



Australian Government

EFIC

Export Finance & Insurance Corporation

## 2009 EFIC Global Readiness index

# Key findings for South Australia

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.

80 respondents (11% of the national total) are South Australian-based businesses. 46% of these operate in the manufacturing sector and 35% have annual turnover between \$1m and \$10m, with a further 21% having turnover between \$10m and \$50m.

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

With thanks to our South Australian partners.



Government of South Australia  
Department of Trade and Economic Development

## Offshore operations

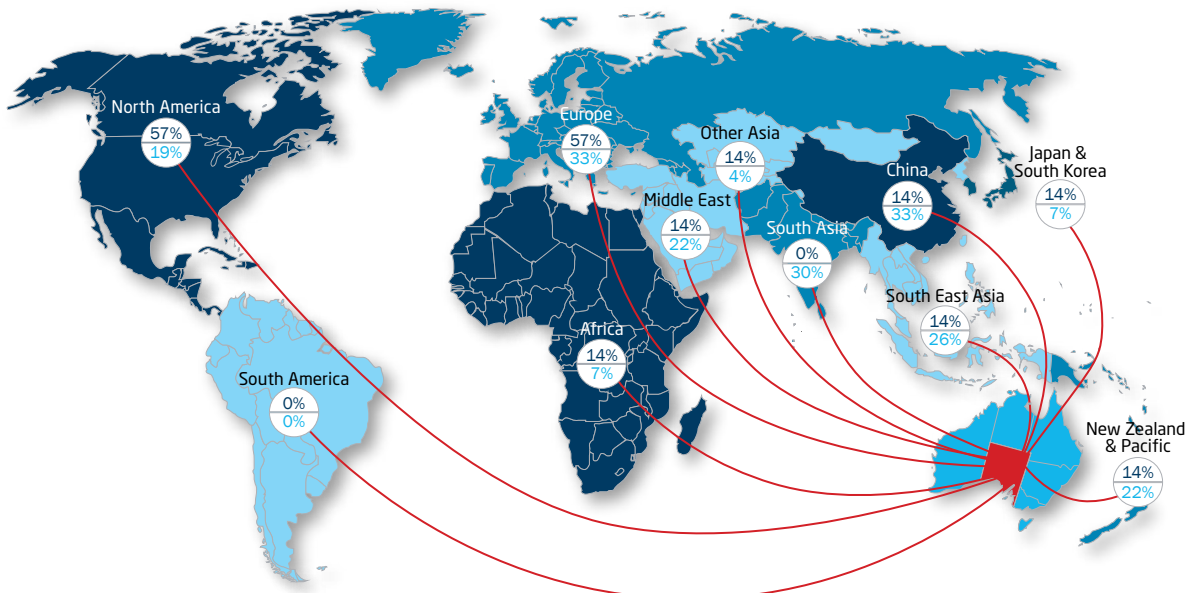
On average South Australian businesses generated 9% of their revenue from offshore operations, with 25% currently operating facilities offshore.

- 43% have been operating offshore facilities for between one and two years, whilst 29% had operated offshore facilities for more than ten years.
- 86% of current offshore operators are planning to expand, 43% within the next year.
- Of those respondents from South Australia not currently operating offshore facilities, 29% have plans to establish them, 23% within the next two years.

## Destinations for offshore expansion

North America and Europe are currently ranked as the most popular locations for offshore operations in terms of revenue generation with 57% of South Australian respondents (with offshore facilities) located in each. However Europe & China are predicted to be the most popular destinations for offshore facilities, with 33% planning to have operations in one or both locations in five years' time.

### Destinations for offshore expansion by South Australian businesses



% Current offshore presence  
% Expected offshore presence in five years

## 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 86% of South Australian businesses (see Chart 1).

- Increasing revenue/market share was cited as one of the top three drivers by all South Australian respondents, followed by economies of scale (57%) and proximity to end market (43%).
- 71% of South Australian respondents established offshore operations to serve the local market.
- 29% established them to better serve other offshore markets.
- No South Australian businesses 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 is reversed for South Australian respondents (see Chart 2).

- Of the South Australian businesses that have or are planning offshore facilities, 26% nominated economic conditions abroad as their top barrier, and 19% nominated access to finance.
- Overall, 57% said access to finance was a barrier to expanding offshore, while 44% named economic conditions abroad.

Chart 1: Top five drivers for offshore expansion

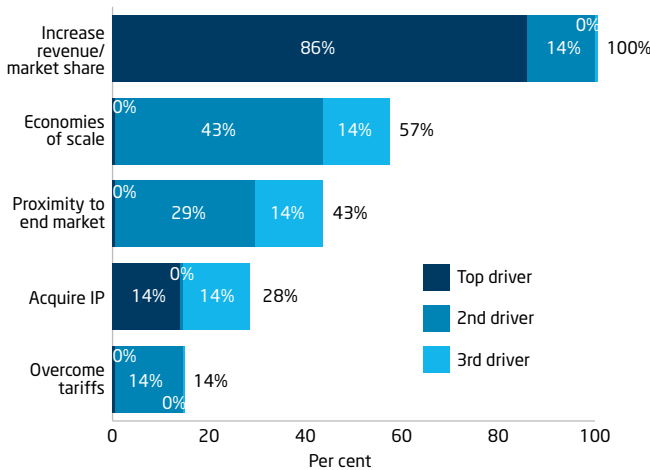
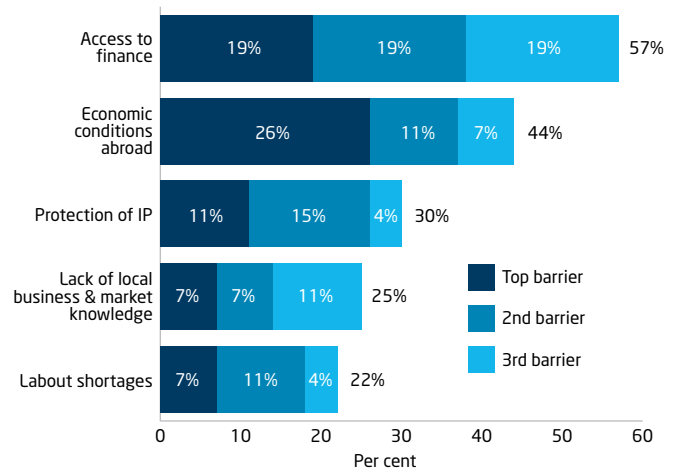


Chart 2: Top five barriers to offshore expansion



## Access to finance

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

- 57% of South Australian businesses reported that retained earnings was their top source of funding for offshore expansion. Overall, 71% relied on this source for financing their offshore expansion.
- When compared with other states, South Australia had the highest proportion of businesses that identified debt facilities from an Australian financial institution as their top funding source for offshore expansion (14%).

## Impact of improved access to finance

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

- 51% 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)