cement and plaster.

Mr Rose, who says this form of display is well established in Japan, is confident they will catch on here.

22/1/81

Local business gets the Epstein touch

By SAM PASSOW

TO paraphrase George Bernard Shaw, Australia and America are two countries divided by a common language.

This is never more obvious than in the way in which businessmen in both countries approach each other's market-place.

Like most of the estimated 45,000 Americans living here, Phil Epstein readily admits he knew nothing about "Austria . . . Australia, a place like the Wild West full of kangaroos" . . . "fairly primitive and situated at the bottom of the world not far from Africa.'

"Australia is a whole lot more sophisticated than I imagined," says the 40-year-old New Yorker.

"But there is an interesting phenomenon in Australia. I found that here people make a decision and then think about it. In the States it's very hard to get a decision, but when they decide, they've already thought about it."

He also says Australian businessmen seem to defend their products instead of selling them.

But these differences will not affect Mr Epstein's approach to the Australian market.

He is trying to transplant in this country his successful US management consultancy firm, called Lateral Thinking, but admitted it was an uphill struggle.

"The constant reaction I get from people is 'well of course that worked in the States, but it won't work here'," he says.

With his vocabulary and his perceptions of the Australian way of business, Mr Epstein is not unlike any number of Americans who have come over here for the first time to do business.

He says there is a basic conservatism in the business community here based on the idea that Australian companies are too small to take on the giants.

It's because of this attitude, he says, that a number of Australian businessmen have found his advice on selling to the US offensive.

Mr Epstein tells his clients to "be aggressive — almost rude."

"The American businessman is used to that. If you don't demand an order in an aggressive manner he'll see a lack of enthusiasm for your product.

"Be specific in what you are selling and use your limited time and long travel as logical reasons to insist on a decision with 24-48 hours."

He contends that Americans and Australians co-exist on a love-hate relationship.

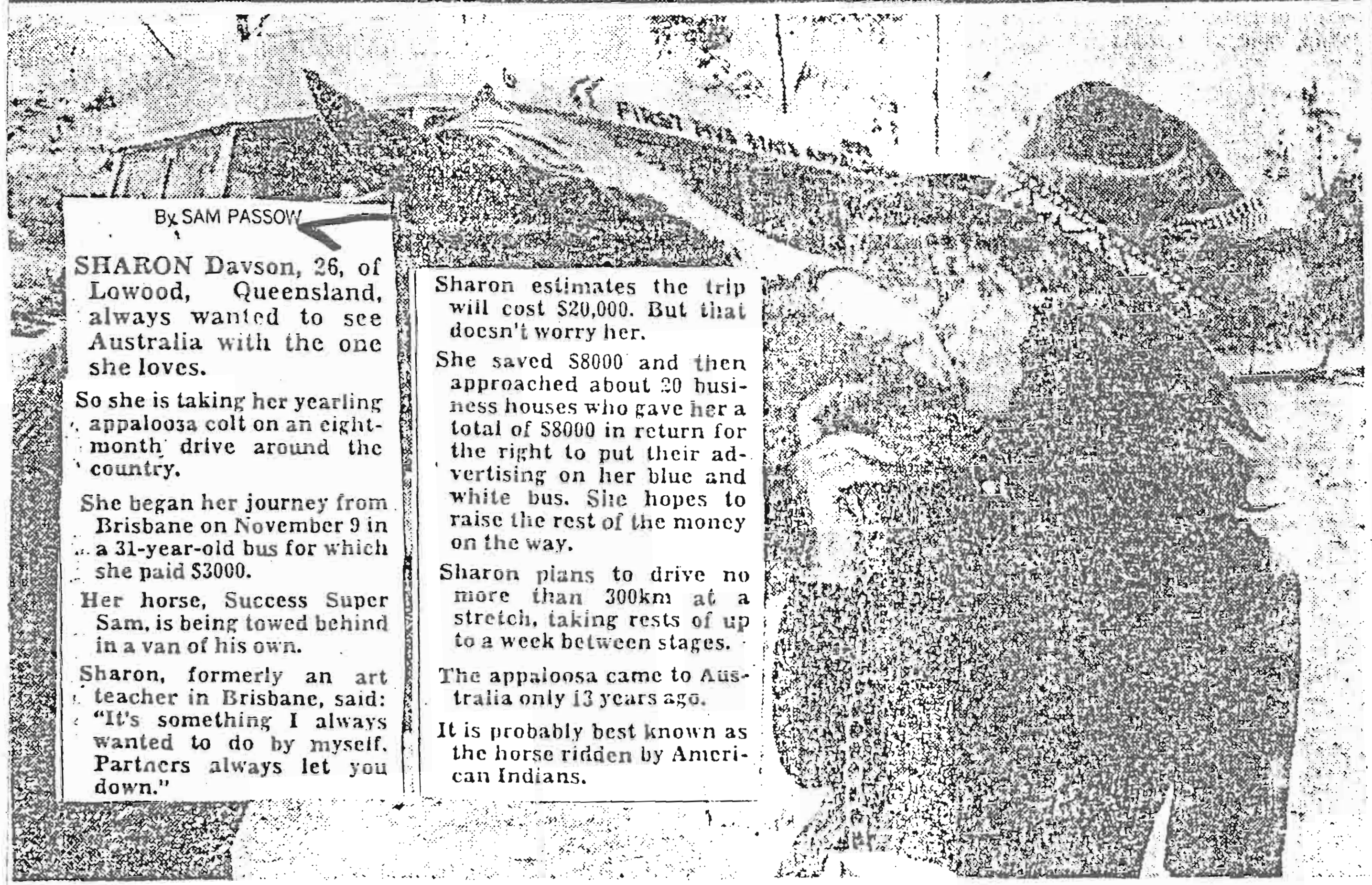
"The Australians are turned on by what they perceive is the marketing pizzazz that the States have, but they are afraid of being eaten up," he says.

"They would like to do business, but their initial reaction is: 'Here comes a barracuda from the States who will take my money and run'."

Mr Epstein's partner in his Australian venture is 36-year-old Gary Williamson, who says he has had to spend about 15 per cent of his time explaining to customers Mr Epstein's eccentric behavior.

19/11/80

SHARON — AND SAM — GO HORSING ROUND AUSTRALIA



By SAM PASSOW

SHARON Davson, 26, of Lowood, Queensland, always wanted to see Australia with the one she loves.

So she is taking her yearling appaloosa colt on an eight-month drive around the country.

She began her journey from Brisbane on November 9 in a 31-year-old bus for which she paid $3000.

Her horse, Success Super Sam, is being towed behind in a van of his own.

Sharon, formerly an art teacher in Brisbane, said: "It's something I always wanted to do by myself. Partners always let you down."

Sharon estimates the trip will cost $20,000. But that doesn't worry her.

She saved $8000 and then approached about 20 business houses who gave her a total of $8000 in return for the right to put their advertising on her blue and white bus. She hopes to raise the rest of the money on the way.

Sharon plans to drive no more than 300km at a stretch, taking rests of up to a week between stages.

The appaloosa came to Australia only 13 years ago.

It is probably best known as the horse ridden by American Indians.

SHARON and Sam off on a round-Australia trip . . . in a bus and a van. Picture by PETER LEYDEN

$10,000 offer to have a baby

20/12/80

By SAM PASSOW

A COUPLE who have been married for 10 years are offering $10,000 cash-on-delivery to any woman who will bear a child for them.

The couple cannot have their own children.

Although they adopted a baby girl in 1974, and have been trying to adopt another child for the past seven years, they feel they just can't wait any longer.

The husband, 35, and his wife, 30, of Tamworth, NSW, own a 6880ha farm. Yesterday they flew to Sydney because they had read a story in last week's Sunday Telegraph about a Brisbane couple who had received hundreds of replies to their offer for a woman to become this country's first surrogate mother.

The husband said: "It's a very empty and futile feeling that the achievements, enjoyment and satisfaction that we get out of the land cannot be shared with children.

"Since my wife cannot have children, the alternative is to find a woman, who must measure up to certain standards, who can carry our baby.

"We will pay the suitable person $10,000 cash-on-delivery.

"If our venture is successful, we shall certainly be the happiest parents in Australia."

The couple have no illusions about the formidable problems ahead of them.

First they must find a suitable woman, who they plan never to meet, and then there is the legal question of whether a surrogate mother can be held to the contract once she has had the baby.

The couple said they hope to find a go-between who will make a short list of applicants.

A vial of the husband's sperm would be sent to a doctor for the insemination of the surrogate.

The couple are hoping that women interested in their offer will contact their solicitor, Mrs A. Horner, 16 Park Road, St Leonards, 2065, NSW.

Literary prizewinner cops out of writing to seek police job

By SAM PASSOW

THE WINNER of this year's *The Australian* -Vogel National Literary Prize has no intention of making a career of his writing but hopes to join the police force.

Paul John Radley, 18, won the $10,000 prize with an unpublished novel, Up From Down Under — Jack Rivers and Me, judged the best of the 169 manuscripts submitted.

It is to be published by George Allen and Unwin in May.

The winning manuscript is about the struggle of a five-year-old boy called Peanut who is about to start school, and has to give up an imaginary friend, Jack Rivers, who has been his companion most of his life.

The prize money for the competition, which was open to Australian authors between the ages of 18 and 30, was handed to Paul by Mr Niels Stevns, of Vogel Bread, at a ceremony in Sydney on Friday.

For the young author, the trip down from Newcastle also meant flying for the first time in his life.

Slim and fair haired, he lives with his family in Sandgate, near Newcastle, and works as a storeman at the David Jones Newcastle store.

Unwilling to chance the uncertainty of a career as a professional writer, he has chosen instead to join the police. He has applied for a post on the NSW force, and is waiting for a reply.

Paul admits that the book, which he wrote in less than a month, is autobiographical. As a child, he too had an imaginary friend.

AVERAGE TEENAGER

Paul made cassette tapes of conversations with his family and friends which recalled his youth, and these served as the basis for his story.

His mother said Paul, the second of her five children, never talked much about his writing.

"I can remember driving him to the beach one day, either last summer or the summer before, and he just said 'I'm writing a book' I just laughed," she said.

According to his mother, Paul is pretty much an average teenager. He hated school, never did much homework, is not an avid reader (although he is partial to mystery novels), watches television whenever he can, and loves football.

17/11/80

25/11/80

Catholic survey cites friends, TV ahead of Church

By SAM PASSOW

A NATIONAL survey of more than 14,500 church-going Catholics has found their behavior is influenced more by their friends and television than by their families — or the Church.

The influence extends over all their moral values, including their attitudes to religion.

And it shows that pop music, other fads, the social system and materialism are regarded by most young Catholics as being far more important than anything else in influencing their values.

Of those interviewed, 35.3 per cent listed "materialism" as the main influence on them, while 47.4 per cent nominated pop music as the second-strongest influence.

The survey, organised by the Australian Catholic Social Welfare Commission, was described by the Archbishop of Sydney, Cardinal Freeman, as the most comprehensive dialogue the Catholic Church has conducted among its lay people throughout the country.

It covered not only values and behavior of young people, but the place of Christian marriage in modern society, attitudes to the family, the priesthood and religious life, and Catholic schools.

It also looked at attitudes towards aspects of married life, including divorce and living together.

More than 80 per cent of the people polled were born in Australia, three-quarters were married, two-thirds were between the ages of 26 and 50, and 60 per cent were women.

The survey is part of a report by the Australian Catholic Church to the fifth World Synod of Bishops in Rome.

The conference was called by Pope John Paul II to discuss the role of the Christian family in the modern world. According to the survey, the role of the family is undergoing dramatic and irreversible changes.

The major problem facing Catholic families is financial stress in what they see as an increasingly materialistic society.

Catholics comprise 3.2 million people, or 23 per cent of the population.

Two-thirds of those polled listed finances and housing as the deciding factors on whether to have a family.

The spiritual responsibility of Catholic couples to have children was considered secondary.

About 45 per cent of those polled tolerate living together in a de facto relationship, although the Vatican has condemned it.

Most of those polled claimed that the media, particularly television, played a major role in influencing the modern Catholic family.

When asked to rank the importance of factors influencing the values and behavior of young people, 43 per cent cited the media while only 14 per cent named religious upbringing.

Two-thirds of those who took part in the survey said personal contacts outside the family and organised community groups were the most important influences on the values and behavior of young people.