



Australian Government

Export Finance and Insurance Corporation

Global Readiness index: National Report 2009

Date: 20 April 2009



Table of Contents

Background	3
1. Respondents' businesses	4
Number of Employees	4
Industry	6
Derivation of Revenue	8
Revenue	10
Source of Revenue	12
Percentage of Total Revenue from Each Source	14
2. Export Activities	16
Length of Time Exporting	16
Export Destinations	18
Plans to Commence Exporting	22
Future Export Destinations in Five Years' Time	24
3. Offshore Operations	28
Length of Time Operating Offshore Facilities	28
Offshore Facility Locations	30
Type of Offshore Facilities	34
Legal Structure of Offshore Entities	38
Operational Structure of Offshore Operations	40
Timeframe for Establishing Offshore Operations	42
Timeframe for Expanding Offshore Operations	44
Expected Location of Offshore Facilities in Five Years	46
Type of Offshore Facilities Planning to Establish	50
Type of Planned Offshore Facilities	52
4. Drivers and Barriers	55
Drivers for Establishing Offshore Operations	55
End Destinations for Sales from Offshore Operations	59
Barriers to Offshore Expansion	61
Sources of Information to Overcome Barriers	66
5. Financing Expansion	70
Timeframe for Approaching Financiers – Exports	70
Sources of Finance for Exports	72
Timeframe for Approaching Financiers – Offshore Operations	79
Sources of Finance for Offshore Operations	81
Impact of Better Access to Funding at Market Rates	88
Use of Additional Funding	93

Background

The EFIC Global Readiness Index survey was conducted in February 2009. Key decision-makers in businesses throughout Australia received invitations to conduct an on-line survey from EFIC and its alliance partners, with 726 businesses completing the questionnaire.

The state breakdown was as follows:

Location	Number Surveyed	%
New South Wales	183	25
Victoria	161	22
Queensland	144	20
Western Australia	103	14
South Australia	78	11
Tasmania	37	5
ACT	13	2
Northern Territory	7	1
TOTAL	726	100%

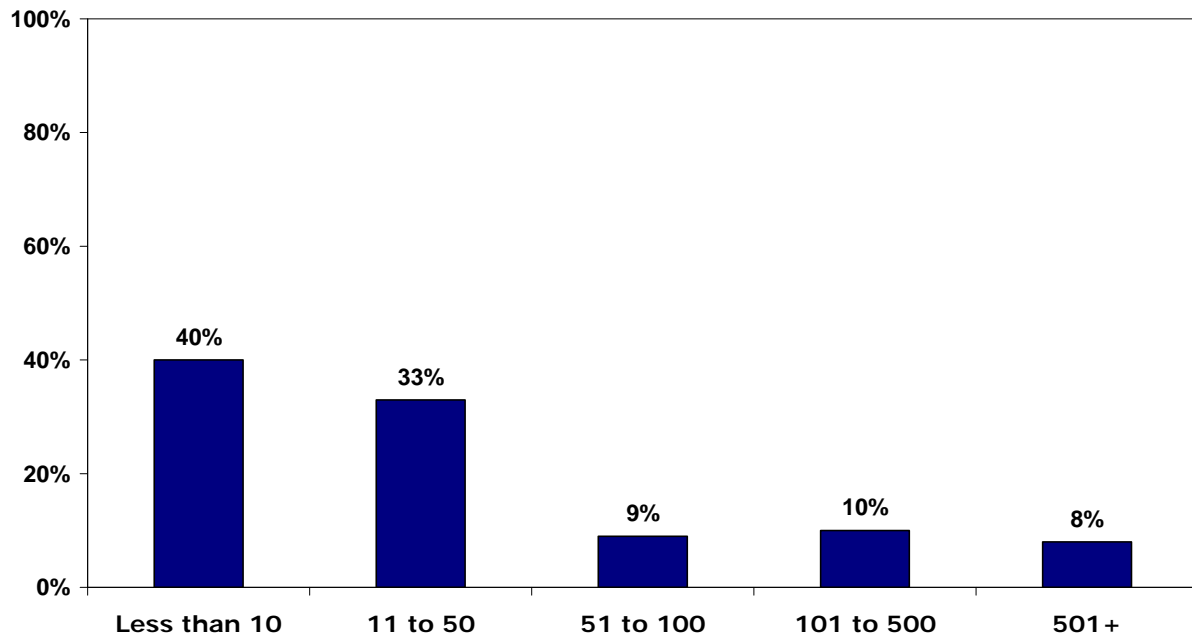
Note: ACT businesses have been grouped with NSW in all following sections of the report. References to NSW businesses includes ACT respondents.

1. Respondents' businesses

Number of Employees

Four in ten (40%) of the businesses surveyed had fewer than 10 employees. Another third (33%) had between 11 and 50 employees and just over a quarter (27%) had over 50 employees.

Number of Employees



	10 or less	11-50	51-100	101-500	501+
Total (n=726)	40%	33%	9%	10%	8%

By State

The Queensland and Tasmanian businesses surveyed had the fewest number of employees on average, while the Western Australian and Victorian businesses had the most.

Number of Employees	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
10 or less	37	34	57	33	40	46
11 to 50	36	32	30	30	35	38
51 to 100	10	10	6	11	6	14
101 to 500	8	14	5	14	14	3
501+	9	11	2	13	5	-

By Industry Sector

The agribusinesses had the fewest employees on average while the manufacturing/wholesale businesses were the most likely to have between 11 and 50 employees. The mining businesses were the most likely to have over 100 employees.

Number of Employees	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
Less than 10	52	39	37	42
11 to 50	30	27	37	30
51 to 100	6	6	11	8
101 to 500	11	12	10	9
501+	2	16	5	10

By Revenue

The smaller the revenue of the business, the fewer the employees.

Number of Employees	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
Less than 10	89	31	4	2	19
11 to 50	11	62	30	1	43
51 to 100	-	6	39	1	13
101 to 500	-	1	26	42	14
501+	-	-	2	54	10

Industry

Nationally and by State

Manufacturing represented over a third (35%) of all the businesses surveyed. The Victorian businesses had the highest proportion of manufacturing businesses while the Western Australian businesses had the highest proportion of mining businesses. The South Australian and Tasmanian businesses had the highest proportion of agricultural, forestry and fishing businesses.

Industry	National (n=726) %	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
Manufacturing	35	30	45	38	28	38	32
Agriculture, Forestry & Fishing	9	5	8	3	11	18	27
Mining	9	5	4	6	33	3	-
Wholesale Trade	8	10	9	11	3	8	5
Property & Business Services	7	8	9	6	4	5	8
Personal & Other Services	6	7	6	5	7	5	8
Construction	5	6	6	3	7	4	3
Communication Services	5	9	4	3	3	3	-
Education	4	6	2	4	1	6	-
Retail Trade	2	1	3	3	1	1	5
Finance & Insurance	2	4	1	1	-	-	3
Health & Community Services	2	2	1	6	1	3	3
Cultural & Recreational Services	2	3	1	6	1	-	5
Electricity, Gas & Water Supply	1	1	1	1	1	3	-
Accommodation, Cafes & Restaurants	1	1	-	1	-	1	-
Government Administration & Defence	1	3	-	2	-	3	-
Transport & Storage	0	2	-	-	-	-	-

By Revenue

Manufacturing businesses were the most likely to earn revenue between \$1 million and \$50 million. Businesses in the mining and construction sectors were mostly likely have earn revenues of \$50m+.

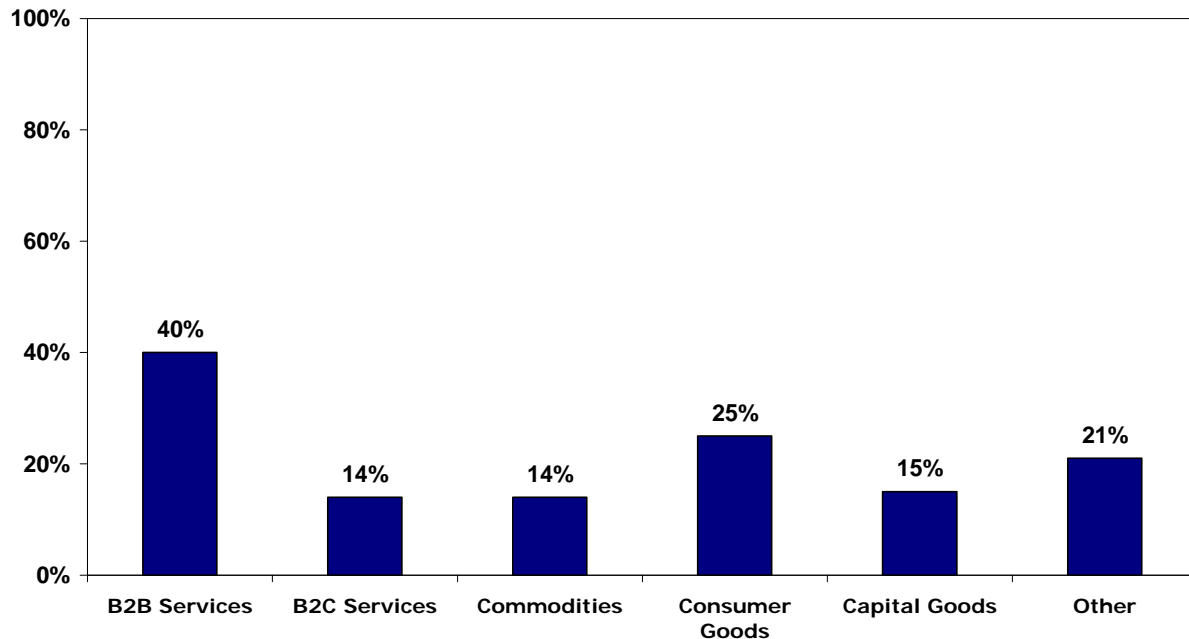
Industry	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
Manufacturing	27	40	45	33	40
Agriculture, Forestry & Fishing	8	9	11	8	9
Mining	9	8	6	15	8
Wholesale Trade	8	10	7	4	9
Property & Business Services	8	5	8	7	6
Personal & Other Services	9	5	6	2	5
Construction	1	5	4	16	7
Communication Services	6	4	3	3	4
Education	6	3	2	2	3
Retail Trade	4	1	1	1	1
Finance & Insurance	2	2	-	3	2
Health & Community Services	3	2	2	1	2
Cultural & Recreational Services	5	2	-	1	1
Electricity, Gas & Water Supply	2	1	-	1	1
Accommodation, Cafes & Restaurants	1	1	-	-	0
Government Administration & Defence	1	1	2	1	1
Transport & Storage	-	-	2	1	1

Note: Industry sectors have been grouped in to four key sectors – agribusiness, manufacturing, mining, and services - in all following sections of the report. References to manufacturing includes the wholesale industry sector, with the services sector including all remaining industry sectors (excluding mining and agriculture, forestry & fishing).

Derivation of Revenue

Four in ten (40%) of the businesses surveyed derived their revenue from B2B services.

Derivation of Revenue



	B2B Services	B2C Services	Commodities	Consumer Goods	Capital Goods	Other
Total (n=726)	40%	14%	14%	25%	15%	21%

By State

Businesses deriving their revenue from B2B services were most likely to have head offices in New South Wales and Victoria, while Western Australian businesses earned the largest proportion from commodities.

Derivation of Revenue	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
B2B Services	48	45	42	23	35	27
B2C Services	12	12	15	11	17	22
Commodities	10	16	8	29	10	8
Consumer Goods	21	23	33	21	29	35
Capital Goods	13	16	19	14	15	8
Other	22	19	22	20	19	30

By Industry Sector

Not surprisingly, the services businesses were the most likely to derive revenue from B2B and B2C services, while the mining and agribusiness sectors were the most likely to derive revenue from commodities.

Derivation of Revenue	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
B2B Services	17	20	30	62
B2C Services	5	2	7	26
Commodities	42	52	10	3
Consumer Goods	47	3	40	10
Capital Goods	6	3	26	6
Other	8	28	19	25

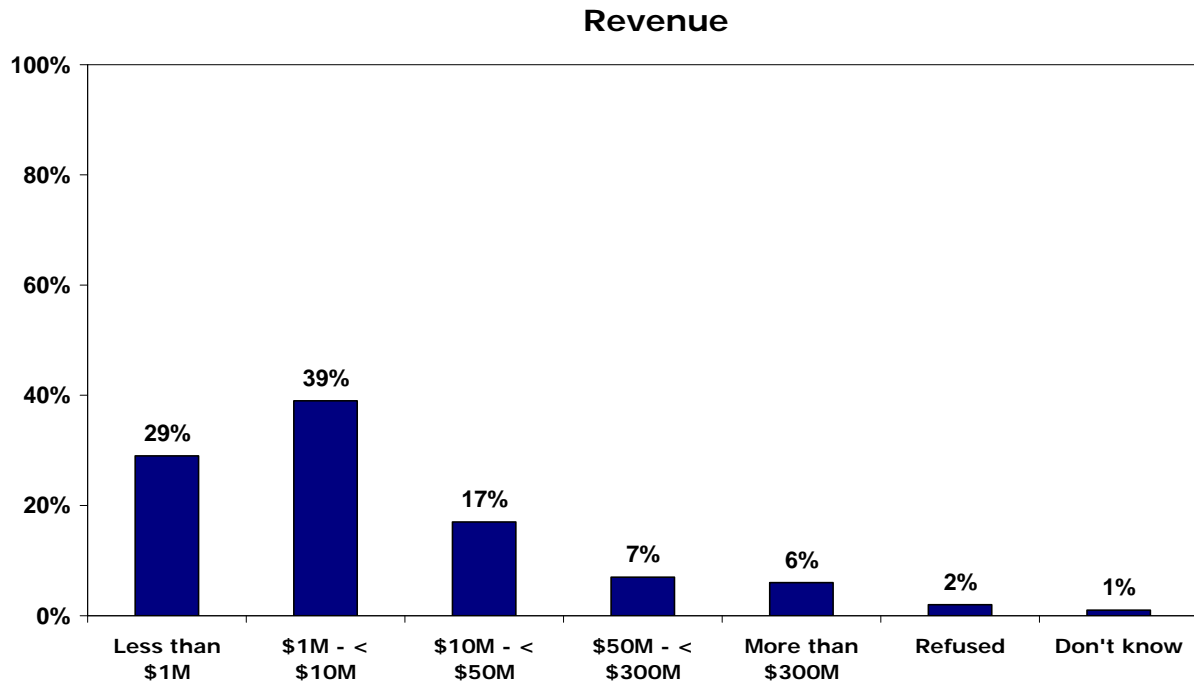
By Revenue

The largest businesses were the most likely to derive revenue from commodities.

Derivation of Revenue	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
B2B Services	42	39	42	38	39
B2C Services	16	14	10	13	13
Commodities	11	10	15	31	15
Consumer Goods	28	30	22	13	25
Capital Goods	8	17	19	19	18
Other	26	20	17	13	18

Revenue

Under a third (29%) of the businesses surveyed had annual turnover of less than \$1 million. Four in ten (39%) had turnover of between \$1 million and \$10 million.



	Less than \$1m	\$1m - <\$10m	\$10m - <\$50m	\$50m - <\$300m	More than \$300m	Refused/DK
Total (n=726)	29%	39%	17%	7%	6%	3%

By State

Queensland had the highest proportion of businesses with turnover under \$1 million.

Revenue	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
Less than \$1 million	28	24	43	22	28	27
\$1M to less than \$10M	38	37	40	38	35	54
\$10M to less than \$50M	17	21	10	17	21	11
\$50M to less than \$300M	7	9	2	8	10	3
More than \$300M	6	8	1	10	4	-
Refused	4	2	2	2	1	5
Don't know	1	-	1	3	1	-

By Industry Sector

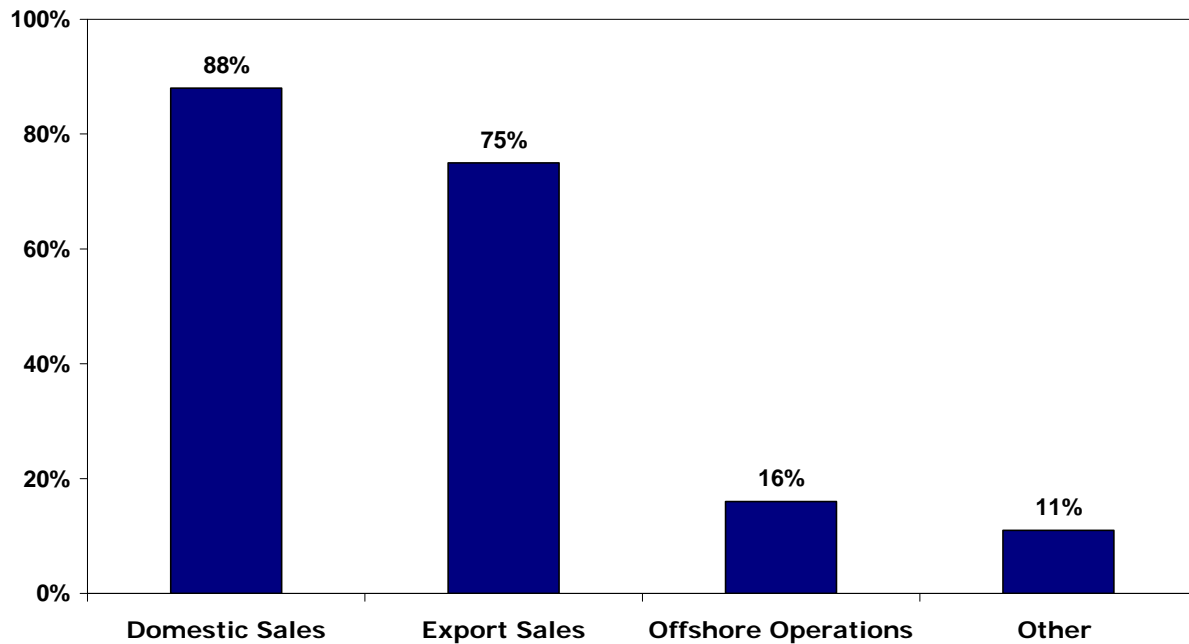
The services sector had the most businesses with turnover under \$1 million, while the mining sector had the highest proportion of businesses with turnover over \$50 million.

Revenue	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
Less than \$1 million	27	30	23	37
\$1m to less than \$10m	41	33	45	32
\$10m to less than \$50m	20	11	20	13
\$50m to less than \$300m	8	11	6	6
More than \$300m	3	9	4	7
Refused	2	3	2	3
Don't know	-	3	-	2

Source of Revenue

Nearly all (88%) the businesses surveyed received revenue from domestic sales and 75% from export sales. One in six (16%) received revenue from offshore operations and 11% received revenue from other sources.

Source of Revenue



	Domestic Sales	Export Sales	Offshore Operations	Other
Total (n=726)	88%	75%	16%	11%

By State

The highest proportion of businesses with revenue from export sales were Victorian, while the Western Australian businesses were most likely to earn revenue from offshore operations.

Source of Revenue	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
Domestic Sales	90	91	93	75	83	95
Export Sales	75	82	75	64	79	68
Offshore Operations	18	21	8	25	10	-
Other	10	8	12	15	12	5

By Industry Sector

Nearly all the agribusinesses (94%) earned revenue from export sales while the mining businesses were the most likely to receive revenue from offshore operations.

Source of Revenue	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
Domestic Sales	78	48	97	90
Export Sales	94	39	89	63
Offshore Operations	3	28	11	22
Other	3	33	5	14

By Revenue

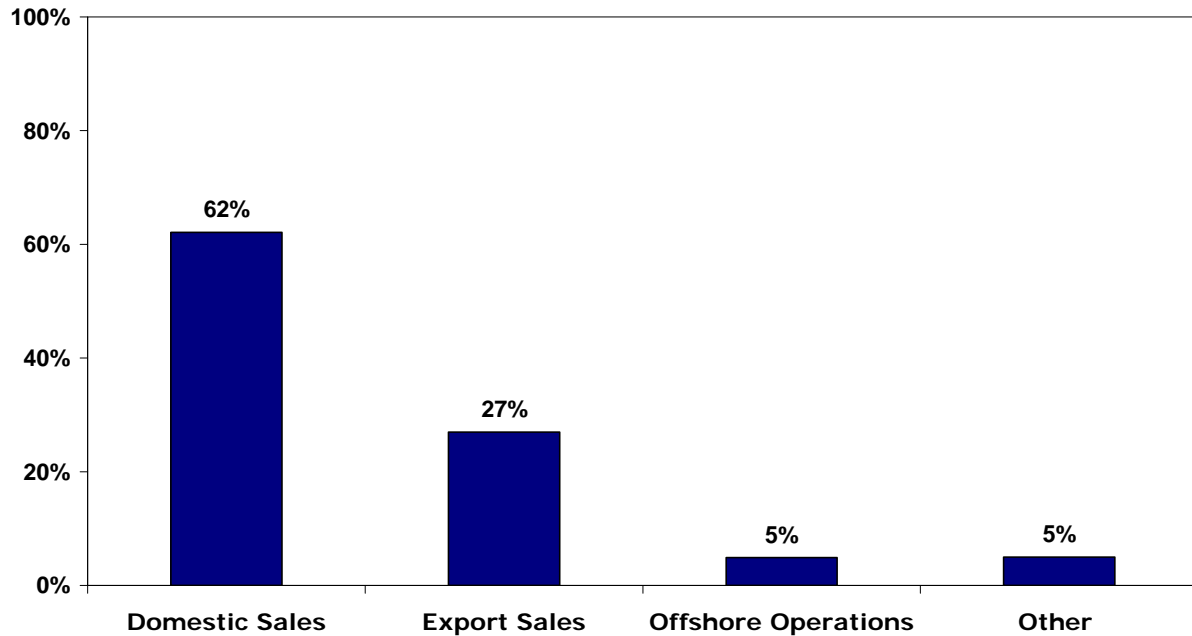
The larger the business, the more likely to earn revenue from offshore operations.

Source of Revenue	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
Domestic Sales	81	92	94	85	92
Export Sales	61	82	83	79	82
Offshore Operations	9	11	20	43	19
Other	16	7	10	6	8

Percentage of Total Revenue from Each Source

Across all the businesses surveyed, 62% of their revenue came from domestic sales. Just over a quarter (27%) came from export sales and 5% from offshore operations.

Percentage of Total Revenue from Each Source



	Domestic Sales	Export Sales	Offshore Operations	Other
Total (n=726)	62	27%	5%	5%

By State

Export sales comprised the highest proportion of revenue for South Australian businesses, with the Western Australian businesses having the highest proportion of sales coming from offshore operations and the lowest from domestic sales.

% Revenue by Source	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
Domestic Sales	64	64	67	52	54	72
Export Sales	25	26	26	28	39	25
Offshore Operations	6	6	2	9	2	-
Other	5	3	5	12	6	3

By Industry Sector

The manufacturing and services industry sectors had the highest proportion of domestic sales while the majority (55%) of the agribusinesses' revenue came from export sales.

% Revenue by Source	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
Domestic Sales	45	34	68	66
Export Sales	55	22	29	21
Offshore Operations	0	14	3	7
Other	0	30	1	6

By Revenue

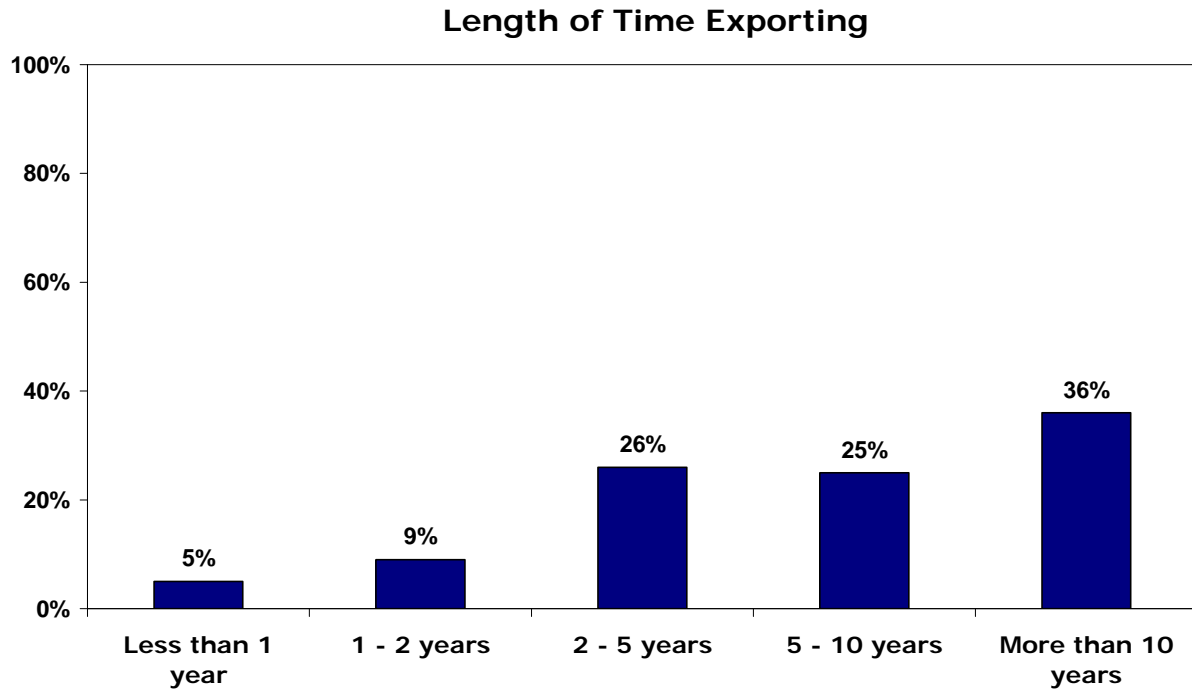
Businesses with revenue over \$50 million were the most likely to have revenue from export sales and offshore operations.

% Revenue by Source	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
Domestic Sales	63	64	64	54	62
Export Sales	24	29	30	31	29
Offshore Operations	3	4	4	13	6
Other	10	3	2	2	3

2. Export Activities

Length of Time Exporting

Half of the exporting businesses surveyed (51%) have been exporting for more than five years.



Base: Exports more than 1% of revenues	Less than one year	One to two years	Two to five years	5-10 years	More than 10 years
Total (n=521)	5%	9%	26%	25%	36%

By State

The Queensland businesses had the fewest businesses who have been exporting for over five years while the Tasmanian businesses had the most.

Length of Time Exporting	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
Less than one year	3	2	9	8	-	5
Between one and two years	12	9	7	3	11	9
Between two and five years	24	25	31	32	21	14
Between five and 10 years	29	23	21	21	28	27
More than 10 years	31	40	32	37	39	45

(Base: Exports earn more than 1% of revenues)

By Industry Sector

The services industry sector had the smallest proportion of businesses who have been exporting for over ten years.

Length of Time Exporting	Agribus (n=58) %	Mining (n=25) %	Manufacturing (n=267) %	Services (n=171) %
Less than one year	3	20	3	5
Between one and two years	12	-	9	8
Between two and five years	21	16	25	31
Between five and 10 years	24	20	24	26
More than 10 years	40	44	39	29

(Base: Exports earn more than 1% of revenues)

By Revenue

The larger the business, the longer they have been exporting.

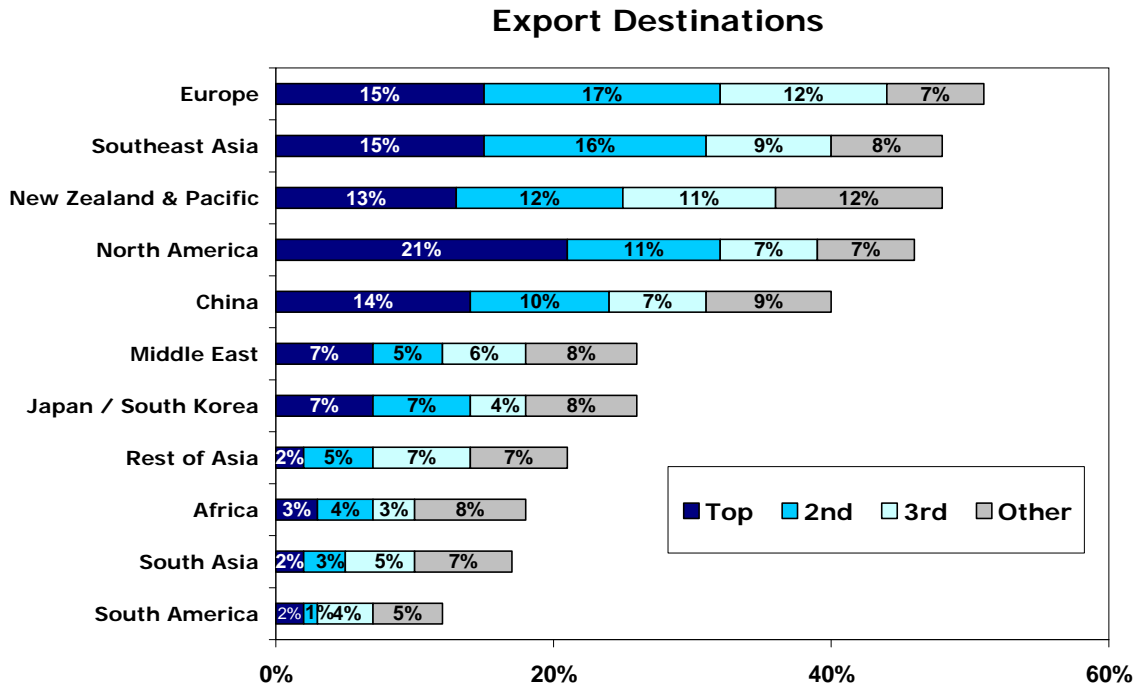
Length of Time Exporting	<\$1m (n=122) %	\$1m - \$10m (n=222) %	\$10m - \$50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
Less than one year	11	3	1	1	2
Between one and two years	19	9	2		6
Between two and five years	36	27	23	7	22
Between five and 10 years	16	30	25	20	27
More than 10 years	17	31	49	71	43

(Base: Exports earn more than 1% of revenues)

Export Destinations

All businesses currently exporting were asked to name their top three export destinations by revenue and any others they were also exporting to. Half of all the exporting businesses (50%) were exporting to Europe, while only 12% were exporting to South America.

North America was mentioned most often as the top export destination.



(Base: Exports earn more than 1% of revenues, n=521)

Top Export Destination By State

North America was most likely to be the top export destination for the businesses in all states except those in Queensland and Western Australia, where Southeast Asia was the more likely destination.

Top Export Destination	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
North America	23	25	16	10	23	27
Southeast Asia	16	12	18	22	7	18
Europe	18	10	16	13	15	27
China	9	17	15	21	18	-
New Zealand & Pacific	13	13	15	6	13	18
Middle East	6	12	5	5	3	-
Japan/South Korea	3	7	7	3	15	9
Africa	3	1	1	14	3	-
South Asia	4	2	1	-	2	-
Rest of Asia	2	2	4	2	-	-
South America	1	-	4	5	2	-

(Base: Exports earn more than 1% of revenues)

All Export Destinations By State

Looking at all export destinations combined, the NSW and Tasmanian businesses were most likely to be exporting to Europe with the results varying for the other states.

All Export Destinations	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
Europe	57	48	50	40	43	68
Southeast Asia	51	49	42	60	41	55
New Zealand & Pacific	53	48	55	30	44	41
North America	52	44	43	33	48	59
China	33	50	35	49	44	27
Middle East	24	35	16	29	26	18
Japan/South Korea	21	25	25	30	28	36
Rest of Asia	22	20	17	24	23	9
Africa	17	17	10	35	20	18
South Asia	15	21	13	17	18	5
South America	8	13	13	16	15	5

(Base: Exports earn more than 1% of revenues)

Top Export Destination By Industry Sector

North America was most likely to be the top export destination for the manufacturing and agribus respondents while for the mining businesses, China was the top export destination.

Top Export Destination	Agribus (n=58) %	Mining (n=25) %	Manufacturing (n=267) %	Services (n=171) %
North America	22	12	22	18
Southeast Asia	21	8	13	18
Europe	9	4	16	17
China	19	36	12	13
New Zealand & Pacific	3	12	17	9
Middle East	3	4	6	9
Japan/South Korea	17	8	5	5
Africa	3	8	2	4
South Asia	-	-	1	5
Rest of Asia	2	4	3	1
South America	-	4	3	1

(Base: Exports earn more than 1% of revenues)

All Export Destinations By Industry Sector

Looking at all export destinations combined, China was the most popular export destination for agribusinesses and mining businesses, while the majority in the service industry sector export to Southeast Asia.

All Export Destinations	Agribus (n=58) %	Mining (n=25) %	Manufacturing (n=267) %	Services (n=171) %
Europe	45	36	54	47
Southeast Asia	55	24	46	55
New Zealand & Pacific	19	24	60	42
North America	43	40	49	42
China	62	64	37	37
Middle East	14	20	28	26
Japan/South Korea	43	32	25	19
Rest of Asia	24	12	22	16
Africa	17	40	18	15
South Asia	21	12	17	15
South America	5	32	13	9

(Base: Exports earn more than 1% of revenues)

Top Export Destination By Revenue

North America was the most likely top export destination for businesses with revenue over \$1 million, while Europe and North America were the top destinations for smaller businesses.

Top Export Destination	<\$1m (n=122) %	\$1m - \$10m (n=222) %	\$10m - \$50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
North America	20	22	19	22	21
Southeast Asia	18	16	14	9	14
Europe	21	12	16	12	13
China	11	13	13	26	15
New Zealand & Pacific	11	16	10	9	13
Middle East	4	7	8	7	7
Japan/South Korea	7	5	9	9	7
Africa	2	4	5	1	4
South Asia	1	2	1	4	2
Rest of Asia	4	2	1	-	2
South America	1	1	4	1	2

(Base: Exports earn more than 1% of revenues)

All Export Destinations By Revenue

Looking at all export destinations combined, the larger the business, the more likely they are exporting to a destination in Asia.

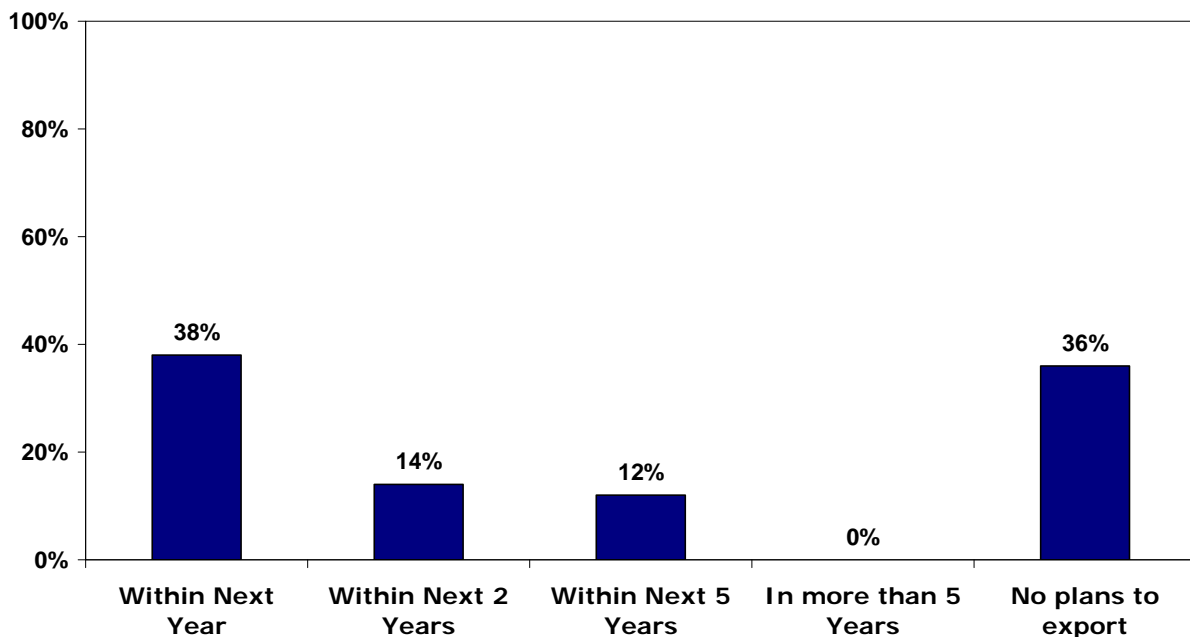
All Export Destinations	<\$1m (n=122) %	\$1m - \$10m (n=222) %	\$10m - \$50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
Europe	49	50	56	43	50
Southeast Asia	41	49	55	57	52
New Zealand & Pacific	35	52	55	46	52
North America	40	46	45	49	47
China	26	39	49	62	46
Middle East	16	26	29	36	28
Japan/South Korea	26	21	28	36	25
Rest of Asia	16	19	24	28	22
Africa	11	18	28	17	20
South Asia	8	18	19	22	19
South America	5	12	18	13	14

(Base: Exports earn more than 1% of revenues)

Plans to Commence Exporting

Almost two-thirds (64%) of non-exporters are planning to begin exporting within the next five years – over a third (38%) to begin within the year.

Plans to Commence Exporting



Base: No current exports (and answered question)	Within next year	Within next two years	Within next five years	In more than five years	No plans to export
Total (n=170)	38%	14%	12%	0%	36%

By State

NSW and Victorian non-exporting businesses are the most likely to begin exporting within the next year. The highest proportion of businesses with no plans to export were in Tasmania.

When Plan to Commence Exporting	NSW/ACT (n=46) %	VIC (n=28) %	QLD (n=33) %	W.A. (n=33) %	S.A. (n=15) %	TAS (n=12) %
Within next year	59	54	30	24	20	8
Within next two years	7	7	30	12	20	8
Within next five years	13	11	9	15	20	-
No plans to export	22	29	30	48	40	83

(Base: No current exports)



By Industry Sector

The non-exporting mining businesses are the least likely to commence exporting.

When Plan to Commence Exporting	Agribus (n=4) %	Mining (n=36) %	Manufacturing (n=32) %	Services (n=98) %
Within next year	75	14	50	42
Within next two years	-	8	19	14
Within next five years	25	31	-	8
No plans to export	-	47	31	36

(Base: No current exports)

By Revenue

The non-exporting business with revenue under \$1 million are the most likely to commence exporting within the next year.

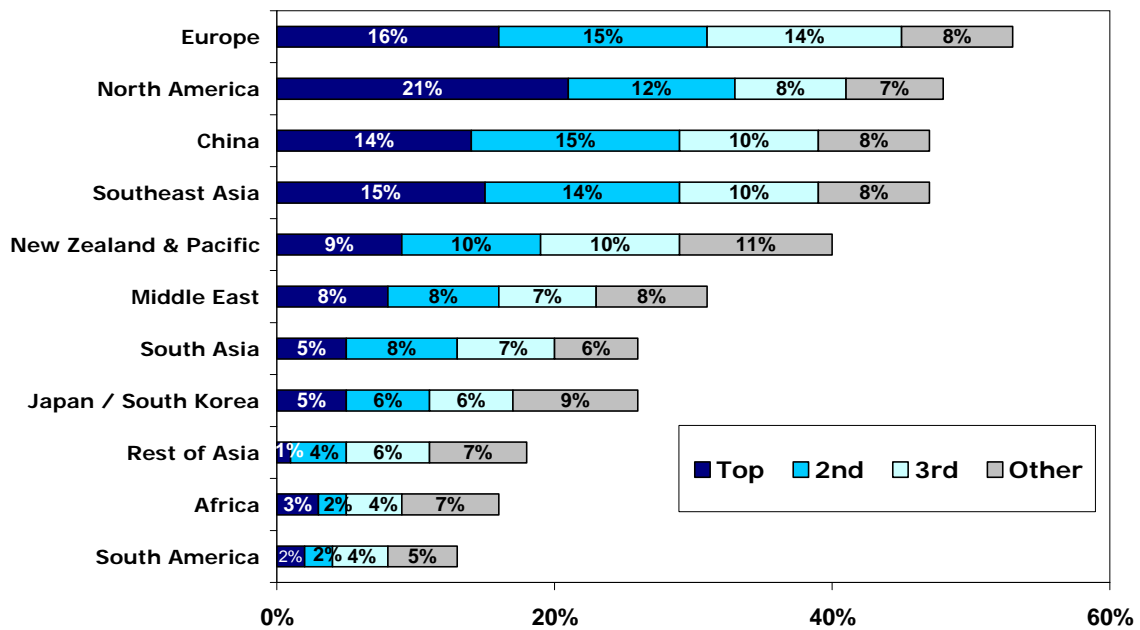
When Plan to Commence Exporting	<\$1m (n=77) %	\$1m - \$10m (n=47) %	\$10m - \$50m (n=20) %	\$50m+ (n=17) %	Over \$1m (n=84) %
Within next year	47	28	40	35	32
Within next two years	16	13	5	18	12
Within next five years	10	17	15	6	14
No plans to export	27	43	40	41	42

(Base: No current exports)

Future Export Destinations in Five Years' Time

All businesses currently exporting were asked to name their top three expected export destinations in five years' time by revenue and any others they were also expecting to export to. Europe is most commonly seen as the likeliest export destination in five years' time while North America was mentioned most often as the top expected export destination by revenue.

Future Export Destinations in Five Years' Time



(Base: Exporters or planning to export, n=652)

Top Expected Export Destination By State

North America was expected to be the top export destination for the businesses in NSW, Victoria and Queensland, while those in Western Australia and South Australia saw China as the more likely destination. The Tasmanian businesses were most likely to name Europe as their top export destination in five years' time.

Top Expected Export Destination	NSW/ACT (n=183) %	VIC (n=152) %	QLD (n=131) %	W.A. (n=83) %	S.A. (n=71) %	TAS (n=27) %
North America	26	20	24	11	14	26
Europe	17	13	16	10	17	41
Southeast Asia	15	12	18	19	10	11
China	9	14	12	24	21	4
New Zealand & Pacific	10	9	11	1	13	7
Middle East	9	13	6	7	7	-
Japan/South Korea	3	8	5	5	8	4
South Asia	8	6	2	4	6	7
Africa	2	3	2	10	4	-
South America	1	1	3	5	-	-
Rest of Asia	1	1	2	5	-	-

(Base: Exporters or planning to export)

All Expected Export Destinations By State

Looking at all the expected export destinations combined, businesses in all states were most likely to name Europe as their expected export destination in five years time except for the Victorian and Western Australian businesses, who were more likely to name China.

All Expected Export Destinations	NSW/ACT (n=183) %	VIC (n=152) %	QLD (n=131) %	W.A. (n=83) %	S.A. (n=71) %	TAS (n=27) %
Europe	59	51	53	40	49	67
North America	55	46	50	31	45	59
China	41	54	42	55	48	33
Southeast Asia	50	44	43	48	41	48
New Zealand & Pacific	40	45	47	22	42	26
Middle East	28	41	27	34	27	22
South Asia	26	28	16	33	37	15
Japan/South Korea	21	27	24	40	27	26
Rest of Asia	20	19	15	24	14	11
Africa	14	15	16	29	13	11
South America	13	12	15	13	10	4

(Base: Exporters or planning to export)

Top Expected Export Destination By Industry Sector

North America was the expected top export destination for all businesses except for those in the mining sector, who were more likely to name China.

Top Expected Export Destination	Agribus (n=64) %	Mining (n=44) %	Manufacturing (n=305) %	Services (n=239) %
North America	19	11	23	21
Europe	16	2	19	14
Southeast Asia	19	11	13	17
China	19	34	11	13
New Zealand & Pacific	6	5	10	8
Middle East	5	5	9	9
Japan/South Korea	9	11	5	4
South Asia	2	5	4	8
Africa	5	7	2	3
South America	-	5	2	1
Rest of Asia	2	5	1	1

(Base: Exporters or planning to export)

All Expected Export Destinations By Industry Sector

Looking at all export destinations combined, the majority of agribusinesses and mining businesses expect to be exporting to China in five years' time.

All Expected Export Destinations	Agribus (n=64) %	Mining (n=44) %	Manufacturing (n=305) %	Services (n=239) %
Europe	48	36	57	51
North America	42	27	52	49
China	64	70	42	44
Southeast Asia	53	27	41	54
New Zealand & Pacific	17	23	49	37
Middle East	27	23	35	28
South Asia	25	27	25	28
Japan/South Korea	41	43	24	22
Rest of Asia	22	16	21	15
Africa	11	32	16	15
South America	8	18	16	8

(Base: Exporters or planning to export)

Top Expected Export Destination By Revenue

North America is the most likely expected top export destination for all businesses except for those with revenue over \$50 million, for whom China is the more likely destination.

Top Expected Export Destination	<\$1m (n=184) %	\$1m - \$10m (n=257) %	\$10m - \$50m (n=113) %	\$50m+ (n=80) %	Over \$1m (n=450) %
North America	22	21	22	18	21
Europe	20	15	16	10	14
Southeast Asia	15	14	13	15	14
China	11	14	12	24	15
New Zealand & Pacific	12	9	8	5	8
Middle East	5	10	10	8	10
Japan/South Korea	4	5	6	9	6
South Asia	4	6	5	4	5
Africa	4	2	4	4	3
South America	-	1	3	5	2
Rest of Asia	1	3	-	-	2

(Base: Exporters or planning to export)

All Expected Export Destinations By Revenue

The larger the business, the more likely to expect to export in five years' time to China, Southeast Asia, the Middle East and South Asia.

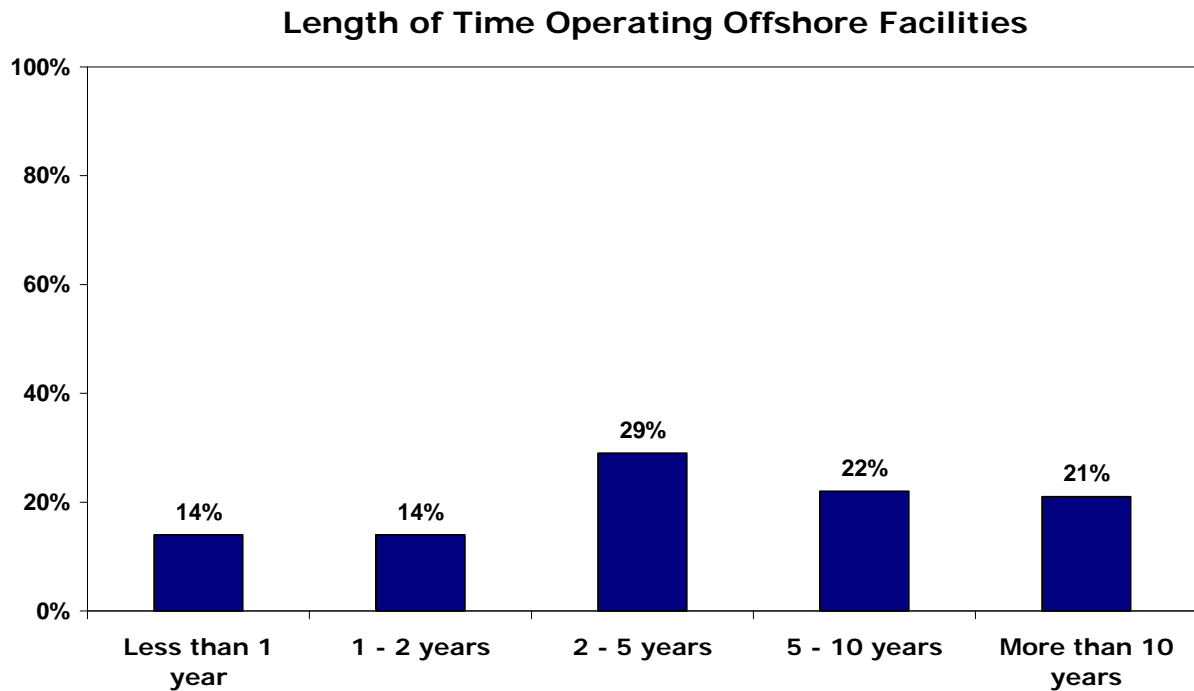
All Expected Export Destinations	<\$1m (n=184) %	\$1m - \$10m (n=257) %	\$10m - \$50m (n=113) %	\$50m+ (n=80) %	Over \$1m (n=450) %
Europe	58	51	57	42	51
North America	51	48	48	38	46
China	40	47	49	61	50
Southeast Asia	42	44	50	55	47
New Zealand & Pacific	35	42	42	40	42
Middle East	26	34	30	40	34
South Asia	17	29	29	34	30
Japan / South Korea	27	24	28	34	27
Rest of Asia	14	19	19	25	20
Africa	11	17	21	19	18
South America	7	13	19	14	15

(Base: Exporters or planning to export)

3. Offshore Operations

Length of Time Operating Offshore Facilities

The majority (72%) of businesses with offshore operations have been operating offshore for more than two years.



Base: Offshore operations more than 1% of revenues	Less than one year	One to two years	Two to five years	Five to 10 years	More than 10 years
Total (n=112)	14%	14%	29%	22%	21%

By State

The highest proportion of established offshore operators were Victorian businesses, of whom 53% have been operating offshore for over five years.

Length of Time Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %	TAS (n=0) %
Less than one year	15	19	18	12	-	-
Between one and two years	12	6	-	23	43	-
Between two and five years	32	22	36	31	14	-
Between five and 10 years	15	31	36	19	14	-
More than 10 years	26	22	9	15	29	-

(Base: Offshore operations earn more than 1% of revenues)

By Industry Sector

The offshore mining businesses were the most likely to have been operating for over 10 years.

Length of Time Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Less than one year	-	6	13	18
Between one and two years	50	22	7	15
Between two and five years	50	28	40	23
Between five and 10 years	-	17	17	27
More than 10 years	-	28	23	18

(Base: Offshore operations earn more than 1% of revenues)

By Revenue

The larger the business, the longer they have had offshore operations.

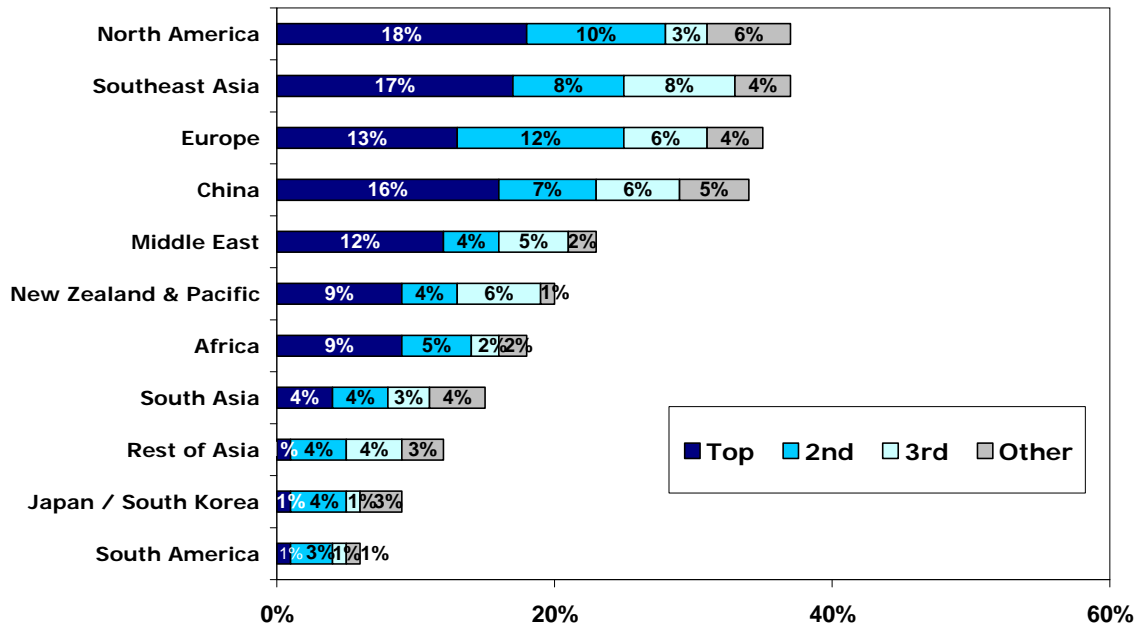
Length of Time Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Less than one year	35	19	12	3	11
Between one and two years	24	13	21	9	13
Between two and five years	24	39	25	23	29
Between five and 10 years	12	16	21	31	23
More than 10 years	6	13	21	34	23

(Base: Offshore operations earn more than 1% of revenues)

Offshore Facility Locations

All businesses currently operating offshore facilities were asked to name their top three offshore locations by revenue and any other locations where they also had offshore operations. The most common locations for offshore operations were North America, Southeast Asia, Europe and China. North America (18%) and Southeast Asia (17%) were mentioned most often as the top locations for offshore operations by revenue.

Offshore Facility Locations



(Base: Offshore operations earn more than 1% of revenues, n=112)

Top Offshore Operation Location By State

The top offshore location varied for each state.

Top Offshore Location	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
North America	18	19	9	12	57
Southeast Asia	9	25	18	19	-
China	18	16	18	12	14
Europe	9	12	27	19	-
Middle East	21	12	9	4	-
Africa	9	3	-	19	14
New Zealand & Pacific	6	9	18	8	14
South Asia	9	-	-	4	-
Japan/South Korea	3	-	-	-	-
Rest of Asia	-	-	-	4	-
South America	-	3	-	-	-

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Operation Locations By State

Looking at all offshore locations combined, the locations for offshore operations varied for each state.

All Offshore Locations	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
North America	41	38	27	27	57
Southeast Asia	41	44	36	23	14
Europe	29	34	45	31	57
China	44	41	27	23	14
Middle East	32	25	27	8	14
New Zealand & Pacific	15	28	36	12	14
Africa	21	9	9	31	14
South Asia	21	16	9	12	-
Rest of Asia	15	12	9	4	14
Japan/South Korea	12	3	9	8	14
South America	3	6	9	8	-

(Base: Offshore operations earn more than 1% of revenues)

Top Offshore Operation Location By Industry Sector

The top offshore locations varied for each industry sector.

Top Offshore Location	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
North America	-	11	23	18
Southeast Asia	50	22	13	16
China	-	17	17	16
Europe	-	6	23	11
Middle East	-	-	7	18
Africa	-	28	3	6
New Zealand & Pacific	-	11	10	8
South Asia	-	6	3	3
Japan/South Korea	-	-	-	2
Rest of Asia	50	-	-	-
South America	-	-	-	2

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Operation Locations By Industry Sector

Africa was the most popular destination for the Mining businesses with half (50%) operating offshore facilities there.

All Offshore Locations	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
North America	-	28	47	35
Southeast Asia	50	22	23	47
Europe	-	28	37	37
China	50	17	30	42
Middle East	-	6	10	34
New Zealand & Pacific	-	11	20	23
Africa	-	50	13	11
South Asia	-	6	10	21
Rest of Asia	50	-	7	15
Japan/South Korea	50	-	3	11
South America	-	11	3	5

(Base: Offshore operations earn more than 1% of revenues)

Top Offshore Operation Location By Revenue

North America was the most likely top offshore location for businesses with revenue over \$1 million, while Southeast Asia was the top location for the smaller businesses.

Top Offshore Location	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
North America	6	23	21	17	20
Southeast Asia	35	13	8	17	13
China	12	13	12	20	16
Europe	18	19	17	6	13
Middle East	18	10	8	14	11
Africa	6	6	17	9	10
New Zealand & Pacific	6	6	12	9	9
South Asia	-	10	-	3	4
Japan/South Korea	-	-	-	3	1
Rest of Asia	-	-	4	-	1
South America	-	-	-	3	1

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Operation Locations By Revenue

The largest businesses were most likely to have offshore operations in China while the smallest businesses were most likely to have them in Southeast Asia and the Middle East.

All Offshore Locations	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
North America	12	42	42	40	41
Southeast Asia	47	32	38	34	34
Europe	29	39	50	26	37
China	29	26	33	43	34
Middle East	47	13	8	29	18
New Zealand & Pacific	24	6	25	26	19
Africa	12	13	25	23	20
South Asia	18	23	4	11	13
Rest of Asia	24	-	8	14	8
Japan/South Korea	6	6	4	11	8
South America	-	-	8	11	7

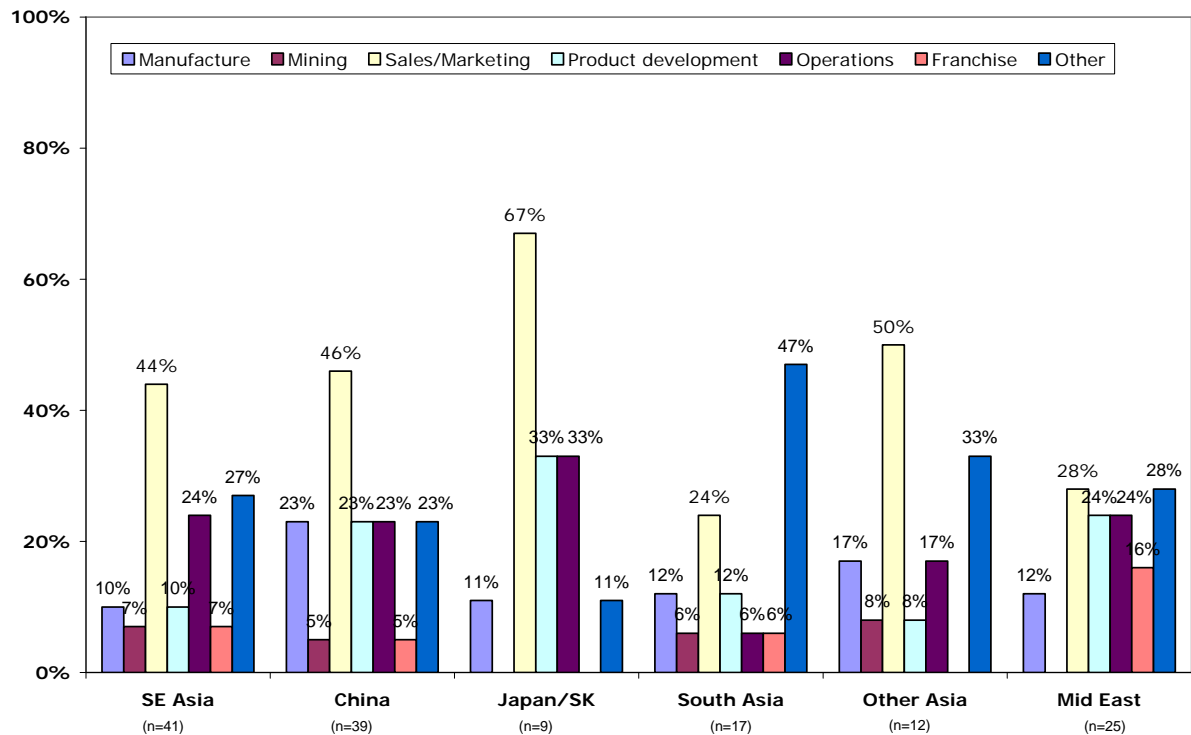
(Base: Offshore operations earn more than 1% of revenues)

Type of Offshore Facilities

All businesses currently with offshore operations were asked to describe the type of facilities they had at each location.

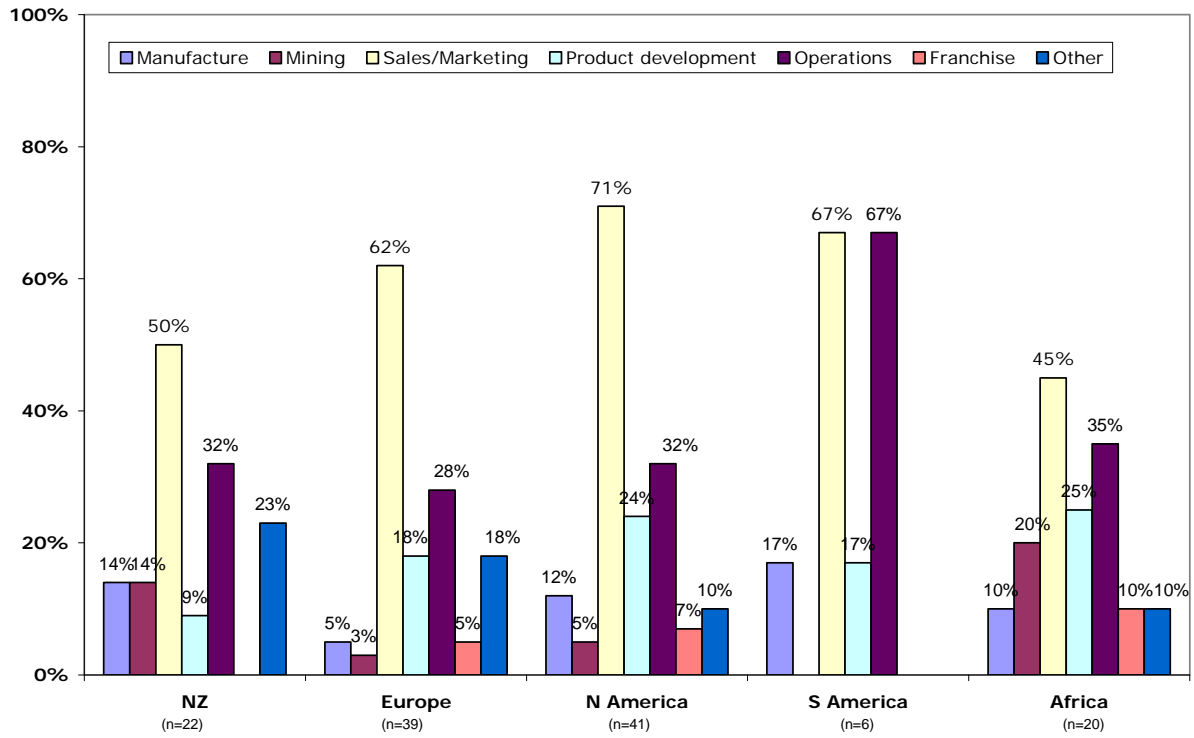
Sales/marketing offices were the main type of operation in each location, particularly in North America (see next page) and Japan/South Korea (though note the small sample sizes).

Type of Offshore Facilities - Asia



(Base: Have offshore operations at that location)

Type of Offshore Facilities - Other

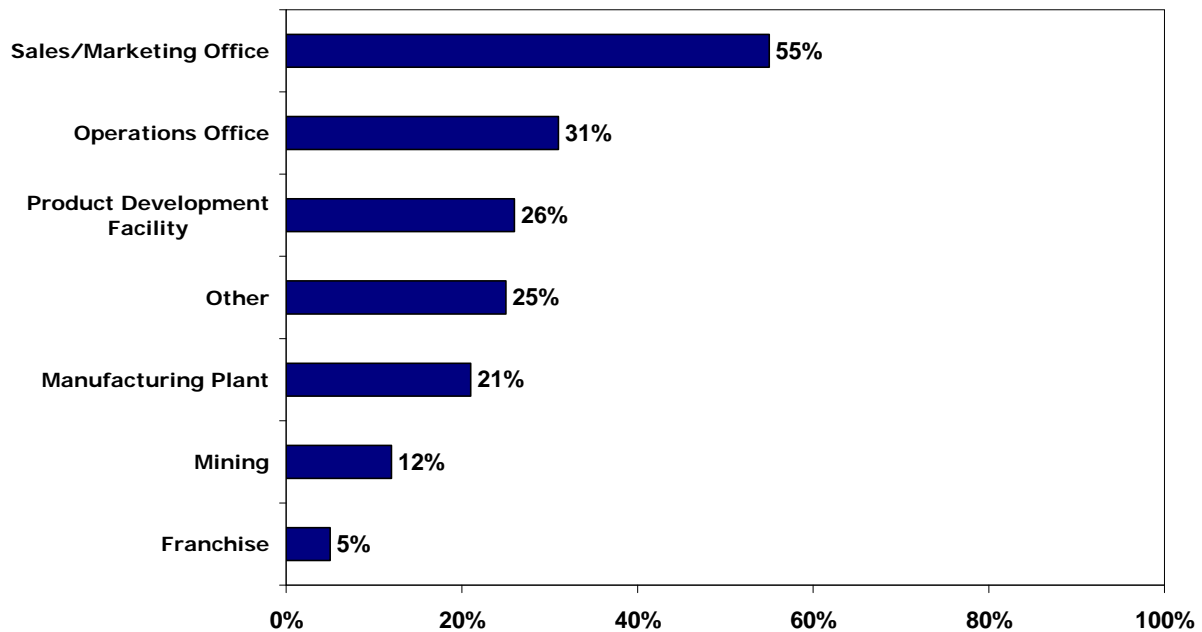


(Base: Have offshore operations at that location)

All Offshore Facilities by Type of Facility

The majority (55%) of businesses with offshore facilities had sales/marketing offices overseas.

Type of Current Offshore Facilities



Base: Offshore operations more than 1% of revenues	Sales Marketing Office	Operations Office	Product Development Facility	Other	Manufacturing Plant	Mining	Franchise Operation
Total (n=112)	55%	31%	26%	25%	21%	12%	5%

All Offshore Facilities By State

The Queensland businesses had the highest proportion of offshore operations offices, and the Western Australian businesses were the most likely to have offshore manufacturing plants.

Type of Offshore Facility	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Sales/Marketing offices	56	69	55	46	29
Operations offices	18	31	64	35	29
Product development / Design facilities	32	34	27	12	14
Manufacturing plants	15	22	9	35	14
Mining	12	6	9	23	14
Franchise operation	9	3	9	-	14
Other	29	31	18	8	29

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Facilities By Industry Sector

The majority (70%) of the offshore manufacturing businesses had sales/marketing offices overseas, while product development / design facilities were most likely to be operated by the Services businesses (31%).

Type of Offshore Facility	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Sales/Marketing offices	100	33	70	53
Operations offices	50	39	30	29
Product development / Design facilities	-	17	23	31
Manufacturing plants	100	6	43	11
Mining	-	56	3	5
Franchise operation	-	-	3	8
Other	-	11	13	35

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Facilities By Revenue

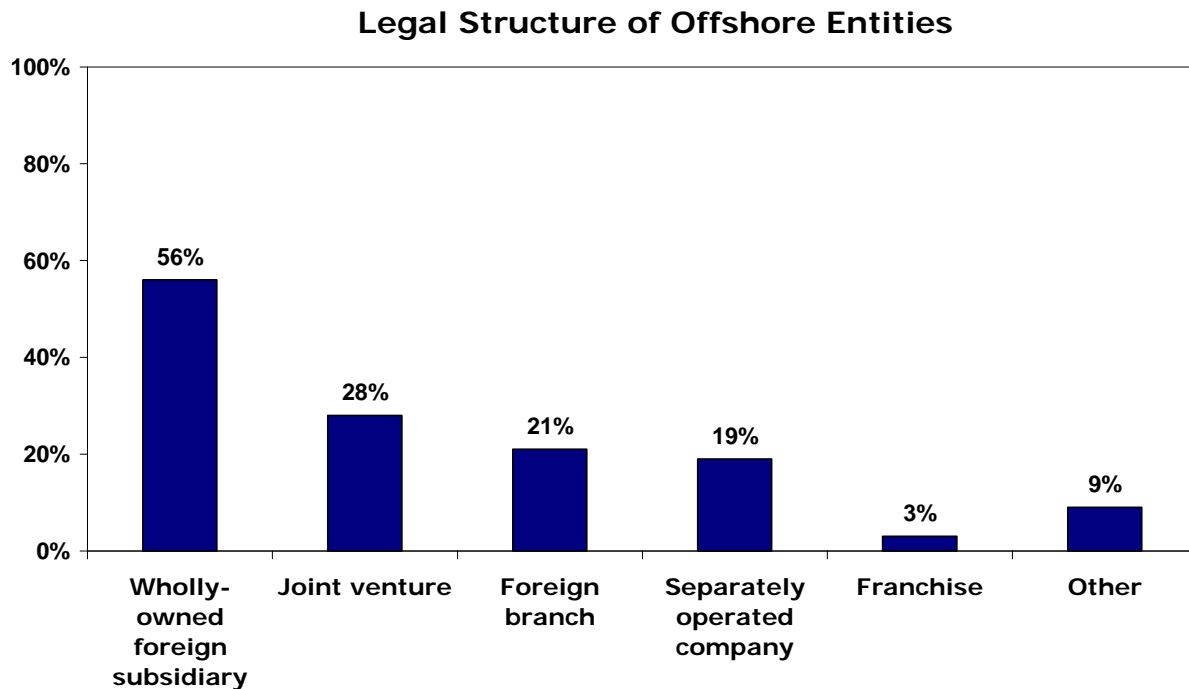
The largest offshore business were the most likely to operate product development, operations offices and manufacturing plants.

Type of Offshore Facility	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Sales/Marketing offices	59	45	62	57	54
Operations offices	18	23	29	46	33
Product development / Design facilities	24	16	8	49	27
Manufacturing plants	-	10	21	40	24
Mining	6	19	-	14	12
Franchise operation	12	6	4	-	3
Other	41	29	21	14	21

(Base: Offshore operations earn more than 1% of revenues)

Legal Structure of Offshore Entities

The majority (56%) of offshore entities established were wholly-owned foreign subsidiaries. This was followed by joint ventures (28%), foreign branches (21%) and separately operated companies (19%).



Base: Offshore operations more than 1% of revenues	Wholly-owned foreign subsidiary	Joint venture	Foreign branch	Separately operated company	Franchise	Other
Total (n=112)	56%	28%	21%	19%	3%	9%

Offshore Legal Structure By State

The NSW businesses with offshore operations were the most likely to have foreign branches offshore.

Offshore Legal Structure	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Wholly-owned foreign subsidiary	59	53	55	65	29
Joint venture	21	28	45	27	43
Foreign branch	32	12	18	19	14
Separately operated company	15	19	27	23	-
Franchise	6	-	-	-	14
Other	15	9	9	-	-

(Base: Offshore Operations earn more than 1% of revenues)

Offshore Legal Structure By Industry Sector

The offshore mining businesses were the most likely to have wholly-owned foreign subsidiaries.

Offshore Legal Structure	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Wholly-owned foreign subsidiary	50	72	53	53
Joint venture	50	39	27	24
Foreign branch	-	22	27	18
Separately operated company	-	17	17	21
Franchise	-	-	-	5
Other	-	6	7	11

(Base: Offshore operations earn more than 1% of revenues)

Offshore Legal Structure By Revenue

The larger the business, the more likely the offshore legal entity is a wholly owned subsidiary. The smaller businesses were most likely to use separately-operated companies and foreign branches.

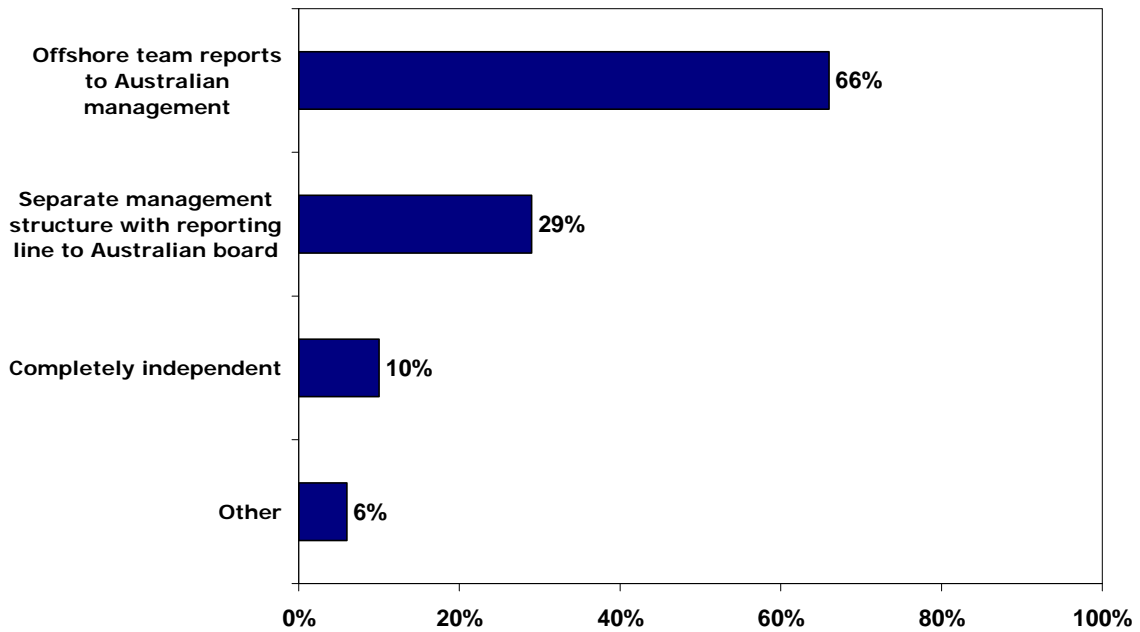
Offshore Legal Structure	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Wholly-owned foreign subsidiary	24	48	54	80	62
Joint venture	24	16	12	46	27
Foreign branch	24	19	17	14	17
Separately-operated company	35	23	12	11	16
Franchise	-	6	4	-	3
Other	12	16	12	-	9

(Base: Offshore operations earn more than 1% of revenues)

Operational Structure of Offshore Operations

Two-thirds of companies with offshore operations (66%) used an offshore team that reports to Australian management, while almost a third (29%) used a separate management structure with a reporting line to the Australian board. Ten per cent of the offshore entities were completely independent.

Operational Structure of Offshore Operations



Base: Offshore operations more than 1% of revenues	Offshore team reports to Australian management	Separate management structure	Completely independent	Other
Total (n=112)	66%	29%	10%	6%

Operational Structures By State

The offshore Victorian and Western Australian businesses were the most likely to have separate management structures.

Offshore Operational Structure	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Offshore team reports to Australian management	79	56	82	54	86
Separate management structure with reporting line to Australian board	24	34	18	38	14
Completely independent	9	9	9	15	-
Other	9	6	-	4	-

(Base: Offshore operations earn more than 1% of revenues)

Operational Structures By Industry Sector

Manufacturing businesses were the most likely to use separate management structures.

Offshore Operational Structure	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Offshore team reports to Australian management	50	67	67	66
Separate management structure with reporting line to Australian board	-	28	40	26
Completely independent	50	-	13	10
Other	-	6	-	10

(Base: Offshore operations earn more than 1% of revenues)

Operational Structures By Revenue

Businesses with turnover over \$50 million were the most likely to have separate management structure with a reporting line to the Australian board.

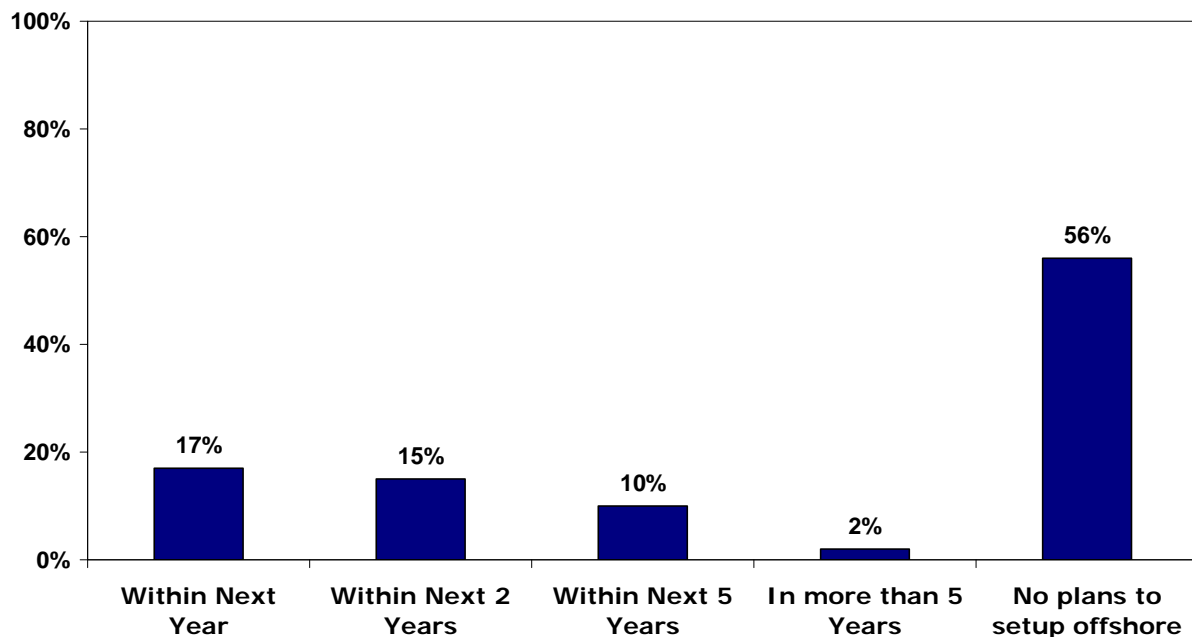
Offshore Operational Structure	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Offshore team reports to Australian management	65	65	71	60	64
Separate management structure with reporting line to Australian board	18	32	17	43	32
Completely independent	6	10	17	6	10
Other	18	6	4	3	4

(Base: Offshore operations earn more than 1% of revenues)

Timeframe for Establishing Offshore Operations

Almost half of surveyed business without offshore operations are planning to establish them (44%). Seventeen percent plan to set them up within the next year.

Timeframe for Establishing Offshore Operations



Base: No current offshore operations	Within next year	Within next two years	Within next five years	In more than five years	No plans to set up offshore
Total (n=609)	17%	15%	10%	2%	56%

Timeframe for Establishing Offshore By State

The NSW businesses were the most likely to begin setting up offshore operations within the next two years. Tasmanian businesses were the least likely to be planning to establish offshore operations

Timeframe for Establishing Offshore	NSW/ACT (n=161) %	VIC (n=127) %	QLD (n=132) %	W.A. (n=77) %	S.A. (n=70) %	TAS (n=37) %
Within next year	22	18	16	17	13	3
Within next two years	20	15	14	18	10	3
Within next five years	10	10	11	9	6	11
In more than five years	4	2	1	1	-	-
No plans to set up offshore	43	54	58	55	71	84

(Base: No current offshore operations)

Timeframe for Establishing Offshore By Industry Sector

Of those businesses planning to establish offshore operations, most were likely to do so within the next two years. The service businesses were the most likely of all industry sectors to have plans to set up offshore operations, the agribusinesses the least likely.

Timeframe for Establishing Offshore	Agribus (n=62) %	Mining (n=46) %	Manufacturing (n=283) %	Services (n=218) %
Within next year	13	15	17	18
Within next two years	8	15	14	19
Within next five years	5	9	7	14
In more than five years	2	-	2	2
No plans to set up offshore	73	61	60	46

(Base: No current offshore operations)

Timeframe for Establishing Offshore By Revenue

Businesses with revenue between \$10 and \$50 million were the most likely to begin setting up offshore operations within the next year. Businesses with revenue less than \$1m were least likely to have plans to establish offshore operations.

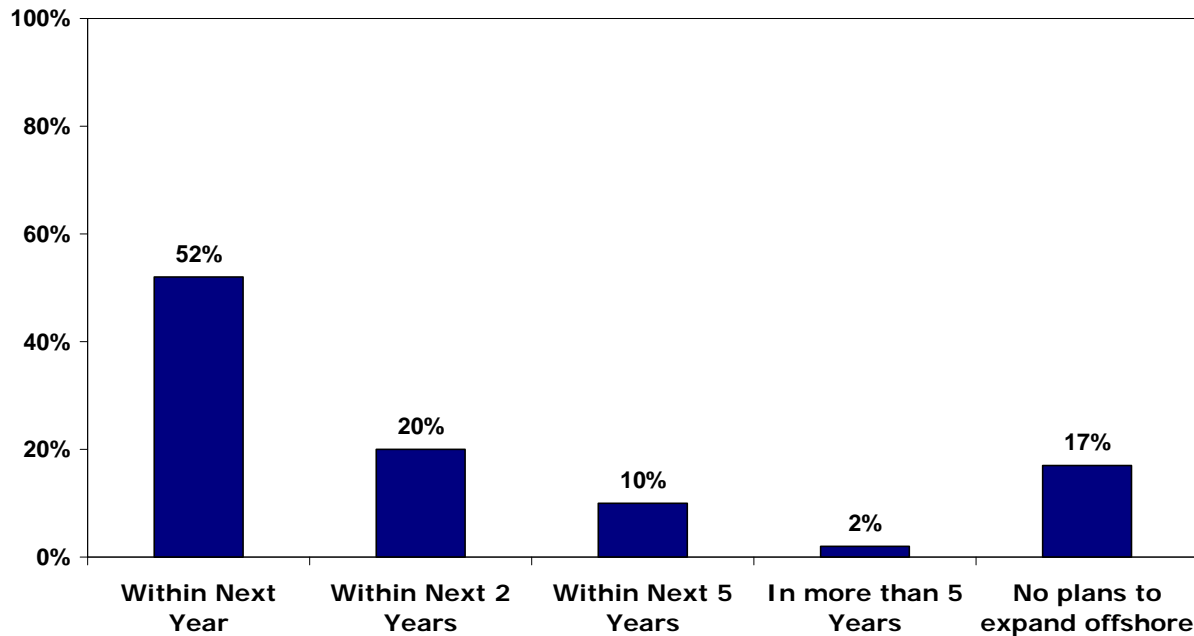
Timeframe for Establishing Offshore	<\$1m (n=193) %	\$1m - \$10m (n=248) %	\$10m - \$50m (n=97) %	\$50m+ (n=51) %	Over \$1m (n=396) %
Within next year	17	15	22	20	17
Within next two years	18	14	13	16	14
Within next five years	11	10	10	2	9
In more than five years	2	2	-	2	1
No plans to set up offshore	53	59	55	61	58

(Base: No current offshore operations)

Timeframe for Expanding Offshore Operations

Half (52%) of the businesses with current offshore operations were planning to expand their offshore operations with the next year.

Timeframe for Expanding Offshore Operations



Base: Offshore operations more than 1% of revenues	Within next year	Within next two years	Within next five years	In more than five years	No plans to expand offshore
Total (n=112)	52%	20%	10%	2%	17%

Timeframe for Expanding Offshore By State

Business with offshore operations were most likely to have plans to expand them within the next year. The Western Australian offshore businesses were the least likely to expand their offshore operations within the next year.

Timeframe for Expanding Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Within next year	50	66	73	31	43
Within next two years	24	22	-	15	29
Within next five years	6	-	-	31	14
In more than five years	-	-	9	4	-
No plans to expand offshore	21	12	18	19	14

(Base: Offshore operations earn more than 1% of revenues)

Timeframe for Expanding Offshore By Industry Sector

The service businesses were the most likely to have plans to expand their offshore operations in the next year.

Timeframe for Expanding Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Within next year	-	44	40	61
Within next two years	50	28	27	13
Within next five years	50	22	7	6
In more than five years	-	-	-	3
No plans to expand offshore	-	6	27	16

(Base: Offshore operations earn more than 1% of revenues)

Timeframe for Expanding Offshore By Revenue

Businesses with less than \$1m in revenue were most likely to have plans to expand their current offshore operations.

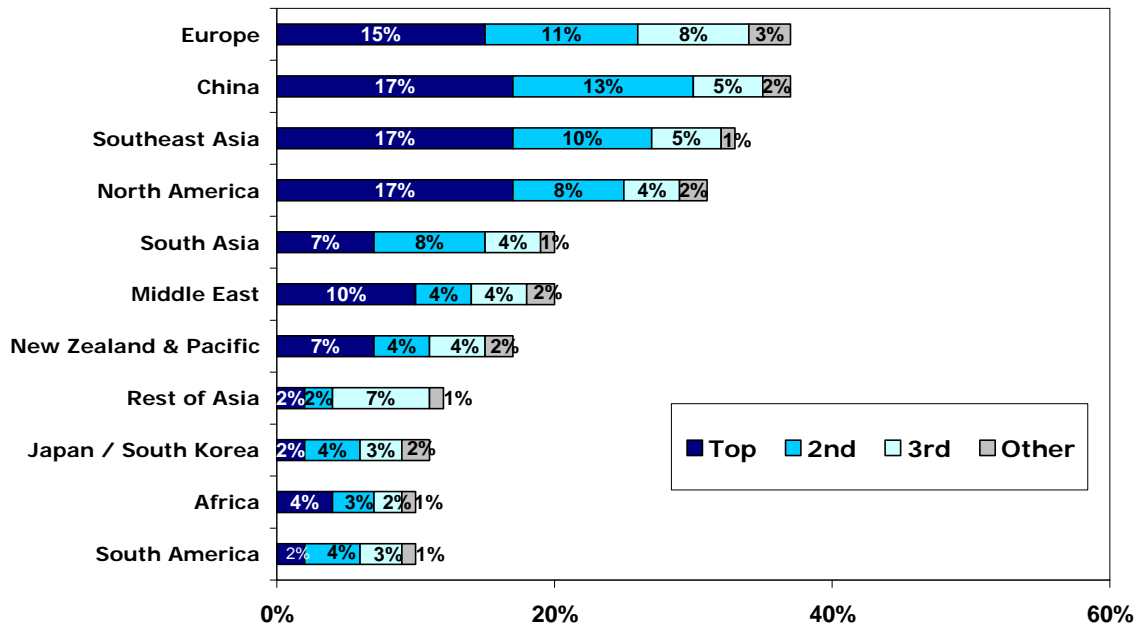
Timeframe for Expanding Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Within next year	53	61	25	57	50
Within next two years	29	16	29	14	19
Within next five years	12	3	12	11	9
In more than five years	-	-	4	3	2
No plans to expand offshore	6	19	29	14	20

(Base: Offshore operations earn more than 1% of revenues)

Expected Location of Offshore Facilities in Five Years

All businesses having or expecting to have offshore operations were asked to name what their top three offshore locations would be in five years' time by revenue and any others they expected to be located in. Europe and China were seen as the likeliest locations for offshore operations in five years' time.

Expected Location of Offshore Facilities in Five Years



(Base: Have offshore operations or planning to extend or set up operations, n=378)

Top Expected Offshore Facility Location By State

The Queensland businesses were the most likely to expect their top location to be North America, while the Western Australian businesses were the most likely to mention Southeast Asia.

Top Expected Offshore Location	NSW/ACT (n=125) %	VIC (n=90) %	QLD (n=66) %	W.A. (n=61) %	S.A. (n=27) %	TAS (n=6) %
China	15	21	12	20	22	-
North America	19	13	23	10	15	33
Southeast Asia	15	11	21	25	11	-
Europe	16	16	17	8	19	50
Middle East	13	12	9	3	11	-
New Zealand & Pacific	8	7	9	3	11	-
South Asia	7	8	3	10	7	-
Africa	2	3	-	13	4	-
South America	-	4	3	5	-	-
Rest of Asia	2	2	2	3	-	-
Japan/South Korea	2	2	2	-	-	17

(Base: Have offshore operations or planning to extend or set up operations)

All Expected Offshore Facility Locations By State

Looking at all expected offshore locations combined, the Victorian businesses were the most likely to expect to have offshore operations in China while the Western Australian businesses were the most likely to be in Southeast Asia. Europe was the most popular expected location for the Tasmanian businesses.

All Expected Offshore Locations	NSW/ACT (n=125) %	VIC (n=90) %	QLD (n=66) %	W.A. (n=61) %	S.A. (n=27) %	TAS (n=6) %
Europe	40	37	41	25	33	83
China	36	44	32	34	33	-
Southeast Asia	34	28	35	41	26	-
North America	36	28	39	25	19	33
Middle East	25	26	15	11	22	17
South Asia	18	27	12	20	30	-
New Zealand & Pacific	18	16	23	7	22	-
Rest of Asia	10	13	18	10	4	17
South America	8	10	12	16	-	-
Africa	5	3	9	26	7	33
Japan/South Korea	10	10	15	7	7	17

(Base: Have offshore operations or planning to extend or set up operations)

Top Expected Offshore Facility Location By Industry Sector

The mining and agribusinesses were most likely to expect to have their top offshore operations in Southeast Asia, while the manufacturing businesses were the most likely to mention North America.

Top Expected Offshore Location	Agribus (n=19) %	Mining (n=36) %	Manufacturing (n=144) %	Services (n=179) %
China	16	6	20	17
North America	16	8	23	13
Southeast Asia	32	28	10	18
Europe	21	-	19	15
Middle East	5	-	7	15
New Zealand & Pacific	5	11	5	8
South Asia	5	6	8	6
Africa	-	22	1	2
South America	-	17	1	1
Rest of Asia	-	3	3	1
Japan/South Korea	-	-	2	2

(Base: Have offshore operations or planning to extend or set up operations)

All Expected Offshore Facility Locations By Industry Sector

The service and agribusinesses were the most likely to expect to have offshore operations in China and the Middle East. Africa and Southeast Asia were the most popular expected location for the mining businesses.

All Expected Offshore Locations	Agribus (n=19) %	Mining (n=36) %	Manufacturing (n=144) %	Services (n=179) %
Europe	47	11	40	39
China	47	19	35	40
Southeast Asia	37	39	25	38
North America	16	22	36	31
Middle East	21	8	18	25
South Asia	11	11	24	20
New Zealand & Pacific	11	17	16	17
Rest of Asia	16	6	9	15
South America	5	31	9	7
Africa	16	39	5	6
Japan/South Korea	26	-	8	12

(Base: Have offshore operations or planning to extend or set up operations)

Top Expected Offshore Facility Location By Revenue

North America was the expected top offshore location for businesses with revenue under \$10 million while China was the expected top offshore location for larger businesses.

Top Expected Offshore Location	<\$1m (n=108) %	\$1m - \$10m (n=132) %	\$10m - \$50m (n=68) %	\$50m+ (n=55) %	Over \$1m (n=255) %
China	10	14	25	22	19
North America	19	21	13	7	16
Southeast Asia	19	15	10	22	15
Europe	18	17	18	7	15
Middle East	10	11	7	11	10
New Zealand & Pacific	8	7	7	5	7
South Asia	7	8	4	7	7
Africa	3	2	7	7	4
South America	1	2	3	7	3
Rest of Asia	1	2	4	2	2
Japan / South Korea	4	2	-	2	1

(Base: Have offshore operations or planning to extend or set up operations)

All Expected Offshore Facility Locations By Revenue

Businesses with over \$10 million in revenue were the most likely to expect to have an offshore operation in China in five years' time.

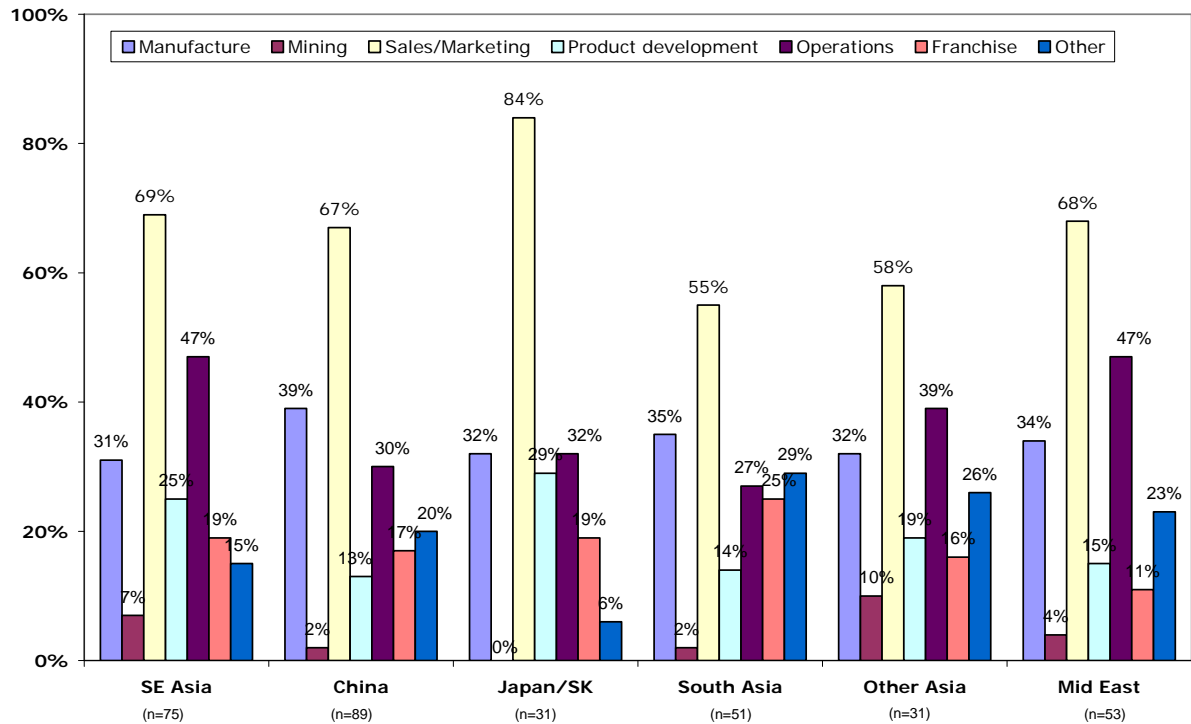
All Expected Offshore Locations	<\$1m (n=108) %	\$1m - \$10m (n=132) %	\$10m - \$50m (n=68) %	\$50m+ (n=55) %	Over \$1m (n=255) %
Europe	44	36	44	20	35
China	31	32	47	44	38
Southeast Asia	31	33	32	38	34
North America	33	37	26	22	31
Middle East	22	23	16	20	20
South Asia	15	22	19	25	22
New Zealand & Pacific	19	17	18	13	16
Rest of Asia	14	8	13	16	11
South America	7	9	12	16	11
Africa	6	8	15	16	11
Japan/South Korea	18	7	7	5	7

(Base: Have offshore operations or planning to extend or set up operations)

Type of Offshore Facilities Planning to Establish

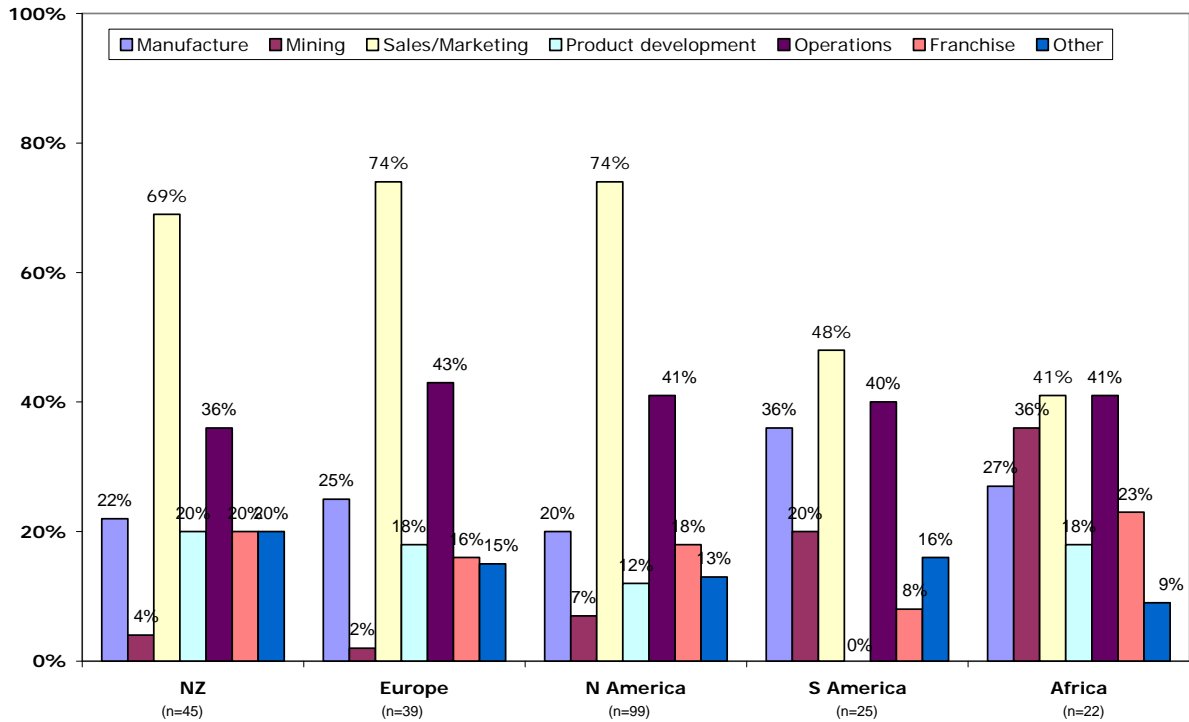
Businesses not yet offshore but planning to set up offshore operations, were most likely to have plans to establish sales/marketing offices. Operations offices were most likely to be established in the Middle East and Southeast Asia.

Type of Planned Offshore Facilities - Asia



(Base: Have no offshore operations but planning to set up operations)

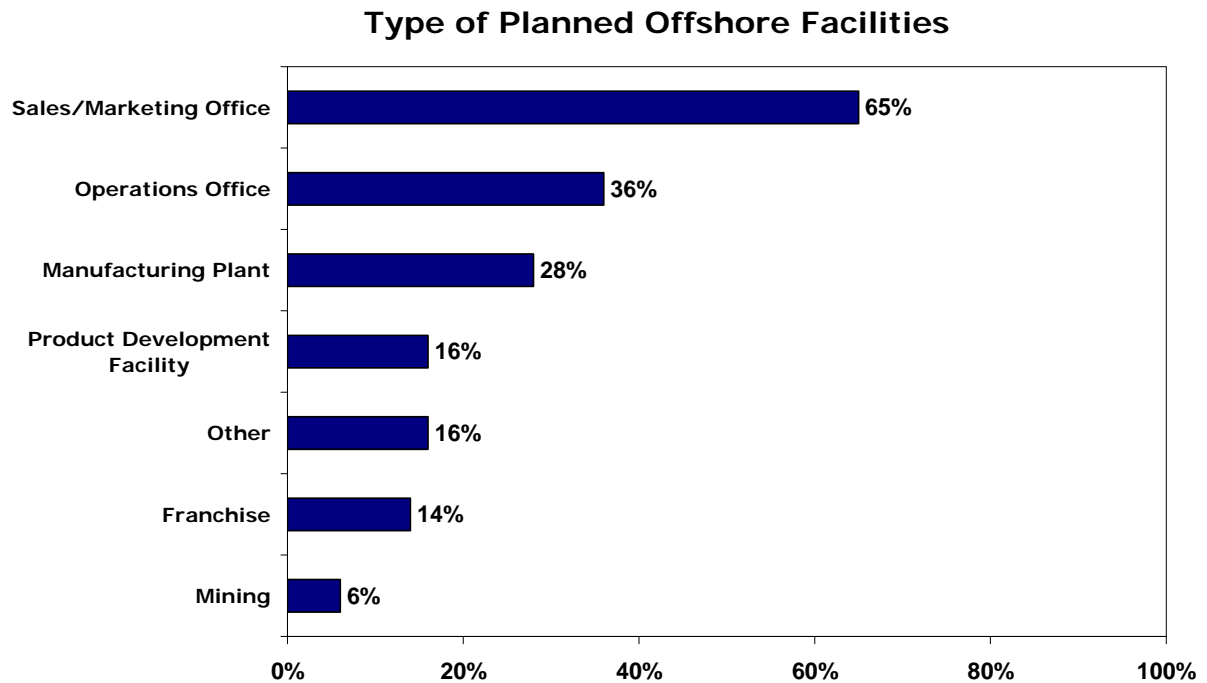
Type of Planned Offshore Facilities - Other



(Base: Have no offshore operations but planning to set up operations)

Type of Planned Offshore Facilities

Looking at the type of offshore facility that companies not yet with offshore operations are planning to establish across all global locations, sales/marketing offices was mentioned most often (65%). Just over a third (36%) named operations offices and over a quarter (28%) said a manufacturing plant.



Base: Have no offshore operations but planning to establish	Sales/Marketing Office	Operations Offices	Manufacturing Plant	Product Development Facility	Other	Franchise Operation	Mining
Total (n=264)	65%	36%	28%	16%	16%	14%	6%

Type of Future Offshore Facilities By State

The Victorian businesses were the most likely to have manufacturing plants as part of their future offshore operation plans. The West Australian businesses were mostly likely to be planning mining facilities.

Type of Future Offshore Facilities	NSW/ACT (n=89) %	VIC (n=58) %	QLD (n=55) %	W.A. (n=35) %	S.A. (n=20) %	TAS (n=6) %
Sales/Marketing Office	70	67	64	49	70	67
Operations Offices	33	43	33	37	35	50
Manufacturing Plant	22	36	27	31	20	17
Product development / Design facilities	15	16	20	17	15	17
Franchise Operation	16	12	22	-	15	-
Mining	3	3	2	26	-	-
Other	17	16	24	6	20	-

(Base: Have no offshore operations but planning to set up operations)

Type of Future Offshore Facilities By Industry Sector

Not surprisingly, the manufacturing businesses were the most likely to expect to have manufacturing plants and the mining businesses, to be establishing mining facilities.

Type of Future Offshore Facilities	Agribus (n=17) %	Mining (n=18) %	Manufacturing (n=114) %	Services (n=115) %
Sales/Marketing Office	71	22	66	70
Operations Offices	59	17	44	29
Manufacturing Plant	18	17	49	10
Product development / Design facilities	12	11	20	14
Franchise Operation	12	-	18	13
Mining	-	67	1	2
Other	12	17	9	24

(Base: Have no offshore operations but planning to set up operations)



Type of Future Offshore Facilities By Revenue

Businesses with revenue over \$50 million were the least likely to be setting up sales/marketing offices and the most likely to be setting up operations offices. Franchise operations featured most prominently in the plans for businesses with less than \$1m in revenue.

Type of Future Offshore Facilities	<\$1m (n=90) %	\$1m - \$10m (n=101) %	\$10m - \$50m (n=44) %	\$50m+ (n=20) %	Over \$1m (n=165) %
Sales/Marketing Office	66	71	66	35	65
Operations Offices	33	36	43	50	39
Manufacturing Plant	22	23	43	45	31
Product development / Design facilities	19	17	7	20	15
Franchise Operation	20	12	11	5	11
Mining	6	5	5	15	6
Other	21	10	16	20	13

(Base: Have no offshore operations but planning to set up operations)

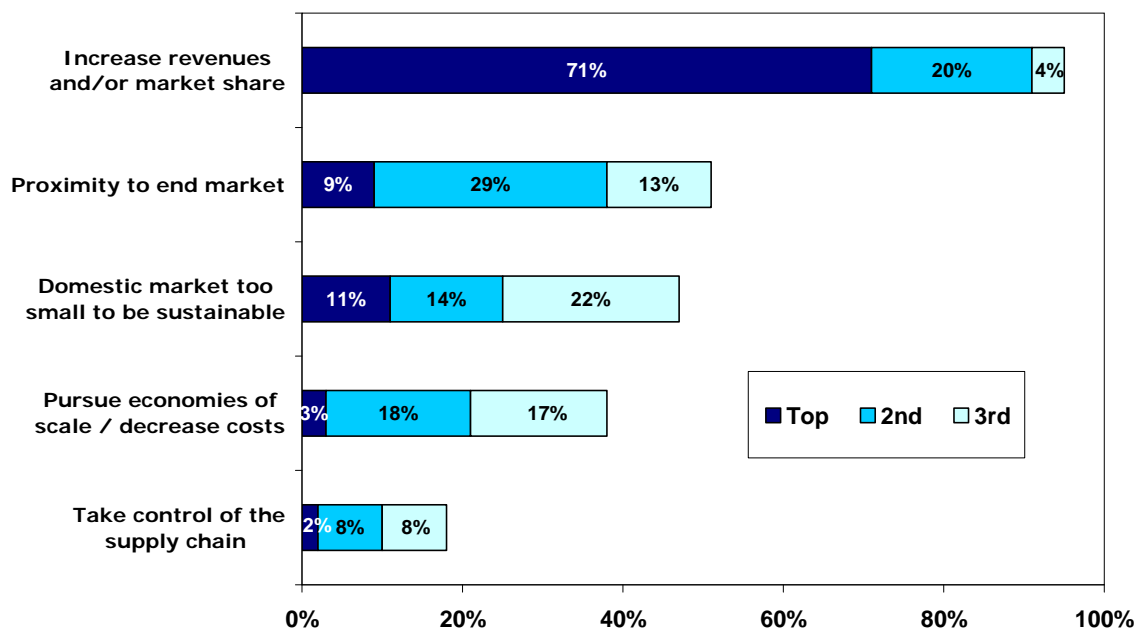
4. Drivers and Barriers

Drivers for Establishing Offshore Operations

All businesses currently with offshore operations were asked to name the top three factors that contributed to their decision to establish those offshore operations. Nearly all (95%) named increasing revenue and/or market share in their top three – 71% stated it as the top reason.

The two next leading factors were the proximity to their end market and that the domestic market was too small to be sustainable.

Top Factors in Decision to Establish Offshore Operations



(Base: Offshore operations earn more than 1% of revenues, n=112)

Top Offshore Driver By State

Increasing revenue/market share was the top factor across all states.

Top Factor for Establishing Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Increase revenues and/or market share	76	62	64	69	86
Domestic market too small to be sustainable	6	19	27	4	-
Proximity to end market	6	9	9	15	-
Proximity to input materials	3	-	-	12	-
Pursue economies of scale/decrease costs	6	3	-	-	-
Take control of the supply chain	3	3	-	-	-
Acquire IP	-	-	-	-	14
Overcome tariffs and other import barriers	-	3	-	-	-

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Drivers By State

Looking at all the drivers for establishing offshore operations, proximity to the end market was most likely to be a factor for the Queensland businesses, and the small domestic market a driver for the Victorian businesses.

All Factors for Establishing Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Increase revenues and/or market share	94	100	91	88	100
Proximity to end market	44	53	82	46	43
Domestic market too small to be sustainable	47	59	45	38	14
Pursue economies of scale/decrease costs	35	34	18	46	57
Take control of the supply chain	26	6	9	27	14
Acquire IP	9	6	27	4	29
Proximity to input materials	6	3	-	12	14
Overcome tariffs and other import barriers	-	9	9	4	14

(Base: Offshore operations earn more than 1% of revenues)

Top Offshore Driver By Industry Sector

Increasing revenue/market share was the top factor across all industry sectors.

Top Factor for Establishing Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Increase revenues and/or market share	50	67	67	74
Domestic market too small to be sustainable	-	-	20	10
Proximity to end market	50	-	10	10
Proximity to input materials	-	22	-	-
Pursue economies of scale/decrease costs	-	-	3	3
Take control of the supply chain	-	-	-	3
Acquire IP	-	6	-	-
Overcome tariffs and other import barriers	-	6	-	-

(Base: Offshore Operations earn more than 1% of revenues)

All Offshore Drivers By Industry Sector

The small domestic market was most likely to be a driving factor for the services businesses

All Factors for Establishing Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Increase revenues and/or market share	100	78	100	97
Proximity to end market	100	33	57	52
Domestic market too small to be sustainable	-	22	50	55
Pursue economies of scale/decrease costs	50	33	43	35
Take control of the supply chain	50	22	17	16
Acquire IP	-	11	-	15
Proximity to input materials	-	33	-	2
Overcome tariffs and other import barriers	-	6	10	3

(Base: Offshore operations earn more than 1% of revenues)

Top Offshore Driver By Revenue

Again, increasing revenue/market share was the top factor for businesses in all revenue bands.

Top Factor for Establishing Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Increase revenues and/or market share	65	74	75	69	72
Domestic market too small to be sustainable	6	10	8	14	11
Proximity to end market	12	10	8	9	9
Proximity to input materials	12	3	-	3	2
Pursue economies of scale/decrease costs	6	-	4	3	2
Take control of the supply chain	-	-	-	3	1
Acquire IP	-	3	-	-	1
Overcome tariffs and other import barriers	-	-	4	-	1

(Base: Offshore operations earn more than 1% of revenues)

All Offshore Drivers By Revenue

Proximity to the end market and the small domestic market were stronger drivers for the smaller businesses.

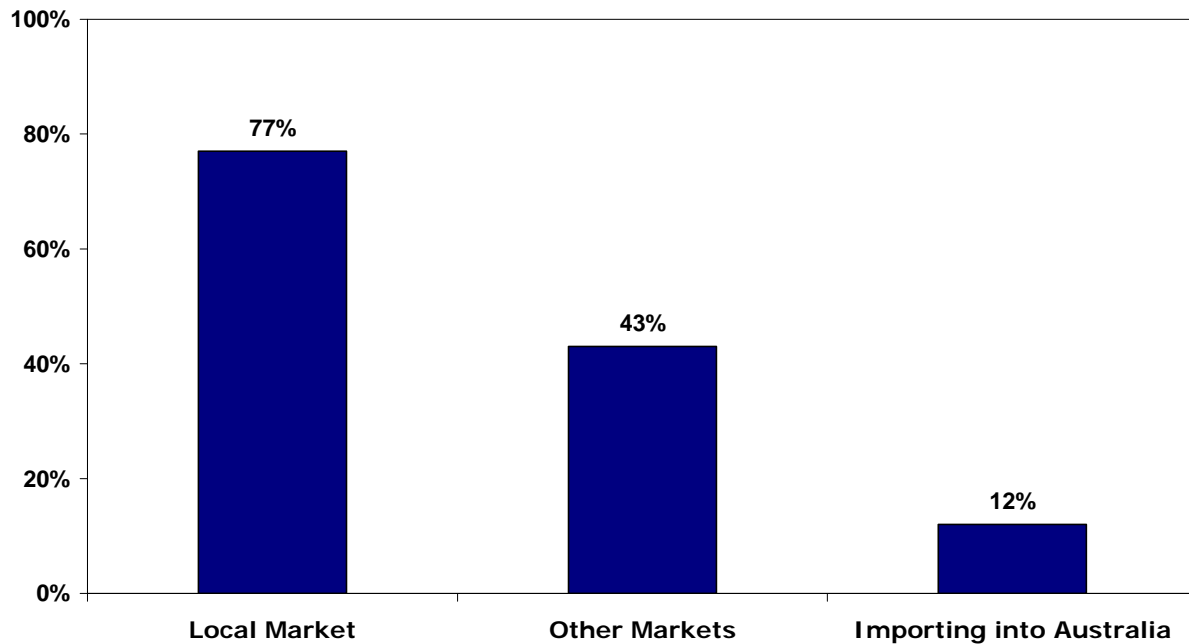
All Factors for Establishing Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Increase revenues and/or market share	88	97	96	94	96
Proximity to end market	53	61	50	46	52
Domestic market too small to be sustainable	53	55	42	40	46
Pursue economies of scale/decrease costs	53	26	46	34	34
Take control of the supply chain	6	16	21	20	19
Acquire IP	12	6	12	11	10
Proximity to input materials	12	6	4	6	6
Overcome tariffs and other import barriers	6	3	8	6	6

(Base: Offshore operations earn more than 1% of revenues)

End Destinations for Sales from Offshore Operations

Most businesses (77%) had sales from their offshore operations in the local offshore market. Almost half (43%) had sales in other markets and one in eight (12%) had sales from importing the products back into Australia.

End Destinations for Sales from Offshore Operations



Base: Offshore operations more than 1% of revenues	Local Market	Other Markets	Importing into Australia
Total (n=112)	77%	43%	12%

End Destinations By State

The NSW businesses with offshore operations were the most likely to sell into other markets.

End Destination Sales	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Local Market	79	72	91	73	71
Other Markets	59	38	36	38	29
Importing into Australia	15	16	9	12	-

(Base: Offshore operations earn more than 1% of revenues)

End Destinations By Industry Sector

The majority (61%) of offshore mining businesses sell into other markets.

End Destination Sales	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Local Market	100	44	80	84
Other Markets	-	61	43	39
Importing into Australia	-	11	20	10

(Base: Offshore operations earn more than 1% of revenues)

End Destinations By Revenue

The smaller the business, the more likely that their offshore entity sells into other markets. The largest businesses were mostly likely to sell in to the local market.

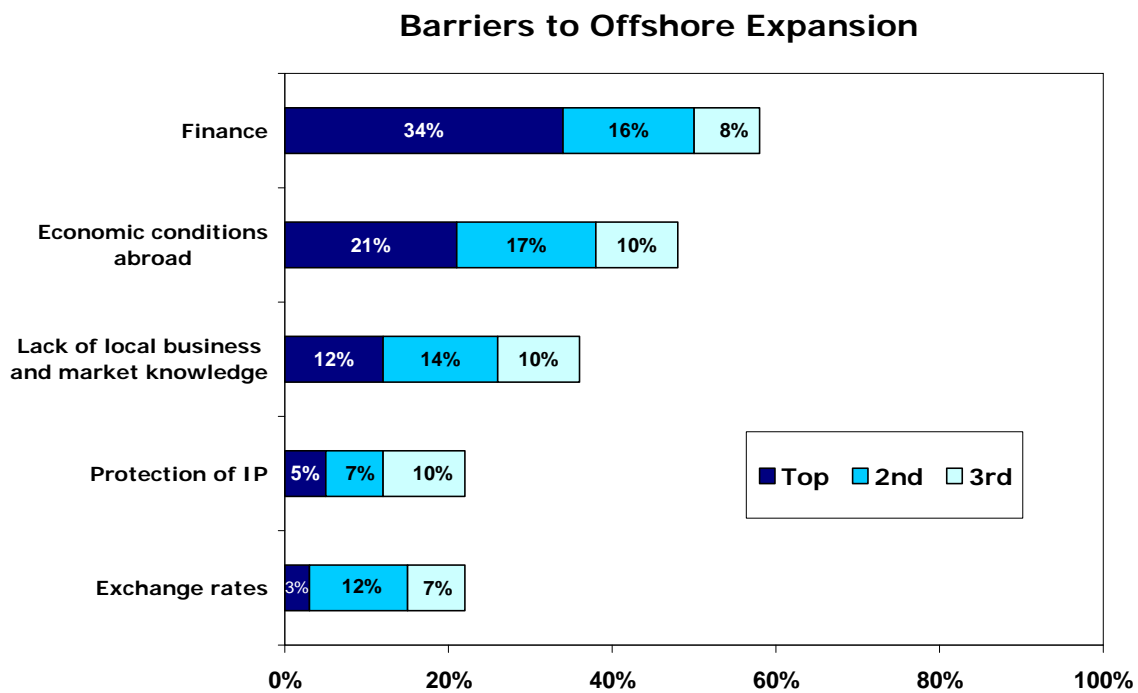
End Destination Sales	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Local Market	59	77	79	86	81
Other Markets	53	52	38	31	40
Importing into Australia	12	13	12	9	11

(Base: Offshore operations earn more than 1% of revenues)

Barriers to Offshore Expansion

All businesses currently with offshore operations or who are planning to extend or set up offshore were asked to name their top three barriers to international expansion. A third (34%) named finance as the top barrier with a further 24% naming finance either as their second or third top barrier.

Economic conditions abroad was the next most important barrier (48% naming it in their top three), followed by a lack of local business and market knowledge (named by 36% in their top three).



(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore, n=378)

Top Three Barriers

The following table compares the perceived barriers to international expansion between those currently offshore and those not currently offshore but planning to expand there.

While the top three barriers cited by both groups were finance, economic conditions abroad and lack of local business and market knowledge, the table also shows that those not currently offshore were more likely to name protection of intellectual property (IP) as a barrier, while those currently offshore were more likely to name foreign restrictions on repatriation of profits as a barrier.

Top Three Barriers to Offshore Expansion	Currently Offshore (n=112) %	Not Offshore But Planning (n=266) %
Finance	51	61
Economic conditions abroad	38	52
Lack of local business and market knowledge	36	35
Protection of IP	15	26
Exchange rates	21	22
Bribery and corruption	13	14
Political conditions abroad	16	12
Cultural barriers	16	11
Labour and skill shortages	13	10
Foreign restrictions on inward investment	12	10
Foreign restrictions on repatriation of profit	16	7
Language barriers	10	7
Quarantine procedures	2	4
Other	11	13

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Barrier By State

Finance was the top barrier named for all businesses in all the mainland states except for those in South Australia, where economic conditions abroad was named more often.

Top Barrier to Offshore Expansion	NSW/ACT (n=125) %	VIC (n=90) %	QLD (n=66) %	W.A. (n=61) %	S.A. (n=27) %	TAS (n=6) %
Finance	39	33	39	30	19	-
Economic conditions abroad	20	24	17	16	26	50
Lack of local business and market knowledge	10	12	11	16	7	17
Protection of IP	5	4	6	3	11	-
Bribery and corruption	2	2	3	10	7	-
Foreign restrictions on inward investment	2	7	-	5	-	17

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Three Barriers By State

The majority of businesses in all states named finance as one of their three top barriers to offshore expansion. The Western Australian businesses were the most likely to name political conditions abroad as a barrier.

Top Three Barriers to Offshore Expansion	NSW/ACT (n=125) %	VIC (n=90) %	QLD (n=66) %	W.A. (n=61) %	S.A. (n=27) %	TAS (n=6) %
Finance	57	56	67	57	56	50
Economic conditions abroad	49	48	44	49	44	67
Lack of local business and market knowledge	33	38	39	38	26	33
Protection of IP	27	17	26	13	30	17
Exchange rates	23	19	21	21	19	33
Bribery and corruption	10	14	14	16	22	-
Political conditions abroad	12	10	11	28	7	17
Cultural barriers	13	11	15	11	19	-
Labour and skill shortages	9	12	12	8	22	-
Foreign restrictions on inward investment	9	11	9	13	7	17
Foreign restrictions on repatriation of profit	10	11	6	16	4	-
Language barriers	6	11	8	3	15	17
Quarantine procedures	3	3	5	-	7	17
Other	12	13	11	11	19	-

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Barrier By Industry Sector

Finance was the top barrier named across all industry sectors. Bribery and corruption was more likely to be seen as barrier by the mining industry sector, then by any other industry sector.

Top Barrier to Offshore Expansion	Agribus (n=19) %	Mining (n=36) %	Manufacturing (n=144) %	Services (n=179) %
Finance	42	36	35	32
Economic conditions abroad	32	17	22	20
Lack of local business and market knowledge	5	8	12	12
Protection of IP	-	3	6	6
Bribery and corruption	5	11	4	2
Foreign restrictions on inward investment	-	6	2	4

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Three Barriers By Industry Sector

Finance was the most frequently mentioned barrier across all industry sectors. Lack of local businesses and market knowledge was named most often as a barrier by the services industry sector while bribery and corruption was named most often by the mining industry sector.

Top Three Barriers to Offshore Expansion	Agribus (n=19) %	Mining (n=36) %	Manufacturing (n=144) %	Services (n=179) %
Finance	79	56	58	56
Economic conditions abroad	74	33	51	45
Lack of local business and market knowledge	16	25	35	40
Protection of IP	11	14	25	23
Exchange rates	32	8	26	20
Bribery and corruption	5	25	15	12
Political conditions abroad	21	39	8	12
Cultural barriers	5	14	12	13
Labour and skill shortages	11	6	8	14
Foreign restrictions on inward investment	5	22	10	9
Foreign restrictions on repatriation of profit	5	31	8	8
Language barriers	5	6	8	8
Quarantine procedures	26	-	3	2
Other	5	6	12	14

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Barrier By Revenue

The smaller the business, the more likely that finance was the top barrier to offshore expansion.

Top Barrier to Offshore Expansion	<\$1m (n=108) %	\$1m - \$10m (n=132) %	\$10m - \$50m (n=68) %	\$50m+ (n=55) %	Over \$1m (n=255) %
Finance	50	33	26	18	28
Economic conditions abroad	17	24	28	16	24
Lack of local business and market knowledge	6	10	18	16	13
Protection of IP	4	8	4	5	6
Bribery and corruption	5	4	3	4	4
Foreign restrictions on inward investment	2	5	-	7	4

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Top Three Barriers By Revenue

Economic conditions abroad was named more often as a barrier for the over \$50 million businesses than *finance*. The largest businesses were also significantly more likely to perceive political conditions abroad as a barrier to offshore expansion.

Top Three Barriers to Offshore Expansion	<\$1m (n=108) %	\$1m - \$10m (n=132) %	\$10m - \$50m (n=68) %	\$50m+ (n=55) %	Over \$1m (n=255) %
Finance	71	63	56	33	55
Economic conditions abroad	47	48	54	42	48
Lack of local business and market knowledge	37	30	43	33	34
Protection of IP	25	24	22	18	22
Exchange rates	24	24	24	9	21
Bribery and corruption	16	17	7	15	14
Political conditions abroad	10	11	4	31	14
Cultural barriers	10	10	16	18	13
Labour and skill shortages	9	9	13	15	11
Foreign restrictions on inward investment	6	12	3	20	11
Foreign restrictions on repatriation of profit	6	10	6	20	11
Language barriers	9	7	6	5	6
Quarantine procedures	5	2	6		3
Other	11	12	12	15	13

(Base: Offshore operations earn more than 1% of revenues or planning to set up offshore)

Sources of Information to Overcome Barriers

When asked where these businesses went to find assistance in overcoming barriers to international expansion, a third mentioned Austrade (32%), their state government (31%) or other professional advisors, i.e. accountants, lawyers or research firms (31%).

Those with existing offshore operations were most likely to have sought information from other professional advisors.

Sources of Information to Assist in Overcoming Barriers to Offshore Expansion

Sources of Information	Base (n=726) %	Have Offshore Operations (n=112) %	Planning Offshore Operations (n=266) %	Don't Have and not Planning (n=348) %
Austrade	32	29	35	31
State Government	31	22	32	33
Other professional advisors	31	54	34	21
Financial institutions	19	20	20	17
Internal research	18	28	18	14
Industry peak body	16	15	12	19
EFIC	15	21	17	12
Other Federal Government	10	8	8	12
State Chamber of Commerce	9	8	6	11
Professional export consultancy	8	8	9	6
Overseas inward investment agencies	6	11	8	4
AusIndustry	3	4	5	1
Other	11	10	14	9
None	14	9	11	19

Sources by State

Of all sources available, the Queensland and Tasmanian businesses were the most likely to use their state governments and the Western Australian businesses to use other professional advisors. EFIC was most widely used by the NSW businesses as a source of information.

Sources of Information	NSW/ACT (n=196) %	VIC (n=161) %	QLD (n=144) %	W.A. (n=103) %	S.A. (n=78) %	TAS (n=37) %
Austrade	34	39	35	17	32	14
State Government	20	29	51	20	35	41
Other professional advisors	35	31	29	42	22	11
Financial institutions	21	16	16	24	17	11
Internal research	17	20	19	18	10	19
Industry peak body	14	17	12	17	19	14
EFIC	22	17	10	14	14	3
Other Federal Government	9	11	7	8	18	11
State Chamber of Commerce	4	2	8	22	14	14
Professional export consultancy	13	5	4	6	13	-
Overseas inward investment agencies	8	8	4	4	5	3
AusIndustry	4	5	2		3	3
Other	9	12	12	13	13	
None	15	11	14	15	13	32

Sources By Industry Sector

The majority of mining businesses (52%) used other professional advisors while the manufacturing/wholesale industry sector were most likely to use Austrade and their state government.

Sources of Information	Agribus (n=64) %	Mining (n=64) %	Manufacturing (n=317) %	Services (n=281) %
Austrade	30	14	39	28
State Government	31	12	38	27
Other professional advisors	22	52	30	30
Financial institutions	27	25	19	15
Internal research	14	19	16	21
Industry peak body	31	11	15	13
EFIC	14	9	19	13
Other Federal Government	17	5	11	9
State Chamber of Commerce	12	9	9	7
Professional export consultancy	9	3	8	8
Overseas inward investment agencies	5	8	6	7
AusIndustry	3	2	4	2
Other	11	9	10	12
None	6	20	11	19

Sources By Revenue

Business with turnover of \$50 million or under were most likely to go to Austrade and/or their state government for information on overcoming barriers to international expansion, while business with turnover over \$50 million are most likely to use other professional advisors.

The larger the business, the more likely to use EFIC as a source of information.

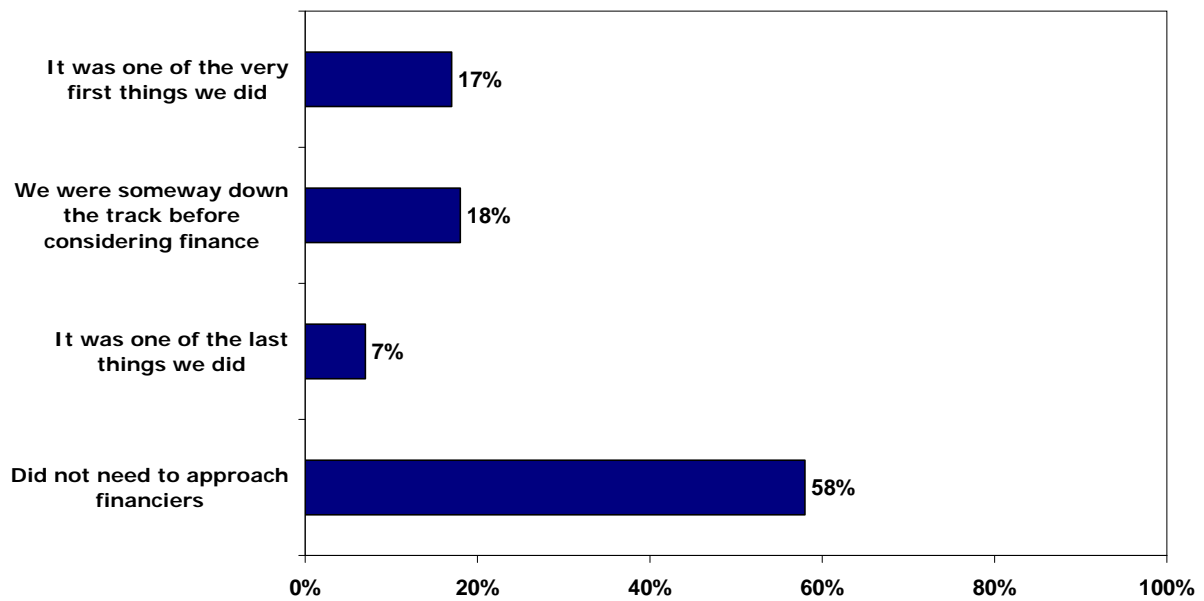
Sources of Information	<\$1m (n=211) %	\$1m - \$10m (n=280) %	\$10m - \$50m (n=121) %	\$50m+ (n=89) %	Over \$1m (n=490) %
Austrade	36	31	36	19	30
State Government	33	35	27	21	30
Other professional advisors	28	29	28	47	32
Financial institutions	15	19	18	27	20
Internal research	18	14	21	27	18
Industry peak body	15	15	19	17	16
EFIC	13	13	19	22	16
Other Federal Government	7	9	17	10	11
State Chamber of Commerce	8	8	14	6	9
Professional export consultancy	7	8	7	8	8
Overseas inward investment agencies	4	6	7	7	7
AusIndustry	1	4	3	2	4
Other	15	10	7	7	9
None	17	15	9	15	13

5. Financing Expansion

Timeframe for Approaching Financiers – Exports

The majority of exporters (58%) did not need to approach financiers for setting up export operations. Under a fifth (17%) said it was one of the first things they did.

Timeframe for Approaching Financiers - Exports



Base: Exports more than 1% of revenues	One of first things we did	Somewhat down the track	One of last things we did	Didn't need to
Total (n=521)	17%	18%	7%	58%

Timeframes for Approaching Financiers for Exports By State

The South Australian and Tasmanian exporting businesses were the most likely to approach financiers early in the process.

When Approached Financiers - Exports	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
One of very first things we did	17	13	12	22	26	27
Someway down the track	22	17	25	17	7	9
One of last things we did	10	7	7	-	5	-
Didn't need to approach financiers	50	63	57	60	62	64

(Base: Exports earn more than 1% of revenues)

Timeframe for Approaching Financiers for Exports By Industry Sector

The exporting agribusinesses were the most likely to approach financiers early.

When Approached Financiers - Exports	Agribus (n=58) %	Mining (n=25) %	Manufacturing (n=267) %	Services (n=171) %
One of very first things we did	29	24	16	15
Someway down the track	19	8	21	14
One of last things we did	2	4	6	9
Didn't need to approach financiers	50	64	57	63

(Base: Exports earn more than 1% of revenues)

Timeframe for Approaching Financiers for Exports By Revenue

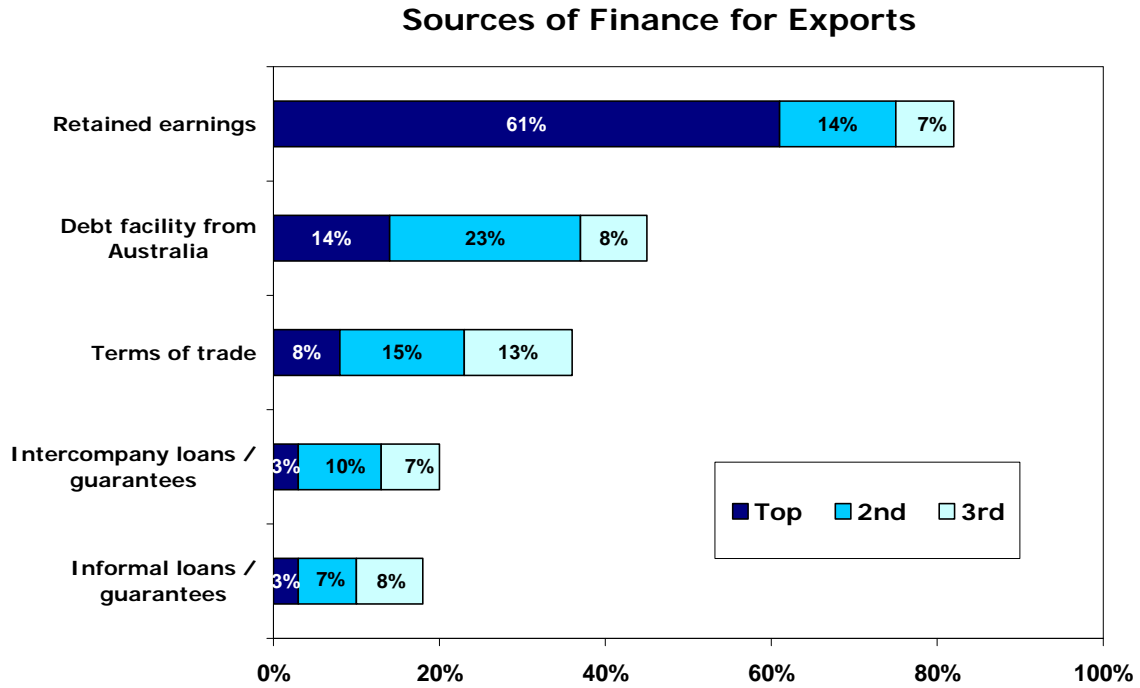
The exporting businesses with revenue between \$10 and \$50 million were the most likely to approach financiers early.

When Approached Financiers - Exports	<\$1m (n=122) %	\$1m - \$10m (n=222) %	\$10m - \$50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
One of very first things we did	13	17	22	17	18
Someway down the track	18	18	15	19	18
One of last things we did	8	9	2	3	6
Didn't need to approach financiers	61	56	61	61	58

(Base: Exports earn more than 1% of revenues)

Sources of Finance for Exports

Most exporters (82%) used retained earnings to finance their export businesses, with 61% saying it was their top method. A debt facility from an Australian financial institution was the next most frequently cited source of finance.



(Base: Exports earn more than 1% of revenues, n=521)



Top Source of Finance for Exports By State

For the majority of businesses in all states, retained earnings was the top source of finance. The Queensland, South Australian and Tasmanian businesses were the most likely to use a debt facility from an Australian financial institution.

Top Source of Finance - Exports	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
Retained earnings	69	58	53	57	62	64
Debt facility from Australian financial institution	8	13	20	8	23	18
Terms of trade/supply chain arrangements	5	12	10	8	8	5
Intercompany loans and guarantees	3	6	2	5	2	5
Informal loans	3	4	4	3	-	5
Issuing shares	3	2	1	2	2	-
High net worth individual	4	-	2	2	-	-
Debt facility from overseas financial institution	1	2	-	6	2	-
Venture capital	-	1	3	5	2	-
None	3	-	2	5	-	5

(Base: Exports earn more than 1% of revenues)



Top 3 Sources of Finance for Exports By State

Most exporting businesses in all states used retained earnings as a source of finance. The Queensland businesses were most likely to use informal loans and guarantees from family members/associates.

Top Three Sources of Finance - Export	NSW/ACT (n=143) %	VIC (n=126) %	QLD (n=102) %	W.A. (n=63) %	S.A. (n=61) %	TAS (n=22) %
Retained earnings	83	80	76	83	89	82
Debt facility from Australian financial institution	43	44	40	44	52	50
Terms of trade/supply chain arrangements	33	40	35	35	41	36
Intercompany loans and guarantees	20	22	21	25	13	18
Informal loans	16	16	24	13	21	14
Issuing shares	10	6	4	13	5	5
Debt facility from overseas financial institution	8	8	4	10	8	-
High net worth individual	10	4	8	11	7	9
Venture capital	8	2	9	6	2	-
Other	13	10	14	11	5	18

(Base: Exports earn more than 1% of revenues)

Top Source of Finance for Exports By Industry Sector

Again, retained earnings was the top source of finance for all industry sectors, with the services businesses most likely of all to use this source. The agribusinesses were the most likely to use a debt facility from an Australian financial institution.

Top Source of Finance - Exports	Agribus (n=58) %	Mining (n=25) %	Manufacturing (n=267) %	Services (n=171) %
Retained earnings	47	60	59	68
Debt facility from Australian financial institution	28	8	16	5
Terms of trade/supply chain arrangements	7	8	10	6
Intercompany loans and guarantees	5	-	3	4
Informal loans	3	-	4	3
Issuing shares	5	8	1	2
High net worth individual	2	-	1	2
Debt facility from overseas financial institution	2	8	1	1
Venture capital	2	-	1	2
None	-	8	1	3

(Base: Exports earn more than 1% of revenues)



Top Three Sources of Finance for Exports By Industry Sector

A debt facility from an Australian financial institution was most likely to be used by the agribusinesses, while half (48%) the manufacturers used terms of trade arrangements – the most likely of all industry sectors to do so. Debt facilities from overseas financial institutions were most commonly used by the mining businesses.

Top Three Sources of Finance - Exports	Agribus (n=19) %	Mining (n=36) %	Manufacturing (n=144) %	Services (n=179) %
Retained earnings	76	84	81	85
Debt facility from Australian financial institution	60	40	50	30
Terms of trade/supply chain arrangements	38	32	48	19
Intercompany loans and guarantees	26	16	19	22
Informal loans	16	4	18	20
Issuing shares	12	32	4	8
Debt facility from overseas financial institution	9	24	4	8
High net worth individual	12	-	6	10
Venture capital	5	-	6	6
Other	12	12	8	16

(Base: Exports earn more than 1% of revenues)



Top Source of Finance for Exports By Revenue

The businesses with revenue over \$50 million were the least likely to use Australian debt facilities as their top source of finance and most likely to use intercompany loans and guarantees.

Top Source of Finance - Exports	<\$1m (n=122) %	\$1m - \$10m (n=222) %	\$10m - 50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
Retained earnings	57	64	67	55	63
Debt facility from Australian financial institution	13	15	17	6	14
Terms of trade/supply chain arrangements	9	7	10	9	8
Intercompany loans and guarantees	2	4	1	10	4
Informal loans	7	2	1	-	2
Issuing shares	2	1	2	4	2
High net worth individual	2	3	-	-	2
Debt facility from overseas financial institution	-	1	1	7	2
Venture capital	4	0	-	1	1
None	2	2	1	1	2

(Base: Exports earn more than 1% of revenues)



Top Three Sources of Finance for Exports By Revenue

The larger businesses were the most likely to use Australian debt facilities as one of their three sources of finance. The smaller businesses were the most likely overall to use informal loans and guarantees.

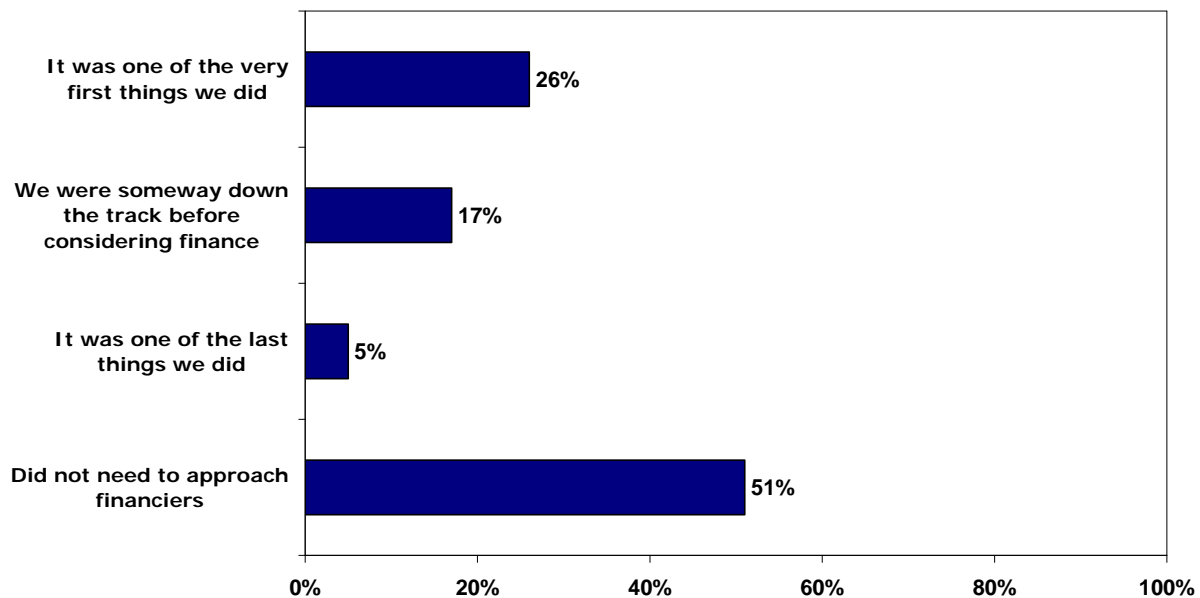
Top Three Sources of Finance - Exports	<\$1m (n=122) %	\$1m - 10m (n=222) %	\$10m-\$50m (n=93) %	\$50m+ (n=69) %	Over \$1m (n=384) %
Retained earnings	75	86	90	77	85
Debt facility from Australian financial institution	30	46	54	55	49
Terms of trade/supply chain arrangements	26	42	39	35	40
Intercompany loans and guarantees	15	19	24	30	22
Informal loans	36	18	6	-	12
Issuing shares	7	5	6	16	7
Debt facility from overseas financial institution	5	4	8	20	8
High net worth individual	11	8	4	1	6
Venture capital	7	6	3	1	5
Other	17	9	8	10	9

(Base: Exports earn more than 1% of revenues)

Timeframe for Approaching Financiers – Offshore Operations

Half the businesses with offshore operations (51%) did not need to approach financiers for setting up offshore. A quarter (26%) said it was one of the first things they did.

Timeframe for Approaching Financiers - Offshore Operations



Base: Offshore operations more than 1% of revenues	One of first things we did	Somewhat down the track	One of last things we did	Didn't need to
Total (n=112)	26%	17%	5%	51%

Timeframe for Approaching Financiers for Offshore Operations By State

The NSW and Western Australian offshore businesses were the most likely to approach financiers early in the process.

When Approached Financiers - Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
One of very first things we did	29	22	18	31	14
Somewhat down the track	15	19	18	15	29
One of last things we did	6	6	-	8	14
Didn't need to approach financiers	50	53	64	46	43

(Base: Offshore operations earn more than 1% of revenues)

Timeframe for Approaching Financiers for Offshore Operations By Industry Sector

The offshore mining and agribusinesses were the most likely to approach financiers early.

When Approached Financiers - Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
One of very first things we did	50	39	23	23
Someway down the track	-	11	17	19
One of last things we did	-	11	7	5
Didn't need to approach financiers	50	39	53	53

(Base: Offshore operations earn more than 1% of revenues)

Timeframe for Approaching Financiers for Offshore Operations By Revenue

The offshore businesses with revenue over \$50 million were the most likely to approach financiers early.

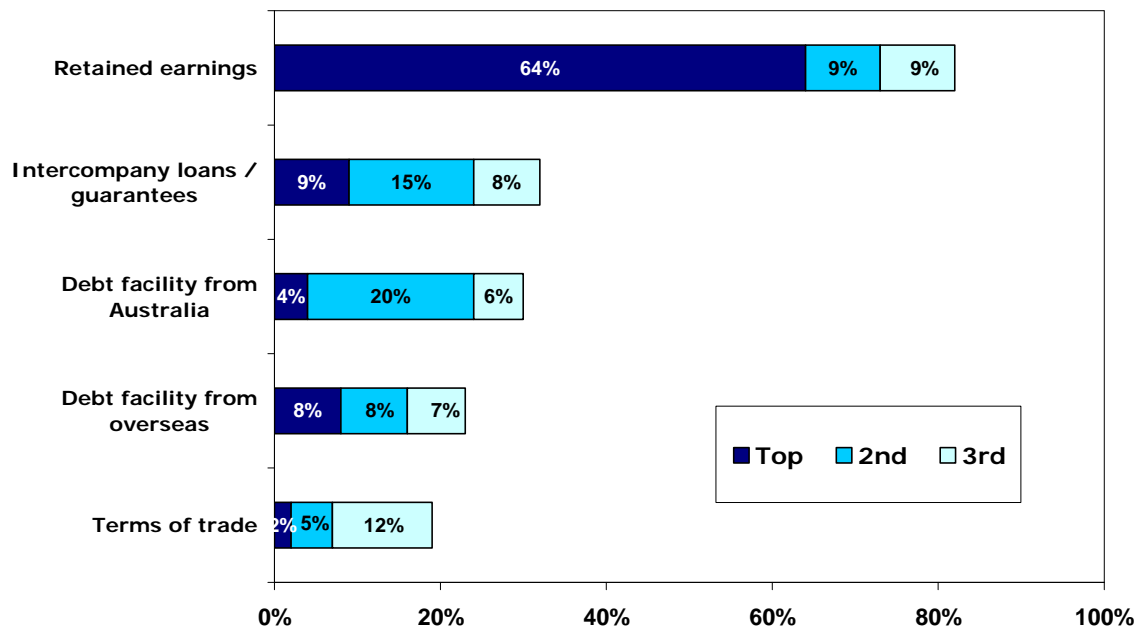
When Approached Financiers - Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
One of very first things we did	35	19	12	40	26
Someway down the track	18	10	21	23	18
One of last things we did	-	23	-	-	8
Didn't need to approach financiers	47	48	67	37	49

(Base: Offshore operations earn more than 1% of revenues)

Sources of Finance for Offshore Operations

As with financing export business, most businesses with offshore operations (82%) used retained earnings to finance them, with 64% saying it was their top method. Intercompany loans and debt facilities from Australian financial institutions were the next most popular methods.

Sources of Finance for Offshore Operations



(Base: Offshore operations earn more than 1% of revenues, n=112)

Top Source of Finance for Offshore Operations By State

The majority of offshore businesses in each state use retained earnings as their top source of finance. Issuing shares was a more popular source for businesses in Western Australia businesses, where over a quarter (27%) issue shares.

Top Source of Finance – Offshore Operations	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Retained earnings	79	59	73	46	57
Intercompany loans and guarantees	6	12	-	12	14
Debt facility from overseas financial institution	3	16	-	12	-
Issuing shares	3	-	-	27	-
Debt facility from Australian financial institution	3	-	9	4	14
Terms of trade/supply chain arrangements	-	3	9	-	-
Informal loans	3	3	-	-	-
Venture capital	3	-	-	-	-
None	-	-	-	-	14

(Base: Offshore operations earn more than 1% of revenues)

Top Three Sources of Finance for Offshore Operations By State

Nearly all (97%) businesses in NSW with offshore operations used retained earnings as one of their three top sources of finance. The Western Australian businesses were the most likely to use debt facilities from overseas financial institutions and issue shares, and the Queensland businesses most likely to use intercompany loans and guarantees.

Top Three Sources of Finance – Offshore	NSW/ACT (n=34) %	VIC (n=32) %	QLD (n=11) %	W.A. (n=26) %	S.A. (n=7) %
Retained earnings	97	88	82	58	71
Intercompany loans and guarantees	35	25	55	35	14
Debt facility from Australian financial institution	38	38	27	12	14
Debt facility from overseas financial institution	15	25	9	42	14
Terms of trade/supply chain arrangements	18	22	18	19	29
Issuing shares	15	6	-	42	-
Informal loans	12	16	36	-	14
High net worth individual	6	6	9	15	14
Venture capital	3	6	9	8	-
Other	15	12	27	4	43

(Base: Offshore Operations earn more than 1% of revenues)

Top Source of Finance for Offshore Operations By Industry Sector

The services businesses were the most likely to use retained earnings as their top source of finance.

Top Source of Finance – Offshore Operations	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Retained earnings	50	50	63	69
Intercompany loans and guarantees	-	17	3	10
Debt facility from overseas financial institution	-	11	13	5
Issuing shares	-	22	7	3
Debt facility from Australian financial institution	50	-	3	3
Terms of trade/supply chain arrangements	-	-	3	2
Informal loans	-	-	3	2
Venture capital	-	-	-	2
None	-	-	-	2

(Base: Offshore operations earn more than 1% of revenues)

Top Three Sources of Finance for Offshore Operations By Industry Sector

Nearly all (92%) the offshore services businesses use retained earnings as one of their three top sources of finance.

Top Three Sources of Finance – Offshore	Agribus (n=2) %	Mining (n=18) %	Manufacturing (n=30) %	Services (n=62) %
Retained earnings	50	61	77	92
Intercompany loans and guarantees	50	44	23	32
Debt facility from Australian financial institution	50	22	23	34
Debt facility from overseas financial institution	50	28	37	15
Terms of trade/supply chain arrangements	-	6	37	16
Issuing shares	50	44	13	8
Informal loans	-	-	13	16
High net worth individual	50	6	13	6
Venture capital	-	11	3	5
Other	-	17	10	18

(Base: Offshore operations earn more than 1% of revenues)



Top Source of Finance for Offshore Operations By Revenue

The offshore businesses with revenue over \$50 million were the least likely to use retained earnings as their top source of finance, and the most likely to use a debt facility from an overseas financial institution. The smaller the company, the more likely to issue shares.

Top Source of Finance – Offshore Operations	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Retained earnings	71	71	79	46	63
Intercompany loans	-	3	12	17	11
Debt facility from overseas financial institution	-	3	-	23	10
Issuing shares	18	16	-	-	6
Debt facility from Australian financial institution	-	3	-	9	4
Terms of trade/supply chain arrangements	-	-	-	3	1
Informal loans	-	-	4	-	1
Venture capital	6	-	-	-	
None	-	-	4	-	1

(Base: Offshore operations earn more than 1% of revenues)



Top Three Sources of Finance for Offshore Operations By Revenue

The larger businesses were the most likely to use intercompany loans and debt facilities from Australian and overseas financial institutions as one of their three sources of finance. The smaller businesses were the most likely to use informal loans and high net worth individuals. The \$10-\$50m businesses relied the most heavily on retained earnings.

Top Three Sources of Finance – Offshore	<\$1m (n=17) %	\$1m - \$10m (n=31) %	\$10m - \$50m (n=24) %	\$50m+ (n=35) %	Over \$1m (n=90) %
Retained earnings	82	74	96	80	82
Intercompany loans	24	16	38	51	36
Debt facility from Australian financial institution	18	23	25	49	33
Debt facility from overseas financial institution	6	13	12	49	27
Terms of trade/supply chain arrangements	18	23	17	20	20
Issuing shares	18	29	12	9	17
Informal loans	24	23	8	-	10
High net worth individual	24	10	12	-	7
Venture capital	18	3	8	-	3
Other	24	13	8	14	12

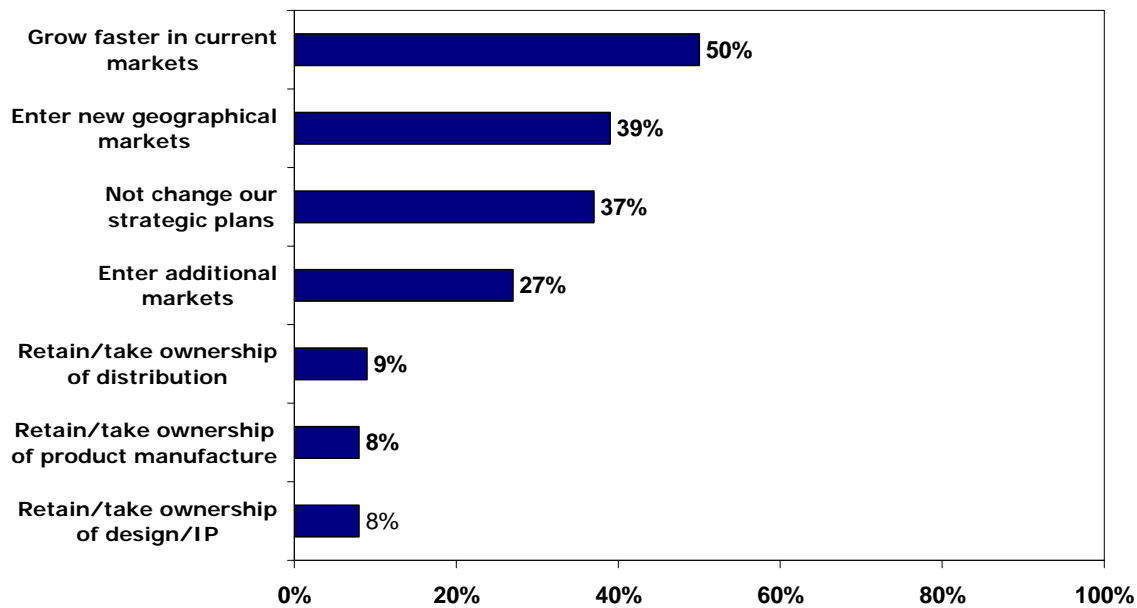
(Base: Offshore operations earn more than 1% of revenues)

Impact of Better Access to Funding at Market Rates

Half of the businesses surveyed who export or have offshore facilities said that better access to funding would mean they would grow faster in their current markets (50%). The next most popular response was that they would be able to enter new geographical markets (39%).

Over a third (37%) said that additional funding would not change their strategic plans.

Impact of Better Access to Funding at Market Rates



Base: Exporters and companies with offshore facilities	Grow faster in our current markets	Enter new geographical markets	Not change strategic plans	Enter additional product/ service markets	Retain/take ownership of distribution channels	Retain/take ownership of manufacture of our product	Retain/take ownership of design / IP of our product
Total (n=583)	50%	39%	37%	27%	9%	8%	8%

Impact of Better Access to Funding by Exporters/Offshore Operators

Comparing how better access to funding would benefit exporters and those businesses with offshore operations, the only area of significant difference was that exporters would, with better funding, be more likely to enter additional product/service markets.

Impact of Better Access to Funding	Base (n=583) %	Exporters but not Offshore (n=466) %	Offshore but not Exporters (n=39) %	Both Exporters and offshore (n=78) %
Grow faster in our current markets	50	51	51	42
We would enter new geographical markets	39	39	38	38
It would not change our strategic plans	37	36	36	46
We would enter additional product/service markets	27	29	10	23
We would retain/take ownership of the distribution channels	9	9	5	8
We would retain/take ownership of the manufacture of our product	8	9	5	9
We would retain/take ownership of the design/IP of our product	8	9	3	3
Other	3	3	3	1

(Base: Exporters and companies with offshore facilities)

Impact of Better Access to Funding By State

The NSW, Victorian, Queensland and South Australian businesses were more likely to enter new markets with better access to funding at market rates.

Impact of Better Access to Funding	NSW/ACT (n=160) %	VIC (n=142) %	QLD (n=109) %	W.A. (n=77) %	S.A. (n=65) %	TAS (n=25) %
Grow faster in our current markets	53	47	57	39	51	36
We would enter new geographical markets	40	40	40	31	40	32
It would not change our strategic plans	36	35	34	43	43	48
We would enter additional product/service markets	27	28	31	22	22	24
We would retain/take ownership of the distribution channels	15	6	7	9	3	4
We would retain/take ownership of the manufacture of our product	8	7	13	6	8	8
We would retain/take ownership of the design/IP of our product	9	6	9	4	5	16
Other	2	4	3	1	2	4

(Base: Exporters and companies with offshore facilities)

Impact of Better Access to Funding By Industry Sector

With better access to funding, the manufacturing sector was the most likely to enter additional product markets, while the agribusinesses were the most likely to be able to retain or take ownership of the manufacture of their product and distribution channels.

Impact of Better Access to Funding	Agribus (n=60) %	Mining (n=35) %	Manufacturing (n=288) %	Services (n=200) %
Grow faster in our current markets	50	37	53	46
We would enter new geographical markets	42	31	41	36
It would not change our strategic plans	35	46	36	38
We would enter additional product/service markets	23	20	32	22
We would retain/take ownership of the distribution channels	15	9	8	8
We would retain/take ownership of the manufacture of our product	17	3	9	6
We would retain/take ownership of the design/IP of our product	7	3	10	6
Other	5	-	2	2

(Base: Exporters and companies with offshore facilities)

Impact of Better Access to Funding By Revenue

The smaller the business, the more likely they were to say that with better access to funding they would grow faster in their current markets and enter new geographical and product/service markets. Over half (57%) of the businesses with over \$50m in revenue said that additional funding would not change their strategic plans.

The smallest businesses were the most likely to enter additional product or service markets.

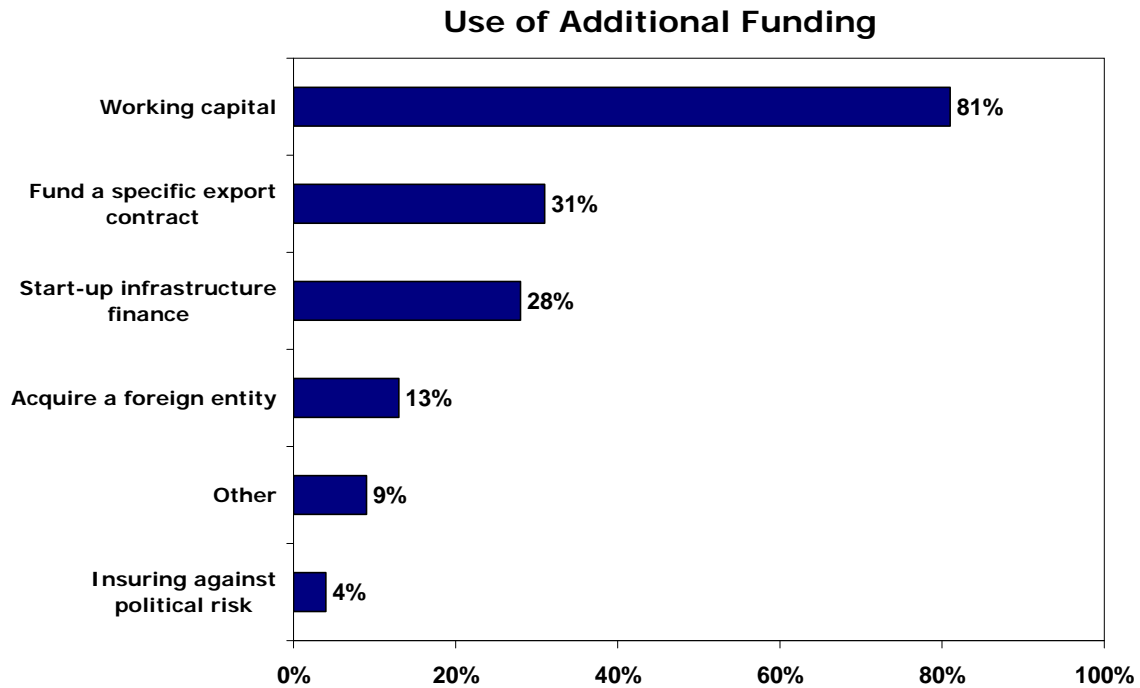
Impact of Better Access to Funding	<\$1m (n=137) %	\$1m - \$10m (n=238) %	\$10m - \$50m (n=107) %	\$50m+ (n=83) %	Over \$1m (n=428) %
Grow faster in our current markets	60	50	46	37	46
We would enter new geographical markets	43	42	38	23	38
It would not change our strategic plans	27	36	39	57	41
We would enter additional product/service markets	36	26	27	14	24
We would retain/take ownership of the distribution channels	11	9	7	8	8
We would retain/take ownership of the manufacture of our product	12	10	4	2	7
We would retain/take ownership of the design/IP of our product	12	8	7	1	7
Other	4	2	3	1	2

(Base: Exporters and companies with offshore facilities)

Use of Additional Funding

Those businesses surveyed who export or have offshore facilities **and** said that better access to funding would change their strategic plans were asked for what purpose they would use this funding.

Most (81%) said they would use the funding for working capital. Just under a third said they would fund a specific export contract (31%) or start-up infrastructure finance (28%).



Base: Exporters and companies with offshore facilities and extra funds would change plans	Working capital	Fund a specific export contract	Start-up infrastructure finance	Acquire a foreign entity	Other	Insure against political risk
Total (n=365)	81%	31%	28%	13%	9%	4%

Use of Additional Funding By State

The Queensland businesses were the most likely to use the extra funding to fund a specific export contract. Start-up infrastructure finance would be most widely used by the Tasmanian businesses.

Use of Additional Funding	NSW/ACT (n=103) %	VIC (n=92) %	QLD (n=72) %	W.A. (n=44) %	S.A. (n=37) %	TAS (n=13) %
Working capital	83	76	83	82	81	69
Fund a specific export contract	28	35	40	18	27	15
Start-up infrastructure finance	27	29	31	27	19	54
Acquire a foreign entity	12	12	15	14	11	15
Insuring against political risk	2	2	8	2	3	8
Other	12	12	3	11	5	-

(Base: Exporters and companies with offshore facilities and extra funds would change plans)

Use of Additional Funding By Industry Sector

The manufacturing and agribusinesses were the most likely to use the extra funding to fund a specific export contract, while services and mining businesses were the most likely to use the funds for start-up infrastructure finance and acquiring a foreign entity.

Use of Additional Funding	Agribus (n=39) %	Mining (n=19) %	Manufacturing (n=184) %	Services (n=123) %
Working capital	85	79	83	76
Fund a specific export contract	38	21	35	23
Start-up infrastructure finance	23	37	26	33
Acquire a foreign entity	3	21	11	16
Insuring against political risk	8	5	4	2
Other	10	11	9	8

(Base: Exporters and companies with offshore facilities and extra funds would change plans)



Use of Additional Funding By Revenue

Businesses with over \$50 million in revenue were the least likely to use the extra funding for working capital and the most likely to use it for start-up infrastructure finance.

Use of Additional Funding	<\$1m (n=100) %	\$1m - \$10m (n=152) %	\$10m - \$50m (n=65) %	\$50m+ (n=36) %	Over \$1m (n=253) %
Working capital	81	85	80	61	80
Fund a specific export contract	34	26	35	36	30
Start-up infrastructure finance	25	23	34	42	28
Acquire a foreign entity	12	12	14	11	13
Insuring against political risk	3	4	5	3	4
Other	8	7	8	11	8

(Base: Exporters and companies with offshore facilities and extra funds would change plans)