

It's a *tough job* (but someone's got to do it)

Debt collection companies are not the first business most people would nominate as an "ethical investment". Stereotypes tend towards menacing thugs and devious repo agents.

It may seem strange then that one of our current favoured investments is a debt collection business.

Repol was established in 1973 and has grown to become one of Western Australia's largest debt collection companies. The company prides itself on, and attributes its success to, an approach to debt collection that emphasises counselling and working with debtors rather than taking an aggressive or litigious approach.

In May 2002 Repcol listed as a public company on the ASX. At its maiden AGM in November 2002 the company's founder and CEO, Peter Di Prinzio, made the following remarks:

Preparing for today made me think about my late father. He arrived in Australia some 50 years ago. My father had left his family, including me, in Italy until he could afford to bring us to Australia.

I was seven before my father could finally afford to bring us all to Australia in 1958. I would later find out that the money he used to bring us to Australia was borrowed. Up to the time of his death, all of the money he paid to the finance company he had only managed to service the interest...

I learned early in my career that a heavy-handed approach to debt collection, including the use of litigation, was fast losing its effect. ... As a result I have strived to ensure that Repcol's methodologies highlight a non-litigious, psychological and counseling approach to collections. We seek to recruit people who have been through the University of Hard Knocks;

people who know what it means to know hard times and through our comprehensive training programme we help them to develop the people skills needed to demonstrate empathy and understanding in their job. This results in building of effective collection relationships with our debtors.

The business of debt collection is carried out through either Agency Collection (where Repcol acts as an agent for the creditor and receives a commission on monies collected) or Debt Ledger Purchases (where Repcol purchases the debt ledger from a creditor and collects those debts on its own account).

Repol's business plan is focused on purchasing debt ledgers at various stages of delinquency at a discount to the face value of the debt (between 1 and 30 cents in the dollar depending on the nature of the debt). The agency business allows the company to assess the value of a debt ledger before purchasing it.

Since listing on the ASX Repcol has purchased CreditSmart, a Brisbane based debt collection company, opened offices in Melbourne and Sydney, and has purchased debt ledgers with a total face value of more than \$500 million.

After Mr Di Prinzio (who owns 43% of the company) the largest shareholder is Hunter Hall, a well known ethical fund which has been steadily increasing its stake in the business since it listed. The addition of Repcol to an ethical portfolio provides an opportunity to diversify away from traditional "ethical investment" sectors such as renewable energy. This demonstrates how ethical investment opportunities exist in a wide variety of sectors and sometimes in the most unlikely places.