



Australian Government



Export Finance & Insurance Corporation

## 2009 EFIC Global Readiness index

# Key findings for Queensland

In February 2009, 726 Australian companies responded to EFIC's second annual Global Readiness index (GRI) survey, providing insight into their experience of key aspects of going global - the destinations, the drivers and obstacles, and the sources and availability of funding.

145 respondents (20% of the national total) are Queensland-based businesses. 49% of these operate in the manufacturing sector and 43% have annual turnover under \$1m, with a further 40% having turnover between \$1m and \$10m.

Together with our Queensland partners, EFIC is delighted to provide a summary of the Queensland state results showing an ongoing commitment to global expansion despite the current global economic downturn.

With thanks to our Queensland partners.



## Offshore operations

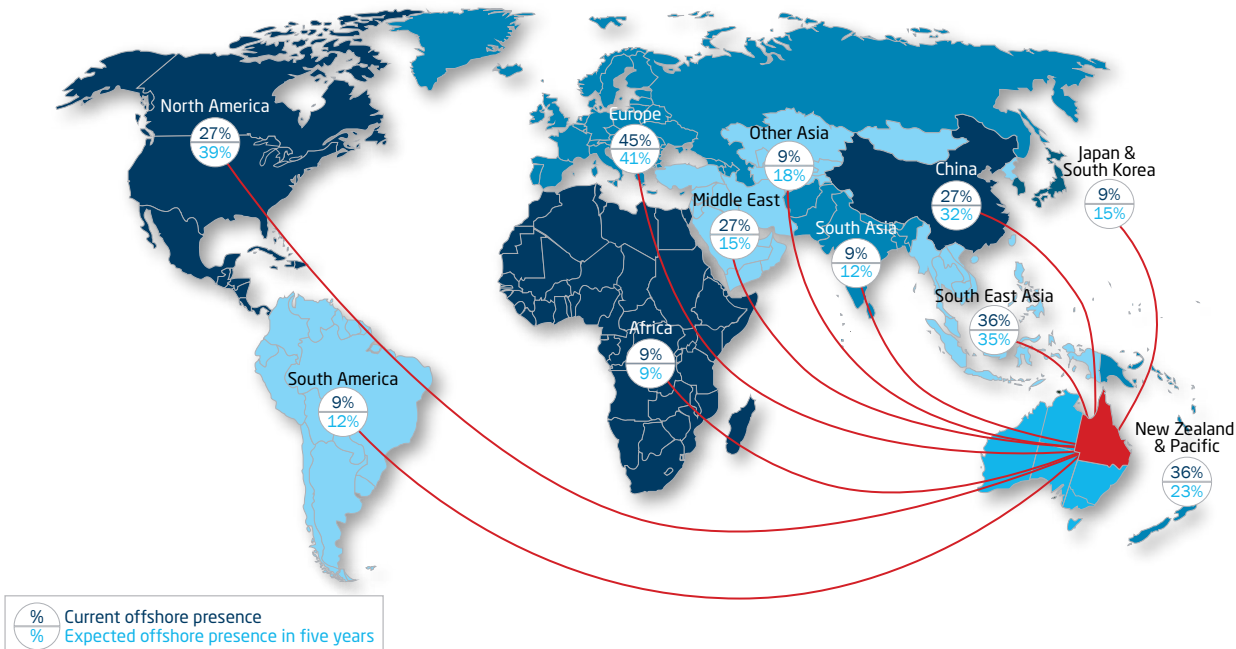
On average Queensland businesses generated 2% of their revenue from offshore operations, with 8% currently operating facilities offshore.

- 36% have been operating offshore facilities for between two and five years, with a further 36% doing so for between five and ten years.
- 82% of current offshore operators are planning to expand, 73% within the next year.
- Of those respondents from Queensland not currently operating offshore facilities, 42% have plans to establish them, 30% within the next two years.

## Destinations for offshore expansion

Europe is currently ranked as the most popular location for offshore operations in terms of revenue generation with 45% of Queensland respondents (with offshore facilities) located there. Europe is also predicted to be the most popular destination for offshore facilities, with 41% planning to be located there in five years' time. However, the current gap to North America is expected to diminish within this period, with 39% expecting to be located in North America.

### Destinations for offshore expansion by Queensland businesses



## Drivers for offshore expansion

Increase revenue/market share is cited as the top driver for establishing offshore operations by the overwhelming majority of respondents across all states, and by 64% of Queensland businesses (see Chart 1).

- Increasing revenue/market share was cited as one of the top three drivers by 91%, followed by proximity to end market (82%) and domestic market too small (45%).
- 91% of Queensland respondents established offshore operations to serve the local market. This is the highest of percentage of all states.
- 36% established them to better serve other offshore markets.
- Just 9% established operations for the purpose of re-importing back to Australia.

## Barriers to offshore expansion

Nationally the most important barrier to offshore expansion is access to finance, followed by economic conditions abroad. This holds true for respondents from Queensland as well (see Chart 2).

- Of the Queensland businesses that have or are planning offshore facilities, 39% nominated access to finance as their top barrier, and 17% nominated economic conditions abroad.
- Overall, 67% said access to finance was a barrier to expanding offshore, while 45% named economic conditions abroad.

Chart 1: Top five drivers for offshore expansion

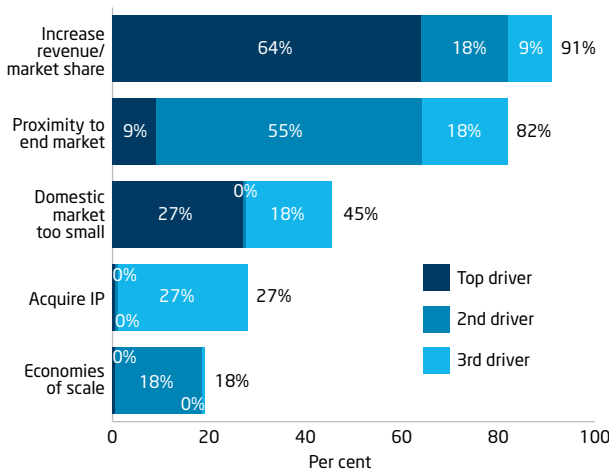
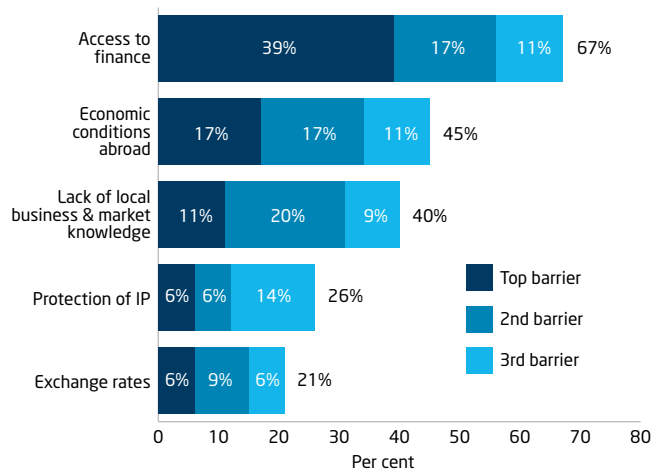


Chart 2: Top five barriers to offshore expansion



## Access to finance

Retained earnings is the most important source of finance for offshore operations, across all states and for respondents from Queensland.

- 73% of Queensland businesses reported that retained earnings was their top source for funding offshore expansion. Overall, 82% relied on this source for financing their offshore operations.
- When compared with other states, Queensland also had the highest proportion of respondents that used informal loans (36%) or intercompany loans (55%) to fund their offshore expansion.

## Impact of improved access to finance

The majority of respondents nationally and in Queensland would alter their business plans as a result of improved funding.

- 57% would grow faster in current markets and 40% would enter new geographical markets.

To access the full 2009 EFIC Global Readiness index report, visit [www.efic.gov.au/gri/report](http://www.efic.gov.au/gri/report)