

Business

THE DOLLAR US72.95¢ +0.13	ALL ORDS 4715.2 +17.9	CRUDE \$US59.82 +1.66
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TOP TRADER: BHP (+0.34)

RIO TINTO +0.85	ANZ -0.13
WOODSIDE +0.31	TELSTRA -0.02
NEWCREST +0.53	AGL -0.22
MIG +0.06	ORICA -0.24
ALUMINA +0.12	SIGMA PHARM -0.08
IAG +0.08	ZINIFEX -0.09

HILTON HOTELS IN \$8.5BN MERGER



FT INTERNATIONAL P20

HOLLYWOOD'S UNHAPPY ENDING P18



Aussie eyes \$250m Brazil mine deal

Robin Bromby Resources

PERTH-based engineering contractor GRD is poised to win a huge mine development job in Brazil that would earn it \$250 million in fees over three years.

If successful, the GRD win would cap a boom year for mining contractors, big and small, but one which has also placed enormous strains on the supply of equipment and skilled labour.

It is understood that GRD, through its GRD Minproc subsidiary,

has spent recent weeks interviewing potential recruits in Perth, so that it would have enough staff to complete the contract if given the nod by Brazilian iron ore giant Companhia Vale do Rio Doce — better known as CVRD.

CVRD plans to spend \$US1.6 billion (\$2.2 billion) developing its Niquel do Vermelho laterite nickel project.

The commodities boom has not only brought more work for contractors, but bigger jobs. When, earlier this month,

Macmahon Holdings won the \$250 million contract to develop BHP Billiton's Orebody 18 iron ore mine in the Pilbara, it was the biggest contract awarded to Macmahon in its 42-year history.

But it will also mean finding another 140 people from the existing pool of skilled workers in the industry.

The strains are being felt everywhere. Also this month, Gunson Resources obtained a drilling rig and crew for a copper project near Port Augusta — after searching for a full year.

GRD called a trading halt after its shares broke into a gallop, putting on 12c when the market re-opened on Wednesday, capping a surge that began the previous week.

Perth investors had got a sniff that GRD was recruiting staff — a sign that it had a big, new job coming up — and telling existing staff to be prepared to relocate.

The company told the ASX, when calling the trading halt, that it was expecting to receive written notification by today on the awarding of the contract for the

engineering, procurement, construction and management of the Niquel do Vermelho project in the Brazilian state of Carajas.

CVRD is developing the mine as part of its diversification into other steel feedstocks.

ABN AMRO analyst Roger Leaning cautioned that GRD's recruitment initiatives did not necessarily mean it had the job in the bag.

It was common practice for contractors to sound out potential recruits when they were in the running for jobs.

It could take up to six months to get a team together and contractors liked to be able to hit the ground running if they got the nod.

Mr Leaning said the Brazilian contract would double GRD's earnings, and most of the design work for the project would be done in Australia if it won the contract.

Should the company pull off the CVRD job, it would be the fourth big overseas contract won this year.

In February, GRD won the

front-end engineering contract for the large Lumwana copper project in Zambia. It was also named as preferred construction contractor by Equinox Minerals.

Then in June, the company was appointed bankable feasibility study manager for Paladin Resources' Kalekera uranium mine development in Malawi.

GRD shares surged in September to a 12-month high of \$2.96, when the company was named as preferred bidder for a \$500 million waste project in Lancashire, Britain.

CVRD's Niquel do Vermelho deposit contains 290 million tonnes at 0.8 per cent nickel and 0.12 per cent cobalt. The company plans to produce 47,000 tonnes of nickel a year.

Just three weeks ago, CVRD wrapped up its takeover of Canadian nickel miner Canico Resources, which owns the Onca Puma nickel project in the Amazon region.

This mine is expected to come into production in 2008. Meanwhile, CVRD is working on three other nickel projects in Brazil.

Okanui chief goes long on shorts

Blair Speedy Surfing

THE man behind Okanuis, the brightly coloured hibiscus-patterned boardshorts that are a perennial favourite on Australian beaches, has knocked back a flurry of offers for his company, preferring to keep it in the family.

Dick Ash, 59, founder of the company, said he was dumbfounded when more than 100 callers responded to his newspaper advertisement seeking buyers for the business he started more than 30 years ago.



"I was asking an amount of money, and I was surprised that no one balked at the price," Mr Ash said. "Maybe I was under-selling the brand." He declined to say how much he was seeking.

"It made me realise how many people are out there who have led the boring life of the finance world and now want to get into something more exciting like surfing." As well as interested buyers, he also received a number of calls from former businessmen advising against a sale.

"It's been rather incredible because a number of people have contacted me and said: 'I sold my business and you'll

'It made me realise how many people are out there who have led the boring life of the finance world'

Dick Ash, Okanui founder

regret it," Mr Ash said.

"In a lot of cases they were complete strangers who rang in response to the advertisement. When I told them that I'd reversed my decision, they said 'good on you'."

The Okanui name originated with a US swimming team that visited Australia in the mid-1950s, bringing with them the first fibreglass surfboards seen here and staging an exhibition surf display at Manly in Sydney.

"They were called Okanui boards, and that's where the name came from," he said.

"A few guys then started to make long cotton shorts because the inside of their legs were rubbing on the boards, so Okanui shorts came from Okanui boards."

Mr Ash was working in advertising layout and design in the late 1960s when he made his first pair of boardshorts, at his home in Sydney's beachside Avalon, using material salvaged from canvas mail bags.

Then, in the early 1980s, he came up with the now-famous hibiscus design, which took some time to catch on in the macho surfing world.

"We printed it up on a piece of fabric, I made up some sample boardshorts and took it to a surf shop in Manly," Mr Ash said. "The guy looked me straight in the face and said: 'Is this some sort of joke? Take it out of my shop'."

Leisure industry: Dick Ash has decided not to sell his famous boardshorts business

Picture: Eddie Sefarik

"Australian men didn't wear flowers ... even in Hawaii they didn't wear them." But that has all changed now, with the Australian brand attracting buyers from all over the world via the Okanui website and concept store in Noosa, as well as the independent surf shops he prefers over large chain operations.

"We even had Princess Anne's daughter (Zara Phillips) and her friends come into our shop one time buying our Okanuis," he said. "I can imagine them wearing them while they stand around the barbecue out the back of Buckingham Palace."

With a son, 32, who wasn't keen to take over the business, Mr Ash said he had made no succession plans.

"I asked myself if I was going to pack

Flair dinkum products are making their mark overseas

Florence Chong Exports

A BILLABONG store stands proudly between Prada and Ermengildo Zegna stores in the upmarket Plaza Indonesia in Jakarta.

Its presence alongside the world's best-known design brands speaks for its standing among Indonesian consumers.

Billabong — which had sales totalling \$843.6 million in the 2004-05 year — typifies overseas the Australian lifestyle.

Another quintessential Aussie company is Rip Curl, whose brand is also synonymous around the world with board sports such as surfing, skateboarding and snowboarding.

Billabong and Rip Curl, whose combined annual global sales run over \$1 billion, evoke images of sand, surf and blue skies.

Their selling point is the freshness and vitality embodied in their "Australianness".

In recent years, other lifestyle products from Australia have also come to suggest the same fundamental qualities, which has helped to push exports.

These products include fashion, cosmetics, gourmet foods and nutritional supplements.

Australia exported almost \$200 million worth of cosmetics, swimwear, vitamins, essential oils and olive oil in 2004-05.

While the mainstay "soft" ex-

ports continue to be wines and cheeses, which totalled \$3.6 billion in the past financial year, there is evidence that international markets are starting to broaden their appetite for Australian lifestyle products.

Australia's trade representatives in cities ranging from Paris and Milan to Jakarta and Los Angeles began marketing lifestyle products in earnest two years ago.

Italy — home of high fashion and top designs — has started to buy Australian fashion products for the first time.

Alessandra Orsini, business development manager with Austrade Milan, brought three Italian buyers to the Mercedes Fashion Week in Melbourne in May. The visit resulted in sales of more than \$100,000.

"We have just started promoting this sector in Italy and so it is sure to grow over the next year with repeat and new sales," Ms Orsini said.

"They like the multi-cultural flavour, freshness and colours of Australian designs."

Ms Orsini said the Australian approach to fashion designs and fashion parades contrasted sharply with that of the traditional design houses in Europe.

Ulrich Hartig, Austrade's senior trade commissioner in Paris, said French consumers were looking for new styles.

Australian fashion, streetwear, beachwear, and surf and spa products are well accepted in France, a

market he describes as offering a "huge opportunity" for Australian exporters.

Encouraged by the success of fashion, Austrade in Italy has organised Australian companies' participation in Cosmoprol Bologna 2006, a major beauty show.

Ten of the 27 Australian exhibitors at Cosmoprol Asia 2005 held in Hong Kong last month attracted trial orders totalling \$300,000 from buyers from five markets, including Korea and Indonesia.

Another five out of 21 companies that participated in the parallel National Health Fair achieved sales in three markets, totalling \$325,000.

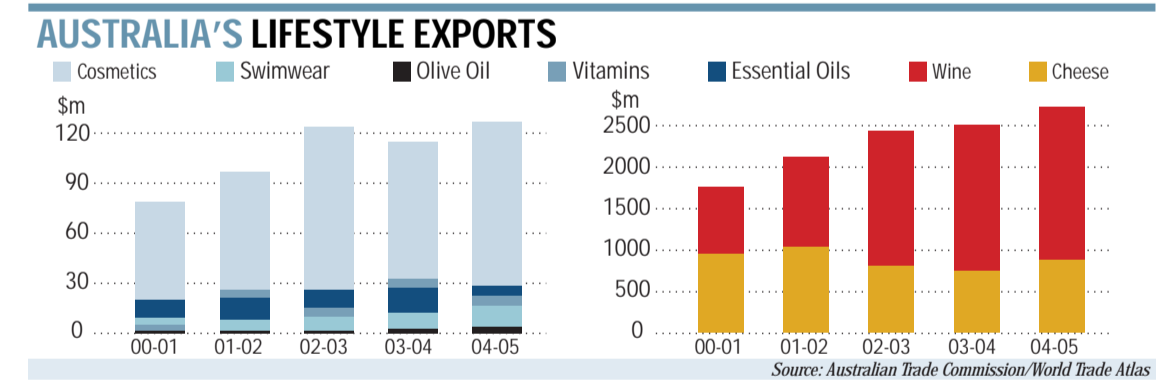
Exports of cosmetics rose from \$79 million in 2000-01 to \$127 million in 2004-05.

Australian trade commissioners told *The Australian* that the market for cosmetics was growing rapidly, particularly in Asia, as the level of disposal incomes rose.

Peter Osborne, Austrade's senior trade commissioner for Hong Kong, said Hong Kong alone imported \$HK4.5 billion (\$788 million) of beauty, make-up, skincare preparation and associated products.

Hong Kong imported \$HK163 million in essential oils, of which just under \$HK1 million came from Australia, he said.

Yvonne Chan, senior trade commissioner in Guangzhou, told *The Australian* the Chinese Association



Crucial witness rolls over in Enron fraud case

James Doran Peter Klinger Courts

THE forthcoming trial of former Enron chairman Kenneth Lay, charged with masterminding one of the biggest corporate frauds in history, has taken a dramatic turn — with a key lieutenant turning prosecution witness.

Former Enron chief accounting officer Richard Causey pleaded guilty at a hearing in Houston, Texas, to securities fraud as part of a bargain struck with prosecutors under which Mr Causey will take the witness stand in Mr Lay's trial.

Mr Causey is likely to be sentenced to seven years' jail, which could be reduced by up to two years depending on the level of his co-operation with the prosecution.

Mr Causey's guilty plea could delay the trial of Mr Lay, who faces 11 counts of conspiring to commit fraud, and Jeffrey

Skilling, Enron's former chief executive. The trial is scheduled to get under way on January 17.

Legal experts said Mr Causey's testimony could be highly damaging to Mr Lay. Mr Causey was never accused of skimming Enron funds for personal gain and was, therefore, likely to have some credibility in the eyes of the jury.

However, the delay could play into the hands of the defence team. Mike Ramsey, Mr Lay's lawyer, is preparing to file motion claiming Mr Lay's constitutional right to a fair trial is impossible to uphold.

Mr Ramsey argues that Mr Lay's name, along with that of the company, has become synonymous with fraud during the four years since Enron collapsed in a spectacular bankruptcy.

Moreover, the case is being heard in Houston, former home of Enron's headquarters, where thousands of people lost their jobs. The motion is expected to be filed by the end of this week.

"I believe it would be very difficult to pick a jury anywhere in the US that does not already have a preconceived notion about Mr Lay and Enron, but in Houston I do believe it would be impossible," Mr Ramsey said.

The Sixth Amendment to the US Constitution entitles every accused or indicted person to a "public trial by an impartial jury of the state and district wherein the crime shall have been committed".

Mr Lay was charged in July 2004 with 11 counts of conspiring to commit fraud. He denies all the charges and is free on a \$US500,000 (\$685,000) bail bond.

The Enron trial is supposed to be the centrepiece of the US Government's

crackdown on corporate fraud. Yet Mr Lay's case has proven the most difficult to bring to trial, despite the co-operation and guilty plea of former Enron finance chief Andrew Fastow, who admitted fraud in exchange for a 10-year prison sentence. In his defence, Mr Lay will contend that Enron was a bankruptcy caused by a liquidity crisis, not by a solvency crisis or by fraud.

"Mr Lay does not believe the actions of Andrew Fastow and his group of embezzlers was the direct cause of Enron's collapse," Mr Ramsey said. "What they did was minor thievery in relation to the size of Enron."

"But because of Andrew Fastow, there was a loss of confidence by Enron's bankers, there was a falling market, there was some stickiness in the commercial paper market. All these things conspired to cause the bankruptcy and Mr Lay had no part in it."

Bendigo Bank Group Reference Rates.

Bendigo Bank

Home Loans		
Residential Variable Rate	7.35%pa	
Standard Variable Home Loan Rate	7.55%pa	
Something Better Variable Home Loan Rate	7.25%pa	
Bendigo Home Equity Loan Variable Rate	7.45%pa	
Standard Home Equity Variable Rate	7.40%pa	
Investment Loans		
Residential Investment Rate	8.30%pa	
Personal Loans		
Standard Secured Variable Personal Loan Rate	9.70%pa	
Standard Unsecured Variable Personal Loan Rate	13.00%pa	
Credit Cards		
Standard Credit Card Rate		16.65%pa
-Interest free period		
Lower Interest Credit Card Rate		13.65%pa
-No interest free period		16.50%pa
Visa Credit Card Rate		13.20%pa
Lower Interest Gold Credit Card Rate		16.00%pa
Standard Gold Credit Card Rate		16.90%pa
RSPCA Rescue Rewards Credit Card Rate		12.75%pa
Personal Overdrafts		
Overdraft Indicator Rate	9.70%pa	
Standard Overdraft Rate	12.45%pa	
Account Over Limit Rate	6.00%pa	
IOOF		
Fast Track Premium Rate	7.30%pa	
Fast Track Advantage Rate	6.74%pa	
Residential Investment Rate	8.30%pa	
Overdraft Rate	7.30%pa	
Business		
Business Base Lending Rate	8.50%pa	
Business Overdraft Indicator Rate	8.50%pa	
Commercial Overdraft Rate	8.40%pa	
Base Lending Rate	8.75%pa	
Standard Commercial Rate	10.75%pa	
Commercial Variable Rate	6.35%pa	
Commercial Variable Base Rate	6.10%pa	
Business Solutions Residential Secured Rate	7.55%pa	
Business Solutions Non Residential Secured Rate	8.55%pa	
Business Solutions Unsecured Term Loan	12.45%pa	
Business Solutions Residential Secured Overdraft Rate	8.40%pa	
Business Solutions Non Residential Secured Overdraft Rate	9.40%pa	
Bendigo Investment Facility Residential Secured Rate	7.60%pa	
Bendigo Investment Facility Non Residential Secured Rate	8.60%pa	
Debtor Finance Reference Rate	9.85%pa	
Agribusiness		
Term Loan Benchmark Rate	7.50%pa	
Seasonal Account Benchmark Rate	9.10%pa	
AgriManager Benchmark Rate	7.75%pa	
Fixed Rate Term Loan	On application	
Harvest Loan 2005/06 Season		7.70%pa
- All Balances		
Agribusiness deposit & lending products are issued by Elders Rural Bank, Limited and distributed by Bendigo Bank Limited.		
Margin Lending		
Margin Lending Variable Rate		8.24%pa
First Australian Building Society		
Deposit Assistance Rate	8.40%pa	
Deposit Assistance Equity Rate	7.30%pa	
Standard Variable Rate	7.30%pa	
Wipeout Variable Rate	7.45%pa	
Personal Loan Variable Rate	7.75%pa	
Sandhurst Trustees		
Home Loans		
Sandhurst Select Variable Rate	7.00%pa	

The above rates are effective as at today's date. All rates are subject to change. Fees and charges may apply. The annual percentage rate which may apply to you is available on request by phoning us on 1300 366 666 or from any branch of Bendigo Bank, Sandhurst Trustees Ltd, 18 View Street, Bendigo, VIC 3550, ABN 16 004 030 737, AFSL 237906. Bendigo Bank Ltd, Fountain Court, Bendigo, VIC 3550, ABN 11 068 049 178, AFSL 237879, (S10446) (12/05)