

Why Alta members are frequently found in Australia

Although Australia may not immediately spring to mind when you think of the major global leasing markets, it has actually been around no 10 of the top global leasing markets for a decade or two. Although The Alta Group does not have a full time member based there, several of its members have been active there for just as long. Derek Soper's links to Australia go back to the mid 90s when he became a frequent visitor while based in Hong Kong founding AT&T Capital's Asia Pacific operations. During that time he established leasing operations in many Asian countries, including Australia and China, both of which continue to thrive today under the CIT name. Alan Leesmith has been visiting on numerous occasions every year since before the turn of the century and is well known in sectors of the leasing community, frequently attending AELA (Australian Equipment Lessors Association) events. As can be seen, Derek and Alan were enjoying the Sydney sunshine on a recent visit.



So what makes Australia such an attraction from a business perspective?

Australia has one of the strongest and most consistent economies in the world and with 15 years of uninterrupted growth, it is in the midst of its longest economic expansion since Federation. In 2006, the Australian economy was ranked the most resilient in the world for the fifth consecutive year. The International Monetary Fund has recently "commended the authorities for Australia's strong performance, with six years of budget surpluses, falling public debt, low inflation, high and rising productivity, and a long period of uninterrupted growth that has underpinned a dynamic job market". With average annual GDP growth over the last 10 years of 3.4%, it has outperformed all other major western economies. In the year to end March 2007, GDP increased by 3.8 per cent and unemployment is at its lowest in 32 years. In 2005, Australia's net public debt was (-) 0.5% of GDP, compared to an OECD average of 46% (Japan 81%, the US 46% and the UK 41%).

Among the countries with a population of 20 million or more, Australia ranks second in terms of overall competitiveness (IMD). It has strong technology capabilities, with the Economist Intelligence Unit (EIU) ranking it 9th globally in its 2007 e-readiness ranking. Internet users are 743 per 1,000 people ranking it top in the Asia Pacific region and 4th globally. The EIU ranked its legal environment 2nd globally and its social/cultural environment 3rd globally. The most recent IMD "quality of life" ranked Australia 5th globally and it has been in the top 5 for 9 out of the last 10 years.

Major reforms to the labour market, business taxation, and competition and protection policy, have delivered an economy well equipped to respond swiftly to global trends and pressures. Australia is now predominantly a services-based economy, with services accounting for almost 80% of economic activity. The United Nations Conference on Trade and Development recently determined that "Australia is the developed world's third most popular destination for transnational corporations establishing or relocating their headquarters".

The leasing industry itself, has seen new lease volumes hover around the A\$20bn (€12.6bn) since 1997, but in the two years to September 2006 saw rapid growth to reach A\$30bn (€19bn). Motor vehicles make up 43%, with a further 5% accounting for other transport. At around 40%, Australia has one of the highest penetration rates for leasing and equipment finance. This is despite the industry having had to keep pace with the significant change in the fiscal and regulatory environment over the last 10 years, with GST being introduced in 2000 throughout the whole of Australia along with a steady withdrawal or harmonisation of a historic assortment of state taxes since then, which is still continuing even now. The same harmonisation is also reflected over much of the assorted business legislation and regulation that varied from State to State. It is in this environment that the true strength of AELA (Australian Equipment Lessors Association) has been evident over many years, very successfully representing the industries interests at both Federal and State level.

Although we all think of Australia as one country, business appears to be very state focused. New South Wales is the dominant State, accounting for 44% of equipment financed, followed by Victoria at half that level. However, the leasing industry looks far wider than that and many Australian banks and lessors are active from an international leasing perspective. Just in Europe we see the leasing operations of National Australia Bank, Commonwealth Bank, Australia and New Zealand Bank, Macquarie Bank and Allco to name just a few. The Australians can also be found having considerable influence in Asia.

So with an economy and leasing industry as strong as that, it is no surprise to find Alta personnel having a good reason to spend time in such an invigorating country.