

WHY AUSTRALIA

BENCHMARK REPORT

JUNE 2014 UPDATE



Australian Government
Australian Trade Commission



Australia
UNLIMITED

AUSTRALIA: OPEN FOR BUSINESS

With solid economic credentials and a positive outlook for growth, Australia is a great place to do business.

Australia's strong economic growth, highly skilled workforce and world-class research and development (R&D) capabilities create a wide range of investment opportunities. The country is well into its 23rd consecutive year of annual economic growth and its average real GDP growth from 2013 to 2019 is expected to exceed all other major advanced economies.

Although Australia is known worldwide for its mining industry and abundant resources, its predominantly services-based economy consists of numerous globally significant industries, many of which are growing in size and reputation.

Australia's trade, investment and cultural links with the fast-growing Asia-Pacific region are a major reason for its ongoing growth. Australia also has well-established links with traditional trading partner nations and a status as one of the world's most transparent and well-regulated business environments.

For investors, there is no better place to do business.

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WHY AUSTRALIA



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GROWTH

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GROWTH

Australia's economic resilience and potential provide a safe, low-risk environment in which to do business.

Over the past 22 years, Australia has experienced economic growth at a real GDP average growth rate of 3.4 per cent per annum, unmatched by any other major advanced economy.

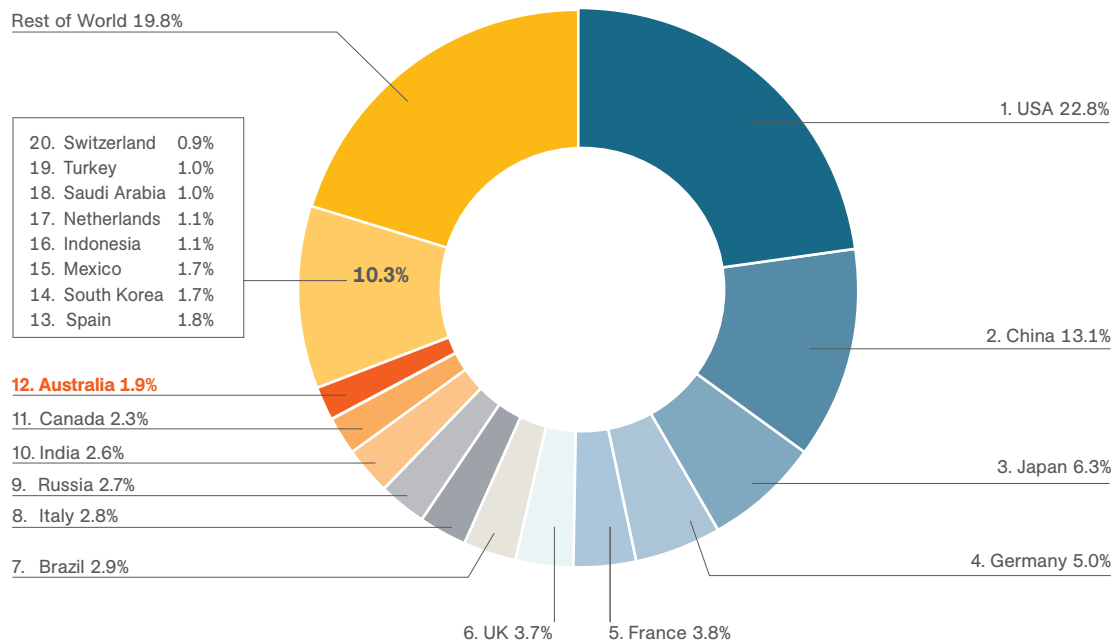
This growth is largely driven by Australia's position within the booming Asia-Pacific region and its strong economic foundations and globally significant industries, including agribusiness, education, mining, tourism and wealth management.

The country's economy is much more than mining and resources, with almost 80 per cent of economic output generated by the services sector. Growth in the Australian services sector is also outpacing the all-industries average.

Australia is rated triple 'A' by all three global rating agencies and enjoys levels of net public debt that are among the lowest in the OECD.

WORLD'S 20 LARGEST ECONOMIES – 2014^F

Percentage share of total world nominal GDP in US\$



F = Forecast

GDP of the world's 189 economies: **US\$76,776 billion**

GDP of Asia-Pacific Economic Cooperation's 21 member economies: **US\$44,161 billion (57.5% of world's GDP)**

GDP of G20: **US\$66,115 billion (86% of world's GDP)**

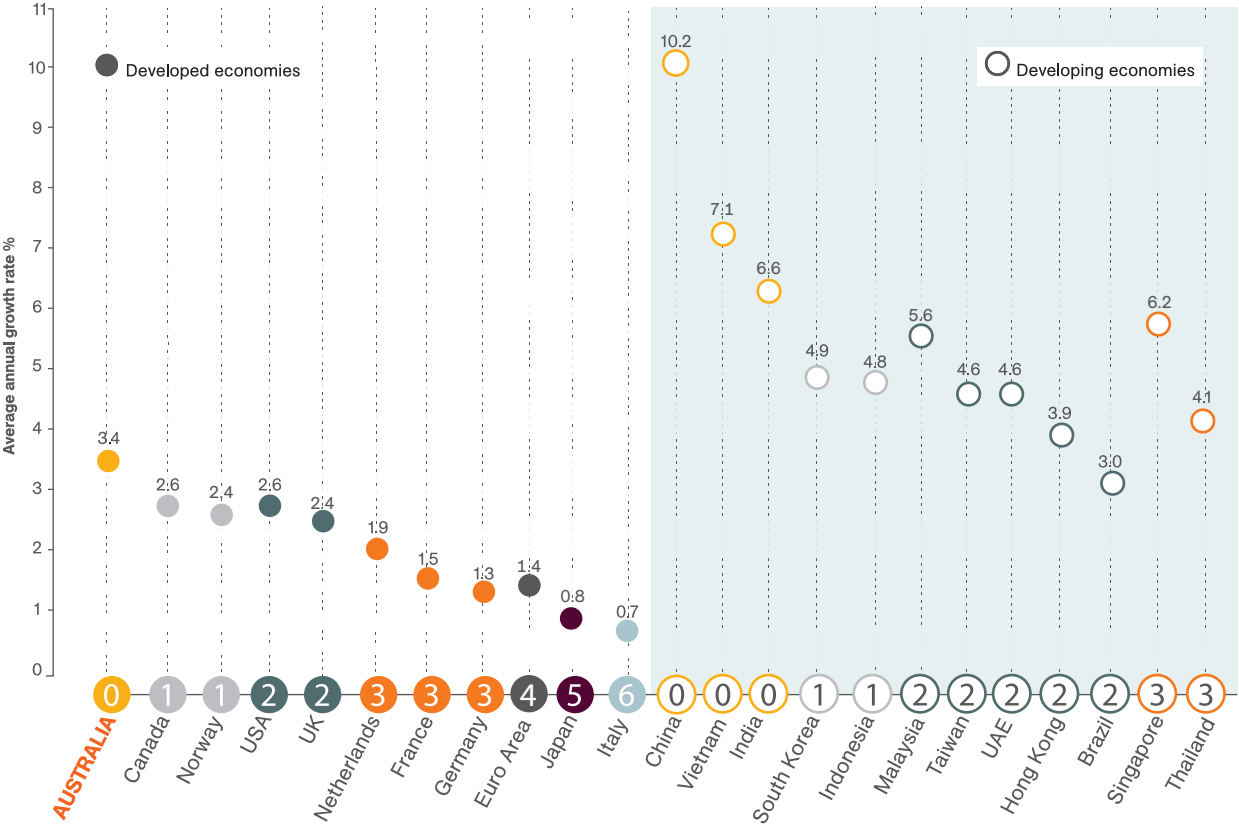
Source: International Monetary Fund, World Economic Outlook Database, April 2014; Austrade

Australia: an economy of scale

The Australian economy is the 12th largest in the world, despite the fact the country is home to only 0.3 per cent of the world's population. Australia's nominal GDP is estimated at around US\$1.5 trillion and accounts for about two per cent of the global economy. Australia has the fourth largest economy in the Asian region and has more than doubled the value of its total production in the past 10 years.

ECONOMIC RESILIENCE – REAL GDP GROWTH

1992–2013



Note: Colour circles represent the number of years in recession

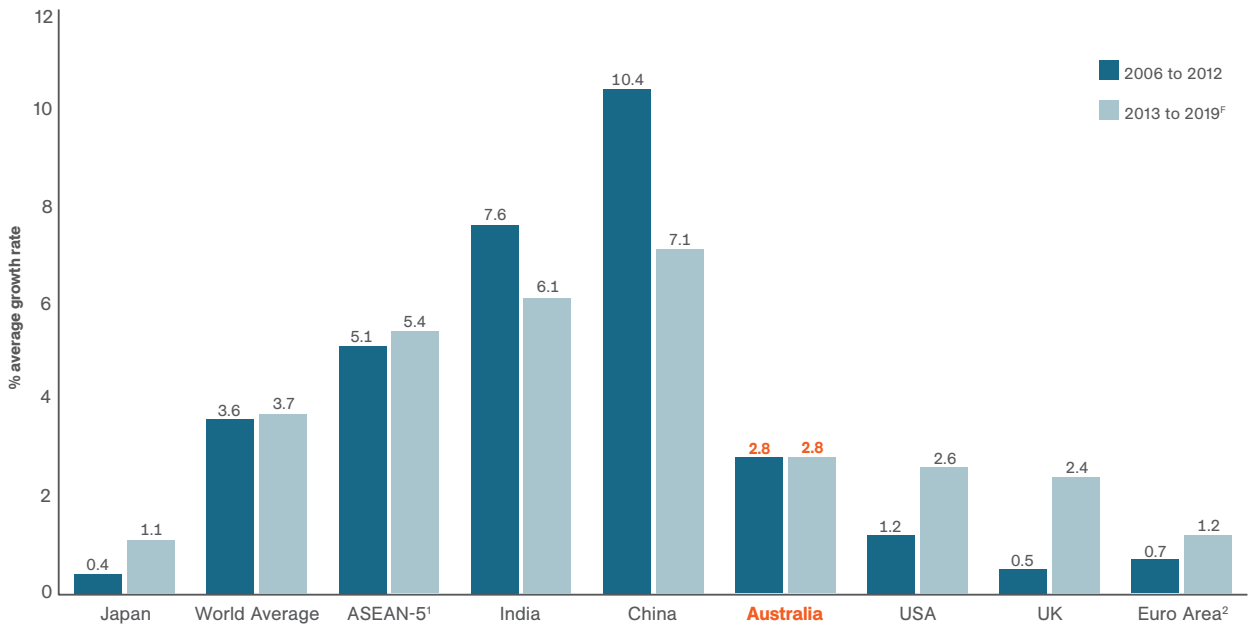
Source: International Monetary Fund, World Economic Outlook Database, April 2014; Austrade

Over two decades of consecutive annual economic growth

The Australian economy remains resilient; sustained by sound macroeconomic policies, structural reforms and continued demand for hard and soft commodities from Asia. Australia is the only developed economy to have recorded no annual recessions during the past 22 years, placing it alongside high-growth economies such as China and India.

REAL GDP GROWTH BY ECONOMIC GROUPING

Average annual growth rate: 2006–12 and 2013–19^F



^F = Forecast

¹ ASEAN-5 = Indonesia, Malaysia, Philippines, Thailand and Vietnam

² Composed of 17 economies in Europe

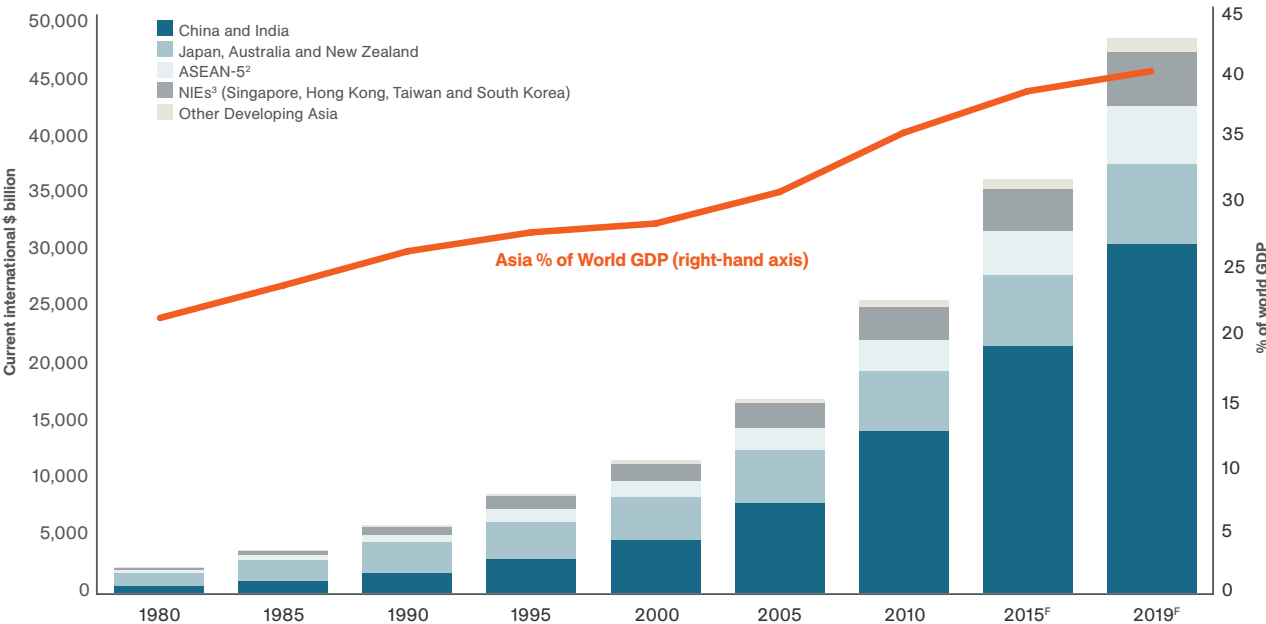
Source: International Monetary Fund, World Economic Outlook Database, April 2014; Austrade

Australia's growth outlook is higher than major advanced economies

Australia's economy is well into its 23rd year of uninterrupted annual economic growth. And the fundamentals are in place for this trend to continue. According to IMF forecasts released in April 2014, Australia is expected to realise average annual real GDP growth of 2.8 per cent between 2013 and 2019 – the highest forecast among major advanced economies.

ASIAN ECONOMIC GROWTH

GDP based on Purchasing Power Parity valuation (current international dollar billion)¹



F = Forecast

1. An international dollar would buy in the cited country a comparable amount of goods and services a US dollar would buy in the United States. This term is often used in conjunction with Purchasing Power Parity (PPP) data

2. Composed of 5 countries: Indonesia, Malaysia, Philippines, Thailand and Vietnam

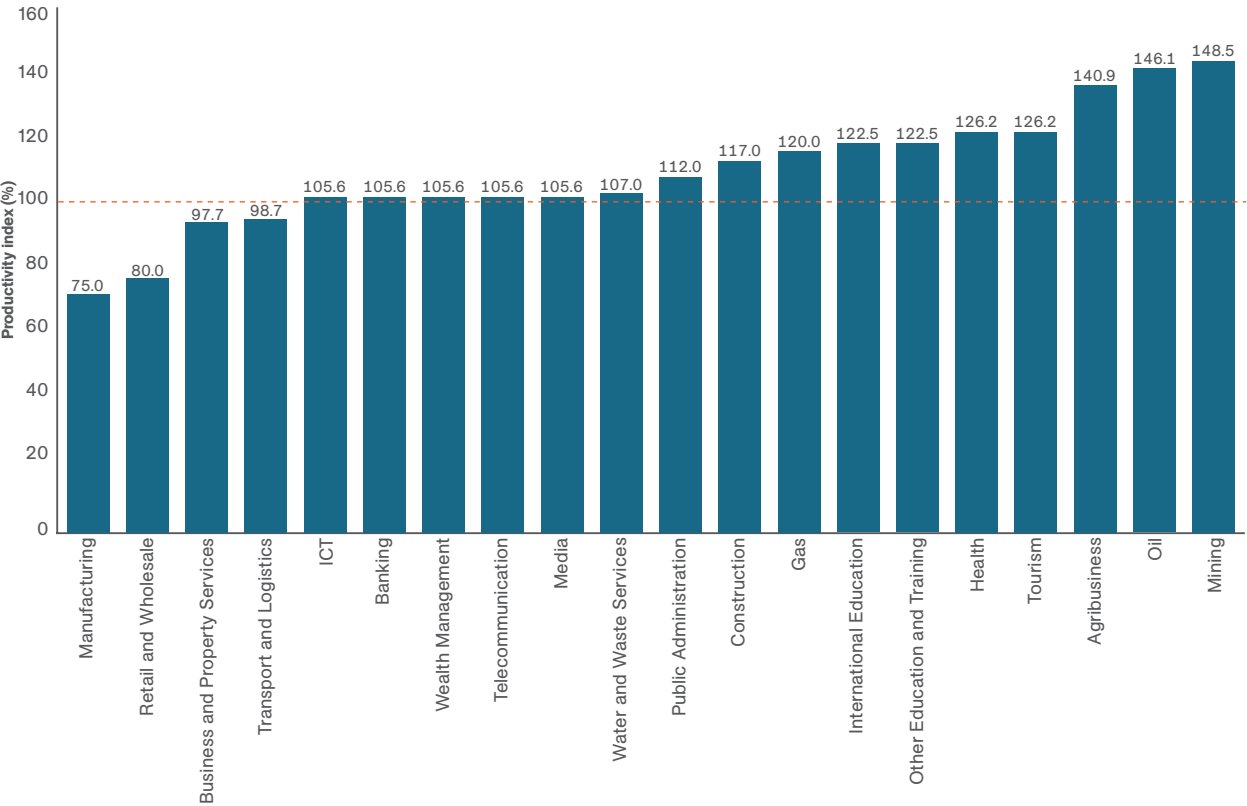
3. Newly Industrialising Economies

Source: International Monetary Fund, World Economic Outlook, April 2014; Austrade

The Asian region will account for over 40 per cent of global GDP by 2019

Australia's recent and forecast economic growth reflects its unique position within, and increasingly strong ties to, the rapidly growing Asian region. By 2019, the aggregate economy in the region is expected to account for 40 per cent of the global total, double the ratio in 1980. Over the same period, the combined economies of China and India will likely represent over one quarter of the world's GDP, significantly up from less than five per cent in 1980.

PRODUCTIVITY OF AUSTRALIAN INDUSTRY SECTORS COMPARED WITH GLOBAL COMPETITORS



Note: A score of 110 means Australia is 10% more productive than the average productivity of global competitors in the industry.
Source: Deloitte, *Positioning for prosperity? Catching the next wave, October Preview 2013, Figure 42, page 88*; Deloitte Access Economics based on data provided in *The Conference Board, Total Economy Database*; Austrade

Australian productivity is highly rated in key future growth sectors

The productivity levels of 16 out of 20 Australian industries rate above the global average. Australia is performing more than 20 per cent above the global average in five sectors including gas, education, health and tourism, and over 40 per cent in agribusiness, oil and mining. Australia is a major global player in these industries, many of which have been identified by Deloitte as key contributors to the nation's economic growth over the next two decades.

AUSTRALIA'S GLOBALLY SIGNIFICANT INDUSTRIES

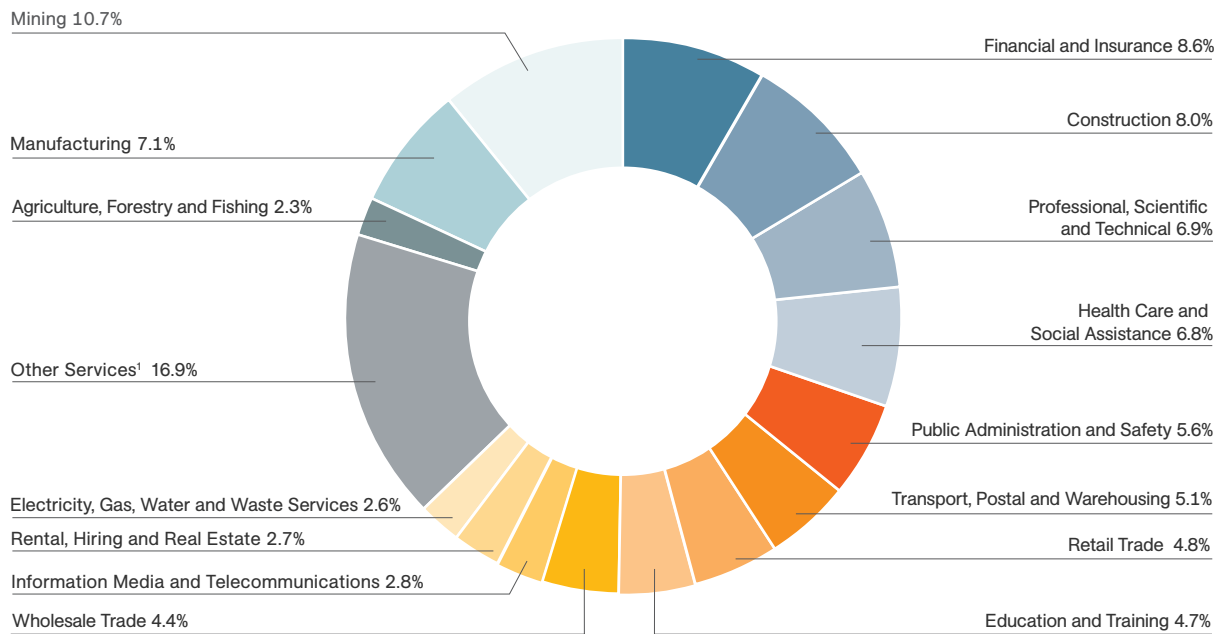


Australia: an important contributor to the global growth sectors of the future

Australia is a global leader in five significant and diverse sectors: agribusiness, education, tourism, mining and wealth management. Ongoing demand across these sectors is expected to drive economic growth in Australia and globally.

AUSTRALIA'S REAL GROSS VALUE ADDED BY INDUSTRY

As a percentage of total industry, 2013

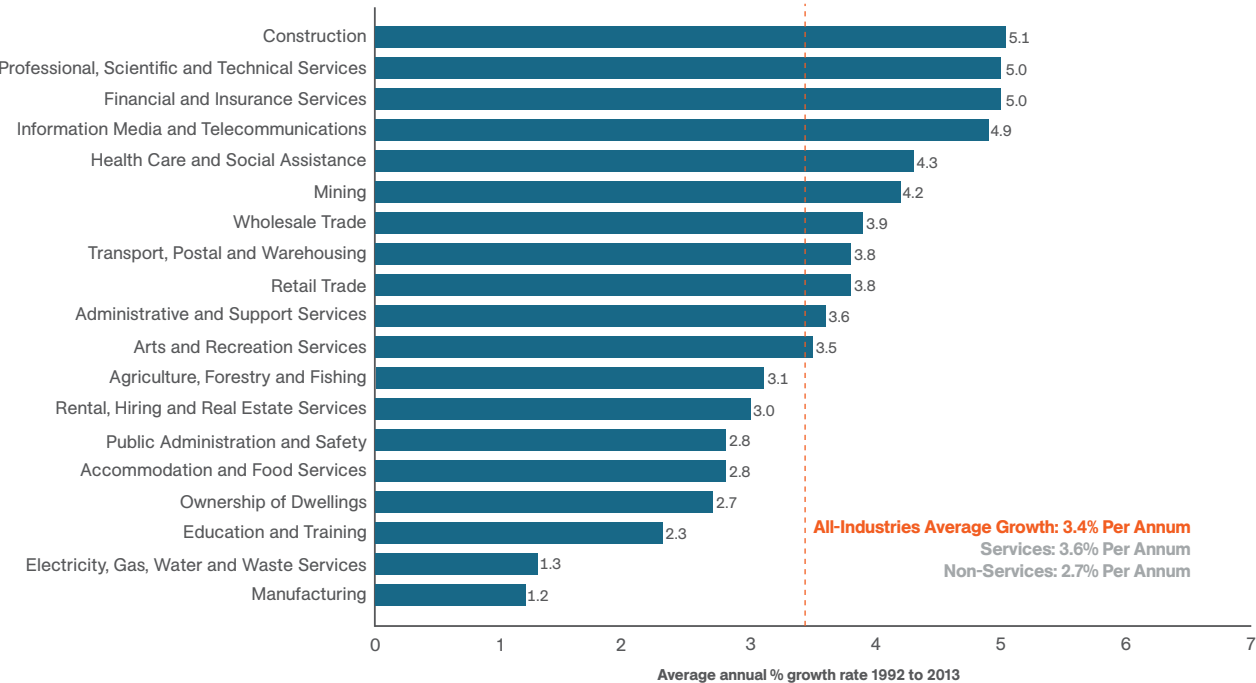


1. Including: Ownership of dwellings (8.6%), administrative, support services (3.1%), accommodation, food services (2.4%), arts and recreation (0.9%) and other (1.9%)
Source: Australian Bureau of Statistics, Cat. No. 5206.0 – Australian National Accounts: National Income, Expenditure and Product, December 2013, Table 6. Gross Value Added by Industry, Chain Volume Measures (released 5 March 2014); Austrade

Australia: a diversified, services-based economy

Australia is a services-based economy, with the sector accounting for around 80 per cent of real gross value added (GVA). The country's sophisticated financial services industry is the largest contributor to the services sector, generating 8.6 per cent of the country's total GVA. Professional, scientific and technical industries make up almost seven per cent of total output, demonstrating Australia's highly skilled, well-educated and innovative workforce.

AUSTRALIA'S REAL GROSS VALUE ADDED – GROWTH BY INDUSTRY¹



1. Annual total to December quarter each year

Note: Mining sector GVA measures the production side of national accounts. This data does not capture the full value of output related to mining production. Expenditure-based estimates, which combine exports and investment by the mining sector (minus the imported component of mining investment), suggest the sector realised real-term annual growth for the period from 1981 to 2011 of 5.5 per cent as compared with three per cent for the non-mining sector. (Source: Reserve Bank of Australia, Statement of Monetary Policy, August 2011, page 49).

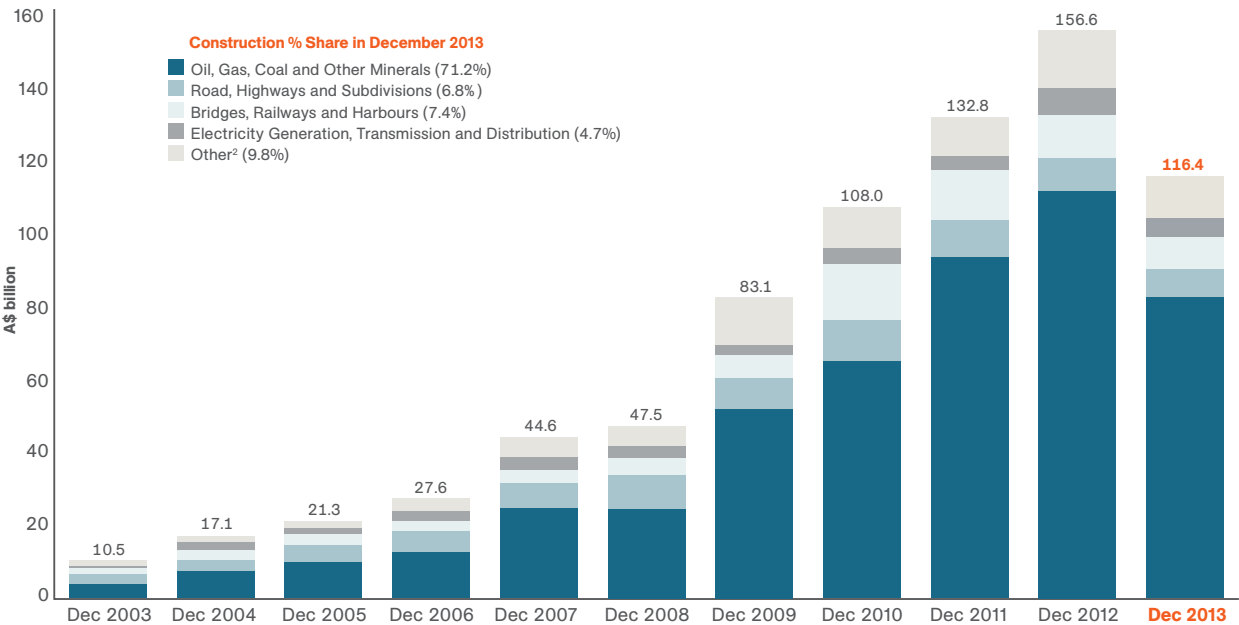
Source: Australian Bureau of Statistics, Cat. No. 5206.0 – Australian National Accounts: National Income, Expenditure and Product, December 2013, Table 6. Gross Value Added by Industry, Chain Volume Measures (released 5 March 2014); Austrade

Services growth faster than economy as a whole

Australia's services sector has seen strong growth over the past two decades. Construction has recorded the highest average annual growth rate since 1992, followed by professional, scientific and technical services and financial services. Overall, Australia's services sector has expanded by an average of 3.6 per cent per annum, outpacing the all-industries average of 3.4 per cent.

ENGINEERING CONSTRUCTION PIPELINE ACTIVITY IN AUSTRALIA

Forward forecast activity as at December each year¹



1. Value of work yet to be done by private sector. Rise and fall and other cost variations can lead to increases or decreases in the value of work yet to be done

2. Includes water storage supply, sewerage and drainage, pipelines, recreation, telecom, and other heavy industry

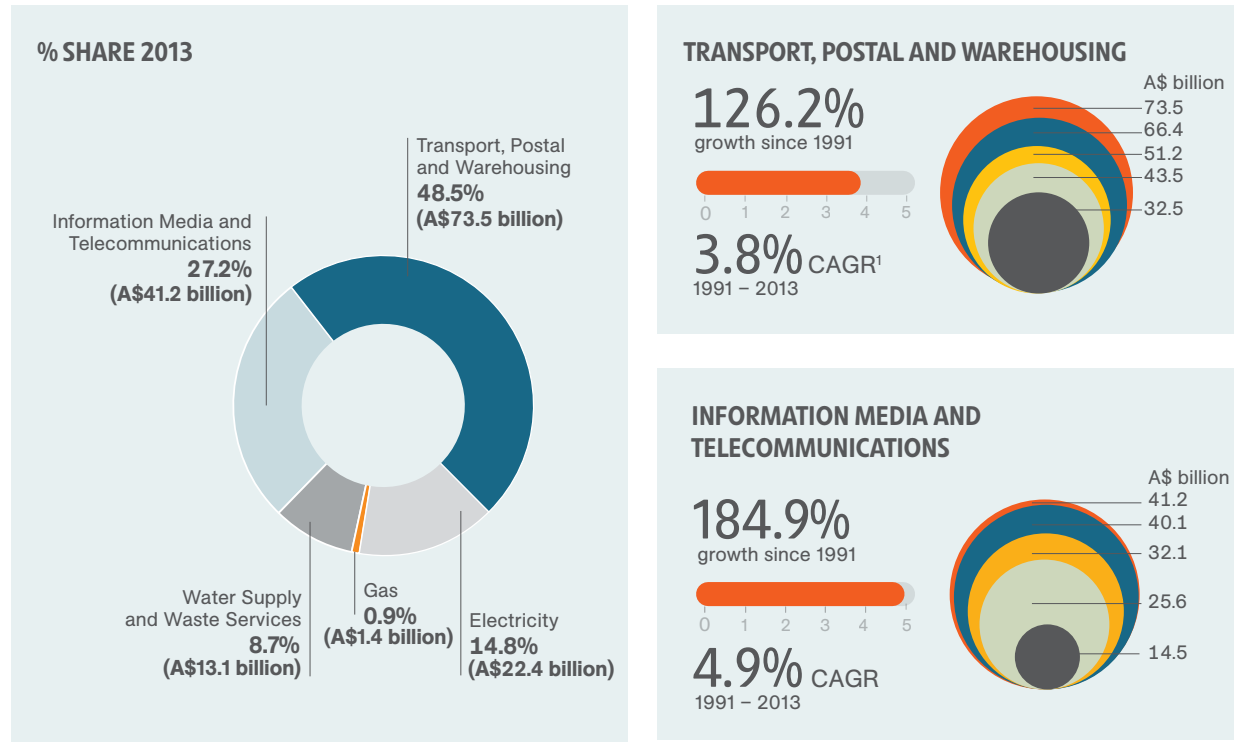
Source: Australian Bureau of Statistics, Cat. No. 8762.0, *Engineering Construction Activity, Australia, December 2013*, Table 09 (released 02 April 2014); Austrade

A strong infrastructure pipeline

After peaking at A\$157 billion in 2012, the total value of engineering construction projects outstanding is now estimated at around A\$116 billion in 2013. Though falling by 25 per cent last year, the latest value is still 11 times the size of the recorded value a decade earlier. The strong investment pipeline was primarily driven by engineering construction in oil, gas, coal and other minerals, which accounts for over 70 per cent of all sectors. The engineering construction sector recorded a compound annual growth rate of about 36 per cent between 2003 and 2013.

AUSTRALIA'S REAL GROSS VALUE ADDED OF MAJOR INFRASTRUCTURE INDUSTRIES

Total value ending December 2013



1. CAGR = Compound Annual Growth Rate

Source: Australian Bureau of Statistics, Cat. No. 5206.0 – Australian National Accounts: National Income, Expenditure and Product, December 2013, Table 6. Gross Value Added by Industry, Chain Volume Measures (released 5 March 2014); Austrade

Growth

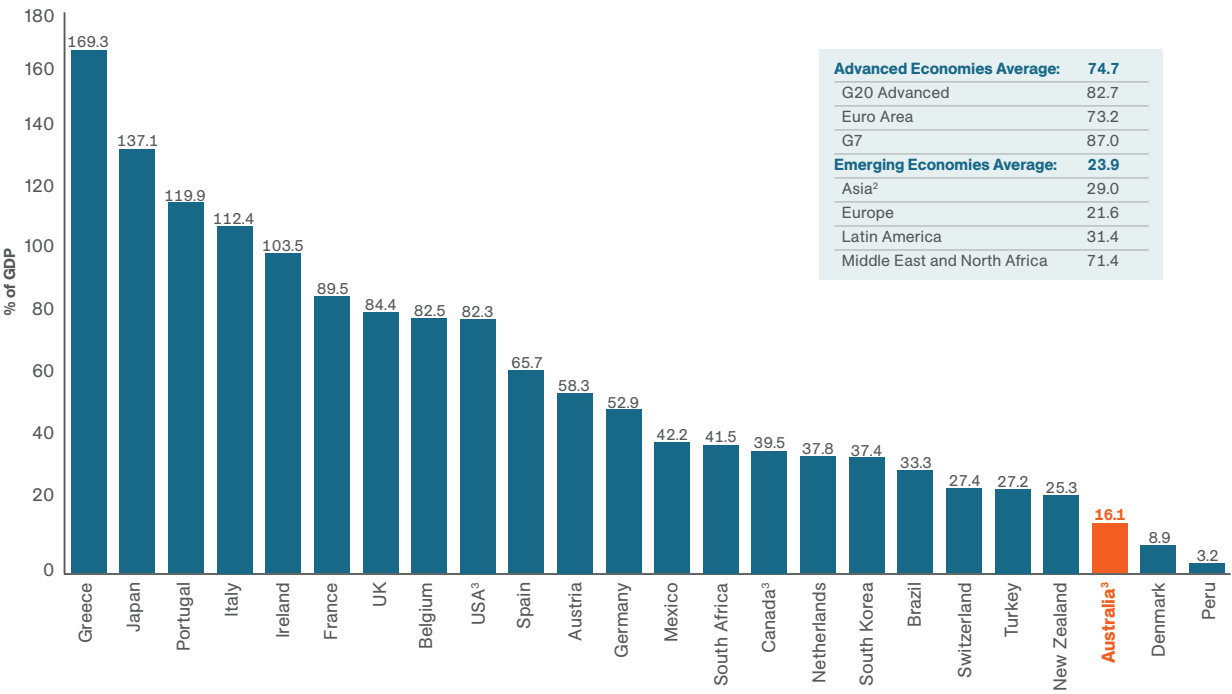


Infrastructure: a key part of the Australian economy

The contribution of Australia's infrastructure industries to the economy has been significant, accounting for around 10 per cent of the nation's economic output in 2013. Transport, postal and warehousing, and information media and telecommunications make up the bulk of this sector and have experienced significant growth since 1991, achieving total growth of 126 per cent and 185 per cent respectively. Compound annual growth for these two subsectors was 3.8 per cent and 4.9 per cent respectively, well above the all-industries average growth of 3.4 per cent.

GENERAL GOVERNMENT NET DEBT¹ – 2014

As a percentage of GDP



1. International Monetary Fund (IMF) staff estimates and projections. Projections are based on staff assessment of current policies

2. Gross debt as a percentage of GDP

3. For cross-country comparability, gross and net debt levels reported by national statistical agencies for countries that have adopted the 2008 System of National Accounts (Australia, Canada and United States) are adjusted to exclude unfunded pension liabilities of government employees' defined benefit pension plans

Source: International Monetary Fund (IMF) Fiscal Monitor, April 2014, Statistical Tables 4 and 8; Austrade

Australian government debt is one of the world's lowest

In its April 2014 *Fiscal Monitor*, the International Monetary Fund estimated the Australian Government's net debt would be 16.1 per cent of GDP in 2014, well below the 74.7 per cent forecast for advanced economies. The low public-sector debt reinforces Australia's strong financial position and sound economic credentials.



SECTION 2

INNOVATION

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INNOVATION



**Australia's CSIRO ranks in the Top 1%
of the world's scientific institutions
in 15 of 22 research fields**

Australia is a world-class innovation destination, built on solid foundations of modern ICT infrastructure, high levels of investment, generous R&D tax incentives for businesses and strong intellectual property protection.

Australia's research institutions have enhanced the nation's reputation for innovation by delivering high-quality research outcomes, and increasing R&D contribution and collaboration both domestically and internationally.

Robust economic performance over the past two decades has also encouraged Australian businesses to invest strongly in R&D.

This has helped Australia develop an impressive track record of world-class outcomes and capabilities. Importantly, the country also provides numerous R&D collaboration and technology investment opportunities for international partners.

HOW AUSTRALIA COMPARES WITH LEADING OECD COUNTRIES: KEY INNOVATION INDICATORS

		Australia	Canada	France	UK	Germany	Japan	South Korea	Sweden	USA
High levels of innovation investment (% of GDP)										
(a) Gross Domestic Expenditure on R&D (GERD) ¹	2012	2.13	1.69	2.29	1.73	2.98	3.35	4.36	3.41	2.79
(a) Higher Education Expenditure on R&D (HERD) ¹	2012	0.63	0.65	0.47	0.46	0.53	0.45	0.41	0.92	0.39
(a) Business Expenditure on R&D (BERD) ¹	2012	1.24	0.88	1.48	1.10	2.02	2.57	3.40	2.31	1.95
Skilled workforce										
(d) Proportion of population aged 25–64 attaining tertiary education	2011	38.3	51.3	29.8	39.4	27.6	46.4	40.4	35.2	42.5
(e) Employment in knowledge-intensive services (% of workforce) ²	2010	42.9	42.4	43.2	49.5	29.6	28.4	22.4	32.9	36.3
(i) S&T occupations as a % of total employment ³	2011	36.7	30.0	37.0	28.1	37.3	14.9	19.3	41.5	35.4
World-class research										
(b) Publications in top-quartile journals per 1000 inhabitants ⁴	2009	1.3	1.2	0.7	1.2	0.7	0.4	0.4	1.6	0.9
(f) Share of world's top 1% highly cited publications, natural sciences and engineering	2011	5.5	7.4	8.0	14.2	12.2	4.8	2.7	3.1	47.1
(c) Quality of scientific institutions scores ⁵	2012–13	5.7	5.5	5.6	6.2	5.8	5.7	4.9	5.5	6.0
(h) Number of universities in Top 100	2013	5	4	3	9	4	4	0	3	53
Entrepreneurship										
(g) Administrative burden on start-ups (0 = best)	2008	0.25	0.28	0.43	0.19	0.16	0.24	0.52	0.28	0.33
(i) Ease of entrepreneurship index	2008	4.9	4.9	4.7	5.2	4.7	4.6	4.9	5.1	4.8
World-class ICT infrastructure										
(b) Business access to broadband ⁶	2012	97.1	94.9	97.6	93.4	90.6	84.0	98.4	96.8	NA
(b) ICT investment ⁷	2009	13.8	17.0	16.3	23.8	12.6	13.5	11.1	24.7	31.5

Note: Countries ranked are selected as having the best reputation for innovation according to the GE 2012 Global Innovation Barometer.

1. Based on OECD, Main Science and Technology Indicators Dataset, except for Australia, which is Department of Industry. 2. Based on 2010 data except for Australia, Canada, USA and South Korea, which is 2008 data. 3. 2011 data, except for Australia and UK, which is 2010, and Japan, which is 2008. S&T – science and technology. 4. Published in the most influential 25% of the world's scholarly journals as ranked by SCImago Journal (2009). 5. 1 = extremely poor; 7 = extremely good, in 2013–14 weighted average. 6. Percentage of businesses with 10 or more employees; 2012 data except for Australia, which is 2010–11, and South Korea, which is 2010. 7. % of non-residential gross fixed capital formation, total economy; 2009 data, except for Australia and Japan, which is 2008, and UK, which is 2007.

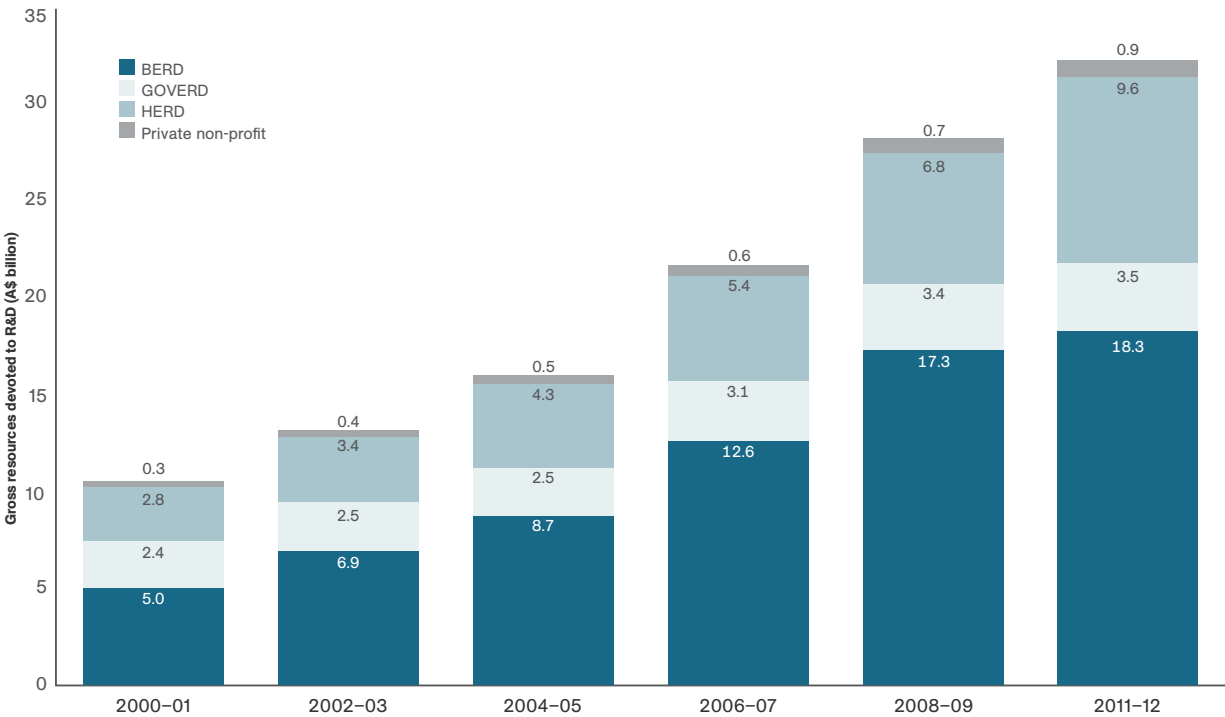
Sources: (a) OECD, Main Science and Technology Indicators Dataset (data extracted 4 June 2014); (b) OECD, Science, Technology and Industry Scoreboard 2011; (c) WEF, Global Competitiveness Report 2013–14; (d) OECD, Education at a Glance 2013; (e) Global Innovation Index 2013; (f) InCites™, Thomson Reuters (2011); (g) The Global Innovation Policy Index (2012); (h) Academic Ranking of World Universities (Shanghai Index 2013); (i) OECD Science, Technology and Industry Outlook 2012

Australia has a world-class innovation environment

Australia's research institutions have a solid reputation for quality and rank favourably with other leading innovative countries, supporting the country's position as a source of world-class research and innovation. Australian researchers produce 5.5 per cent of the world's most cited publications and the country ranks as one of the top in terms of the number of articles published in highly influential journals as a percentage of population. Australia also has a strong intellectual property protection regime, quality-enabling ICT infrastructure, high levels of R&D investment and a generous R&D tax incentive.

AUSTRALIA'S GROSS EXPENDITURE ON RESEARCH AND DEVELOPMENT

A\$ billion by category



BERD = Business Expenditure on Research & Development

GOVERD = Government Expenditure on Research & Development

HERD = Higher Education Expenditure on Research & Development

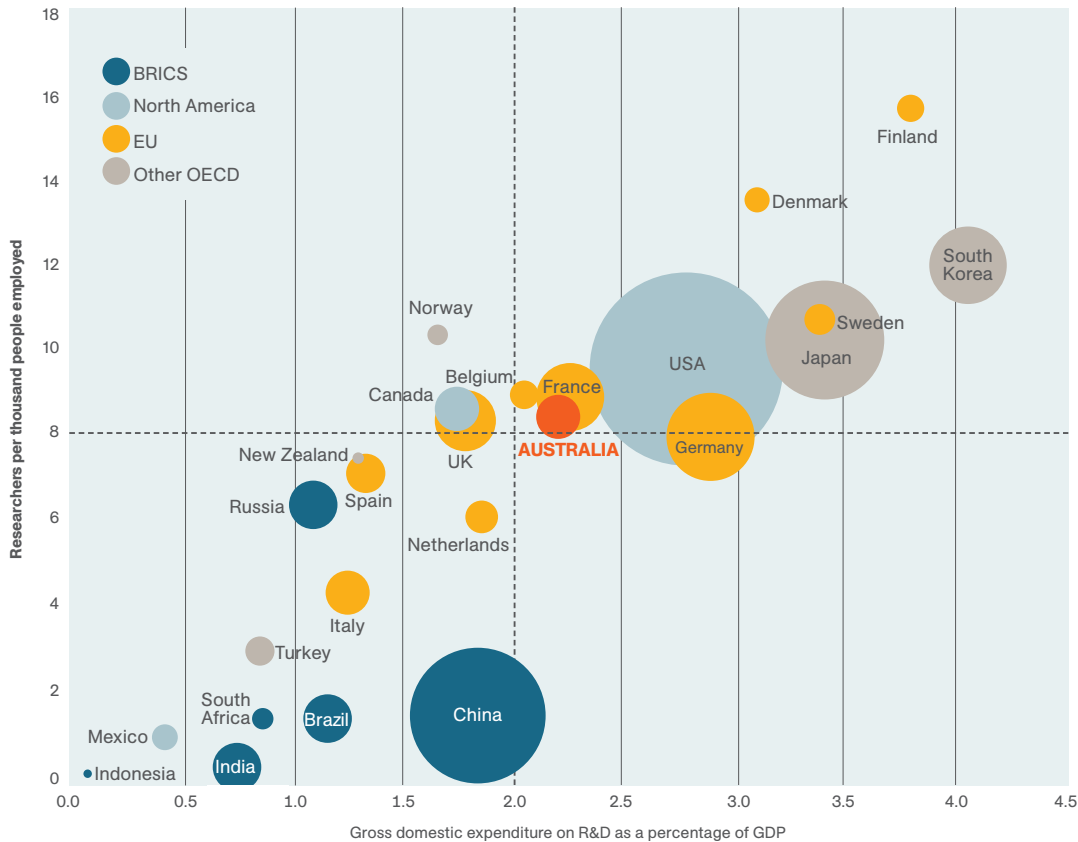
Sources: Australian Bureau of Statistics (ABS), 81040DO001_201112 Research and Experimental Development, Businesses, Australia, 2011-12 (released 6 Sep 2013); ABS Cat No. Research and Experimental Development, Australia, Government and Private Non-Profit Organisations (released 14 June 2013); ABS Cat. N. 8111.0 – Research and Experimental Development, Higher Education Organisations, Australia, 2012 (released 20 May 2014); Austrade

Australian industry: a rapidly growing source of R&D expenditure

Australia's annual gross R&D expenditure rose by 11 per cent per annum between 2000-01 and 2011-12 to reach A\$32 billion. Business Expenditure on R&D (BERD) makes up the largest portion of this figure, rapidly expanding from A\$5 billion in 2000-01 to A\$18.3 billion in 2011-12. This represents a compound annual growth rate of 12.6 per cent, well above Australia's nominal GDP growth rate of 6.9 per cent.

WORLD OF RESEARCH AND DEVELOPMENT

Size of circle reflects the relative amount of annual R&D spending (in 2005 US\$ in constant prices and Purchasing Power Parity terms)

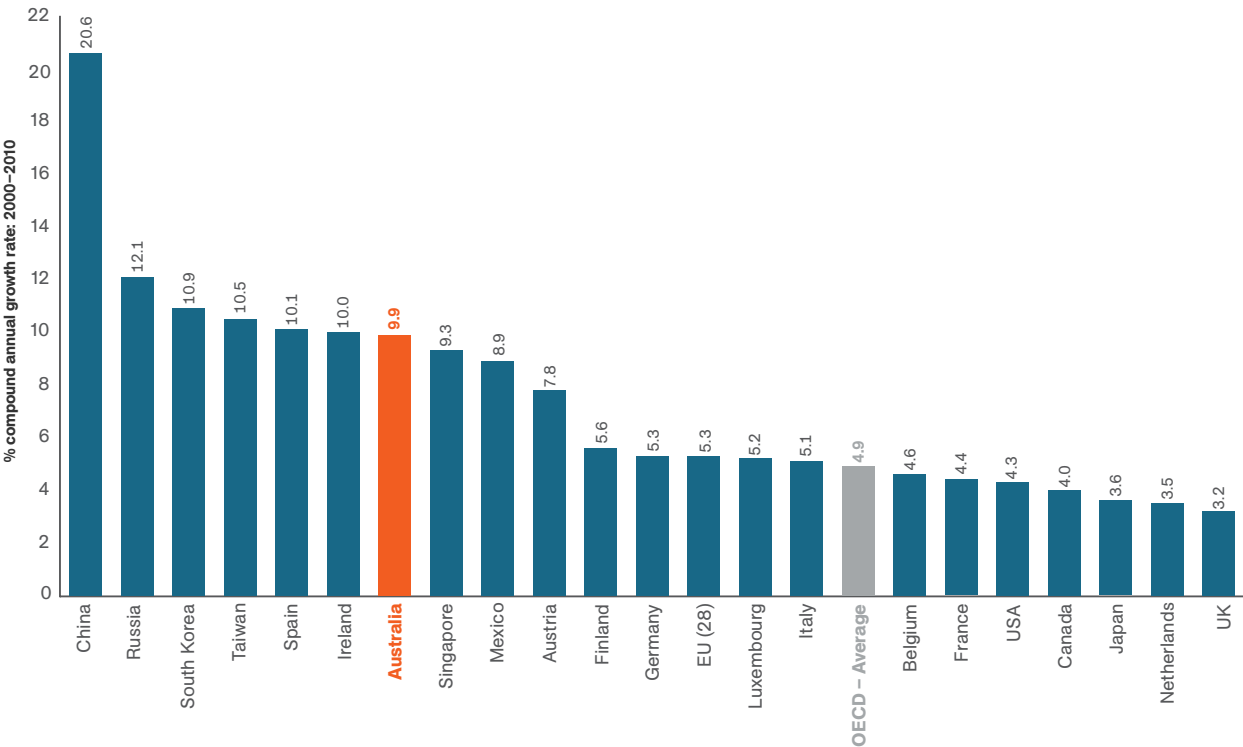


Source: OECD, Main Science and Technology Indicators Database, Brazil's Ministry of Science, Technology and Innovation and UNESCO Institute for Statistics, June 2013; Austrade

Australia is well placed among leading innovative economies

With strong R&D expenditure as a percentage of GDP in Purchasing Power Parity terms and a high proportion of researchers, Australia is placed among the leading innovative countries in the world, including the USA, Japan and France.

GROSS DOMESTIC EXPENDITURE ON RESEARCH AND DEVELOPMENT¹



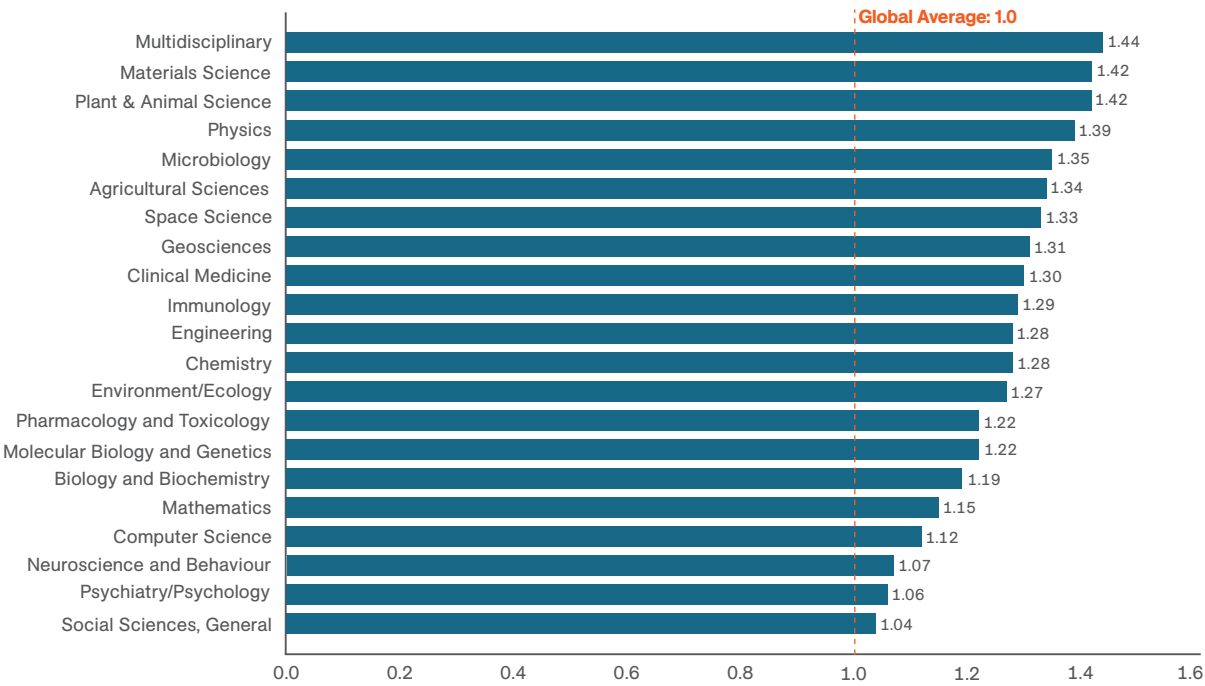
1. Based on Gross Domestic Expenditure on R&D – GERD (million current PPP US\$)
Source: OECD Dataset: Main Science and Technology Indicator (data extracted on 11 Jun 2014 from OECD.Stats); Austrade

Australia is one of the fastest-growing R&D spending economies

Gross R&D expenditure in Australia has increased on average by 10 per cent a year between 2000 and 2010, twice the OECD average of 4.9 per cent. Australia's expenditure on R&D at 2.2 per cent of GDP is above that of Singapore, Canada, UK and China.

RELATIVE IMPACTS OF AUSTRALIAN SCIENTIFIC PUBLICATIONS BY RESEARCH FIELD

2008-12



Source: Thomson ISI, Essential Science Indicators Database, 2013; Austrade

Australian scientific research has a major impact

Across 21 scientific research fields, more than 70 per cent of Australia's major scientific research publications have a relative impact of at least 20 per cent above the global average. Among Australia's strongest categories of published research are materials science, plant and animal science, physics, microbiology, agricultural sciences and space science.

AUSTRALIAN UNIVERSITIES' WORLD RANKINGS

The Academic Ranking of World Universities ¹ – 2013		Times Higher Education World University Rankings ² – 2013–2014	
Institution	World Rank	Institution	World Rank
University of Melbourne	54	University of Melbourne	34
Australian National University	66	Australian National University	48
University of Queensland	85	University of Queensland	63
University of Western Australia	91	University of Sydney	72
University of Sydney	97	Monash University	91
Monash University	101-150	University of New South Wales	114
University of New South Wales	101-150	University of Western Australia	168
Macquarie University	201-300	University of Adelaide	201-225
University of Adelaide	201-300	University of Newcastle	251-275
Flinders University	301-400	Macquarie University	276-300
Griffith University	301-400	Queensland University of Technology	276-300
James Cook University	301-400	University of Wollongong	276-300
Swinburne University of Technology	301-400	Deakin University	301-350
University of Newcastle	301-400	Murdoch University	301-350
University of Tasmania	301-400	University of South Australia	301-350
University of Wollongong	301-400	University of Technology, Sydney	301-350
Curtin University of Technology	401-500	Charles Darwin University	351-400
La Trobe University	401-500	Swinburne University of Technology	351-400
University of Technology, Sydney	401-500	University of Tasmania	351-400

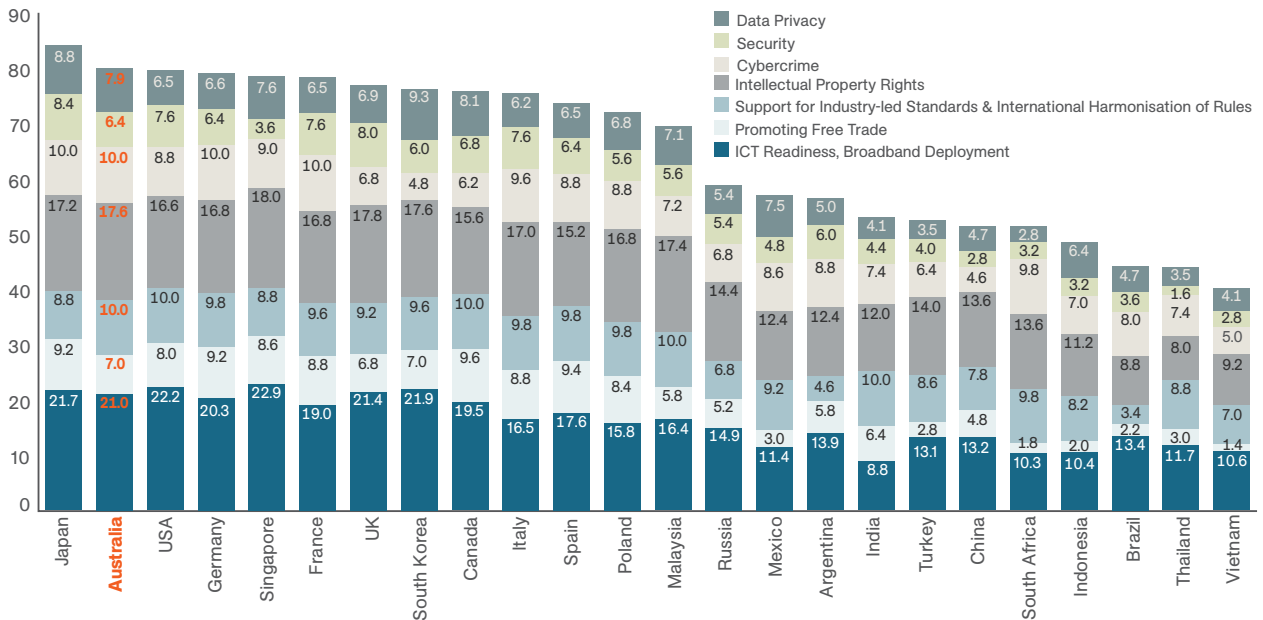
1. **The Academic Ranking of World Universities (ARWU)** uses six objective indicators to rank world universities, including the number of alumni and staff winning Nobel Prizes and Fields Medals, number of highly cited researchers selected by Thomson Scientific, number of articles published in journals of Nature and Science, number of articles indexed in Science Citation Index – Expanded and Social Sciences Citation Index, and per capita performance with respect to the size of an institution. More than 1000 universities are actually ranked by ARWU every year and the best 500 are published on the web.
2. **The Times Higher Education World University Rankings** 2013–2014, powered by Thomson Reuters, are the global university performance tables to judge world-class universities across all of their core missions – teaching, research, knowledge transfer and international outlook. The top universities rankings employ 13 carefully calibrated performance indicators to provide the most comprehensive and balanced comparisons available, which are trusted by students, academics, university leaders, industry and governments.

Sources: *The Academic Ranking of World Universities (Shanghai Index 2013); Times Higher Education World University Rankings 2013–2014; Austrade*

Australia's academic and research institutions are among the best in the world

Australia is home to 19 of the top 500 universities according to the *Academic Ranking of World Universities* for 2013. Half of the country's universities are listed in the *Times Higher Education World University Ranking for 2013–2014 Top 400* and five are in the Top 100. Australia ranks in the top four along with the USA, UK and Germany for the number of universities in the *Top 400*.

BSA GLOBAL CLOUD COMPUTING SCORECARD 2013



Source: Business Software Alliance, BSA Global Cloud Computing Scorecard (released 7 March 2013), pages 10–11; Austrade

A cloud-ready economy

Australia is ideally positioned to capitalise on the cloud computing revolution, claiming its place as a world leader in cloud computing policies for a second straight year. The 2013 BSA Global Cloud Computing Scorecard ranked Australia second after Japan in an annual report that measures 24 economies which make up 80 per cent of the global ICT market.

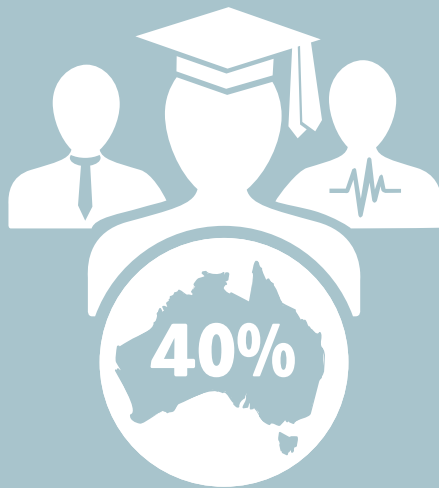


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TALENT

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TALENT



**Almost 40 per cent of
Australia's workforce holds
a tertiary qualification**

The Australian labour force is one of the most educated, multicultural and multilingual in the world.

Investors can access highly skilled, innovative workers who are equally at home in both Western and Asian cultures. Around 40 per cent of Australia's workforce holds a tertiary qualification or advanced diploma, and more than a quarter was born overseas.

Australia's education system ranks in the global top 10. The country's world-class universities attract students from across the globe and produce high-quality research outcomes.

Growth in labour productivity continues to outpace labour costs. Labour productivity growth in terms of GDP per person employed within Australia is also expected to outperform many other developed economies in 2014.

WORKFORCE SKILL BASE COMPARISONS

	Australia	USA	UK	China	Japan	South Korea	India	Hong Kong	Singapore
Global Competitiveness Report 2013–14 Ranking^(a) in:									
Secondary Education Enrolment Rate	1	49	21	90	27	47	110	93	18
Quality of Scientific Research Institutions	8	5	3	41	9	24	37	31	11
Tertiary Education Enrolment Rate	11	3	36	83	37	1	98	34	20
Reliance on Professional Management	11	15	9	44	17	43	46	28	8
Higher Education and Training	15	7	17	70	21	19	91	22	2
World Competitiveness Yearbook 2014 Ranking^(b) in:									
Education system	10	21	23	48	27	29	35	16	3
Foreign high-skilled people	11	2	8	18	48	43	39	9	3
Ethical practices	12	15	13	33	8	54	52	24	18
Nobel Prizes per capita ¹	12	6	5	25	19	=27	26	17	=27
UNDP's Human Development Report 2013 Ranking^(c) in:									
Human Development Index	2	3	26	101	10	12	136	13	18

1. Awarded in physics, physiology and medicine or economics per million people (updated May 2014)

Sources: (a) World Economic Forum, Switzerland and Harvard University, *Global Competitiveness Report 2013–14* (updated September 2013, 148 economies);

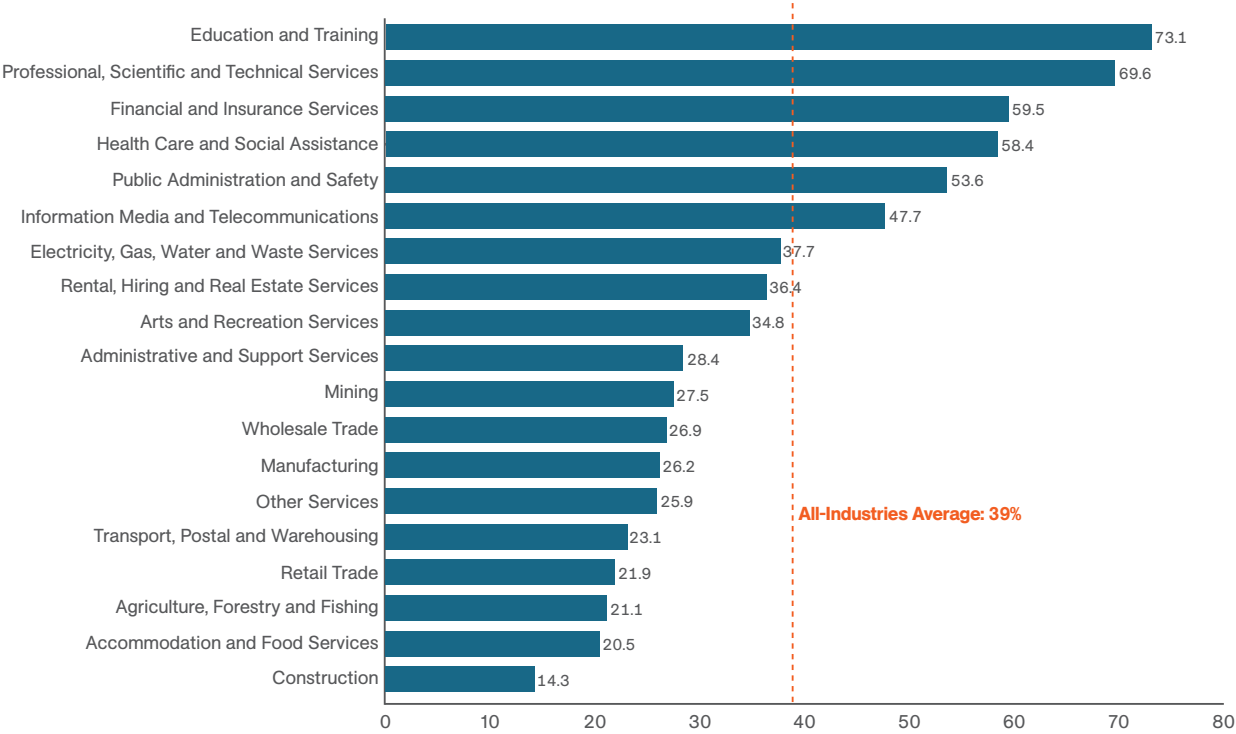
(b) International Institute for Management Development (IMD), Switzerland, *IMD World Competitiveness Online 1995–2014* (updated May 2014, 60 economies);

(c) The United Nations Development Programme (UNDP), *Human Development Report 2013* (published 14 March 2013, 185 economies), Table 1; Austrade

World's highest secondary education enrolment rate

International studies recognise the high levels of skill and education that make up Australia's workforce. According to the World Economic Forum's *Global Competitiveness Report 2013–14*, Australia's secondary education enrolment rate is the world's highest. Australia also ranked second in the United Nations Development Programme's *Human Development Report 2013*, which measures a country's investment in its people.

PERCENTAGE EMPLOYED PERSONS WITH TERTIARY EDUCATION BY INDUSTRY¹ – 2013

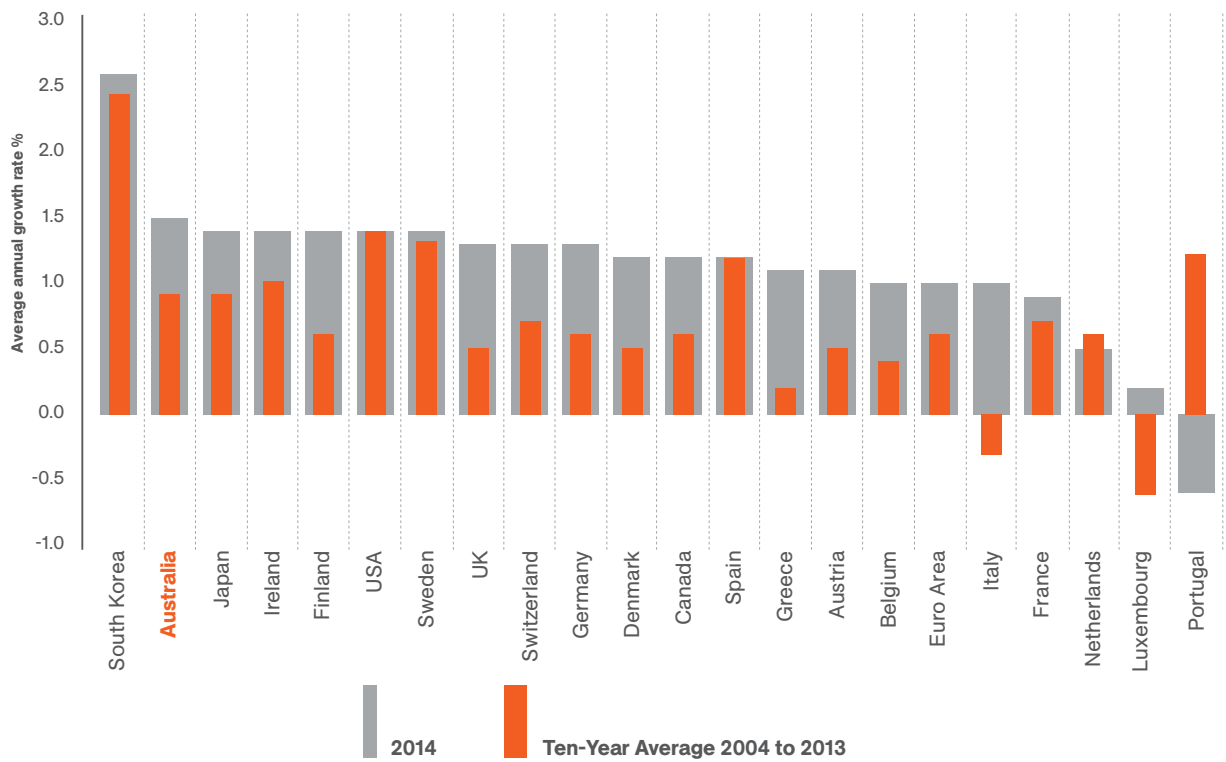


1. In this statistical release, tertiary education refers to Advanced Diploma/Diploma or higher
Source: Australian Bureau of Statistics, Cat. No. 62270 DO 001-201205, Education and Work, Australia, May 2013, Table 11 (released 29 November 2013); Austrade

A highly educated workforce

Australia has one of the most highly educated workforces in the world, with almost 40 per cent of workers on average holding a tertiary qualification or advanced diploma. In five major sectors, including education, professional, scientific and technical services, financial services and healthcare, over half the workforce has a tertiary qualification or higher.

LABOUR PRODUCTIVITY GROWTH (GDP PER PERSON EMPLOYED, % INCREASE)



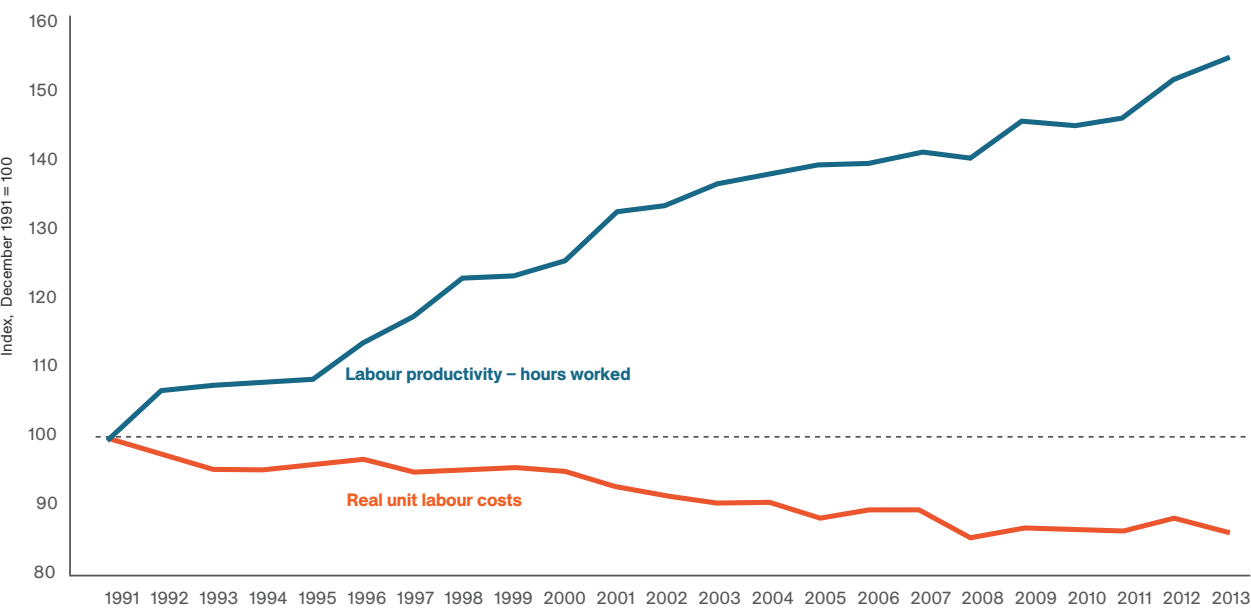
Source: OECD Economic Outlook, Volume 2013 Issue 2, Statistical table annex 12. Labour productivity in the total economy, Version 1 (last updated 4 December 2013); Austrade

A strong platform for increased productivity levels

Australia's labour productivity growth in terms of GDP per person employed is expected to outperform many other developed economies in 2014, according to the latest *OECD Economic Outlook*. Australia's increasing labour productivity is a function of a highly skilled, innovative, multilingual workforce and long-term investment in education and training.

AUSTRALIA'S LABOUR PRODUCTIVITY AND COSTS

As at 31 December each year



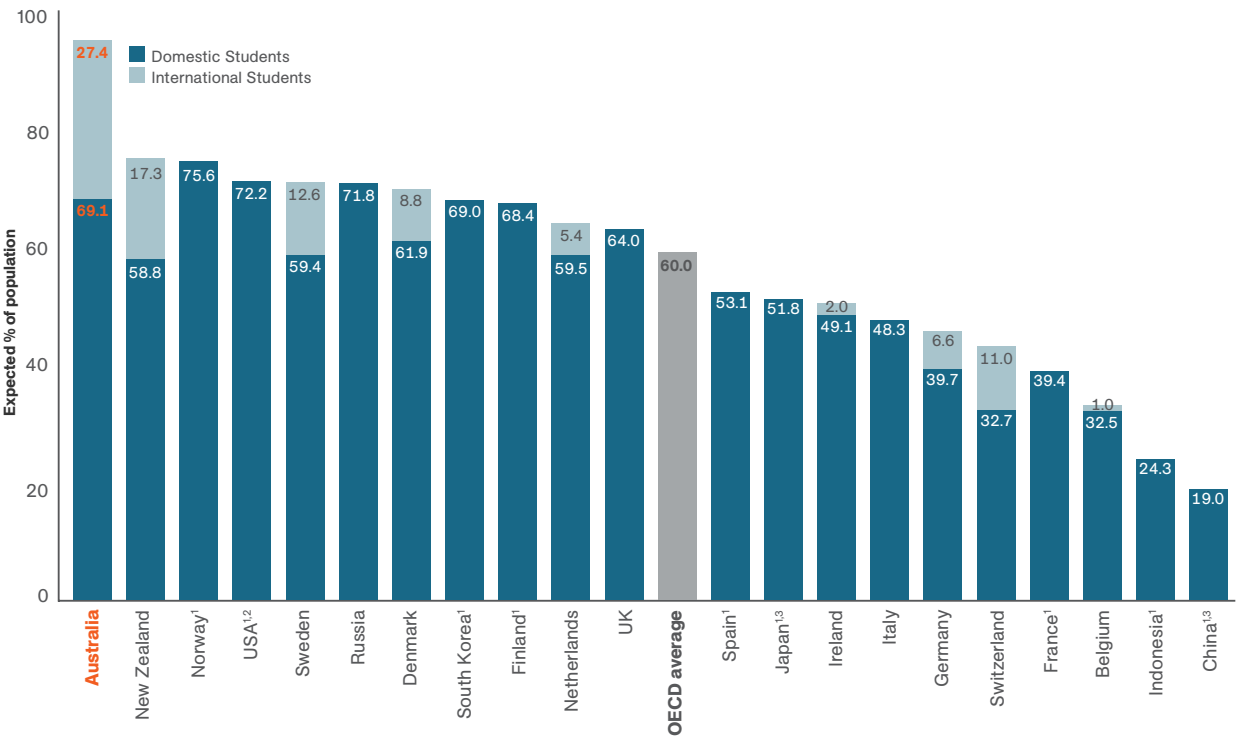
Source: Australian Bureau of Statistics, Cat. No. 5206.0 – Australian National Accounts: National Income, Expenditure and Product, Table 1. Key National Accounts Aggregates and Table 38. Unit Labour Costs (released 5 March 2014); Austrade

Growth in productivity outpacing labour costs

Australia has enjoyed a sustained period of labour productivity growth exceeding growth in real wages. Over Australia's 22 years of consecutive economic growth, labour productivity has recorded a compound annual growth rate of 1.7 per cent, while real unit labour costs have fallen by 0.6 per cent each year. Australia has experienced particularly strong labour productivity growth over the past two years, with growth of 3.1 per cent in 2012 and 1.9 per cent in 2013. During this same period, real unit labour costs have broadly remained stable, indicating that effective cost of labour has remained in line with productivity improvements.

ENTRY RATES INTO TERTIARY (THEORY-BASED) EDUCATION – 2011

Tertiary education in largely theory-based programs



Note: Entry rates represent the percentage of an age cohort that is expected to enter a tertiary program over a lifetime.

1. New entrants data for international students is not specified

2. The entry rates for tertiary type-A programs include the entry rates for tertiary type-B programs. Type-A refers to largely theory-based programs designed to provide qualifications for entry to advanced research programs and professions with high skill requirements, such as medicine, dentistry or architecture. Duration >3 years full-time and not exclusively offered at universities. Type-B refers to shorter programs focused on practical, technical or occupational skills for direct entry into the labour market, although some theoretical foundations may be covered. Minimum 2 years full-time equivalent at the tertiary level

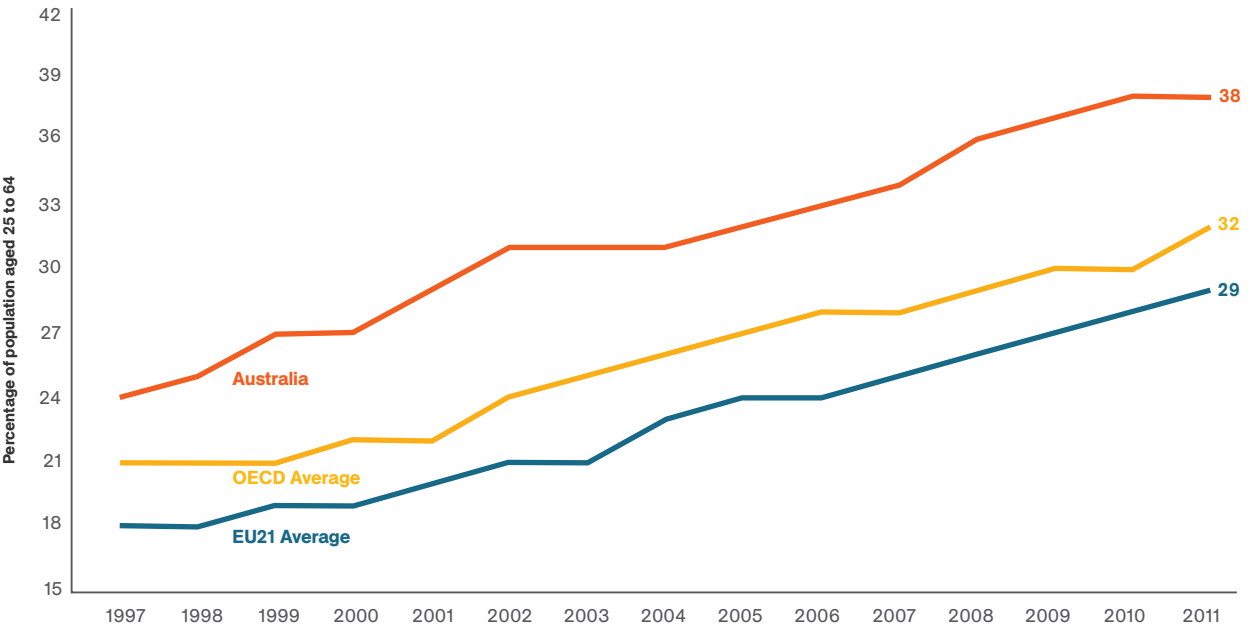
3. New entrants data by age is not specified

Source: OECD, *Education at a Glance 2013*, Table C3.1, (last updated 24 June 2013); Austrade

Global leader for tertiary education entry rates

According to OECD research, more Australians are expected to enter a tertiary education program for the first time during a lifetime than any other nationality. Australia has one of the highest entry rates into tertiary type-A education in the world (96 per cent), well above the OECD average (60 per cent), the USA (72 per cent), the Netherlands (65 per cent) and the UK (64 per cent). This rate also reflects the high proportion of international students enrolled in tertiary type-A education within Australia.

TERTIARY EDUCATION ATTAINMENT

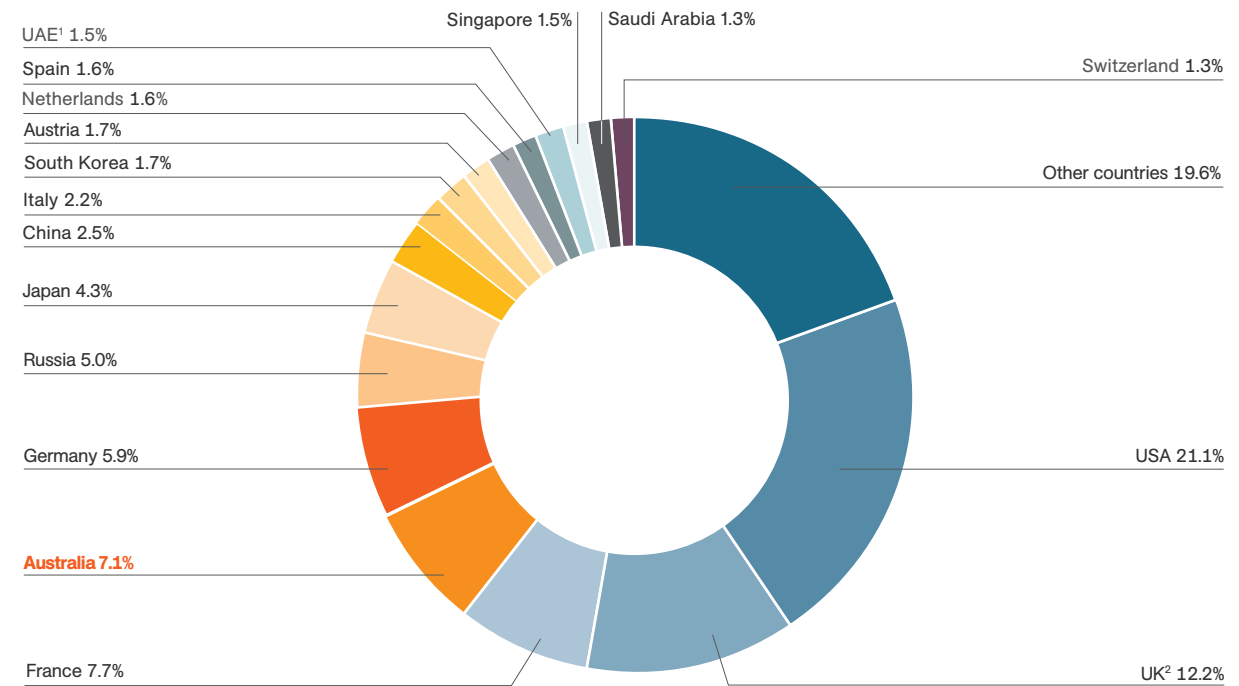


Source: OECD, *Education at a Glance 2013: OECD Indicators*, Table A1.3a (last updated 24 June 2013); Austrade

Australia's labour force is highly qualified

The proportion of Australia's labour force with tertiary qualifications continues to increase as Australia's education attainment grows faster than the OECD and EU21 averages. From 2005 to 2011, the proportion of Australia's working population aged 25–64 with tertiary qualifications increased by 6.7 per cent from 31.7 per cent to 38.3 per cent. This was ahead of the OECD average increase of 4.5 per cent and the EU21 average increase of 4.7 per cent.

DISTRIBUTION OF FOREIGN STUDENTS IN TERTIARY EDUCATION BY COUNTRY OF DESTINATION – 2012



1. United Arab Emirates
2. United Kingdom of Great Britain and Northern Ireland

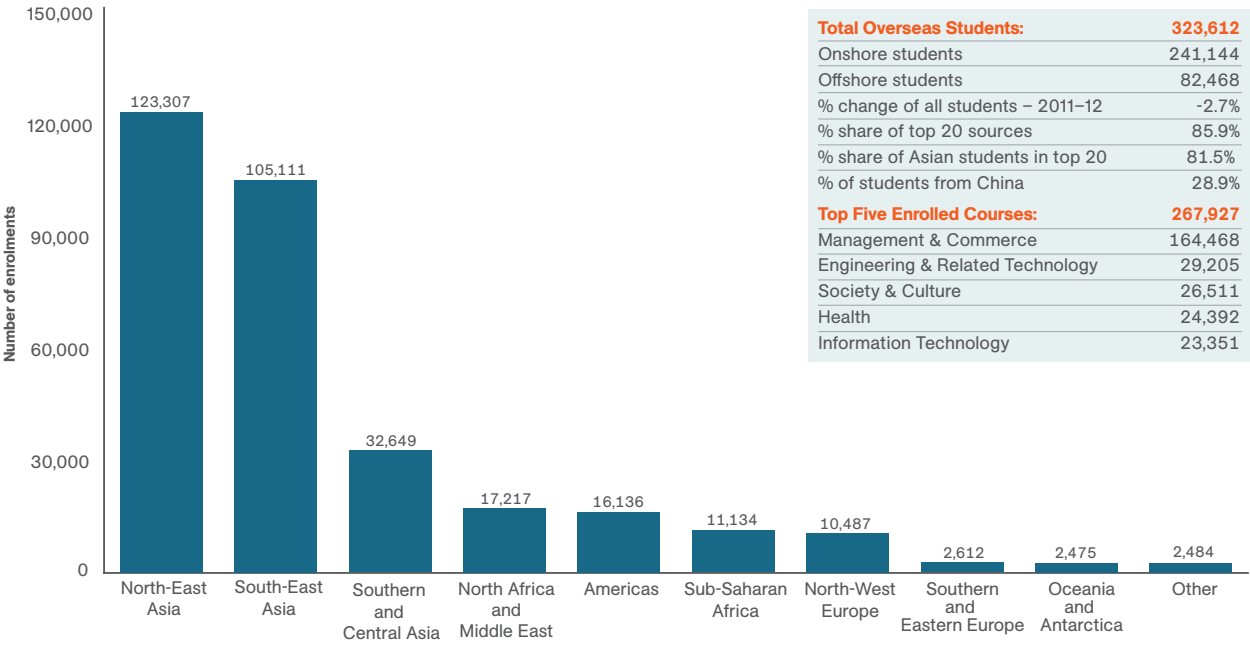
Source: United Nations Educational, Scientific and Cultural Organization (UNESCO), Institute for Statistics, Education, Total inbound internationally mobile students, both sexes (data extracted on 11 Jun 2014); Austrade

Australia is one of the top destinations for international students

Australia is the fourth most popular destination for students reported to be studying outside of their home countries, attracting more international students than much larger economies like Germany and Japan.

ALL OVERSEAS STUDENTS BY REGIONAL GROUPING – 2012¹

Enrolled in Australian higher education courses² – onshore and offshore, 2012



1. All Overseas Students by Country of Permanent Home Residence

2. This series – ‘Students: Selected Higher Education Statistics’ – contains statistics relating to students enrolled in higher education courses in each Australian Higher Education Provider. Data is reported in numbers and Equivalent Full-time Student Load (EFTSL)

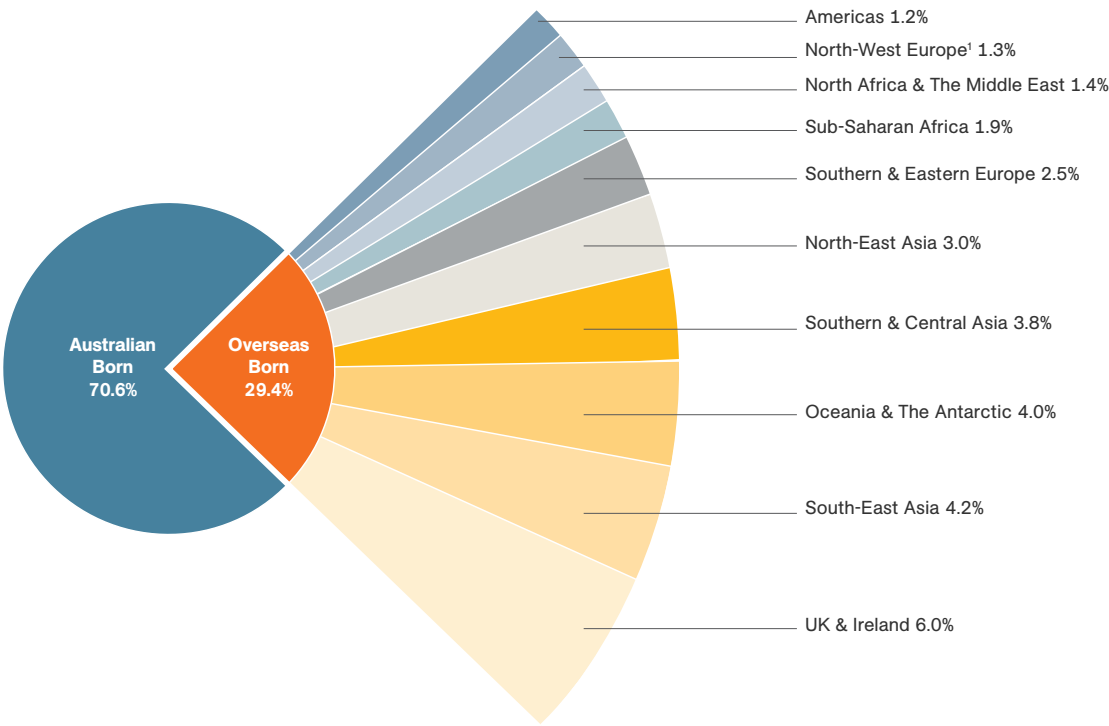
Source: Department of Industry, 2012 Student Full Year: Selected Higher Education Statistics Publication, Tables 7.2, 7.4 and 7.5; Austrade

A first choice destination within the Asian region

Australia is a ‘first choice’ education destination across Asia. With nearly 60 per cent of the 323,000 international students in Australia studying management, commerce and information technology, the country is a hub for business and digital-related education in the region.

AUSTRALIA'S LABOUR FORCE BY BIRTHPLACE – 2014

Total labour force as at March 2014: 12,323,700



1. Excluding UK and Ireland

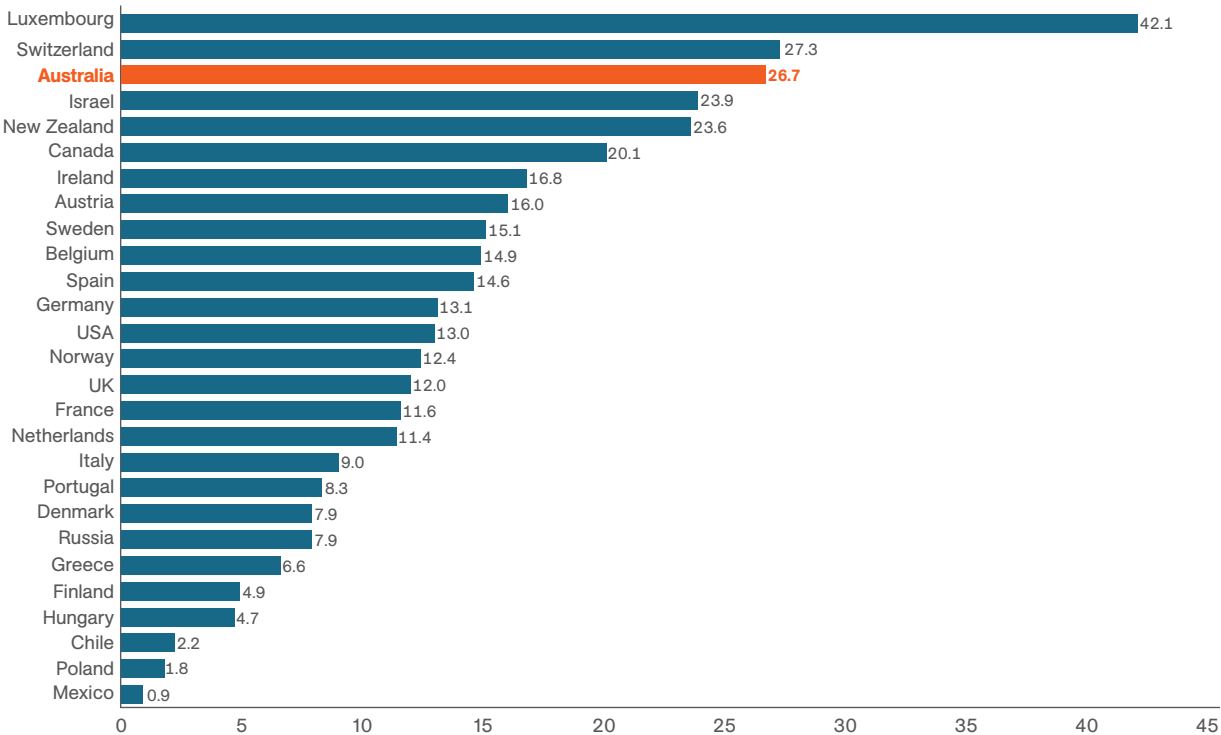
Source: Australian Bureau of Statistics, Cat. No. 6291.055.001 – Labour Force, Australia, Detailed – Electronic Delivery, March 2014, data cubes LM6 (released 17 April 2014); Austrade

A multicultural labour force

More than a quarter of Australia's labour force of 12.3 million people was born overseas. Many foreign-born workers are from Asia or Europe, enriching Australia's reputation for multilingual, multicultural workplaces.

FOREIGN-BORN POPULATION

As a percentage of total population – 2011 or latest available year



Source: The Organisation for Economic Co-operation and Development (OECD), Key statistics on migration in OECD countries, Stocks and flows of immigrants, 2001–2011, Table A.4. Stocks of foreign-born population in OECD countries and the Russian Federation; Austrade

Most culturally diverse country in the Asia-Pacific region

Australia is the most culturally diverse country in the Asia-Pacific region. The availability of multilingual, culturally diverse and highly skilled personnel means Australia offers access to a workforce well-equipped with the cultural understanding and language capabilities to service international businesses in their own languages.

MAJOR ASIAN LANGUAGES SPOKEN IN AUSTRALIAN HOMES¹ – 2011

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
Chinese languages:									
Cantonese	136,374	72,902	22,255	9,000	18,007	840	685	3,475	263,675
Mandarin	139,825	103,744	38,117	16,499	28,035	2,089	1,198	6,677	336,410
Other	19,279	18,481	4,347	2,612	4,540	327	783	839	51,243
Total	295,478	195,127	64,719	28,111	50,582	3,256	2,666	10,991	651,328
Indo-Aryan languages:									
Hindi	52,782	32,705	13,188	4,417	5,011	506	430	2,315	111,352
Punjabi	21,538	31,066	7,911	4,426	4,819	225	275	977	71,230
Sinhalese	9,386	28,165	4,282	1,728	2,933	159	225	1,316	48,193
Other	75,647	36,218	14,051	9,183	11,139	966	997	3,853	152,069
Total	159,353	128,154	39,432	19,754	23,902	1,856	1,927	8,461	382,844
Other Asian languages:									
Arabic	184,252	68,436	11,422	7,468	11,959	910	303	2,422	287,178
Vietnamese	87,501	86,594	21,853	15,970	16,523	284	879	3,787	233,388
South-East Asian Austronesian languages:									
Tagalog and Filipino	58,225	31,063	21,104	6,794	13,962	792	3,034	1,873	136,860
Indonesian	24,781	13,877	4,427	1,549	9,084	172	950	1,012	55,869
Other	4,496	6,145	3,049	1,485	6,464	263	510	380	23,461
Total	87,502	51,085	28,580	9,828	29,510	1,227	4,494	3,265	216,190
Korean	47,420	10,329	12,737	3,058	3,942	506	257	1,544	79,786
Iranic languages	27,508	21,875	5,947	7,238	7,959	234	71	1,091	71,933
Tamil	21,527	17,451	3,479	1,702	4,079	214	281	1,416	50,150
Japanese	14,369	8,550	13,085	1,774	4,423	414	195	886	43,692
Thai	15,713	7,638	5,508	1,371	4,568	370	710	798	36,680
Assyrian	21,044	9,873	211	25	124	8	0	42	31,323
Khmer	10,286	11,842	1,887	3,673	1,311	15	167	339	29,518
GRAND TOTAL²	971,953	616,954	208,860	99,972	158,882	9,294	11,950	35,042	2,114,010

1. This list of languages consists of the 'Most common languages spoken at home' responses reported in the 2006 Census. The count of persons is based on place of usual residence

2. Excluding languages not identified individually, 'Inadequately described' and 'Non-verbal, so described'

Source: Australian Bureau of Statistics, Cat. No. 2001, Census of Population and Housing, Basic Community Profiles (released 21 June 2012); Austrade

One in 10 Australians speak an Asian language at home

The spread of Australia's Asian-speaking population across the country highlights Australia's ability to offer a multilingual workforce in a variety of business locations. More than 2.1 million Australians speak an Asian language at home – almost 10 per cent of the total population – and more than 650,000 Australians speak a Chinese language.

MAJOR EUROPEAN LANGUAGES SPOKEN IN AUSTRALIAN HOMES¹ – 2011

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
Italian	83,174	124,857	21,713	33,290	31,445	1,285	750	3,311	299,833
Greek	86,601	116,803	11,402	25,250	5,325	1,201	2,853	2,776	252,217
Spanish	55,627	29,014	15,605	4,909	8,228	835	361	2,923	117,497
German	23,426	20,083	16,349	7,458	8,713	1,667	771	1,882	80,370
Macedonian	29,453	30,945	1,193	729	5,896	20	23	582	68,846
Croatian	22,882	22,166	4,406	3,435	5,936	262	56	2,402	61,548
Turkish	22,269	32,898	1,898	672	1,502	86	50	244	59,624
French	19,012	16,286	9,888	2,143	7,687	702	429	1,598	57,740
Serbian	22,236	17,582	4,643	4,281	5,058	126	48	1,143	55,116
Polish	14,857	16,476	5,107	6,240	6,022	761	95	1,143	50,692
Russian	16,471	16,506	4,817	3,115	2,093	257	71	720	44,059
Dutch	9,290	9,513	7,846	3,106	5,567	1,110	224	592	37,249
Maltese	13,266	18,176	1,419	916	429	27	11	150	34,396
Portuguese	16,300	5,126	4,806	1,056	4,962	90	531	476	33,352
Hungarian	7,023	7,364	3,292	1,474	1,127	151	73	356	20,881
GRAND TOTAL ⁽²⁾	441,887	483,795	114,384	98,074	99,990	8,580	6,346	20,298	1,273,420

1. This list of languages consists of the 'Most common languages spoken at home' responses reported in the 2006 Census. The count is based on place of usual residence
2. Excluding languages not identified individually, 'Inadequately described' and 'Non-verbal, so described'

Source: Australian Bureau of Statistics, Cat. No. 2001, Census of Population and Housing, Basic Community Profiles (released 21 June 2012); Austrade

Australians at home with major European languages

Almost 1.3 million Australians speak a European language other than English at home. Italian, Greek and Spanish are the most common languages spoken. Australia's linguistic diversity is nationwide, ensuring a ready supply of personnel with foreign language skills in all major centres.



SECTION 4

LOCATION

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LOCATION



Top trading partners – China, Japan, USA, South Korea, Singapore

Australia is geographically close to and has longstanding trade, investment and cultural links with the fast-growing Asia-Pacific region.

Ten of Australia's top 12 export markets are within the Asian region. Australian businesses have been trading with Asia-Pacific companies for more than half a century and understand these markets, offering the benefits of experience and established trade and investment ties. This has helped position Australia to play an important role in the region's ongoing development.

Australia remains a top destination for foreign investment and for overseas visitors.

Australia also provides a useful bridge across the world's major time zones, offering 24-hour access for global organisations and a quality of life that is well regarded around the world.

AUSTRALIA'S EXPORTS AND IMPORTS OF GOODS AND SERVICES¹

Rank	Selected Economies	2008	2009	2010	A\$ billion 2011	2012	2013	Share %	Cumulative % Share 2013	% Change 2012–13	CAGR % ² 2008–13
1	China	73.8	85.2	105.3	121.6	125.7	150.9	23.3	23.3	20.1	15.4
2	Japan	76.1	59.4	66.3	72.7	71.3	70.8	10.9	34.2	-0.8	-1.4
3	USA ³	55.1	49.4	49.5	54.1	56.1	54.7	8.4	42.7	-2.5	-0.1
4	South Korea	27.3	24.4	30.1	32.7	31.9	32.1	5.0	47.6	0.6	3.3
5	Singapore	31.2	23.1	21.7	27.8	29.1	27.1	4.2	51.8	-7.1	-2.8
6	New Zealand	23.2	20.6	21.1	21.5	21.0	21.6	3.3	55.1	2.5	-1.5
7	UK	28.6	24.3	22.7	23.3	22.4	19.9	3.1	58.2	-11.1	-7.0
8	Thailand	18.4	19.1	19.8	18.4	18.4	19.5	3.0	61.2	6.2	1.2
9	Malaysia	15.5	13.3	15.5	16.0	17.6	17.9	2.8	64.0	1.4	2.9
10	Germany	15.8	14.4	14.7	15.2	15.7	16.1	2.5	66.5	2.4	0.4
11	India	18.9	20.6	22.0	20.4	17.7	15.2	2.3	68.8	-13.9	-4.3
12	Indonesia	11.6	11.3	12.8	14.8	14.6	14.9	2.3	71.1	2.1	5.0
13	Taiwan	13.5	10.7	12.8	13.6	12.6	12.4	1.9	73.0	-2.1	-1.7
14	Italy	8.4	7.1	7.5	8.0	7.7	8.2	1.3	74.3	7.2	-0.4
15	Hong Kong	7.9	7.4	7.8	7.8	7.5	8.0	1.2	75.5	6.6	0.1
	Other	141.0	117.0	129.3	146.6	155.1	158.6	24.5	100.0	2.2	2.4
	All Economies (BOP Basis)	566.5	507.2	559.0	614.5	624.5	647.8	100.0	–	3.7	2.7
	APEC ³	383.6	349.1	389.7	432.0	438.1	461.1	71.2	–	5.3	3.8
	East Asia	288.2	263.6	302.6	336.8	340.7	366.5	56.6	–	7.6	4.9
	OECD ³	292.0	246.7	261.1	281.5	281.7	277.5	42.8	–	-1.5	-1.0
	ASEAN	89.5	76.4	80.1	88.3	91.5	92.3	14.2	–	0.8	0.6
	EU28 ⁴	92.5	77.5	78.2	81.9	82.1	79.3	12.2	–	-3.3	-3.0

1. Trade in goods is on a recorded trade basis. 2. CAGR = Compound annual growth rate. 3. From 2008, based on unpublished ABS data and includes US confidential aircraft imports. 4. EU27 from 2007 to 2012.

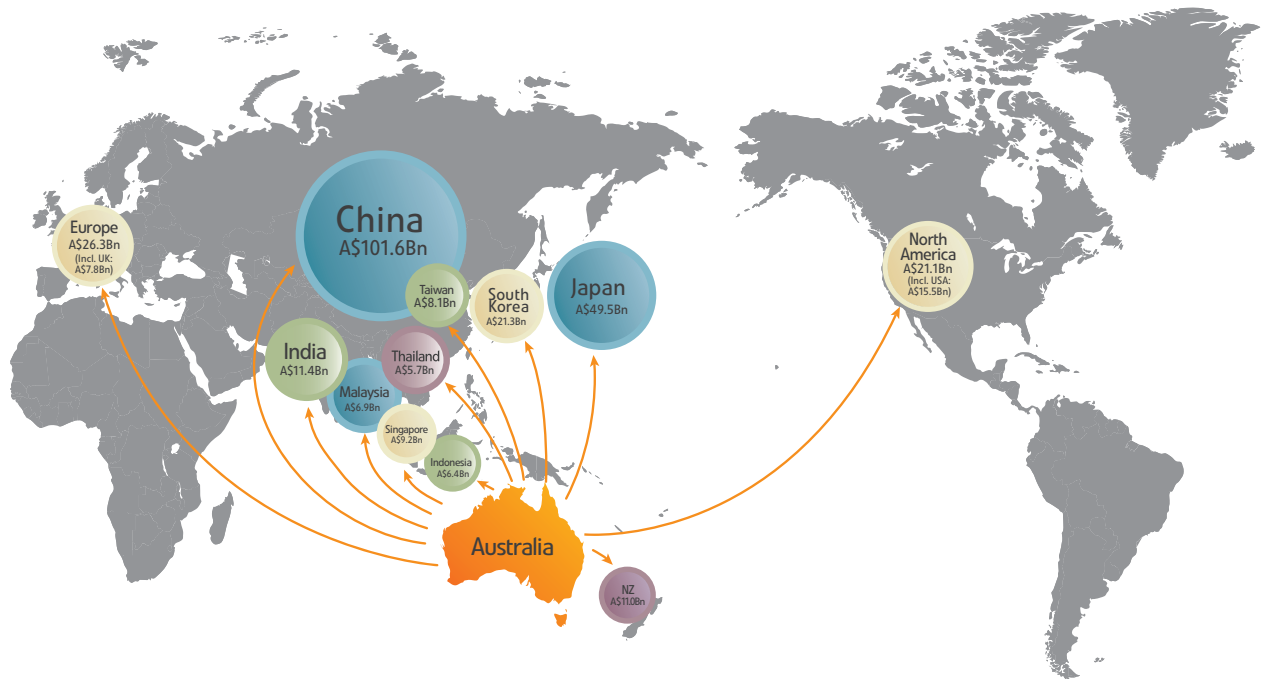
Sources: Australian Bureau of Statistics (ABS) trade data on DFAT STARS database, ABS Cat. No. 5368.0.55.004 and ABS unpublished data; Austrade

Australia: an open trading economy

Australia's two-way trade in goods and services in 2013 totalled A\$648 billion, making up about 42 per cent of GDP – this is more than double the figure recorded a decade earlier at A\$311 billion. Australia's trade with other Asia-Pacific Economic Cooperation (APEC) countries remained strong, with a total value of over A\$461 billion, or 71 per cent of Australia's total trade.

AUSTRALIA: A PARTNER FOR GROWTH IN ASIA

Ten of Australia's top 12 goods and services export markets were in the Asian region in 2013

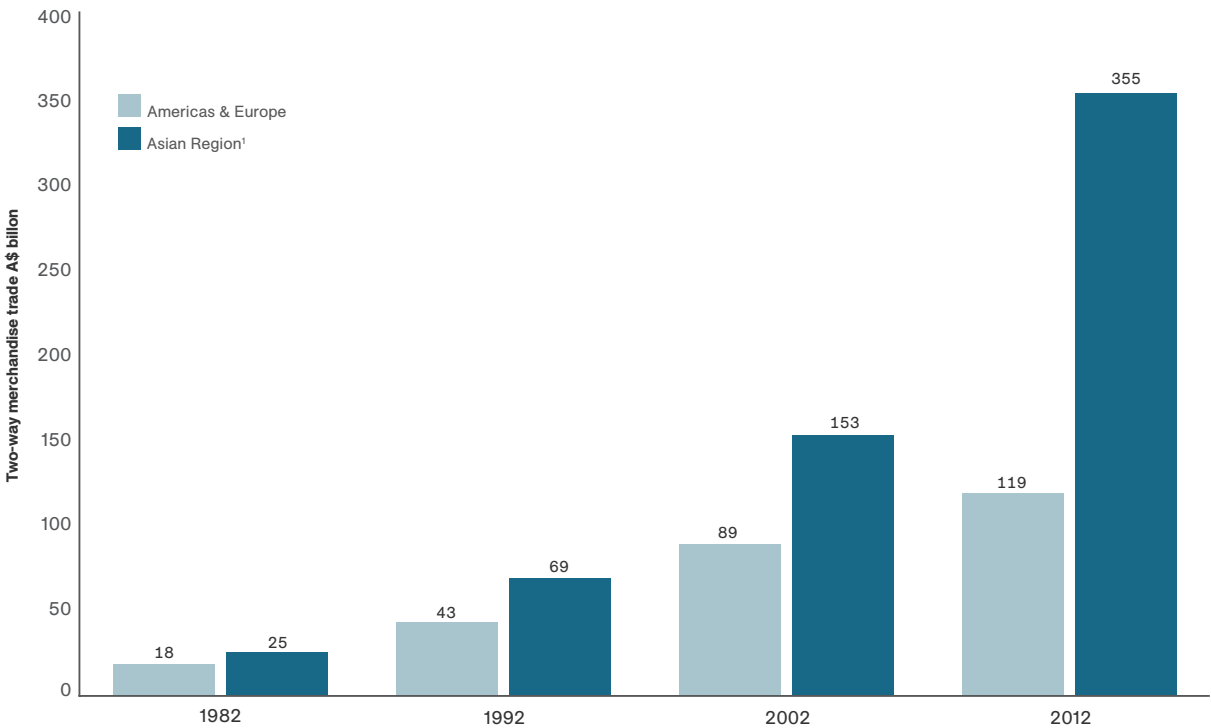


Sources: Australian Bureau of Statistics (ABS) trade data on DFAT STARS database, ABS Cat. No. 5368.0.55.004 and ABS unpublished data; Austrade

Asian demand driving trade growth

Australia's integration with the dynamic Asian region is driving wealth creation and overall growth. Australia's goods and services exports totalled A\$319 billion in 2013. Of the top 12 export markets in 2013, 10 were in Asia. Their combined value was around A\$231 billion, making up over 73 per cent of Australia's total export earnings in 2013.

AUSTRALIA'S TWO-WAY MERCHANDISE TRADE



1. Including Oceania, Antarctica, Middle East and North Africa

Sources: Department of Foreign Affairs and Trade; Australian Bureau of Statistics; Austrade

Three decades of two-way trade growth with Asia

Australia's trading relationship with Asia has grown and developed over the past 30 years. In 2012, trade with Asia represented over 70 per cent of Australia's total two-way merchandise trade. Australia's trade continues to grow with the Americas and Europe, with two-way merchandise trade up from A\$18 billion in 1982 to A\$119 billion in 2012.

AUSTRALIA'S GOODS AND SERVICES EXPORTS¹

Rank	Exports by Industry	2008	2009	2010	A\$ billion			% Share 2013	Cumulative % Share	% Change 2012-13	% CAGR 2008-13
					2011	2012	2013				
1	Iron ores & concentrates	30.1	30.0	49.4	64.1	54.4	69.5	21.8	21.8	27.6	18.2
2	Coal	46.6	39.4	43.0	46.7	41.3	39.8	12.5	34.3	-3.6	-3.1
3	Education-related travel services	13.8	16.1	16.1	15.1	14.5	15.0	4.7	39.0	3.8	1.7
4	Natural gas	9.2	7.6	9.4	11.1	13.4	14.6	4.6	43.6	8.8	9.6
5	Gold	14.3	15.1	14.4	15.1	15.5	13.9	4.4	48.0	-10.5	-0.6
6	Personal travel (excl. education) services	11.7	12.3	11.9	11.7	12.1	13.1	4.1	52.1	8.0	2.4
7	Crude petroleum	10.3	7.2	10.5	11.5	11.0	9.0	2.8	54.9	-17.9	-2.7
8	Wheat	3.8	4.8	4.2	6.1	6.5	6.1	1.9	56.8	-6.8	9.9
9	Aluminium ores & concentrates (incl. alumina)	6.5	4.8	5.3	5.4	5.3	5.9	1.9	58.7	11.9	-1.8
10	Beef f.c.f.	5.0	4.3	4.4	4.7	4.8	5.7	1.8	60.5	19.8	2.8
11	Copper ores & concentrates	4.0	3.8	5.0	5.4	5.3	5.2	1.6	62.1	-1.6	5.2
12	Professional services	3.6	3.4	3.1	3.3	3.8	4.6	1.4	63.5	18.9	4.6
13	Other ores & concentrates ²	4.2	3.0	4.5	4.5	4.2	4.5	1.4	64.9	6.8	1.6
14	Business travel services	2.7	2.7	3.0	3.6	4.0	4.0	1.2	66.2	-1.9	7.6
15	Technical & other business services	3.7	3.2	3.6	3.5	3.6	3.9	1.2	67.4	9.1	0.7
16	Aluminium	5.8	4.1	4.4	4.7	3.8	3.7	1.2	68.6	-2.6	-8.6
17	Copper	3.4	2.5	3.2	3.9	3.3	3.4	1.1	69.6	0.7	-0.2
18	Medicaments (incl. veterinary)	3.6	3.7	3.6	3.3	3.8	3.1	1.0	70.6	-19.8	-2.9
19	Meat (excl. beef), f.c.f.	2.1	2.2	2.3	2.4	2.4	2.9	0.9	71.5	21.7	6.2
20	Refined petroleum	3.4	2.4	2.4	2.9	3.3	2.7	0.9	72.3	-16.1	-4.4
	Other commodities	87.8	75.8	79.3	84.3	84.1	88.1	27.7	100.0	4.7	0.1
	Total³	275.7	248.3	282.9	313.1	300.4	318.5	100.0		6.0	2.9

CAGR = Compound Annual Growth Rate; f.c.f = fresh, chilled or frozen

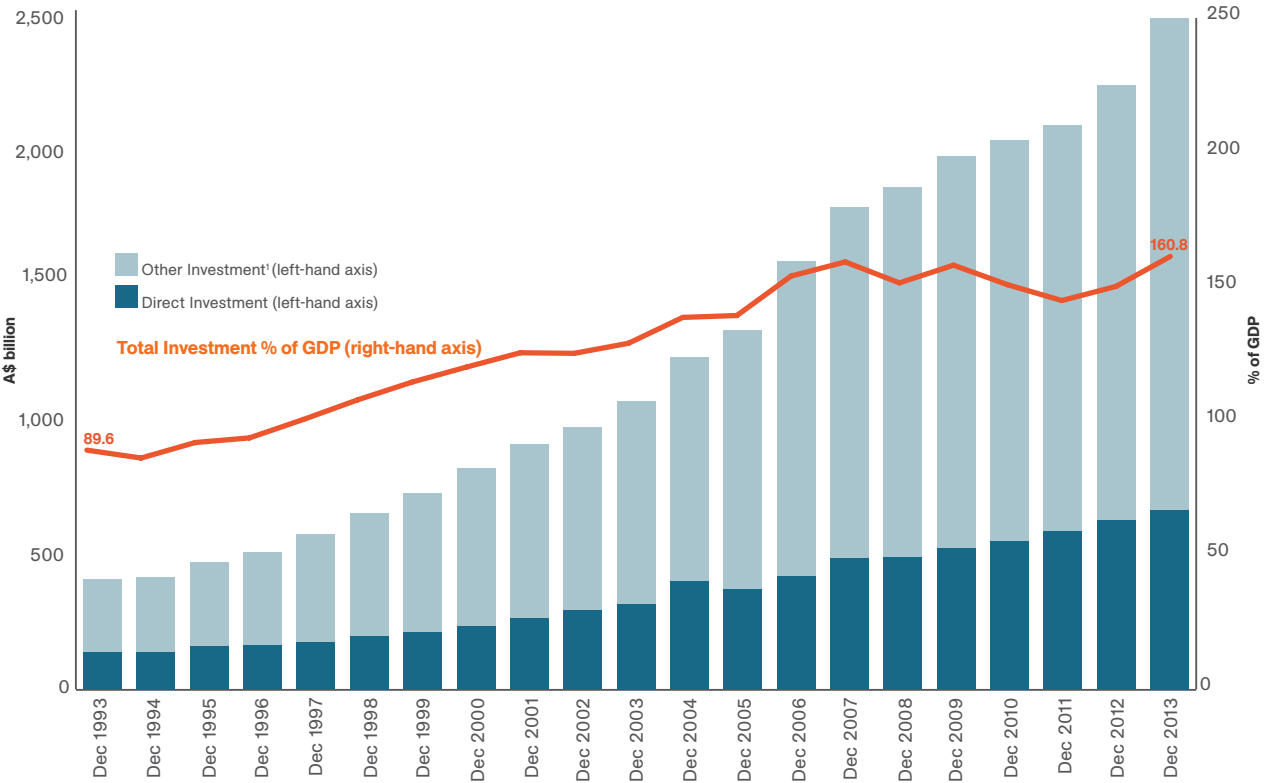
1. Goods trade is on a recorded trade basis, services trade is on a balance of payments basis. 2. Other ores & concentrates consist mainly of lead, zinc and manganese ores & concentrates. 3. Balance of payments basis.

Sources: Department of Foreign Affairs and Trade (DFAT) – based data released from Australian Bureau of Statistics (ABS) Cat. No 5368.0 (March 2014); Austrade

Asia's fast-growing demand for commodities

Commodities form the backbone of Australian exports, with mining and agriculture contributing over 80 per cent of total merchandise exports in 2013. In the five years to 2013, iron ore exports posted a compound annual growth rate (CAGR) of just over 18 per cent, fuelled by strong demand from China and other growth markets in Asia. Demand from Asia has also led to strong growth in agricultural commodities such as wheat and meat, which recorded CAGR of 10 and six per cent respectively over the past five years.

FOREIGN INVESTMENT STOCK IN AUSTRALIA



1. Other investment includes portfolio investment and financial derivatives
Source: Australian Bureau of Statistics, Cat. No. 5302.0 Balance of Payments and International Investment Position, Australia, Table 79. International Investment: Levels of Foreign Liabilities – December 2013 (released 4 March 2014); Austrade

An attractive destination for foreign investment

Australia presently hosts about A\$2.5 trillion of foreign investment stock. Both foreign direct investment and portfolio investment have recorded strong compound annual growth rates of 8.3 per cent and 10 per cent respectively over the past decade. As a percentage of GDP, Australia's total value of foreign investment stock reached 160 per cent, an impressive rise from less than 90 per cent two decades ago.

FOREIGN DIRECT INVESTMENT: INWARD STOCK BY ECONOMY

Economy	FDI Stock (US\$ billion)			FDI as % of GDP			FDI Stock – % Market Share			% Change	
	2002	2011	2012	2002	2011	2012	2002	2011	2012	2011–12	2001–12
World	7,598	20,873	22,813	22.8	29.8	32.2	100.0	100.0	100.0	9.3	11.6
Developed economies	5,684	13,212	14,220	22.1	30.5	33.4	74.8	63.3	62.3	7.6	9.6
Developing economies	1,798	6,897	7,745	25.3	28.6	30.4	23.7	33.0	33.9	12.3	15.7
USA	2,022	3,509	3,932	19.1	23.4	26.2	26.6	16.8	17.2	12.0	6.9
Hong Kong	382	1,185	1,422	233.4	486.8	552.8	5.0	5.7	6.2	20.1	14.0
UK	549	1,185	1,321	34.3	48.8	54.4	7.2	5.7	5.8	11.5	9.2
France	441	956	1,095	30.4	34.5	39.5	5.8	4.6	4.8	14.5	9.5
Belgium	230	993	1,011	90.8	193.2	208.8	3.0	4.8	4.4	1.8	16.0
China	217	712	833	14.9	9.9	10.3	2.8	3.4	3.7	17.0	14.4
Germany	298	710	716	14.8	19.7	21.1	3.9	3.4	3.1	0.9	9.2
Brazil	101	695	702	19.9	28.1	31.2	1.3	3.3	3.1	1.0	21.4
Singapore	159	626	682	175.6	240.8	252.3	2.1	3.0	3.0	9.1	15.7
Switzerland	125	645	666	43.5	97.6	100.7	1.6	3.1	2.9	3.2	18.2
Canada	226	587	637	30.7	33.8	35.9	3.0	2.8	2.8	8.5	10.9
Spain	257	622	635	37.5	42.1	47.0	3.4	3.0	2.8	2.0	9.5
Australia	150	553	611	34.5	36.5	39.0	2.0	2.6	2.7	10.5	15.0
Netherlands	350	585	573	79.9	70.0	74.2	4.6	2.8	2.5	-2.1	5.1
Russia	71	457	509	20.5	24.6	25.7	0.9	2.2	2.2	11.2	21.8
Italy	135	339	357	11.0	15.4	17.7	1.8	1.6	1.6	5.2	10.2
India	26	206	226	5.1	10.9	12.2	0.3	1.0	1.0	9.6	24.2
Indonesia	7	186	206	3.6	21.9	23.4	0.1	0.9	0.9	10.7	40.0
Japan	78	226	205	2.0	3.8	3.5	1.0	1.1	0.9	-9.0	10.1
Thailand	40	151	159	29.8	40.7	40.7	0.5	0.7	0.7	5.7	14.8
South Korea	63	134	147	10.9	12.0	12.7	0.8	0.6	0.6	10.2	8.9
Malaysia	38	115	132	35.8	40.0	43.6	0.5	0.6	0.6	15.1	13.4
UAE	2	85	95	2.1	25.2	26.9	0.0	0.4	0.4	11.2	44.8
New Zealand	30	74	81	48.1	45.2	47.5	0.4	0.4	0.4	10.6	10.6
Vietnam	17	64	73	49.7	51.9	51.6	0.2	0.3	0.3	13.0	15.3
Taiwan	30	56	59	10.0	12.0	12.5	0.4	0.3	0.3	5.7	7.0
Philippines	12	28	31	14.2	12.6	12.4	0.2	0.1	0.1	9.9	10.4

1. **CAGR** = Compound Annual Growth Rate

Source: *United Nations Conference Trade and Development (UNCTAD)*, *FDI/TNC database* (www.unctad.org/fdistatistics), *Web table 3. FDI inward stock, by region and economy, 1990–2012; Austrade*

A high-growth destination for FDI

Australia's global share of FDI stock, measured in US\$, rose to 2.7 per cent in 2012. UNCTAD's *World Investment Report 2012* shows FDI into Australia was US\$611 billion in 2012, up from US\$150 billion in 2002. As a percentage of GDP, FDI in Australia rose to 39 per cent in 2012 from 34.5 per cent a decade ago on the back of continued strong economic expansion and integration with trading partners, particularly the booming Asian region.

STOCK OF FOREIGN DIRECT INVESTMENT IN AUSTRALIA BY ECONOMY

	Economy ¹	2008	2009	A\$ billion 2010	2011	2012	2013	% Share	% Change 2012-13	% CAGR 2008-13
1	USA	99.9	98.2	112.0	117.8	131.9	149.5	23.7	13.3	8.4
2	UK	59.6	61.0	53.7	68.8	78.9	86.7	13.8	9.9	7.8
3	Japan	36.7	45.6	51.1	54.1	62.0	63.3	10.0	2.0	11.5
4	Netherlands	19.2	31.4	27.7	29.7	29.7	29.4	4.7	-0.9	8.9
5	Singapore	10.4	16.7	18.8	20.0	23.9	25.2	4.0	5.3	19.3
6	China	3.6	9.1	12.9	14.4	16.1	20.8	3.3	29.0	41.7
7	Switzerland	19.5	17.8	20.9	22.9	22.5	19.1	3.0	-15.3	-0.4
8	Canada	7.3	12.2	14.9	19.0	21.0	16.6	2.6	-21.1	17.9
9	Germany	15.5	18.1	16.8	14.1	13.6	13.8	2.2	1.3	-2.3
10	Bermuda	5.8	9.5	7.5	5.8	6.3	9.6	1.5	52.5	10.6
11	Malaysia	NP	4.5	3.7	NP	5.7	7.7	1.2	36.1	NA
12	Hong Kong	9.1	5.4	6.6	7.6	7.3	7.4	1.2	1.3	-4.1
13	France	12.9	13.0	13.0	7.2	6.9	5.5	0.9	-20.0	-15.6
14	Belgium	5.2	5.6	6.2	5.7	4.8	5.4	0.8	11.5	0.5
15	New Zealand	5.6	6.2	6.4	5.3	4.3	5.1	0.8	18.3	-2.0
16	Thailand	NP	NP	NP	NP	NP	4.6	0.7	NA	NA
17	Luxembourg ²	NP	3.2	1.5	3.4	4.2	2.4	0.4	-43.4	NA
18	South Korea	1.0	1.3	2.1	NP	2.1	2.0	0.3	-4.5	15.5
19	Sweden	1.7	1.3	1.7	1.5	1.6	1.5	0.2	-7.7	-2.9
20	India	0.1	NP	NP	NP	1.3	1.2	0.2	-13.3	75.8
Total (all countries)		444.2	489.9	519.7	549.4	591.3	629.9	100.0	6.5	7.2

1. Total FDI for British Virgin Islands (BVI) is confidential in ABS statistics for 2013. However, the ABS has published data for 2012 (levels at A\$19.2bn) and net inflows of A\$393 million in 2013. DFAT estimates that the BVI direct investment levels for 2013 would be valued at around A\$19.5bn and would rank 7th. 2. For rankings after No. 16, the impact of confidential items may change the ordering.

CAGR = Compound Annual Growth Rate from 2008 to 2013. **NP** = not available for publication but included in totals where applicable, unless otherwise indicated.

NA = not applicable.

Source: Australian Bureau of Statistics Cat. No. 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2013 (released 1 May 2014); Table 2. Foreign Investment in Australia: Level of Investment by Country and Country Groups by type of investment and year; Austrade

Traditional markets still strongest, but investment from Asia is increasing

Australia's inward FDI stock reached A\$630 billion in 2013, up 40 per cent from 2008 figures. The EU continues to be a significant investor, while the USA and UK remain Australia's two largest investors with total stock values accounting for 23.7 per cent and 13.8 per cent respectively. Major Asian nations are fast-growing sources of FDI, with China FDI stock recording a compound annual growth rate over the past five years of 42 per cent, followed by Singapore (19 per cent), South Korea (16 per cent) and Japan (12 per cent).

OVERSEAS SHORT-TERM VISITOR ARRIVALS IN AUSTRALIA

For years ending 31 December

	1993	2003	2010	2011	2012	2013	% Change 2012–2013	% CAGR ¹ 1993–2013	% Share
Total visitor arrivals by region ('000)	2,996	4,746	5,885	5,875	6,146	6,482	5.5	3.9	100.0
North-East Asia	957	1,230	1,322	1,329	1,454	1,543	6.1	2.4	23.8
Oceania and Antarctica	596	957	1,332	1,343	1,372	1,382	0.8	4.3	21.3
North-West Europe	574	1,113	1,175	1,123	1,118	1,177	5.3	3.7	18.2
South-East Asia	380	626	862	897	952	1,052	10.5	5.2	16.2
Americas	345	538	662	646	683	723	5.8	3.8	11.2
Southern and Central Asia	16	62	178	189	205	220	7.2	13.9	3.4
Southern and Eastern Europe	60	98	150	148	164	175	6.4	5.5	2.7
North Africa and the Middle East	21	53	116	110	113	130	14.9	9.6	2.0
Sub-Saharan Africa	37	69	88	91	84	80	-4.3	4.0	1.2
The top 10 source countries ('000)	2,183	3,529	4,194	4,184	4,393	4,642	5.7	3.8	71.6
New Zealand	499	839	1,162	1,173	1,201	1,212	0.9	4.5	18.7
China (excludes SARs ² and Taiwan)	22	176	454	542	626	715	14.2	19.0	11.0
UK, CIs & IOM ³	310	673	647	608	594	634	6.8	3.6	9.8
USA	281	422	472	456	479	509	6.2	3.0	7.8
Singapore	155	253	308	319	344	385	12.1	4.7	5.9
Japan	671	628	398	333	354	329	-7.1	-3.5	5.1
Malaysia	81	156	237	241	263	298	13.4	6.8	4.6
Hong Kong (SAR of China)	92	129	164	166	177	195	10.4	3.8	3.0
South Korea	62	207	214	198	197	193	-1.9	5.8	3.0
India	10	46	139	148	159	172	7.9	15.4	2.6

1. CAGR = Compound Annual Growth Rate. 2. SAR = Special Administrative Region. 3. United Kingdom, Channel Islands and Isle of Man.

Source: Australian Bureau of Statistics 3401.0 Overseas Arrivals and Departures, Australia, Table 5: Short-term Movement, Visitor Arrivals – Selected Countries of Residence: Original, Time Series Workbook (released 12 February 2014); Austrade

Overseas visitors reach record numbers, providing greater opportunity for investment

A record 6.5 million short-term visitors arrived in Australia in 2013, representing a rise of 5.5 per cent on the previous year. The 2013 figure is more than double the level two decades ago of less than three million arrivals (in 1993). Asia is Australia's primary source of international visitor arrivals. In 2013, there was strong growth from many Asian markets including: China (up 14 per cent), Malaysia (13 per cent), Singapore (12 per cent), Hong Kong (10 per cent) and India (eight per cent). Robust increases in tourist arrivals signal a positive outlook for investment in Australia's tourism infrastructure.

HUMAN DEVELOPMENT INDEX AND ITS COMPONENTS – 2013

HDI Rank		Human Development Index (HDI) Value 2012	Life Expectancy at Birth (years) 2012	Mean Years of Schooling 2010 ^a	Expected Years of Schooling 2011 ^b	Gross National Income (GNI) per Capita (2005 PPP \$) 2012	GNI per Capita Rank minus HDI Rank 2012	Non-Income HDI Value 2012
1	Norway	0.955	81.3	12.6	17.5	48,688	4	0.977
2	Australia	0.938	82.0	12.0^c	19.6^d	34,340	15	0.978
3	USA	0.937	78.7	13.3	16.8	43,480	6	0.958
4	Netherlands	0.921	80.8	11.6 ^c	16.9	37,282	8	0.945
5	Germany	0.920	80.6	12.2	16.4 ^e	35,431	10	0.948
6	New Zealand	0.919	80.8	12.5	19.7 ^d	24,358	26	0.978
7	Ireland	0.916	80.7	11.6	18.3 ^d	28,671	19	0.960
7	Sweden	0.916	81.6	11.7 ^c	16.0	36,143	6	0.940
9	Switzerland	0.913	82.5	11.0 ^c	15.7	40,527	2	0.926
10	Japan	0.912	83.6	11.6 ^c	15.3	32,545	11	0.942
11	Canada	0.911	81.1	12.3	15.1	35,369	5	0.934
12	South Korea	0.909	80.7	11.6	17.2	28,231	15	0.949
=13	Hong Kong	0.906	83.0	10.0	15.5	45,598	-6	0.907
=13	Iceland	0.906	81.9	10.4	18.3 ^d	29,176	12	0.943
15	Denmark	0.901	79.0	11.4 ^c	16.8	33,518	4	0.924
16	Israel	0.900	81.9	11.9	15.7	26,224	13	0.942
17	Belgium	0.897	80.0	10.9 ^c	16.4	33,429	3	0.917
=18	Austria	0.895	81.0	10.8	15.3	36,438	-5	0.908
=18	Singapore	0.895	81.2	10.1 ^c	14.4 ^f	52,613	-15	0.880
20	France	0.893	81.7	10.6 ^c	16.1	30,277	4	0.919

Note: Human Development Index (HDI): a composite index measuring average achievement in three basic dimensions of human development – a long and healthy life, knowledge and a decent standard of living for 186 economies.

a. Data refers to 2010 or the most recent year available. **b.** Data refers to 2011 or the most recent year available. **c.** Updated by the Human Development Report Office based on UNESCO Institute for Statistics (2012) data. **d.** For the HDI calculation, this value is capped at 18 years. **e.** Based on cross-country regression. **f.** Calculated by the Singapore Ministry of Education.

Source: United Nations Development Programme, *Human Development Report 2013 – The Rise of the South: Human Progress in a Diverse World*, Statistical annex, Table 1, page 144; Austrade

A great quality of life

Australia ranks second in the United Nations Development Programme's *Human Development Report 2013*. The report's Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education and standards of living across 186 countries. The superior ranking of Australia in the HDI shows the country's significant investment in its human resources, which is a powerful drawcard for international companies looking to relocate and expand their business activities in Australia.



SECTION 5

BUSINESS

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BUSINESS



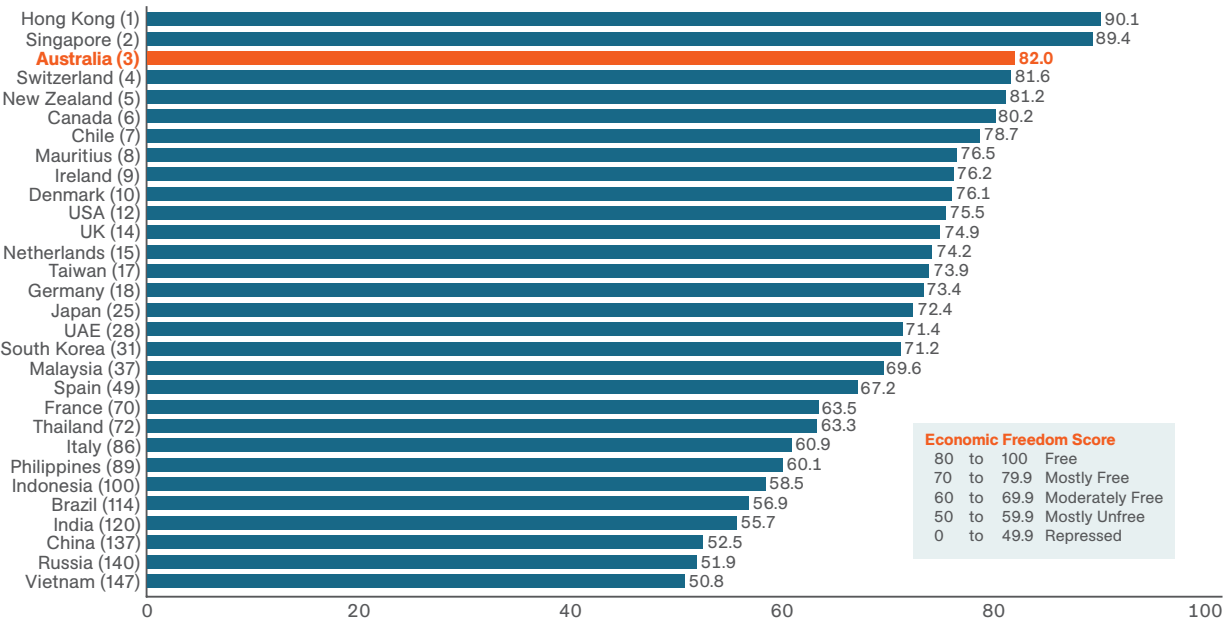
**18,000 foreign companies
registered in Australia**

Doing business in Australia is easy. With one of the most transparent and well-regulated business environments in the world, Australia's political stability and regulatory framework provide investors with confidence and security. For six years in a row, Australia has ranked third on the *Index of Economic Freedom*.

The country has a sophisticated financial sector that offers access to the world's third largest pool of investment funds and one of the region's largest pools of bank assets.

More than 18,000 foreign companies are registered in Australia, including 18 of the Top 20 FT Global 500 companies and eight of the Top 10 Fortune 100.

INDEX OF ECONOMIC FREEDOM WORLD RANKING – 2014¹



1. The 2014 *Index of Economic Freedom* covers 186 economies and measures 10 components of economic freedom (Business Freedom, Trade Freedom, Fiscal Freedom, Government Spending, Monetary Freedom, Investment Freedom, Financial Freedom, Property Rights, Freedom from Corruption and Labour Freedom). The 10 component scores are equally weighted and averaged to get an overall economic freedom score for each economy. The number in brackets in the chart indicates the country's world ranking.

Source: *The Wall Street Journal* and *The Heritage Foundation*, 2014 *Index of Economic Freedom*; Austrade

Australia's policies create an environment of economic freedom

Australia ranks third in the 2014 *Index of Economic Freedom*, a position held for the past six years. The survey states that “openness to global trade and investment is firmly institutionalised, supported by a relatively efficient entrepreneurial framework and a well-functioning independent judiciary. Australia has a strong tradition of reliable property rights protection, and the legal system is transparent and evenly applied”. It also states that Australia continues to benefit significantly from its transparent and efficient business environment, and open-market policies.

KEY INDICATORS OF EASE OF DOING BUSINESS – 2014

Economy	Ease of Doing Business	Starting a Business		Getting Credit		Trading Across Borders		Enforcing Contracts		Resolving Insolvency	
	Out of 189 Economies ¹	Procedures (number)	Time (days)	Strength of Legal Rights Index (0–10)	Depth of Credit Information Index (0–6)	Time to Export (days)	Time to Import (days)	Procedures (number)	Time (days)	Time (years)	Recovery Rate (cents on the dollar)
Singapore	1	3	2.5	10	5	6	4	21	150	0.8	89.4
Hong Kong	2	3	2.5	10	5	6	5	27	360	1.1	81.2
USA	4	6	5.0	9	6	6	5	32	370	1.5	81.5
Malaysia	6	3	6.0	10	6	11	8	29	425	1.5	48.9
South Korea	7	5	5.5	8	6	8	7	33	230	1.5	82.3
UK	10	6	12.0	10	6	8	6	28	437	1.0	88.6
Australia	11	3	2.5	10	5	9	8	28	395	1.0	81.3
Taiwan	16	3	10.0	5	5	10	10	45	510	1.9	81.8
Thailand	18	4	27.5	5	5	14	13	36	440	2.7	42.2
Japan	27	8	22.0	7	6	11	11	31	360	0.6	92.8
China	96	13	33.0	5	5	21	24	37	406	1.7	36.0
Vietnam	99	10	34.0	8	4	21	21	36	400	5.0	16.2
Philippines	108	15	35.0	4	5	15	14	37	842	2.7	29.9
Indonesia	120	10	48.0	5	4	17	23	40	498	4.5	17.9
India	134	12	27.0	8	5	16	20	46	1,420	4.3	25.6
East Asia and Pacific	NA	7	37.8	7	3	21	22	37	551	2.8	30.7
South Asia	NA	7	16.2	6	4	33	34	43	1,075	3.1	29.1
OECD High Income	NA	5	11.1	7	5	11	10	31	529	1.7	70.6

NA = Not Applicable

1. Economies are ranked on their ease of doing business, from 1 to 189. A high ranking on the ease of doing business index means the regulatory environment is more conducive to starting and operating a local firm. This index averages each country's percentile rankings on 10 topics, giving equal weight to each topic.

Source: *The World Bank and International Finance Corporation, Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises* (released 29 October 2013); Austrade

Doing business in Australia doesn't get much easier

Australia is one of the easiest places in the world to do business. Overall, Australia ranks 11th in the world for ease of doing business, and fifth when compared with economies with a large population. Australia is also among the top five economies for easy access to credit and starting a business.

BUSINESS EFFICIENCY AND ENVIRONMENT

	Australia	USA	UK	China	Japan	South Korea	India	Hong Kong	Singapore
Global Competitiveness Report 2013–14 Ranking^(a) in:									
Legal Rights Index	=1	13	=1	65	42	=28	=28	=1	=1
Time Required to Start a Business	2	16	63	112	95	25	103	=5	=5
No. of Procedures to Start a Business	3	=47	=47	135	88	30	129	=10	=10
Efficacy of Corporate Boards	7	15	21	84	19	130	65	17	5
Financing Through Local Equity Market	8	5	12	38	16	75	18	1	7
Soundness of Banks	9	58	105	72	43	113	49	4	5
Country Credit Rating	10	12	15	23	18	22	47	14	4
Regulation of Securities Exchanges	11	30	24	63	29	94	27	4	5
Intensity of Local Competition	13	14	3	46	1	8	24	7	19
World Competitiveness Yearbook 2014 Ranking^(b) in:									
Finance – Finance and Banking Regulation	4	21	37	40	29	55	26	6	3
Finance – Financial Risk Factor	4	27	43	48	19	52	44	6	5
Business Legislation – Protectionism	5	17	8	47	22	48	41	10	21
Management Practice – Auditing and Accounting Practices	7	10	21	55	33	59	43	16	4
Management Practice – Corporate Boards	8	26	22	34	41	58	40	15	3
Business Legislation – Competition Legislation	7	14	8	47	6	32	36	29	12
Finance – Corporate Debt	7	8	15	43	20	53	30	10	12
Finance – Shareholders' Rights	9	10	16	54	=43	56	=43	18	15

Sources: (a) World Economic Forum, Switzerland and Harvard University, *Global Competitiveness Report 2013–14* (updated September 2013, 148 economies); (b) Institute for Management Development (IMD), Switzerland, *World Competitiveness Online* (1995–2014) (updated May 2014, 60 economies); Austrade

A stable, friendly and efficient environment for doing business

Australia has one of the world's strongest and most efficient regulatory environments and is rated among the most business-friendly economies. The country ranks highly in terms of legal rights, ease of setting up a business and the soundness of its banks. Australia also has one of the lowest financial risk factors in the world and the fourth highest-ranked finance and banking regulatory system.

WORLDWIDE GOVERNANCE INDICATORS¹

2012 Rank by Economy	Regulatory Quality	Voice and Accountability	Control of Corruption	Rule of Law	Government Effectiveness	Political Stability & Absence of Violence/Terrorism
Finland	98.1	96.7	98.1	99.5	100.0	97.6
New Zealand	98.6	98.1	99.5	98.6	96.2	97.2
Sweden	99.0	99.5	99.0	99.1	98.6	90.0
Switzerland	95.2	98.6	97.6	96.7	97.6	98.1
Norway	91.9	100.0	98.6	100.0	98.1	93.8
Luxembourg	96.7	97.2	96.2	96.2	94.7	96.2
Netherlands	96.2	97.6	96.7	97.2	96.7	90.5
Denmark	97.6	99.1	100.0	98.1	99.0	74.9
Canada	95.7	94.3	95.2	95.3	95.2	88.2
Australia	97.1	96.2	95.7	94.8	94.3	80.6
Singapore	100.0	54.0	97.1	95.7	99.5	96.7
Ireland	94.3	91.9	90.4	94.3	92.3	77.3
Germany	92.3	93.4	93.8	91.9	93.3	71.1
Hong Kong	99.5	66.8	93.3	90.5	97.1	79.6
UK	94.7	92.4	92.3	92.9	91.9	60.2
USA	87.6	86.3	89.5	91.5	90.4	68.2
Japan	83.7	83.4	91.9	87.2	88.5	78.2
France	83.3	89.6	90.0	90.0	87.6	63.5
Taiwan	86.1	72.0	73.7	82.9	83.7	73.9
Spain	78.0	79.6	81.8	83.4	82.3	43.1
South Korea	77.0	69.7	70.3	79.6	84.2	51.7
UAE	72.7	19.0	83.3	66.8	83.3	73.5
Italy	74.6	73.9	57.9	62.1	66.0	63.0
Malaysia	69.9	37.9	65.6	65.9	80.4	44.5
Brazil	54.5	60.7	56.5	51.7	50.2	47.9
Thailand	57.9	37.4	46.9	50.2	60.8	12.8
Philippines	51.7	47.9	33.5	36.5	57.9	14.7
India	34.0	58.3	34.9	52.6	47.4	11.8
Indonesia	43.1	51.2	28.7	34.1	44.0	27.5
China	43.5	4.7	39.2	38.9	56.0	28.4
Vietnam	27.3	9.5	35.4	37.9	44.5	55.9

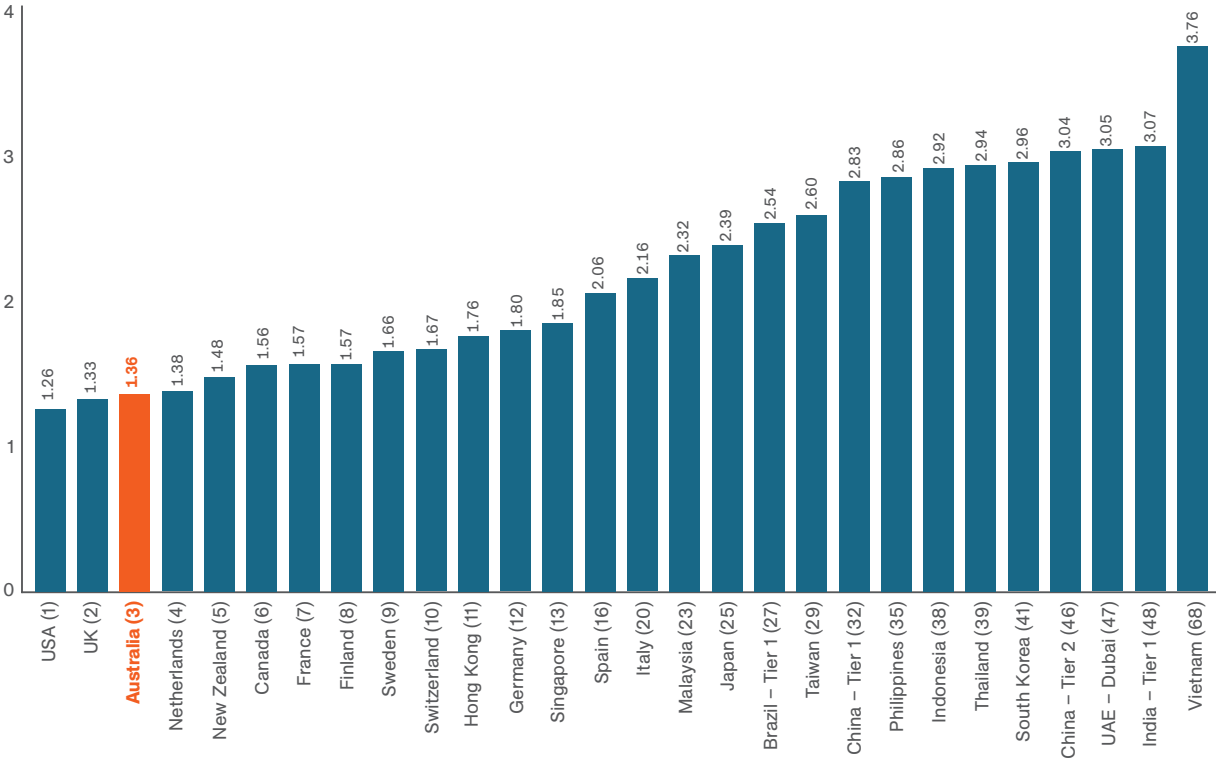
1. Country scores are reported as percentile ranks, with higher values indicating better governance ratings. Percentile ranks indicate the percentage of countries worldwide that score below that country. There are 215 economies surveyed in the report. The six aggregate indicators are based on 30 underlying data sources reporting the governance perceptions of survey respondents and expert assessments worldwide.

Source: The World Bank, *Worldwide Governance Indicators, 2013 Update*; Austrade

Strong governance is attractive for operating regional headquarters

The quality of governance in Australia ranks among the best in the world. Strong governance is key to economic growth and security, providing a drawcard for multinationals expanding their businesses or considering Australia as a base in the Asia-Pacific region.

GLOBAL REAL ESTATE TRANSPARENCY – COMPOSITE INDEX¹ – 2012



1. The index includes five sub-indices: Performance Measurement, Market Fundamentals, Governance of Listed Vehicles, Regulatory and Legal, and Transaction
Source: Jones Lang LaSalle, LaSalle Investment Management, Global Real Estate Transparency Index, Global Foresight Series 2012

The third most transparent real estate market in the world

Australia’s real estate market was rated the world’s third most transparent in 2012 after the USA and the UK, and ranked significantly higher than any other location in Asia. This is a major attraction for global real estate investors, corporate occupiers, retailers and hotel operators transacting, owning and operating real estate in Australian markets.

FINANCIAL DEVELOPMENT INDEX – 2012 GLOBAL RANKING BY ECONOMY

	Overall Index	Non-banking Financial Access	Financial Access	Banking Financial Services	Financial Markets	Financial Stability	Financial Environment	Institutional Environment
Hong Kong	1	10	4	1	4	8	2	9
USA	2	1	5	21	1	38	13	13
UK	3	3	12	2	2	43	8	2
Singapore	4	12	14	10	3	3	1	1
Australia	5	5	6	7	8	9	12	18
Canada	6	7	2	13	10	13	9	6
Japan	7	6	27	3	5	19	19	15
Switzerland	8	15	24	16	7	2	6	12
Netherlands	9	13	13	4	17	16	7	7
Sweden	10	32	1	8	15	25	10	4
Germany	11	16	16	12	13	18	11	10
France	14	17	11	19	11	42	22	17
South Korea	15	2	22	20	14	44	42	34
Malaysia	18	14	28	11	24	10	25	21
Spain	19	18	20	5	9	55	28	24
China	23	4	41	17	21	20	47	35
UAE	26	48	21	31	47	4	20	23
Italy	30	24	33	29	18	51	29	32
Brazil	32	11	32	36	32	24	49	46
Thailand	34	42	25	28	33	34	45	33
India	40	9	45	45	28	46	55	56
Philippines	49	21	53	49	34	47	54	39
Indonesia	50	23	54	53	54	35	53	51
Vietnam	52	51	43	32	37	56	56	53

Source: World Economic Forum, *The Financial Development Report 2012* (released 31 October 2012); Austrade

World-leading financial system

The World Economic Forum's *The Financial Development Report 2012* ranked Australia fifth out of 62 of the world's leading financial systems and capital markets, ahead of Canada, Japan, Switzerland, the Netherlands, Germany and France. Australia was also ranked fifth for non-banking financial services and achieved solid scores in overall financial access (sixth), banking services (seventh), financial markets (eighth) and financial stability (ninth).

ASSETS OF AUSTRALIAN FINANCIAL INSTITUTIONS

A\$ billion

Year ending December	All Financial Systems (AFS) ¹	Reserve Bank of Australia (RBA)	Authorised Deposit-taking Institutions ² and Registered Financial Corporations	Managed Fund Sources – Consolidated			Other Financial Institutions ⁴
				Total Managed Funds Industry	Total Life Offices and Superannuation	Other Domestic Managed Funds ³	
1993	904	35	501	321	234	87	48
1998	1,493	49	785	557	366	191	102
2003	2,537	65	1,363	874	509	366	234
2008	5,035	159	2,983	1,533	894	639	360
2013	6,145	128	3,422	2,287	1,543	745	308
% of AFS assets	100.0	2.1	55.7	37.2	25.1	12.1	5.0
% of nominal GDP	395.3	8.2	220.2	147.2	99.2	47.9	19.8
% CAGR since 1993	10.1	6.6	10.1	10.3	9.9	11.3	9.8

CAGR = Compound Annual Growth Rate

Note: The US\$/A\$ exchange rate was US\$0.8948 as at 31 December 2013 (sourced from RBA statistics); the nominal value of Australia's GDP in the year to December quarter 2013 was A\$1,554 billion.

1. The sum may not be accurate due to rounding errors

2. The combined assets of banks, building societies and credit unions

3. The combined assets of public unit trusts, cash management trusts, common funds, friendly societies and funds managed by Australian investment managers on behalf of Australian entities other than collective investment institutions, and overseas investors

4. The combined assets of general insurance offices and securitisation vehicles

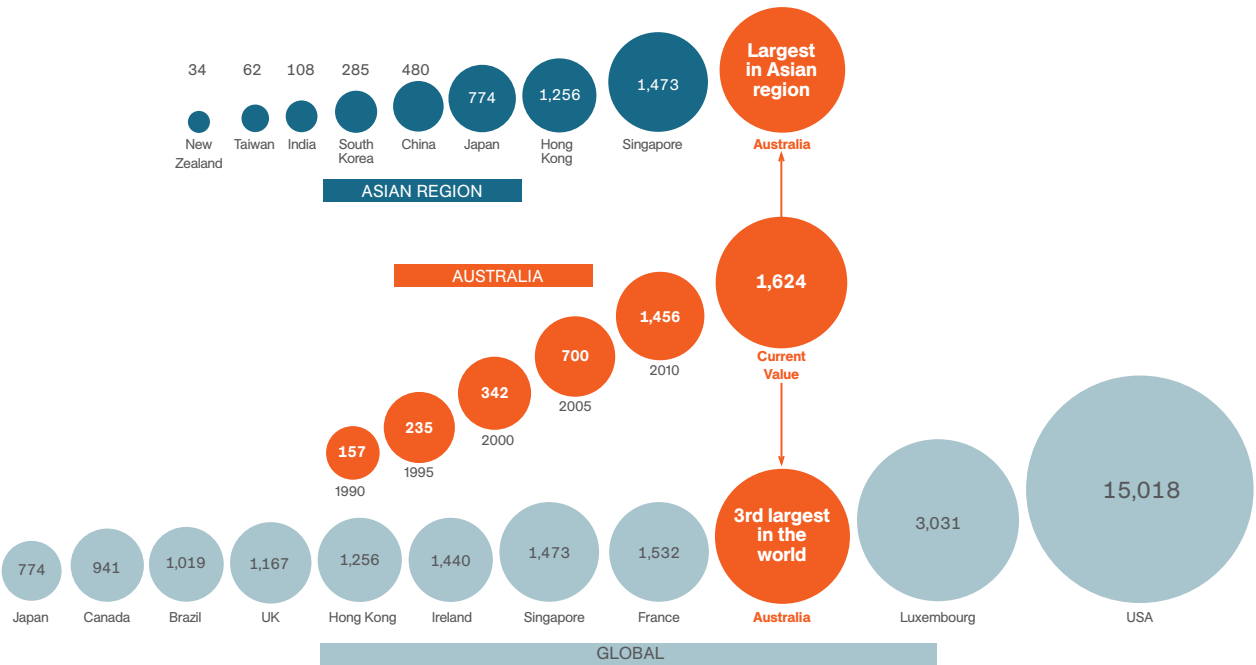
Sources: Reserve Bank of Australia Statistics, *B1 Assets of Financial Institutions* (updated 1 April 2014); RBA Statistics, *B18 Managed Funds* (updated 28 February 2014); Australian Bureau of Statistics Cat. No. 5206.0 – *Australian National Accounts: National Income, Expenditure and Product, December 2013* (released 5 March 2014); *Austrade*

A sophisticated and substantial finance sector provides access to capital

Australia's sophisticated financial services sector has significant depth with assets of almost A\$6.2 trillion – nearly four times the country's nominal GDP. The sector has grown 10 per cent a year over the past two decades, making it one of Australia's largest contributors to Gross Value Added and one of its highest growth sectors.

GLOBAL SIGNIFICANCE OF AUSTRALIA'S INVESTMENT FUND ASSETS POOL

Investment fund assets¹, US\$ billion, December quarter, 2013



Note: Circles are not to scale. Data between countries is not strictly comparable.

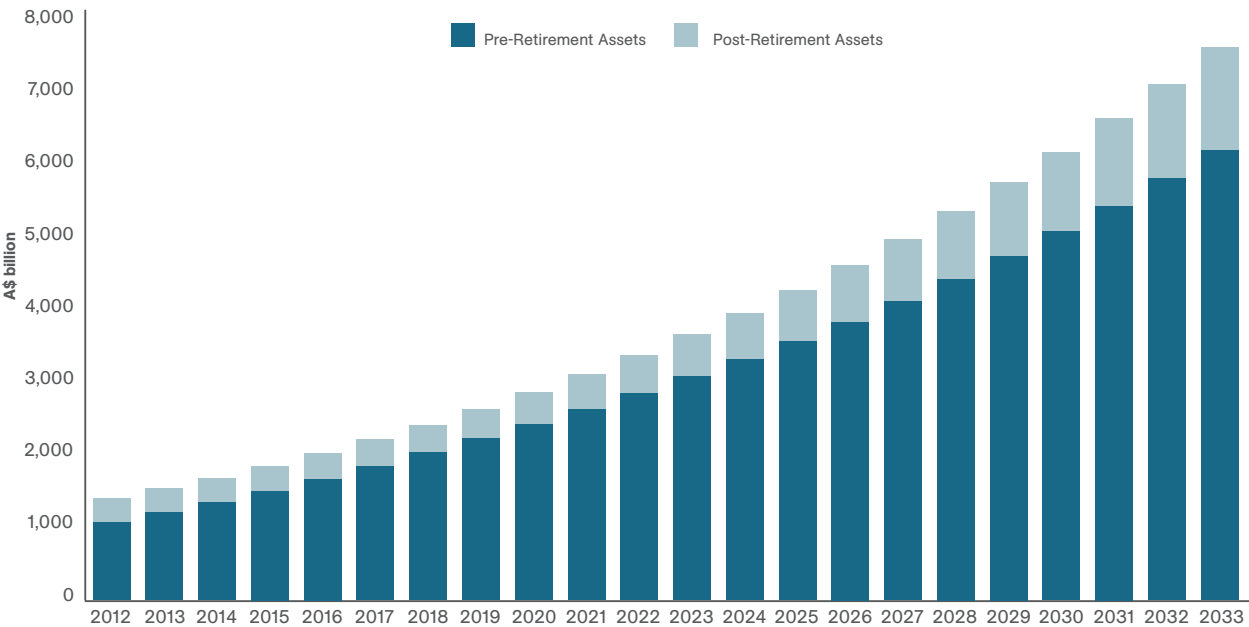
1. Refers to home domiciled funds, except Hong Kong and New Zealand, which include home and foreign-domiciled funds. Funds of funds are not included, except for France, Germany, Italy and Luxembourg. In this statistical release, 'investment fund' refers to a publicly offered, open-end fund investing in transferable securities and money market funds. It is equivalent to 'mutual fund' in the US and 'UCITS' (Undertakings for the Collective Investment of Transferable Securities) in the European Fund and Asset Management Association's statistics on the European investment fund industry. Australia's investment funds in the ICI survey only include consolidated assets of collective investment institutions.

Sources: Investment Company Institute, *Worldwide Mutual Fund Assets and Flows, Fourth Quarter 2013* (released 2 April 2014); Hong Kong's data (Non-REIT fund management business – the sum of asset management business and fund advisory business of licensed corporations), sourced from Securities and Futures Commission, *Fund Management Activities Survey 2012* (released July 2013); Singapore's data sourced from Monetary Authority of Singapore, *2012 Singapore Asset Management Industry Survey* (released July 2013); Austrade

The world's third largest pool of funds under management – set for growth

Australia's US\$1.62 trillion pool of funds under management (FUM) is the third largest in the world and the largest in the Asian region, according to the Investment Company Institute's *Worldwide Mutual Fund Assets and Flows* data. The global significance of Australia's FUM and the maturity of its funds industry underscore its potential to further develop as a regional funds management centre.

AUSTRALIA'S PROJECTED SUPERANNUATION ASSETS, 2012–2033

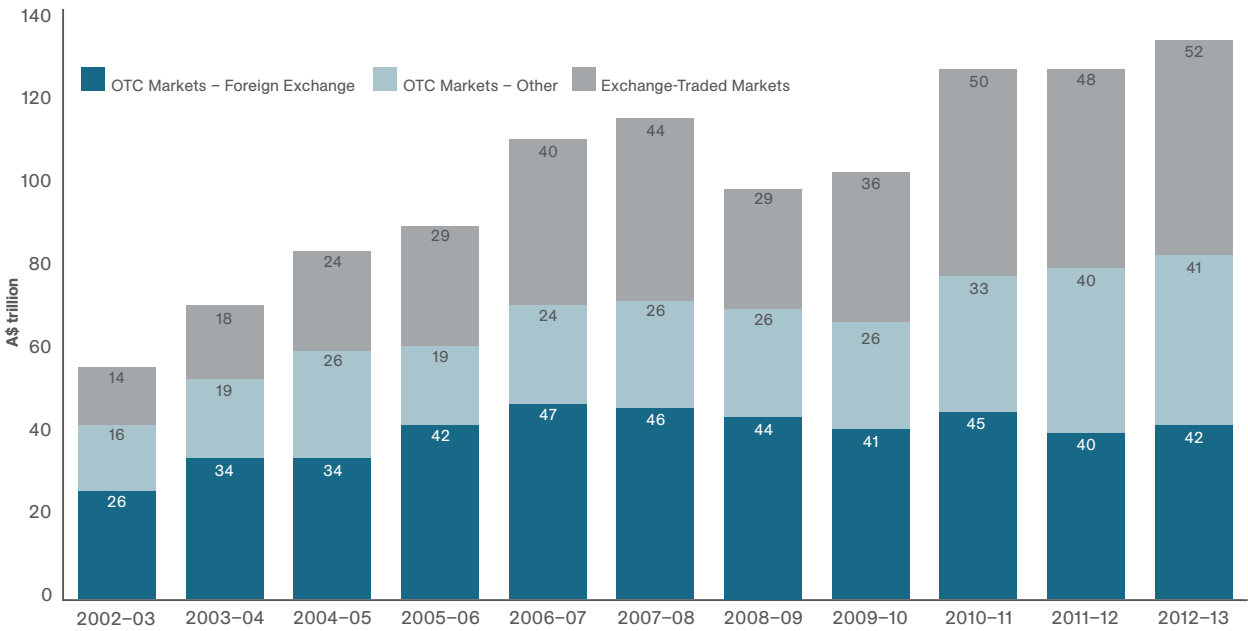


Source: Deloitte Actuaries & Consultants, September 2013, *Dynamics of the Australian Superannuation System: The next 20 years: 2013–2033*, Figure 5, Page 12; Austrade

Long-term pension pool growth supports future investment opportunities

Australia's A\$1.6 trillion superannuation system is the fourth largest in the world and is a major driver behind Australia's globally significant funds management industry. This pool of assets is expected to grow to A\$7.6 trillion or 180 per cent of GDP over the next two decades. Compulsory employer contributions and the prospect of a return to more 'normal' returns underpin this growth projection.

AUSTRALIAN FINANCIAL MARKETS ANNUAL TURNOVER



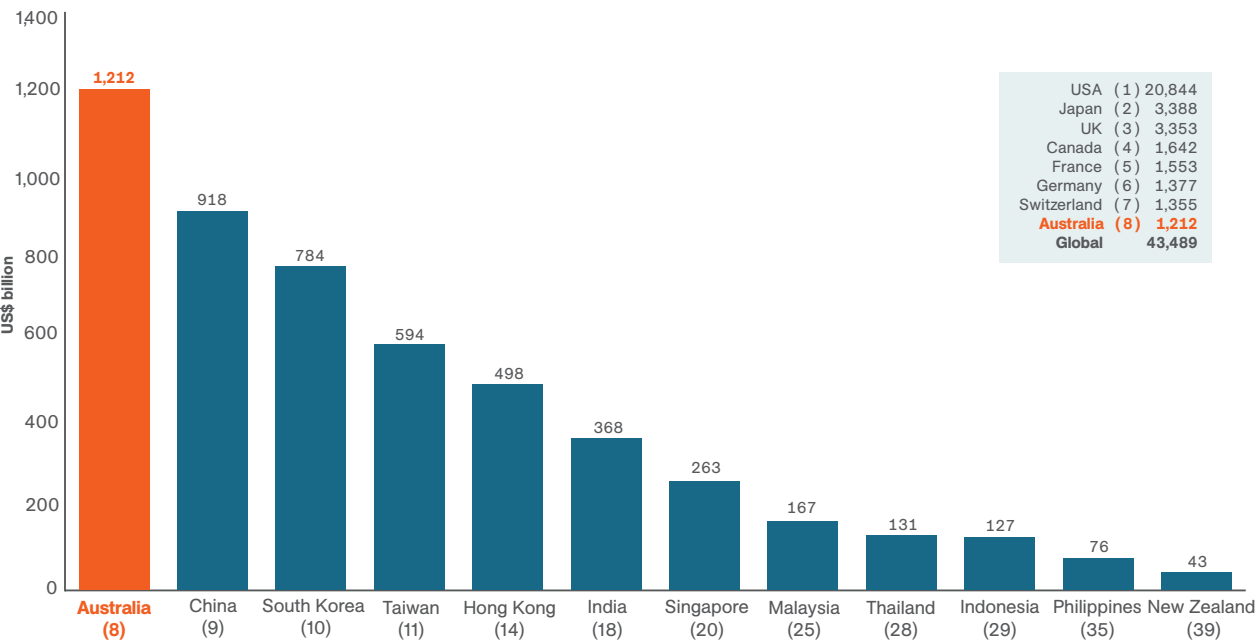
Source: Australian Financial Markets Association, 2013 Australian Financial Markets Report; Austrade

Surging financial market turnover

After surging over 20 per cent each year in the previous two years, Australian financial markets (over-the-counter and exchange-traded) turnover has remained strong, growing 5.3 per cent to A\$135 trillion in 2012–13. The total market annual turnover in 2012–13 is now 17 per cent higher than it was in 2007–08, underlining the increasing depth and sophistication of the Australian market.

SIZE OF KEY STOCK MARKETS IN ASIA

Market capitalisation of free-floating stocks (US\$ billion, 30 April 2014)



Note: The number in brackets is the world ranking of each country or economy (out of 46). Standard & Poor's capitalisation-weighted indices are float adjusted. Under float adjustment, the share counts used in calculating the indices reflect only those shares available to investors rather than all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

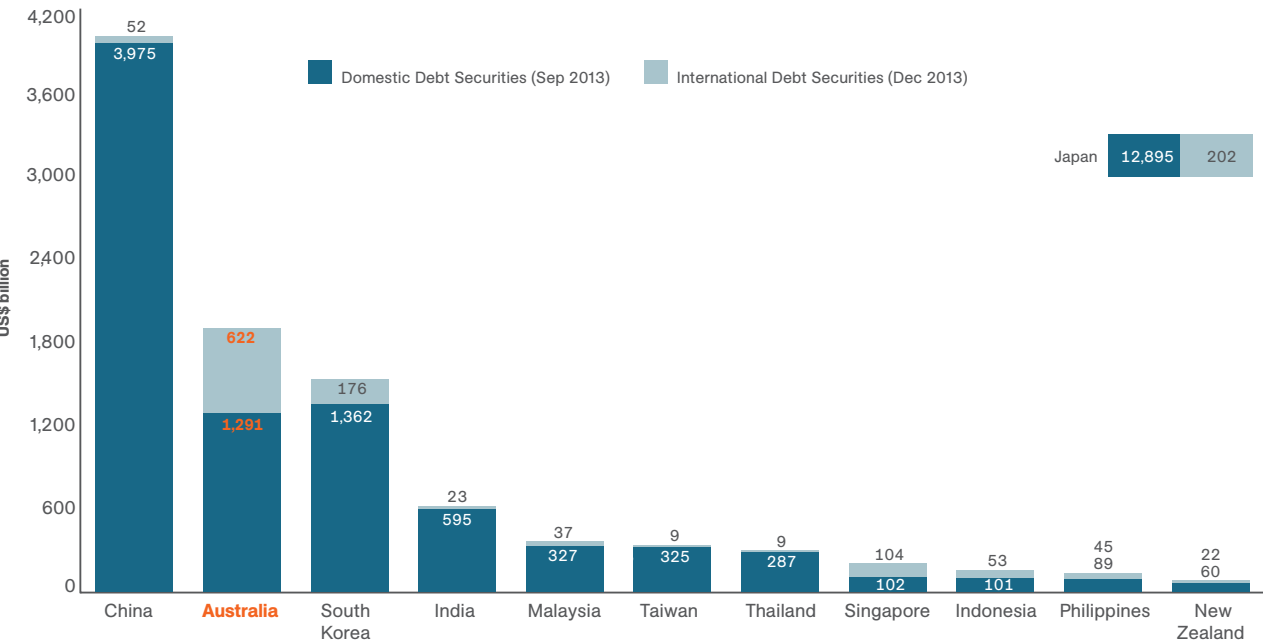
Source: Standard & Poor's, S&P Dow Jones Indices World-By-Numbers: April 2014; Austrade

Australia has the second largest stock market in the Asian region

Australia is home to the largest liquid stock market in the Asian region outside Japan. It is the eighth largest in the world with a capital exceeding US\$1.2 trillion in April 2014. Australia's market capitalisation of free-floating shares is 32 per cent greater than China's US\$918 billion, more than double Hong Kong's US\$498 billion and more than four times the market capital of Singapore's at US\$263 billion.

INTERNATIONAL AND DOMESTIC DEBT SECURITIES – AMOUNT OUTSTANDING, 2013

Residence of issuer, US\$ billion



Source: Bank for International Settlements, Quarterly Review, September Review, Table 11A and Table 16A (released 9 March 2014); Austrade

Regional leader in the issuance of international and domestic debt securities

Australia's debt securities market remains the third largest in the Asian region with total amounts outstanding of almost US\$2 trillion, behind Japan's US\$13 trillion and China's US\$4 trillion. Australia is a regional leader in the issuance of both international and domestic debt securities. The country has more international debt securities outstanding than any other Asian nation and ranks fourth in the region in terms of domestic securities.

AUSTRALIAN TRADE COMMISSION LOCATIONS

AUSTRALIA

Adelaide
Brisbane
Canberra
Darwin
Hobart
Melbourne
Newcastle
Perth
Sydney
Townsville
Wollongong

EAST ASIAN GROWTH MARKETS

Bandar Seri Begawan
Bangkok
Beijing
Chengdu
Guangzhou
Hangzhou
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Kaohsiung
Kuala Lumpur
Kunming
Manila
Nanjing
Qingdao
Seoul
Shanghai
Shenyang
Shenzhen
Singapore
Taipei
Wuhan
Yangon

ESTABLISHED MARKETS

Auckland
Chicago
Frankfurt
Fukuoka
Istanbul
London
Madrid
Milan
New York
Osaka
Paris
Port Moresby
Prague
San Francisco
Sapporo
Stockholm
Suva
Tel Aviv
Tokyo
Toronto
Vancouver
Warsaw
Washington

GROWTH AND EMERGING MARKETS

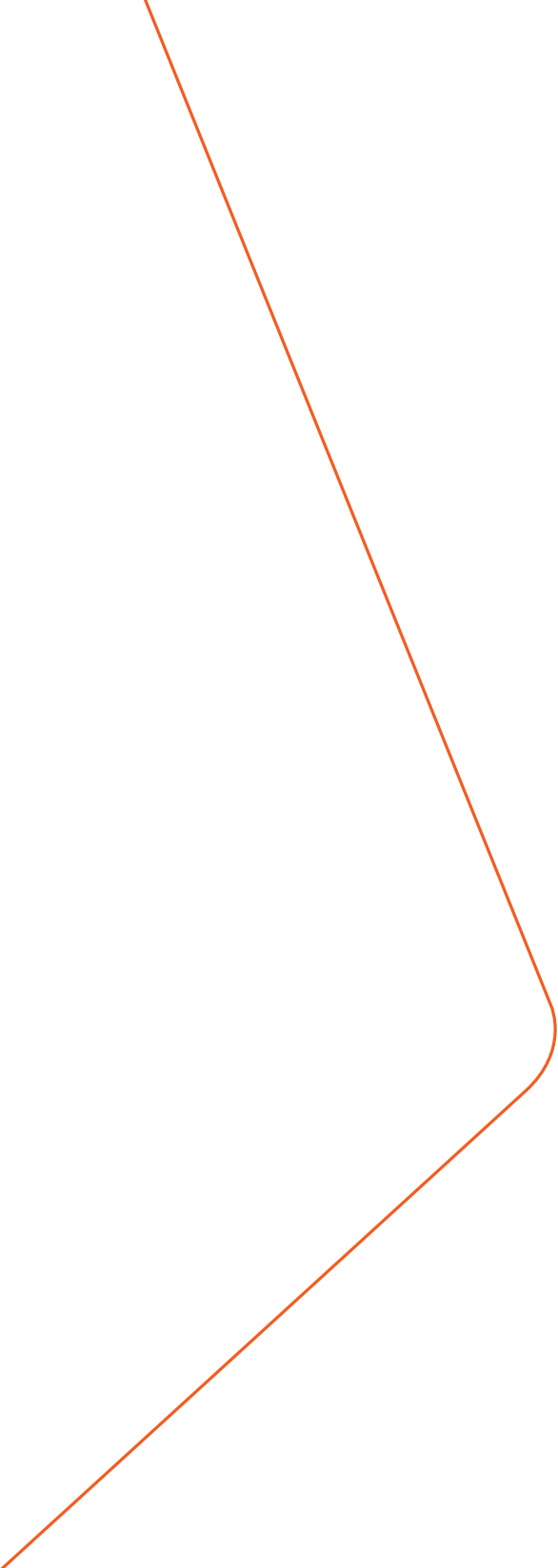
Abu Dhabi
Accra
Ahmedabad
Bangalore
Bogota
Buenos Aires
Chandigarh
Chennai
Colombo
Dhaka
Dubai
Hyderabad
Islamabad
Jaipur
Jeddah
Johannesburg
Karachi
Kochi
Kolkata
Kuwait
Lahore
Lima
Mexico City
Moscow
Mumbai
Nairobi
New Delhi
Port Louis
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Vladivostok

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- win productive foreign direct investment
- promote international education
- strengthen Australia's tourism industry
- seek consular and passport services.

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- identifying potential investment projects and strategic alliance partners
- helping you to identify and contact Australian suppliers.

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