



Submission No 27

Inquiry into Australia's Relations with the Republic of Korea; and Developments on the Korean Peninsula

Organisation: OCEANIS HOLDINGS LIMITED

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OCEANIS HOLDINGS LIMITED
MELBOURNE QUEENSLAND SHANGHAI BUSAN BANGKOK

Senator Alan Ferguson
Chairman
Joint Standing Committee on Foreign Affairs and Trade
Foreign Affairs Sub Committee
Parliament House
Canberra ACT 2600

CC: Hon David Jull MP
Chairman

CC: Michael Crawford (via email)

Dear Mr. Ferguson,

Oceanis Australia Ptd Ltd has been invited to make a brief submission to the Parliamentary inquiry into relations with Korea.

Oceanis is Australian owned, based in Melbourne and has become the world's leading aquarium developer and operator since the writer established the business by purchasing Underwater World on the Sunshine Coast in 1993.

A copy of our Corporate Profile is enclosed for your information.

Busan, Korea was chosen as the site for our first overseas greenfield aquarium investment in 1999 and opened to the public in November 2001.

Oceanis Australia has recently been selected by the Gyunggi Province/City of Goyang to develop and operate a second Korean facility at Lake Ilsan North Seoul.

Following the sale of Village Roadshow's JV interest in the CJ Cinema chain Oceanis believes it is the only major Australian tourism and leisure operator in Korea.

The Company's experience in Korea has been successful (our best project to date) notwithstanding the negative impact of the "credit card crisis" which has been poorly managed by the government and has resulted in a 20% reduction in patronage (which is highly discretionary after all) in 2004 and 2005.

Politically we have been unconcerned about the "axis of evil" rhetoric although we are aware this does discourage some companies, as it is ever prevalent in the media.

Strategically we cannot afford to ignore such a prosperous society which is our fourth largest trading partner and crying out for Australian quality tourism and leisure expertise.

Economically, due to the hitherto preoccupation of the Korean Government with manufacturing and exports, there are serious opportunities for consumer oriented companies to focus on. This will be even more so after the current recession and with the progressive implementation of the five day working week.

Socially, Koreans are very family minded and education focussed and they tend to live in high rise apartments. These three factors all augur well for patronage of our type of facilities.

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Culturally, Koreans due to their unfortunate history, tend to be somewhat xenophobic. This does manifest itself in all sorts of ways and quite regularly, even for an Australian company which carries none of the baggage of a Chinese, Japanese, Russian or US investor.

Accordingly, whilst Oceanis supports the Committee's belief that there is scope to improve our relationships, (and Oceanis has been offered the incentives and benefits your refer to), Australian companies do need to carefully address the cultural divide if they are to be successful.

Frankly, we find this divide to be bigger in Korea than elsewhere in Asia and probably exceeded only in our Paris project. After four years we have a wholly Korean management and workforce but are now having to recruit more western oriented people in order to progress the business satisfactorily.

Notwithstanding the above, we have been able to succeed because we have insisted on maintaining Australian standards of corporate governance as well as of the product offering.

Our success has been aided in no small part by the excellent support received from both our Ambassador and our Austrade Commissioner. It has also been facilitated by the hitherto active presence of the National Australia Bank in Seoul.

It is regrettable that the Bank's new management has seen fit to close this branch later in 2005. It is to be hoped that the remaining Australian bank (the ANZ) will pick up where the NAB left off because doing other than daily transaction banking with Korean banks is not straightforward. The presence and scale of the Shinhan – Macquarie JV also should be of assistance to certain sectors.

Certainly, in our experience, Korea faces similar challenges/opportunities as we do in Australia, such as ageing and ever increasing educational aspirations. Moreover, it does so in an extremely crowded and competitive environment.

Koreans definitely aspire to the qualities and standards that they experience when they visit us in Australia.

Accordingly, there are undoubted opportunities for Australia but our peers in the EEC are certainly very organised and with a sizeable well established presence as are the Americans of course. Both Europe and the USA are perceived to be closer to Korea than Australia not withstanding our time zone advantages.

Given the maturity of the Japanese market and the immaturity of the Chinese market Korea offers a worthwhile mid point for Australian companies interested in North Asia. One which the Committee is urged to encourage further on the basis of our experience.

Yours sincerely

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