Question and Answer

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

Andrew Harvey-Green from Forsyth Barr. I guess it's just a question around the Lumo process. And if you're able to give us a bit more color, I guess, around what was the real trigger for looking at that review now and why not look at some of the other? I presume you are looking at all the other investments over times in terms of the airport or NZ Bus, et cetera? And what might be the trigger for those as well?

Marko Bogoievski
CEO & Director

Andrew, I think it's a reasonable question. All these assets have slightly different dynamics, right, because they're operating in different markets. In some respects, you said Wellington Airport, where there's clearly a big appetite from infrastructure investors for exactly those sorts of assets. Our view is currently that, that appetite doesn't go anytime soon. And at the same time, we see that business growing at a multiple of underlying GDP. So it's a very attractive part of our portfolio that we think is going to contribute. And it's going to sustain that interest, I think, from potential buyers for quite a lengthy period of time. We don't see anything that's make up -- that's going to change that fundamental picture. And as I said, it's actually actively contributing to the portfolio. You get something like Bus, where I think Kevin was quite right to highlight the future contracts. I mean, I think there's no doubt that a business like that is more valuable once you have secured some of the early contracts. So you can demonstrate as well that you successfully repositioned that business for the next 10 or 12 years. And having said that, yes, someone would be interested in it today, but again, I think we've got a better value opportunity either by holding it and running it into these contracts or holding it, securing contracts and then seeing what it's worth.

The situation in the energy assets in Australia is not dissimilar. In one respect, we've got a perfectly interesting and quite exciting organic growth program with that business. And that's why we continue to invest in that, right? That's why we've got high-quality people running it. And we've got actually quite a proprietary channel now in Direct Connect that actually is starting to differentiate ourselves from even some of the Tier 1 players, who would love to get their hands on that channel. I can guarantee it. Having said that, we know that, that industry is actually changing shape before our eyes. There was quite a large transaction during the year -- during last year, where a Tier 1 player started the consolidation process with second tier players. There's clearly appetite from, I think, the larger players. There's clearly appetite from some of the second tier that's looking to build itself into one of those fourth large integrated players. And we know from even seeing some of the action sort of down in New Zealand recently, offshore players are looking to deploy capital in exactly these sorts of markets. And we don't see any issue whatsoever in testing the appetite by undergoing this type of review. At a minimum, and it's very worst, it will inform us about what it's worth and what we need to be in terms of an organic growth program. So I think it feels like a pretty good position to be in. You're obviously not forced to do anything, but you think you're favoring -- there's 2 or 3 very positive scenarios that could come out of that process, in my view.

Any more questions in the room? Okay. Vince, I think is on the operating line today. Can we take some questions on the telephone, please?

Operator

[Operator Instructions] And our first question is from the line of Wade Gardiner with UBS.

Lance Reynolds
UBS Investment Bank, Research Division

This is actually Lance here. Just a question, if I can clear up some issues around the dividend. Last September, you commented on the continuation of kind of double-digit mid-teen dividend growth for the next 2 or 3 years, which is obviously the next 2 years now. Are you still happy with that guidance? You've obviously touched on the historical rate, which is around that level.

Kevin Maxwell Baker
Chair of NZ Bus and Director of Canberra Data Centres & Infratil Infrastructure Property

Yes, I think we delivered on the double-digit this time, didn't we, Wade? So I'd expect -- certainly, our forecasts are showing that we're very confident about hitting double-digit '15/'16 year, '16/'17 year. When you get out beyond 2 years, clearly, you can't be as certain as the near term. But clearly, the business position we have developed for each of our assets over the last 2 years, very strong positions. We have invested a lot recently. next 2 or 3 years, we'll start to see gains from those investments. So we're pretty confident about our future cash flows, and our liability position is in great shape.

Operator

Our next question comes from the line of Grant Swanepoel, Craigs.

Grant Swanepoel
Craigs Investment Partners Limited, Research Division

Just following on from Wade's question. No, I'm not really. Just a question on the relationship with Morrison & Co. They have grown their numbers quite extensively as they're looking at new opportunities. I'm just wondering if you can give us some color on where, if at all, management sits with Morrison & Co and where and when opportunities are identified, how we can be convinced that Infratil investors are getting the benefit of the symbiotic relationship between Infratil management and Morrison & Co?

Marko Bogoievski
CEO & Director

It's a question we get quite often, right? So just to explain for those who aren't that familiar with the group. So Infratil is obviously externally managed by H.R.L. Morrison & Co. It's a relationship that's been in place since its listing in '93. So I guess the performance is laid out in front of you. It's 20 years’ worth of data, 20 years’ worth of behavior, and you can judge for yourself about whether the relationship has been a positive one or not. I would accept that as markets evolve, you need to consistently sort of assess whether that's the right relationship going forward. And that sort of question, I think, is more a question for Mark Tume and the independent directors of the board. But just to put a bit of color there on what Mr. Swanepoel was about, Morrison & Co itself is growing, is representing a few more clients. And I think the clients that we're taking on, in every respect, are potential co-investment partners with Infratil, and they enable us as an organization, in this case, talking about Morrison & Co, to scan more opportunities, to develop more capability in additional sectors. And I think you get just access to origination and capability that we're probably unlikely to have as a standalone organization operating in a market like this one. So I mean, that's the sort of -- that's the marketing pitch if you like, but I guess questions like that are really better pointed, I think, at Mark Tume than myself, Grant.

Operator

And I'm showing no further questions at this time, sir.

Marko Bogoievski
CEO & Director

Are there any further questions in the room? Do you mind waiting for a microphone. It's a little bit hard to hear on otherwise. Over here, gentleman in the front.

Unknown Analyst

You say the Australian -- weak Australian dollar obviously affected given it was quite volatile last year. What's the net impact of the Australian dollar on the Snowtown thing, because it seems quite complicated to try and work that out?

Marko Bogoievski
CEO & Director

There's 2 parts of our business that are affected by the Australian dollar. One is the wind program we're running in Australia. That wasn't more than $3 million or $4 million. The bigger impact, I think, was in our Lumo Energy and Infratil Energy Australia business, where it was more like $7 million or $8 million, I think, when you total it up. So it's another contributor to our slightly flat set of operating results in some of those businesses. And offsetting that, obviously, we, as I said, took realized gains in an Australian dollar position that we closed out during the year that generated over $30 million worth of cash gains. So it's sort of hard to compare your hedging programs with the operating results, particularly when they're translated back into New Zealand dollars.

Kevin Maxwell Baker
Chair of NZ Bus and Director of Canberra Data Centres & Infratil Infrastructure Property

That was a net positive.

Marko Bogoievski
CEO & Director

Well, that was a large positive, although it's part of an integrated risk management program. So it's hard to assess whether you'd expect that to be repeated going forward. At the moment, we've got no real material foreign exchange positions to talk about, but we have quite a deep interest rate program, for example. And our energy businesses in Australia and New Zealand are totally covered by risk management program. So I guess one of the things that's hard to assess as an investor when you're looking at Infratil is just how those 2 sort of programs integrate. So I'm not surprised you have difficulty isolating the foreign exchange part.

Kevin Maxwell Baker
Chair of NZ Bus and Director of Canberra Data Centres & Infratil Infrastructure Property

Or we can direct you toward the very detailed accounting note, if it helps.

Marko Bogoievski
CEO & Director
We'll talk about that after the presentation. Look, thank you for your attention and interest here in Wellington and on the phone. We look forward to seeing you all at the half year in November. Thank you.