

ON TOP

Australia's good life is a boon for business

By Nicholas Way



UNDER



AUSTRALIA IS RENOWNED across the globe for its pleasant weather, fine wine, sporting prowess and quality lifestyle.

Underpinning its comfortable way of life is a booming economy, with 15 consecutive years of GDP growth, representing the longest expansionary period in the country's 105-year history. With a lifestyle that was ranked third in the United Nations 2005 Human Development Report, it seems that the Australians have mastered the delicate balance between working and playing hard.

One of the more visible signs of this boom has been the number of overseas companies making investments Down

Under. With about AUD12 billion (approximately USD9 billion) in assets, Hutchison Whampoa Limited (Hutchison or the Group), together with its subsidiaries and associated companies, has emerged as one of the largest foreign investors in Australia.

Peter Tulloch, a Scottish banker who spent more than 30 years working in Asia before moving to Sydney, is chairman of four of the Group's infrastructure investments in Australia: the Victorian power distribution com-

The 2006 Commonwealth Games in Melbourne boosted Australia's global profile.



panies of CitiPower and Powercor; ETSA Utilities in South Australia and the CrossCity Motorway in New South Wales.

Through Cheung Kong Infrastructure Holdings Limited (CKI) and Hongkong Electric Holdings Limited's (HKE) joint majority shareholding of 51 per cent in CitiPower, Powercor and ETSA, the Group is the biggest electricity distributor in the country.

Speaking about CKI/HKE's infrastructure investments in Australia, Mr Tulloch said, "We got into Australia on the back of privatisation in utilities, first in South Australia in 2000 and then Victoria. Taking into account the country risk, governance, regulatory framework, legal system, the Australian investments are well within our comfort zone."

CKI/HKE's investment philosophy is to acquire quality assets and give a wide berth for local management to operate the companies. Mr Tulloch said, "We do not have an administrative office in Australia. The idea is to invest in the companies and make sure the local managers perform. Obviously there are a lot of fly-ins, fly-outs, but the focus is on having the right management and supervising from a board level."

The Group currently provides more than 4,000 jobs in Australia. For the local managers, there has been the added bonus of possible promotions and transfers within its global network of companies. Basil Scarsella, the first chief executive of ETSA under CKI/HKE, now lives in the northern English city of Leeds and runs CKI/HKE's massive investment in the United Kingdom, the Northern Gas Networks.

Business and pleasure: Australians have found the right balance between working and playing hard.

Others who have benefited from this emphasis on nurturing local talent are Shane Breheny, who has gone from being chief financial officer of Powercor to chief financial



officer and now chief executive of both CitiPower and Powercor. Bob Stobbe went from being the chief financial officer at ETSA to the same position at CitiPower and Powercor and is now chief executive of the listed investment company Spark Infrastructure, a fund that holds the remaining 49 per cent shareholding in ETSA, CitiPower and Powercor and in which CKI holds a 9.9 per cent stake.

CKI also has investments in toll roads – the Cross City and Lane Cove tunnels and roads – in Sydney, the busy capital of New South Wales, which is characterised by heavy traffic demands.

In addition to infrastructure investment, in 2003 Hutchison introduced Australia's first third generation network and mobile service – 3. It was also the first to launch cap plans into the market, giving consumers better value.

Today, after just three short years, 3 has more than one million customers who have access to Australia's largest 3G network for voice, SMS, MMS, e-mail and mobile broadband. That network stretches across Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

CEO Kevin Russell said, "One million customers are more than just a number. For 3 it represents scale, credibility and a platform for changing the way people in Australia use their mobiles. 3 customers have big appetites for 3G content services. We're now seeing strong trends in customer take up of services such as live mobile TV and music."

The numbers speak for themselves. In 2005, 70 per cent of customers browsed content on Planet 3, and 44 per cent subscribed to packs or passes; 3 customers enjoyed more than 50 million content events including two million music events. They made five million video-calls and accessed four million

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horoscope and tarot readings.

"3 has invested heavily in delivering new content services in the areas that generate the biggest demand from customers, including mobile TV and music," said Mr Russell. "Customers can watch all the live action from the reality show Big Brother, Channel 9's broadcast of the cricket live on their phone, see the highlights from the World Cup and tune in to BBC World, CNN, Cartoon Network and other channels. With the 3 mobile Ashes series between Australia and England – 3 sponsors the Australian team – later this year, demand for live cricket mobile TV is likely to be high."

The Group is also heavily involved in the community and a project that attracts a lot of attention is the Endeavour Australia Cheung Kong Scholarship Programme that allows university students from all over Asia to study in Australia and vice versa. The five-year programme, in partnership with the Australian government, is worth AUD7.5 million (approximately USD5.62 million) and will provide exchange opportunities to a total of nearly 1,000 undergraduate and postgraduate students. Universities waive the fees and the programme picks up students' airfares and living costs. The programme represents an unprecedented private sector partnership with the Government and underscores the Group's strong corporate ethos in giving back to the communities it operates in.

Through its diverse investments in infrastructure and telecommunications, Hutchison has become a major player in Australia's flourishing economy as well as a committed member of the local community. Despite its carefree and casual image, it is clear that Australia is a serious place for business. 