

BUSINESS

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Gillard deal ends investment uncertainty

AFTER this sentence, you will never have to read the words "resource super profits tax" again.

I don't think anyone is going to miss those four cursed words, let alone the unseemly brawl between the Federal Government and the mining industry that has raged for the past two months.

Announcing her "breakthrough" deal with the miners on Friday, our new prime minister instantly moved to bury the original name of the tax, confirming the use of the emotive term "super profits" was a purely political decision to spark a class war with fat cat miners the government hoped would win it

support, and ultimately votes. It was a terrible miscalculation, particularly for Kevin Rudd.

You don't need to know the ins and outs of the tax. It was highly complex and the new version – the prosaically-named "minerals resource rent tax" – is only slightly less so.

You don't even need to know if Friday's "breakthrough" was a humiliating backdown for the government or a brilliant political win by the new PM that takes the



doing business
Clive Mathieson

heat out of the spat before an election due to be called within weeks.

If you're an investor, all you need to know is what effect the tax will have on mining shares and the stockmarket in general.

Despite the changes, the tax will still collect something like \$10.5 billion in the next four years, only slightly less than \$12 billion forecast under the original plan.

But it will affect only 320 companies, rather than 2500 originally captured by the tax.

And those 320 will be hit less hard than feared.

In any event, stockmarket investors had largely got over their initial knee-jerk outrage and were happily piling back into mining shares. (BHP Billiton has actually outperformed the market since the tax was first mooted in April).

Most importantly, the deal between Julia Gillard and the miners ends the uncertainty that has plagued the sector for two months and raised quite legitimate concerns about Australia's status as a safe place for global players to invest.

Unfortunately, the debate isn't completely over. A "policy

transition group" – led by Resources Minister Martin Ferguson and respected business leader Don Argus, a former BHP chairman – has been set up to work through the final details before it's introduced in 2012.

But any arguments will now be less shrill, you won't be bombarded with advertising variously attacking and praising the tax and you'll never have to read those four words again.

■ Clive Mathieson is deputy business editor at *The Australian*. For the best business news and analysis, visit www.theaustralian.com.au.

Peninsula pair vying for award

Beverly Hudec

TWO local businesses will be flying the peninsula flag at this year's NSW Telstra Business awards on Friday night.

Neil Willis, owner of online business Sydney Commercial Kitchens, is up against four rivals in the micro-business category.

With more than 20 years' experience in the hospitality industry as owner of a restaurant and three catering companies, Mr Willis established a catering equipment business, Sydney Commercial Kitchens, from his home in 1998. In April 2000, he took kitchen gadgets into cyberspace.

Sydney Commercial Kitchens has grown to become a marketplace leader, supplying hundreds of commercial catering products to the Australian hospitality industry.

Business success derives from the global dominance of the internet.

"I didn't expect the internet

would be quite what it is today. I've totally immersed myself in it, I've spent hundreds of hours becoming tech-savvy. It is challenging and always changing," Mr Willis said. "The website isn't something I leave and hope it works. I've worked hard to make sure it provides what customers need. The business dominates search results, it's part of my marketing strategy."

Going online was a risk and initial business was slow. That first sale took six months.

"My first sale was in September 2000. At one stage my goal was a sale a month, then one a week – now if we're not doing 10 a day, I'm disappointed. We get a lot of repeat business and we've worked hard to build up a relationship with customers," Mr Willis said.

Now based in California, the birthplace of the internet, Mr Willis makes the journey back to Cromer four times a year where his three-person sales team is located.



Above: Business is paying off for Trevor and Nicole Drake, who own Solid Racks. Left: Neil Willis, of Sydney Commercial Kitchens.
Pictures: VIRGINIA YOUNG and BRADEN FASTIER

"It doesn't matter where I am based, I've got complete trust in my staff. My role, apart from paying the bills, is in marketing; they have the technical expertise selling cooking equipment."

Vying for top honours in the four-finalist Innovation category is Brookvale-based Solid Racks.

Diversification from its core business is paying off for owners Trevor and Nicole Drake. The husband-and-wife team have been running Wood Appeal, a custom joinery and design company, for 25 years, but it is Solid Racks, their three-year-old sports storage business, which is creating ripples in the surfing world and beyond.

The storage system first took shape in son Chris's bedroom, Mrs

Drake said. "We moved to Manly 10 years ago and bought him a surfboard. Trevor made him a set of racks to declutter his room and store his boards."

Their second custom-designed rack went to world professional surfing tour veteran Rob Bain.

From one product, the family-run business now develops, designs and manufactures a range of

sports storage systems. "The business has turned our world around, but our biggest problem is controlling our growth. We had 40 products at the end of last year. From last October our business is up 430 per cent," Mrs Drake said.

NSW winners on Friday will go head-to-head with other state victors at the national awards next month.



Source: Engaging Communities, The Leading Edge (June 2008)

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THE MANLY DAILY, Wednesday, July 7, 2010 21