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Farm sector told to talk tough with their banks

NIGEL AUSTIN

THE farming and agribusiness sector is being urged to get much better interest rates by taking a more professional approach to borrowing needs.

Finance industry specialists Chris Block and Michael Bagshaw believe about 90 per cent of rural and regional borrowers should be able to gain a better financial outcome and improved relationship with their bankers.

If successful, the potential rewards are significant for the farm sector, regarded by the nation's banks as one of their major growth segments.

Farmers owe large financial institutions \$65 billion, double the amount of the mining sector, but they pay much higher interest rates than the housing sector.

Mr Block, a former National Australia Bank managing partner in Adelaide, said that borrowing money was one of the main costs in farming.

He believes interest rate savings of one to two percentage points is not out of the realm of possibility and offers major gains for the farming sector.

Finance is the second largest cost after fertiliser for SA farms where the average debt of broadacre farms is \$484,000, according to the Australian Bureau of Agricultural and Resource Economics and Sciences March Agricultural Commodities report.

Mr Block and Murray Bridge businessman Mr Bagshaw formed Capital and Wealth Partners, based in Kent Town, to help country clients enjoy the same benefits of financial industry competition that is enjoyed by city businesses.

"There is an enormous opportunity to save money for businesses operating in rural and regional Australia," Mr Block said.

"We're targeting a genuine services gap in the country compared to what is available



BANK ON IT: Chris Block and Michael Bagshaw say better interest-rate deals are possible.

Picture: BIANCA DE MARCHI

in the city. Financiers have historically enjoyed and leveraged loyalty in the country as a key means of servicing rural clients, while engaging in aggressive new client acquisition and client retention programs in the city."

Mr Block said agribusiness was a fertile area for the finance sector because it was one of the two key Australian industry segments recognised for its significant growth potential. He has recently completed banking reviews for various large agribusiness companies and saved them many thousands of dollars in the first year by rigor-

It's more cost-effective for banks to retain a customer than lose them

CHRIS BLOCK OF CAPITAL AND WEALTH PARTNERS

ously examining their interest rates, fees and charges and by applying readily available financial products and services.

"The potential financial benefits for rural borrowers are really quite substantial," he said.

"A key part of our new service will be providing total transparency so that rural and regional clients know the true cost of financial services to

their business enterprise." Mr Block added that his extensive banking background enabled him to quickly recognise opportunities to sit down with financiers to both review and update the services being provided to their clients.

"It most certainly doesn't mean moving banks, but it does mean extracting present day efficient and market com-

petitive financial products and services from their existing provider," he said.

"It's more cost-effective for banks to retain a customer than lose them and we view our work as helping financiers to better engage with their clients, while we are backing ourselves to deliver a material benefit for our clients."

Their aims include helping to link their country clients to more savvy knowledge across the legal, accounting and general professional services sector to provide further benefits.

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CREDIT WHERE IT'S DUE: Aussies love their shopping.

Tracking how, why and when we spend

AUSTRALIANS are a very loyal bunch, with 60 per cent rarely venturing beyond 10 different stores and online shops.

An American Express survey of 1993 consumers also found only 10 per cent of Aussies were impulse shoppers, with 85 per cent generally sticking to the same patterns.

Customer service vice-president Andrew Carlton said it was important to study spending patterns to spot any unusual activity and prevent fraud. The financial services giant has identified spending pattern categories, saying most Aussies belong to at least two:

SALES SEEKERS: Spend most of their disposable income on special offers or discount sales – 41 per cent of Australians.

PASSIONISTS: Mainly spend on a single hobby, activity (eg travel) or sport – they make up 30 per cent of the population.

LOCALISTS: Always spend in the same strips of shopping centres – 29 per cent.

PAYDAYERS: Most spending done soon after payday – 28 per cent.

LOYALISTS: Always shop with the same store brands or websites – making up 24 per cent of the population.

CYBER SPENDERS: Most spending done online – 22 per cent of the population.

CLOCK WATCHERS: Spend at the same time each week – 21 per cent fall into this category.

PLANNERS: Like to plan their spending and make their purchases evenly throughout the month at a variety of stores – 20 per cent of the population.

THE REST: Ten per cent of Australians spend at a wide variety of locations and stores.

We're rock bottom so hold rates

ONE of the first economists to predict last month's rate cut says the Reserve Bank should now put the razor away to avoid bursting what has become a housing bubble.

Steen Jakobsen, chief economist at Denmark's Saxo Bank, says the Australian economy has hit rock bottom

and there is an even-money chance of falling into recession this year.

Mr Jakobsen last year predicted the RBA would be forced to cut the official interest rate to 2 per cent in 2015, back when most economists were forecasting rate rises.

Yesterday, he said Australia

had a housing bubble on its hands and the economy and political system were a mess, although there was cause for optimism.

"We will go very close to zero growth ... but underneath that, the economy is actually marginally improving every day," Mr Jakobsen said.

Second CBA IT staffer charged

A BRIBERY case involving the Commonwealth Bank has deepened with a second former IT executive being charged with receiving kickbacks.

Police yesterday charged former Commonwealth IT staffer, Jon Waldron, with seven counts of corruptly receiving a benefit.

The charges came after Waldron, 44, a Sydney-based New Zealand citizen presented himself at a North Sydney police station on Thursday.

Detectives said last week they wanted to interview Waldron but he was believed to be in the US. He is understood to have returned voluntarily.

The bank's former head of IT operations Keith Hunter, 61, pleaded not guilty last week to seven counts of illegally receiving a benefit.

Both men have been bailed. The allegations relate to contracts won by US company ServiceMesh and payments totalling more than \$2 million.