



# WHY AUSTRALIA

BENCHMARK REPORT 2017



Australian Government  
Australian Trade and Investment Commission



# WHY AUSTRALIA

GROWTH  
INDUSTRIES  
TALENT



LOCATION  
BUSINESS  
INNOVATION

26th year of consecutive growth. Globally competitive industries. A smart, skilled workforce. Integrated with Asia, Europe and North America.

Australia's resilient economy is built on stable institutions, sound regulatory policies, plentiful natural resources and a sophisticated services sector.

This solid base, coupled with the agility to adapt to changes in global demand, has enabled Australia to outperform its peers for more than two decades while achieving global success across a range of industries.

Australia's resources sector continues to power Asia's industrialisation and urbanisation, and its services sector is now providing wealth management, healthcare, education, tourism and professional services to Asia's growing middle classes.

The country's network of free trade agreements, strong business and cultural ties with Asia, and longstanding trade, investment and research links with Europe and North America create a secure platform for global expansion.

Australia's expertise in research and development, commitment to innovation, and focus on creating and commercialising technologies offer the ideal environment for cultivating and testing new ideas.

For trade and investment, there is no better partner than Australia.

# 01

## GROWTH

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# GROWTH

Australia's demonstrated economic resilience, adaptability and record of steady growth provide a safe, low-risk environment in which to do business.

Now in its 26th year of consecutive annual economic growth, Australia's economy is underpinned by strong institutions, an exceptional services sector and an ability to respond to global changes.

Over the next five years, Australia's economic growth rate is forecast to be the highest among major advanced economies.

Enduring ties to the Asia-Pacific region have helped Australia prosper. The country's natural resources support industrialisation in the region and its agricultural products and premium food are meeting the demand for clean, green and safe products.

Australia's services-based economy is also well equipped to provide the financial, professional, healthcare, education and tourism services that its Asian neighbours are now seeking.

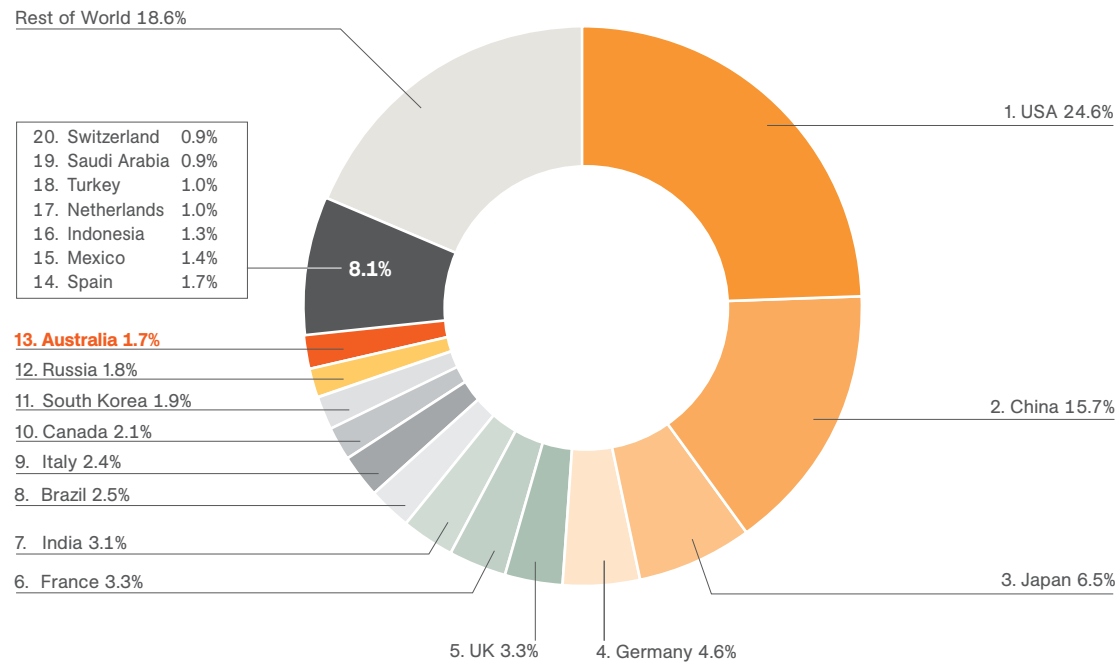


# WORLD'S 13TH LARGEST ECONOMY

Global forecasts predict Australia will maintain its position as the world's 13th largest economy (in US dollar terms) in 2017. Australia's nominal GDP is estimated at US\$1.3 trillion (A\$1.7 trillion) and accounts for 1.7 per cent of the global economy. Australia has almost tripled the value of its total production from two decades ago.

## WORLD'S 20 LARGEST ECONOMIES – 2017<sup>F</sup>

Percentage share of total world nominal GDP in US\$



F = Forecast

GDP of the world's 188 economies: **US\$78,914 billion**

GDP of 20 largest economies: **US\$64,270 billion (81.4% of world's GDP)**

GDP of ASEAN-10 economies: **US\$2,754 billion (3.5% of world's GDP)**

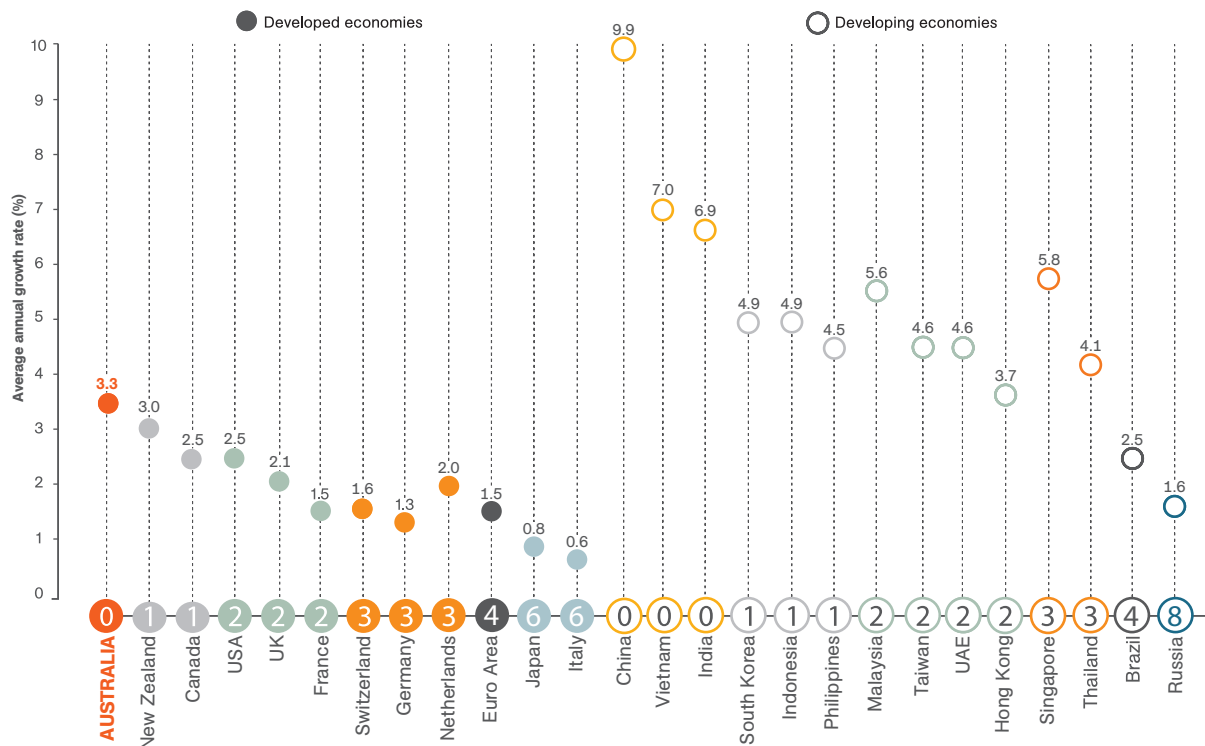
Sources: *International Monetary Fund, World Economic Outlook Database, October 2016; Austrade*

# 26TH YEAR OF CONSECUTIVE ANNUAL ECONOMIC GROWTH

The Australian economy remains resilient, sustained by sound macroeconomic policies, strong institutions and solid trade ties with the Asia-Pacific region. Growing more than three per cent on average each year since 1992, Australia is the only major developed economy to have recorded no annual recessions from 1992 to 2016 and is now in its 26th year of consecutive growth.

## ECONOMIC RESILIENCE – REAL GDP GROWTH

1992–2016<sup>F</sup>



**Note:** Colour circles on x-axis represent the number of years in recession.

**F** = Forecast

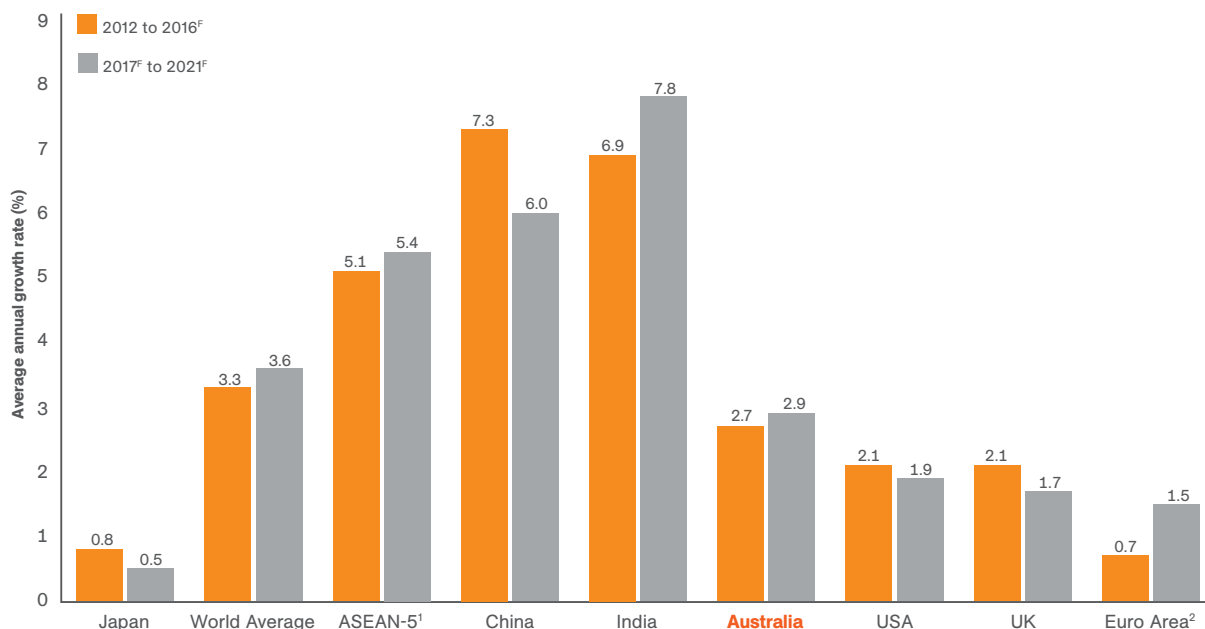
**Sources:** International Monetary Fund, World Economic Outlook Database, October 2016; Austrade

# HIGHEST GROWTH AMONG ADVANCED ECONOMIES

Australia's economic growth has outperformed its peers for the past two decades and the fundamentals are in place for this trend to continue. According to IMF forecasts released in October 2016, Australia is expected to realise average annual real GDP growth of 2.9 per cent between 2017 and 2021 – the highest among major advanced economies and up from an average growth rate of 2.7 per cent between 2012 and 2016.

## REAL GDP GROWTH BY ECONOMIC GROUPING

Average annual growth rate: 2012–16<sup>F</sup> and 2017<sup>F</sup>–21<sup>F</sup>



<sup>F</sup> = Forecast

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

**2.** Composed of 19 economies in Europe: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain.

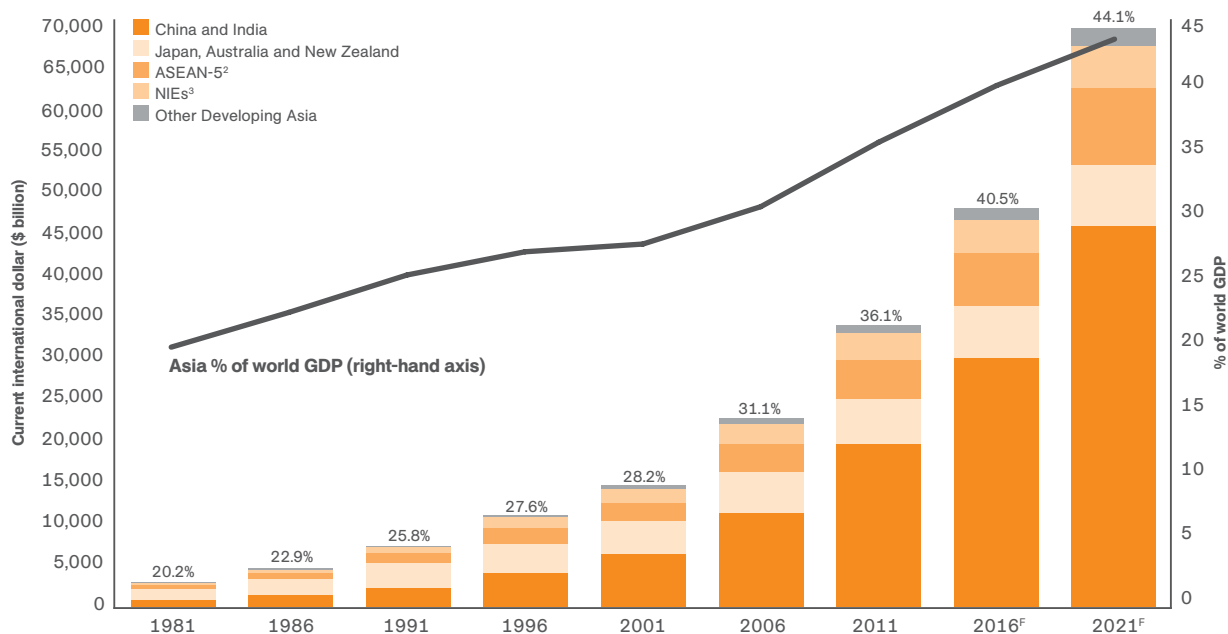
Sources: *International Monetary Fund, World Economic Outlook Database, October 2016; Austrade*

# STRONG TIES TO ASIA SUPPORT LONG-TERM GROWTH

Australia's medium- and long-term growth outlook is supported by its strong ties to the Asia-Pacific region. By 2021, the regional economy is expected to account for 44 per cent of global production in terms of purchasing power parity valuation, more than double the ratio in 1981. Over the same period, the combined economies of China and India will likely represent almost 30 per cent of the world's GDP, significantly up from around five per cent in 1981.

## ASIAN ECONOMIC GROWTH

GDP based on purchasing power parity valuation (PPP, current international dollar billion)<sup>1</sup>



**Note:** The number on the bar represents the Asian economy as a percentage share of world GDP (PPP).

**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. Local currency values are converted into international dollars using PPP exchange rates.

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

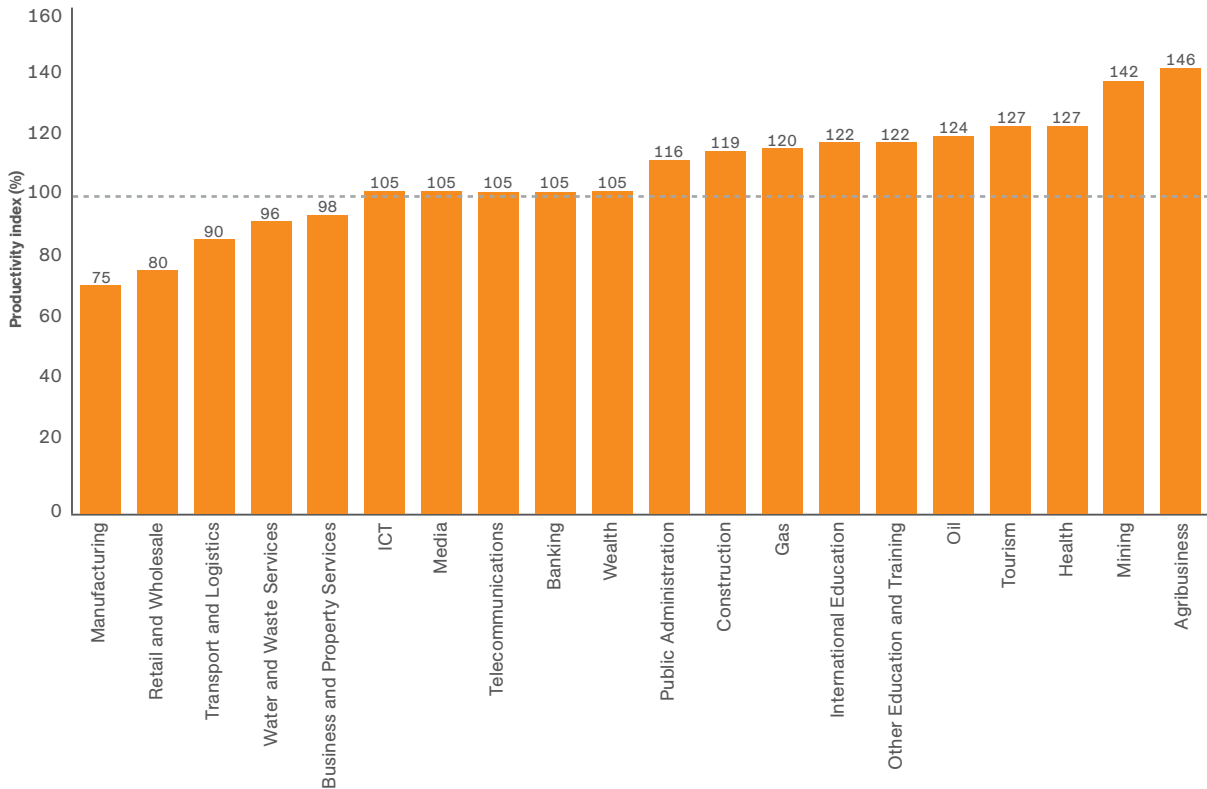
3. Newly Industrialised Economies: Singapore, Hong Kong, South Korea and Taiwan.

**Sources:** International Monetary Fund, World Economic Outlook Database, October 2016; Austrade

# HIGH PRODUCTIVITY IN GROWTH SECTORS

The productivity levels of 15 out of 20 Australian industries rate above the average productivity of global competitors in the same sector. Australia is performing 20 per cent above this global average in five key growth sectors – gas, education, oil, tourism and health – and over 40 per cent in mining and agribusiness.

## 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.

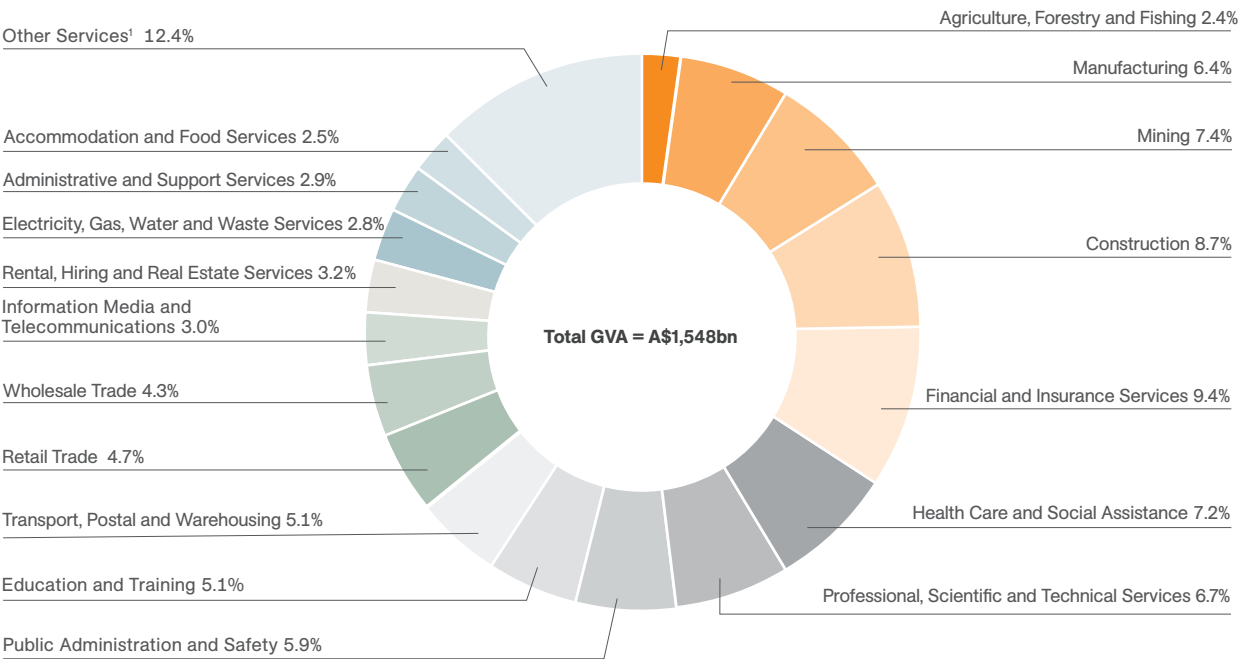
**Sources:** Deloitte Access Economics analysis, 2015. Based on data provided in The Conference Board Total Economy Database™, May 2015; Austrade

# DIVERSIFIED, SERVICES-BASED ECONOMY

Australia's services sector (excluding construction) accounts for around 75 per cent of real gross value added (GVA). The country's sophisticated financial services industry is the largest contributor to its economy, generating 9.4 per cent of total GVA. Other top sectors include mining, construction, health care and social assistance, manufacturing, and professional, scientific and technical services.

## AUSTRALIA'S REAL GROSS VALUE ADDED BY INDUSTRY

Annual total ending June 2015–16, as a percentage of total industry



**Note:** Gross value added measures the contribution to the economy of each individual producer, industry or sector.

**1.** Other Services include: Ownership of Dwellings (9.6%), Arts and Recreation Services (0.9%) and other (1.9%).

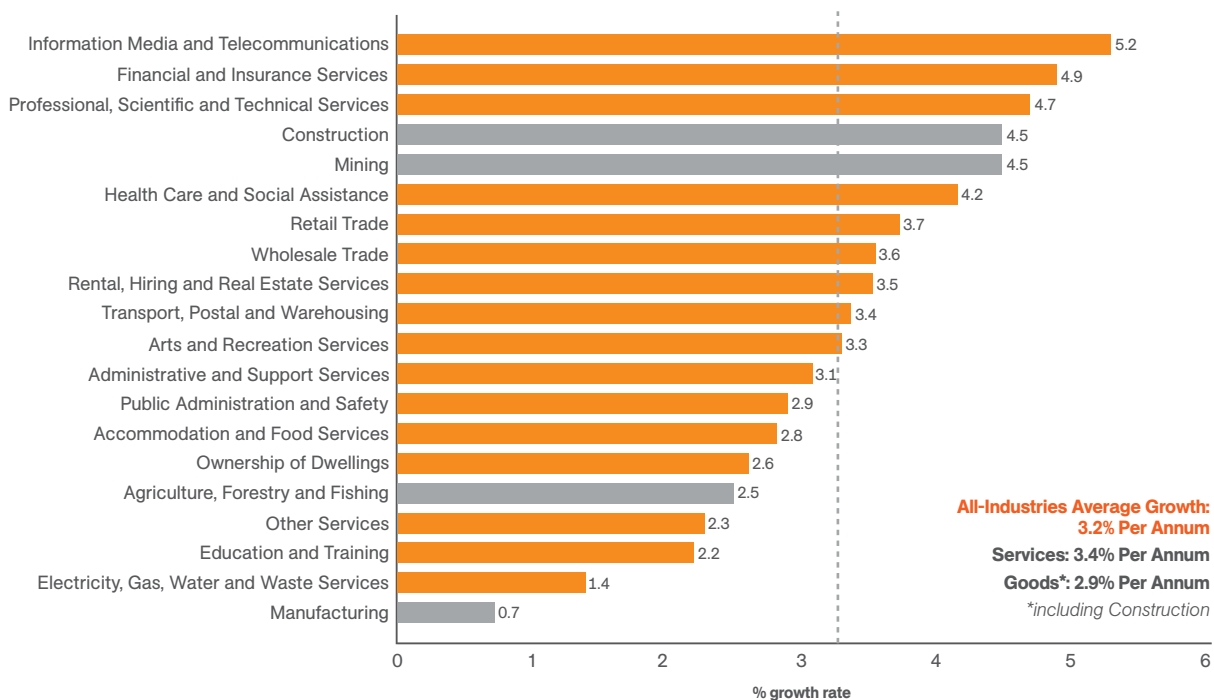
**Sources:** Australian Bureau of Statistics Cat. No. 5204.0 Australian System of National Accounts, 2015–16, Table 5, Gross Value Added (GVA) by Industry (released 28 October 2016); Austrade

## STEADILY GROWING SERVICES SECTOR

Australia's services sector has expanded by an average of 3.4 per cent per annum, slightly above the all-industries average. Information media and telecommunications, financial and insurance services, and professional, scientific and technical services have seen solid growth, reflecting the country's skills base in technology- and knowledge-intensive sectors. Australia's construction and mining sectors continue to grow steadily.

### GROWTH BY INDUSTRY IN AUSTRALIA'S REAL GROSS VALUE ADDED

Average annual % growth rate 1991–92 to 2015–16



**Note:** Grey bars denote goods-based sectors, and orange bars denote services-based sectors.

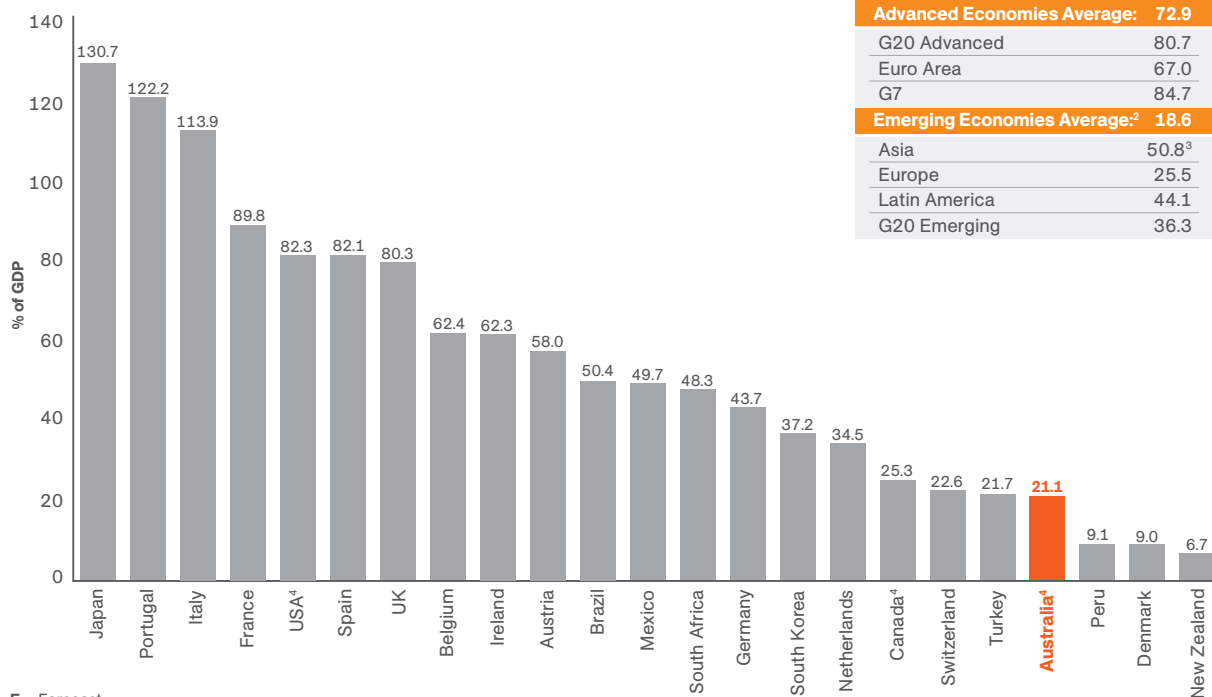
**Sources:** Australian Bureau of Statistics, Cat. No. 5204.0 Australian System of National Accounts, 2015–16, Table 5, Gross Value Added (GVA) by Industry (released 28 October 2016); Austrade

# LOW GOVERNMENT DEBT

In its October 2016 *Fiscal Monitor*, the IMF estimated the Australian Government's net debt would be 21.1 per cent of GDP in 2017, well below the 72.9 per cent forecast for advanced economies as a group. Australian Government debt is predicted to fall below 20 per cent of GDP by 2020, while the average debt ratio of advanced economies will remain at about 72 per cent of GDP. The low level of public sector debt reinforces the Australian Government's healthy financial position and sound economic credentials, and underpins its strong sovereign ratings.

## GENERAL GOVERNMENT NET DEBT<sup>1</sup> – 2017<sup>F</sup>

As a percentage of GDP



F = Forecast

1. IMF staff estimates and projections. Projections are based on staff assessment of current policies.

2. Emerging Economies include: Algeria, Angola, Argentina, Azerbaijan, Belarus, Brazil, Chile, China, Colombia, Croatia, Dominican Republic, Ecuador, Egypt, Hungary, India, Indonesia, Iran, Kazakhstan, Kuwait, Libya, Malaysia, Mexico, Morocco, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, South Africa, Sri Lanka, Thailand, Turkey, Ukraine, UAE, Uruguay, Venezuela.

3. Gross debt as a percentage of GDP (Source: IMF, *Fiscal Monitor October 2016*, Statistical Tables A15).

4. 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 the USA) are adjusted to exclude unfunded pension liabilities of government employees' defined benefit pension plans.

Sources: International Monetary Fund (IMF), *Fiscal Monitor October 2016*, Statistical Tables A8 and A16; Austrade

# 02

## INDUSTRIES

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# INDUSTRIES

Australia has the capacity and capabilities to provide high-quality natural resources, food, education, tourism and financial services to the world.

With large reserves of mineral and energy resources, Australia is a world-leading producer of gold, iron ore and uranium, and the world's second largest LNG exporter. The country is also ranked in the world's top 20 for solar and wind generation.

Australia is a global top 10 producer of major agricultural commodities. There is high demand for its premium food and agricultural goods, particularly in Asia where Australian products are highly regarded for their safety, security and quality.

In financial services, Australia has one of the Asia-Pacific region's largest pool of bank assets, as well as significant wealth management and infrastructure financing expertise.

Australia is a highly attractive destination for education and tourism. It is the world's third most popular location for students and the 11th largest international tourism market.



# GLOBALLY SUCCESSFUL IN FIVE KEY INDUSTRIES

Australia is a globally successful provider of products and services that are in high demand. The country is a major producer of natural resources, including significant LNG reserves that are about to come into production, and clean, green agricultural commodities and premium food. Australia has large, liquid financial markets, including the biggest pool of managed fund assets in the Asia-Pacific region. It is also a leading destination for education and tourism.

## AUSTRALIA'S GLOBALLY SIGNIFICANT INDUSTRIES



**MERCHANDISE EXPORT – AGRICULTURAL PRODUCTS (US\$36.0 billion, 2015)**  
**TOP 12 IN THE WORLD**

*Source: UN Comtrade Database*



**AUSTRALIA'S INVESTMENT FUND ASSETS (US\$1.6 trillion, June 2016)**  
**SIXTH LARGEST IN THE WORLD**

*Source: Investment Company Institute, Worldwide Mutual Fund Market*



**FOREIGN STUDENTS IN TERTIARY EDUCATION (6.2% of the world's total, 2014)**  
**THIRD LARGEST IN THE WORLD**

*Source: UNESCO, Institute for Statistics*



**INTERNATIONAL TOURISM RECEIPTS (US\$29.0 billion, 2015)**  
**11TH LARGEST IN THE WORLD**

*Source: UNWTO World Tourism Barometer, Vol.14*



**MERCHANDISE EXPORT – MINING AND FUELS (US\$108.0 billion, 2015)**  
**TOP 4 IN THE WORLD**

*Source: UN Comtrade Database*

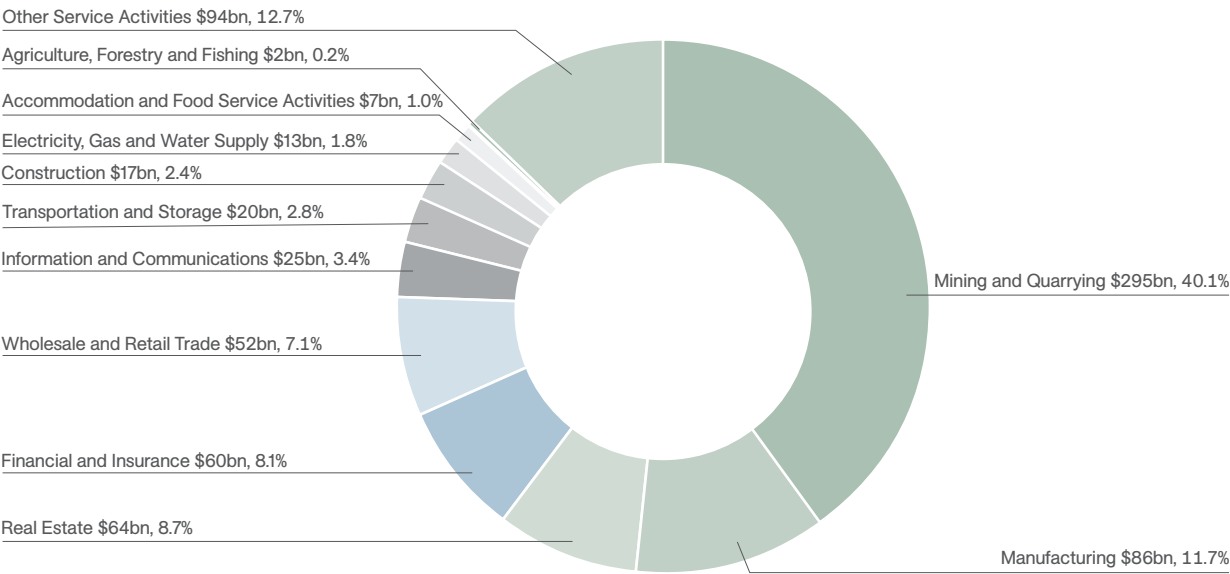


# SERVICES ATTRACT GROWING FOREIGN DIRECT INVESTMENT

Mining and manufacturing continue to account for over 50 per cent of foreign direct investment (FDI) stock in Australia by value. Around a third of Australia's A\$735 billion of FDI stock is in service-driven sectors. The service sectors experiencing the most significant growth in FDI stock between 2014 and 2015 were professional, scientific and technical services (23 per cent) and financial and insurance services (20 per cent).

## FOREIGN DIRECT INVESTMENT STOCK IN AUSTRALIA BY INDUSTRY – VALUE AND PERCENTAGE SHARE

Total value: A\$735 billion in 2015



**Note:** Other Service Activities includes Professional, Scientific & Technical Activities; Administrative & Support Service Activities; Public Administration; Activities of Households & Extraterritorial Organisations; Education; Arts, Entertainment & Recreation; Other Service Activities; and Unallocated Industries.

**Sources:** Australian Bureau of Statistics Cat. No. 5352.0 *International Investment Position, Australia: Supplementary Statistics, 2015* (released 11 May 2016), Table 15a. *Foreign Investment in Australia: Level of Investment at 31 December by Industry Division (ANZSIC), Direct Investment in Australia (\$million); Austrade*

# ABUNDANT RESERVES OF MINERAL AND ENERGY RESOURCES

Australia is richly endowed with natural resources, enabling it to play an important role in supplying the world's energy needs. The country has the world's largest uranium resources and fourth-largest black coal resources, as well as large gas reserves. Australia is a global top five producer of major minerals including gold, iron ore, lead, zinc and nickel.

## AUSTRALIA'S PRODUCTION OF MAJOR MINERAL AND ENERGY RESOURCES AND WORLD RANKINGS

As at December 2014

Commodity	Unit	Resources <sup>a</sup>	World Ranking for Resources	% of World Resources	Mine Production <sup>b</sup>	World Ranking for Production	% of World Production
<b>MINERALS</b>							
Diamond (industrial)	Mc	220	1	31	9.29	5	7
Gold	t Au	9,112	1	17	274	2	9
Iron ore	Mt	54,412	1	29	735	2	22
Lead	Mt Pb	35	1	40	0.73	2	13
Rutile	Mt	32	1	39	0.21	1	27
Zircon	Mt	72	1	56	0.80	1	59
Nickel	Mt Ni	19	1	23	0.25	3	10
Zinc	Mt Zn	63	1	27	1.56	2	12
Bauxite	Mt	6,195	2	22	78.6	1	34
Copper	Mt Cu	88	2	13	0.97	6	5
Silver	kt Ag	85	2	16	1.85	4	7
<b>ENERGY</b>							
Uranium <sup>c</sup>	kt U	1,151	1	29	4.98	3	8
Brown coal	Mt	44,164	2	19	60.7	6	7
Black coal	Mt	62,623	4	9	565	4	6
Gas (year 2015)	Bn cu m	3,703	11	2	60	13	2
Oil <sup>d</sup> (year 2015)	Mb & b/d	3,982	28	0.3	321,500	30	0.4

t = tonne; kt = kilotonnes; Mt = million tonnes; Mc = million carats; Mb = million barrels; b/d = barrels per day; Bn cu m = billion standard cubic metres.

**Notes:** **a.** Resources for all listed minerals and coal are Economic Demonstrated Resources (EDR). Uranium resources are Total Reasonably Assured Resources. Gas resources are Proven Natural Gas Reserves. Oil resources are Proven Crude Oil Reserves. **b.** Gas production is World Marketed Production of Natural Gas. **c.** Measured in kilotonnes of uranium that can be recovered at costs of less than US\$130/kgU. **d.** Resources measured in million barrels, production measured in number of barrels per day.

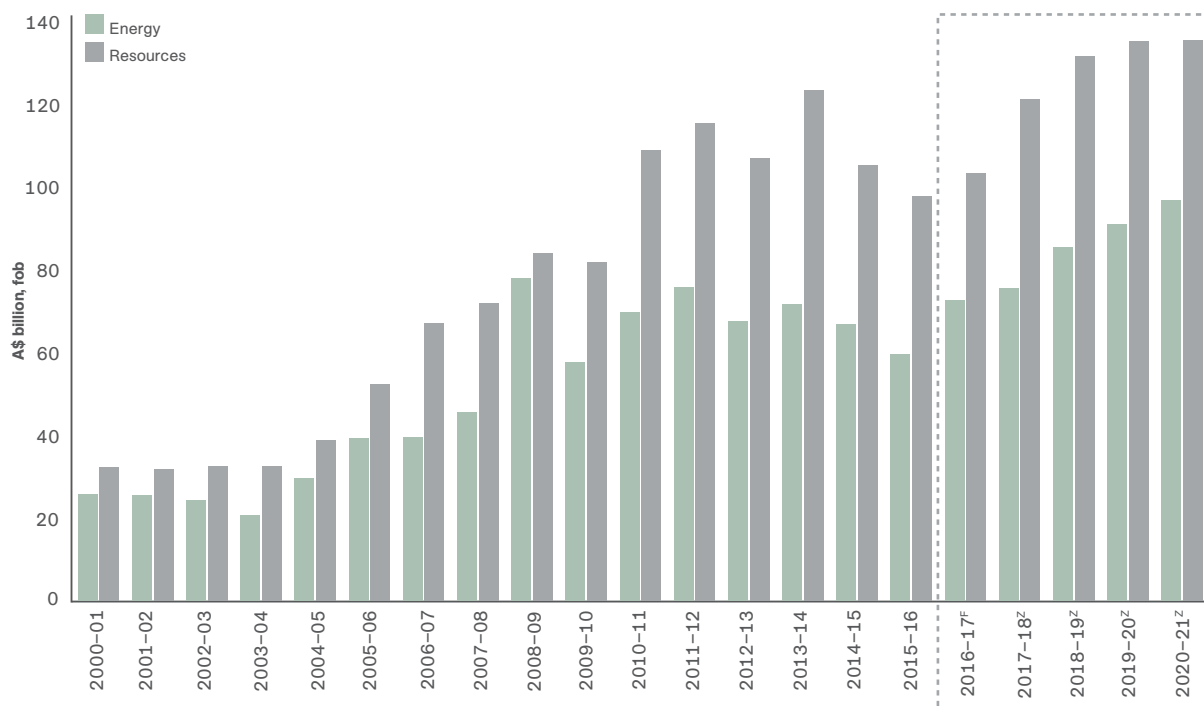
**Sources:** Geoscience Australia, *Australia's Identified Mineral Resources 2015, Table 1 – Australia's resources of major minerals and world figures, page 2; Table 2 – World rankings of major mineral resources and production, page 7; OPEC, Annual Statistical Bulletin, 2016, oil figures from Tables 3.1 & 3.6, gas figures from Tables 8.1 & 8.3; Austrade*

# LEADER IN ENERGY AND RESOURCES

Australia's abundant resources and proximity to Asia underpin its position as a major global exporter of mineral and energy resources and products. From 2000–01 to 2015–16, the country's total resources and energy exports are estimated to have increased more than two and a half-fold to A\$157 billion, with the majority of these exports going to Asian countries including China, Japan and South Korea. Continued growth in the export volume of most bulk commodities is expected to contribute to higher export earnings over the outlook period.

## AUSTRALIA'S ENERGY AND RESOURCES SECTOR

Value of exports



F = forecast figures from Resources and Energy Quarterly September 2016; Z = Projected figures from Resources and Energy Quarterly March 2016

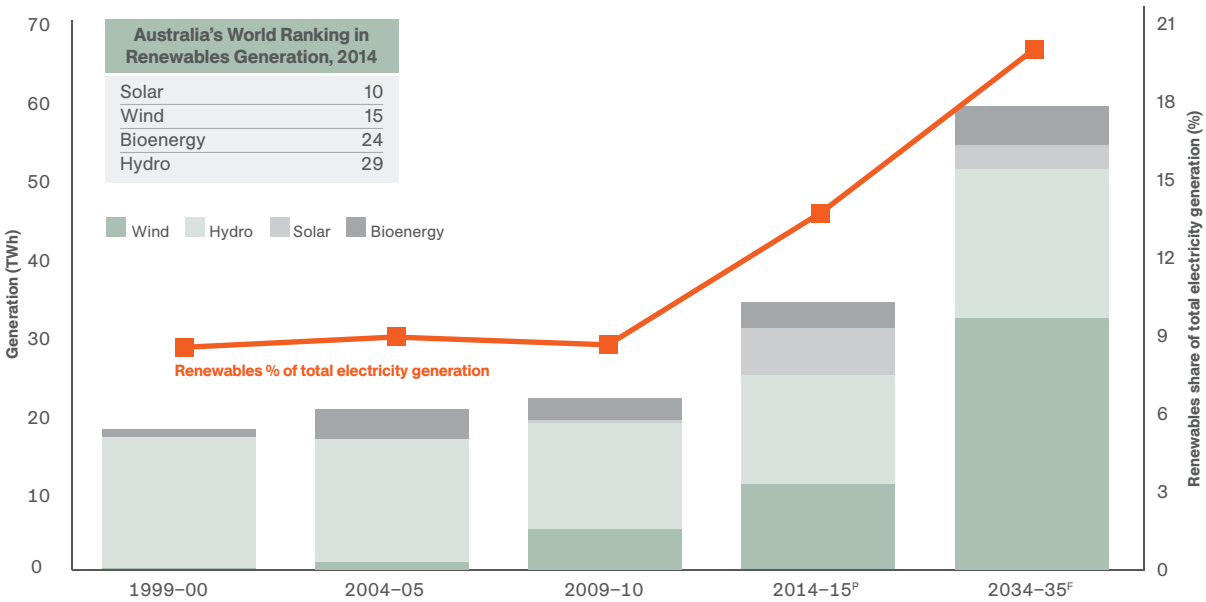
Sources: Department of Industry, Innovation and Science, Office of the Chief Economist, Resources and Energy Quarterly, September 2016 and Resources and Energy Quarterly, March 2016, Table 2.1, Outlook for Australia's resources and energy commodities; Austrade

# GROWING MARKET FOR RENEWABLES

Renewable energy accounted for 14 per cent of Australia's total electricity generation in 2014–15, and is forecast to increase to 20 per cent by 2034–35. Wind, solar and bioenergy sources are also expected to grow significantly, leveraging Australia's natural advantages. Electricity generation from wind power is expected to almost triple the current rate to account for over 10 per cent of Australia's total electricity generation by 2034–35.

## AUSTRALIA'S RENEWABLE ENERGY GENERATION VOLUMES AND WORLD RANKINGS

1999–00 to 2034–35<sup>F</sup>, TWh



P = Provisional data; F = Forecast; TWh = Terawatt-hour.

**Notes:** Solar energy generation in 1999–00 was 0.04TWh and in 2000–01 was 0.1TWh; wind energy generation in 1999–00 was 0.1TWh; world rankings are as at June 2014, sourced from the International Energy Agency/OECD.

**Sources:** Bureau of Resources and Energy Economics, *Australian Energy Projections to 2049–50*; OECD/IEA 2016 *World Energy Statistics*, IEA Publishing, Licence: [www.iea.org/t&c](http://www.iea.org/t&c); Austrade

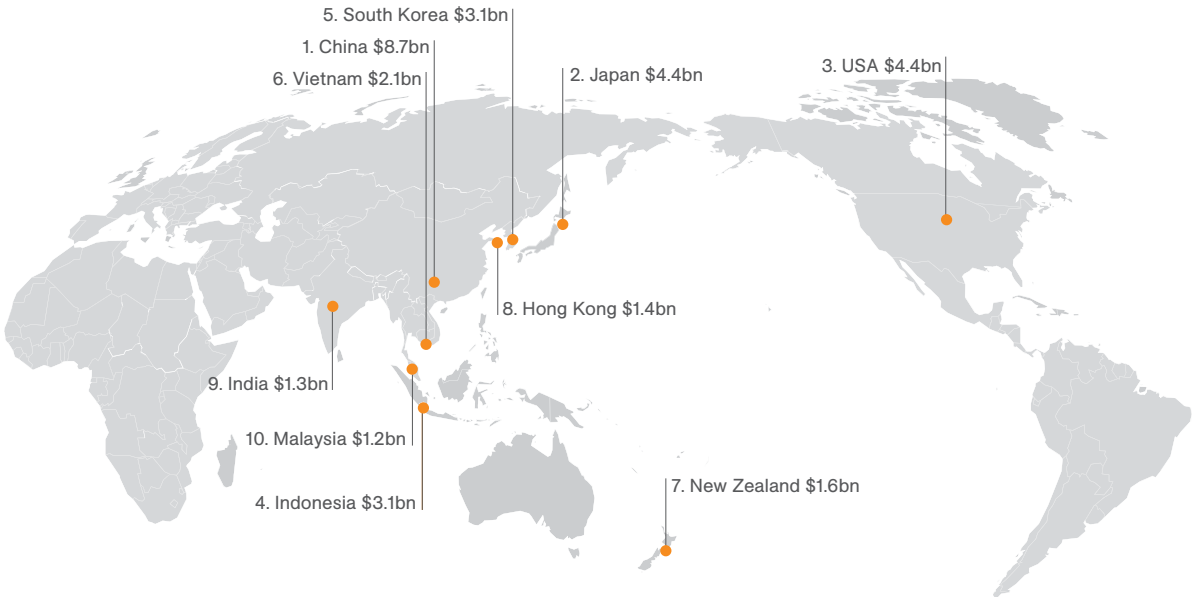
# TOP AGRIBUSINESS AND FOOD EXPORTER TO ASIA

Australian food and fibre exports were worth A\$45 billion in 2015–16, with nine of the top 10 destination markets (around 60 per cent of exports) in Asia. According to the OECD Development Centre, the number of middle-class consumers in the Asia-Pacific region is forecast to grow to approximately 3.2 billion (66 per cent of the world's total) by 2030. Australia's proximity to Asia and reputation as a safe and reliable source of quality produce and premium products ensure the country is well placed to capitalise on this growth.

## TOP 10 EXPORT DESTINATIONS FOR AUSTRALIAN FOOD AND FIBRE

A\$ billion, 2015–16

	Exports (A\$ billion) 2015–16	Turnover (A\$ billion) 2014–15
Unprocessed	20.9 <sup>1</sup>	76.3
Processed	24.2	104.1
<b>Total</b>	<b>45.1</b>	<b>186.1<sup>2</sup></b>



1. Includes all unprocessed food and live animals; raw hides, skins and fur skins; and all unprocessed textile fibres.

2. Including sales and service income for agriculture, forestry and fishing support services (A\$5.7bn).

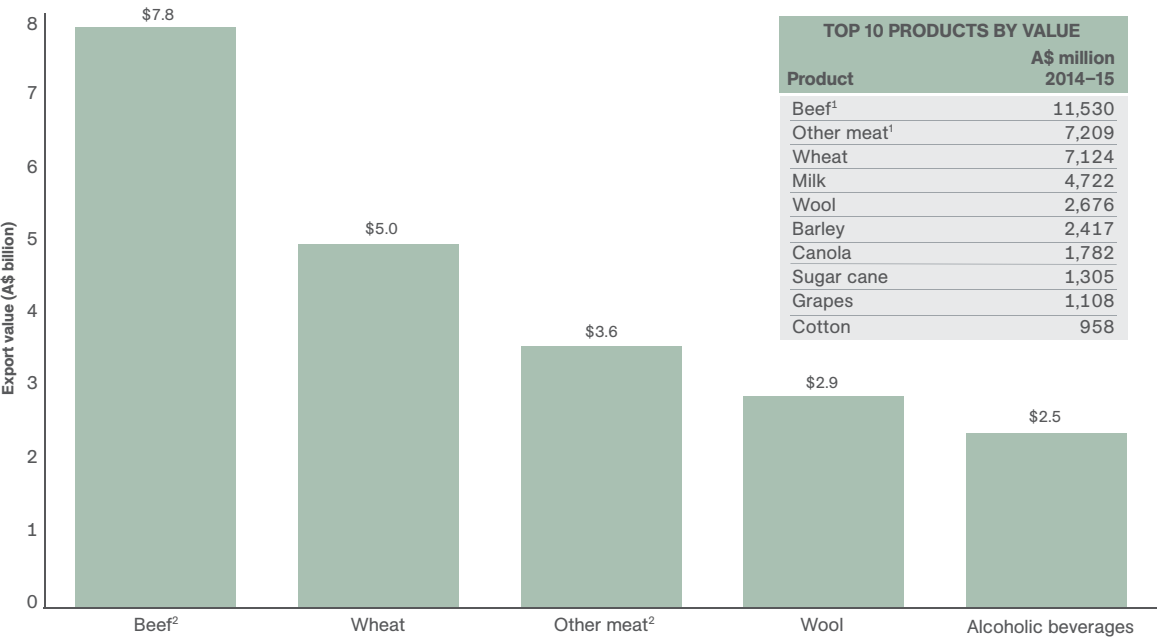
Sources: Exports by country data based on the DFAT publication "Composition of Trade" using country and TRIEC pivot table 1989–90 to 2015–16; turnover figures based on ABS Catalogue 8155.0 Australian Industry 2014–15 (released 27 May 2016); Austrade

# CLEAN, GREEN AND SAFE SOURCE OF AGRIBUSINESS AND FOOD

Australia is one of the 10 largest producers globally for almonds, wool, cotton, lamb, beef, barley, wheat and sugar cane. Demand for Australia's clean and green agricultural commodities drives the country's export trade in high-value branded premium products. Beef and wheat are Australia's two largest agricultural exports and its two largest agricultural commodities in terms of production value.

## AUSTRALIA'S TOP AGRICULTURAL COMMODITIES

Top five exports, year ending September 2016



1. Gross value of production for meat products refers to 'Livestock slaughtered and other disposals'.

2. Export value for meat products refers to fresh, chilled or frozen meat and edible offal.

Sources: ABARES, Australia's Agricultural Industries 2016; ABARES, Agricultural Commodities September Quarter 2016, Statistics Data Tables 13a, 13b; ABS, Cat. No. 7503.0, Value of Agricultural Commodities Produced 2014-15, Table 1; ABS, Cat. No. 5368.0, International Trade in Goods and Services, Australia, Table 12, September 2016; Food and Agriculture Organization of the United Nations, FAOSTAT database (accessed October 2016); Austrade

# STRONG, SOPHISTICATED FINANCIAL MARKETS

Australia has one of the largest and most sophisticated financial services sectors in the world. The country has deep and liquid financial markets, including the world's sixth largest managed fund assets pool, and is a regional leader in investment management, infrastructure financing and structured products. The managed funds sector is underpinned by a mandated retirement savings scheme (superannuation system) that has resulted in the fourth largest pension pool in the world.

## GLOBAL SIGNIFICANCE OF AUSTRALIA'S FINANCIAL MARKETS



**A\$7,500 billion<sup>1</sup>**

### ASSETS OF AUSTRALIAN FINANCIAL INSTITUTIONS\*

4.5 times Australia's nominal GDP

*\*June 2016*



**US\$275 billion<sup>4</sup>**

### ALTERNATIVE ASSETS UNDER MANAGEMENT\*

4th largest in the world  
Largest in the Asian region

*\*2015*



**US\$1,600 billion<sup>2</sup>**

### MANAGED FUND ASSETS UNDER MANAGEMENT\*

6th largest in the world  
Largest in the Asian region

*\*June quarter 2016*



**US\$135 billion<sup>5</sup>**

### FOREIGN EXCHANGE DAILY TURNOVER\*

8th largest in the world

*\*April 2016*



**US\$1,000 billion<sup>3</sup>**

### STOCK MARKET\*

9th largest in the world  
3rd largest in the Asian region

*\*Market capitalisation of freely floating stocks, October 2016*



**US\$1.95 billion<sup>6</sup>**

### INTERNATIONAL AND DOMESTIC DEBT SECURITIES OUTSTANDING\*

10th largest in the world  
3rd largest in the Asian region

*\*Total outstanding value, March quarter 2016*

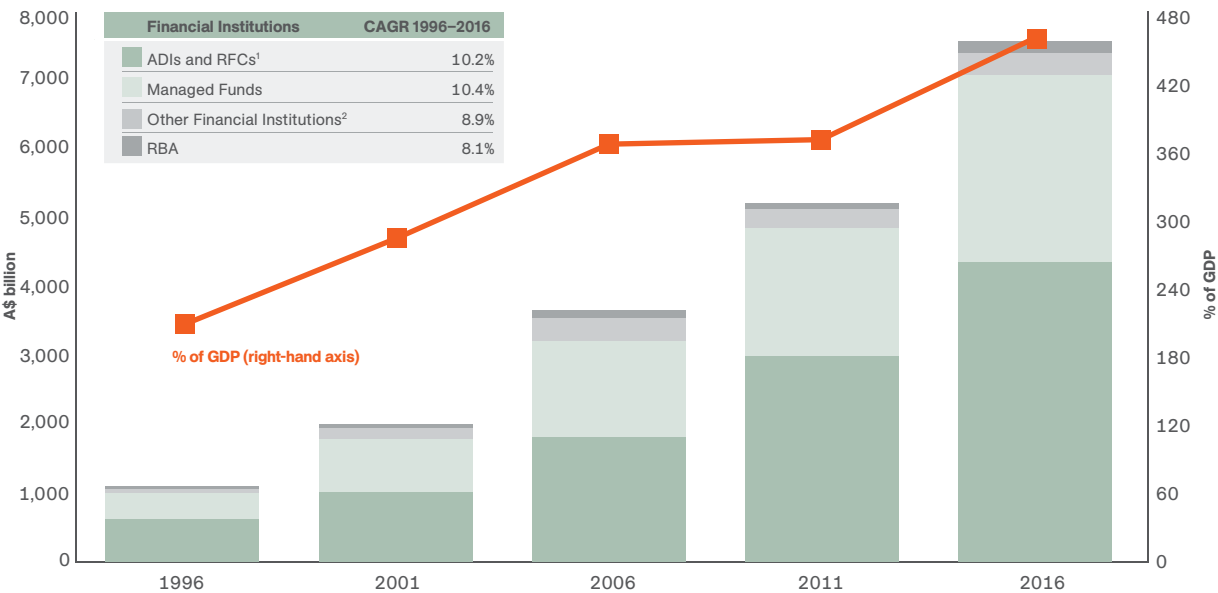
Sources: 1. Reserve Bank of Australia Statistics, B1 Assets of Financial Institutions (updated 4 October 2016); B18 Managed Funds (updated 1 September 2016); 2. Investment Company Institute, Worldwide Mutual Fund Assets and Flows, second quarter 2016; 3. Standard & Poor's, S&P Dow Jones Indices World-By-Numbers: September 2016; 4. Willis Towers Watson, Global Alternatives Survey 2016, July 2016. Figure includes asset class of real assets, hedge funds, private equity funds, private equity funds of funds, funds of hedge funds, infrastructure and illiquid credit. Alternative assets under management is by Australian domiciled financial institutions; 5. Bank for International Settlements, Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets in 2016; 6. Bank for International Settlements, Debt securities statistics, summary of debt securities outstanding by residence and sector of issuer; Austrade

# AUSTRALIA'S A\$7.5 TRILLION FINANCIAL SECTOR

Australia's sophisticated financial services sector has significant depth with estimated assets of around A\$7.5 trillion – over four and a half times the country's nominal GDP. The sector has grown 10 per cent a year over the past two decades, almost double the growth rate of nominal GDP. The strength of the financial industry means it is Australia's largest contributor to gross value added, one of its highest growth sectors and a significant source of capital.

## ASSETS OF AUSTRALIAN FINANCIAL INSTITUTIONS

A\$ billion, year ending June quarter



CAGR = Compound annual growth rate from June quarter 1996 to June quarter 2016.

1. The combined assets of Authorised Deposit-taking Institutions (ADIs comprising Banks, Building Societies and Credit Unions) and Registered Financial Corporations (comprising Money Market Corporations, Finance Companies and General Financiers).

2. General Insurance Offices and Securitisation Vehicles.

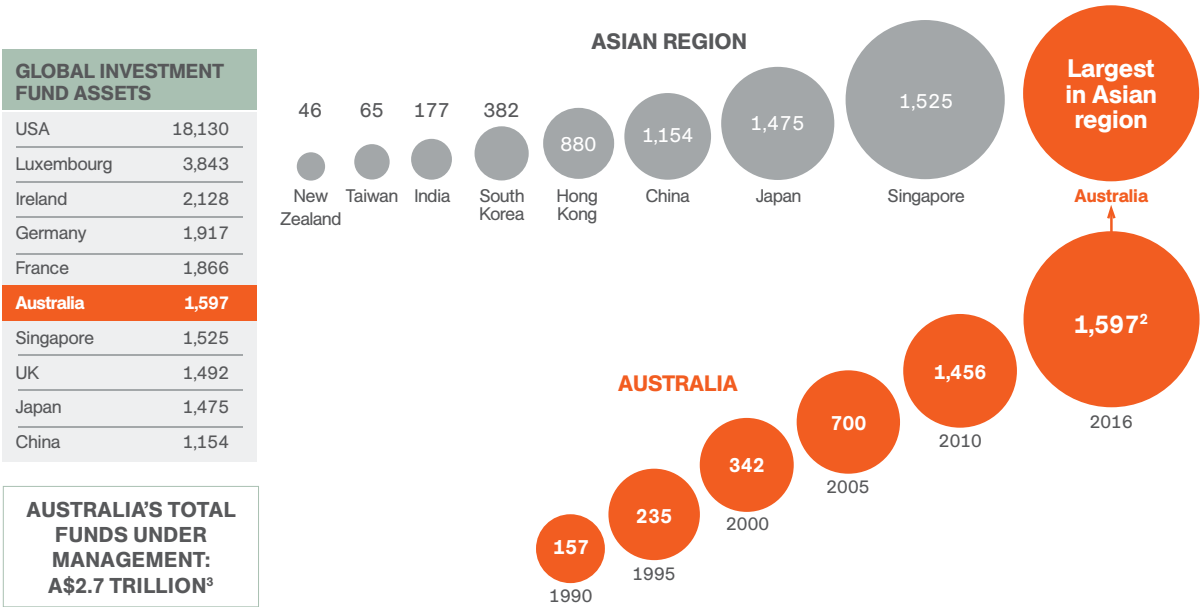
Sources: Reserve Bank of Australia Statistics, B1 Assets of Financial Institutions (updated 4 October 2016); B18 Managed Funds (updated 1 September 2016); Australian Bureau of Statistics, Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product, June 2016 (released 7 September 2016), Table 34; Austrade

# ASIA'S LARGEST POOL OF FUNDS UNDER MANAGEMENT

Australia has a large and mature managed funds industry, with total assets under management of A\$2.7 trillion (US\$2 trillion) in the June 2016 quarter. The country's collective investment institutions manage about US\$1.6 trillion of investment funds. This is the sixth largest pool of FUM in the world and the largest in the Asian region. A major driver of Australia's funds management industry is its mandatory pension system.

## GLOBAL SIGNIFICANCE OF AUSTRALIA'S INVESTMENT FUND ASSETS POOL

Investment fund assets excluding funds of funds<sup>1</sup>, US\$ billion, June quarter, 2016



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

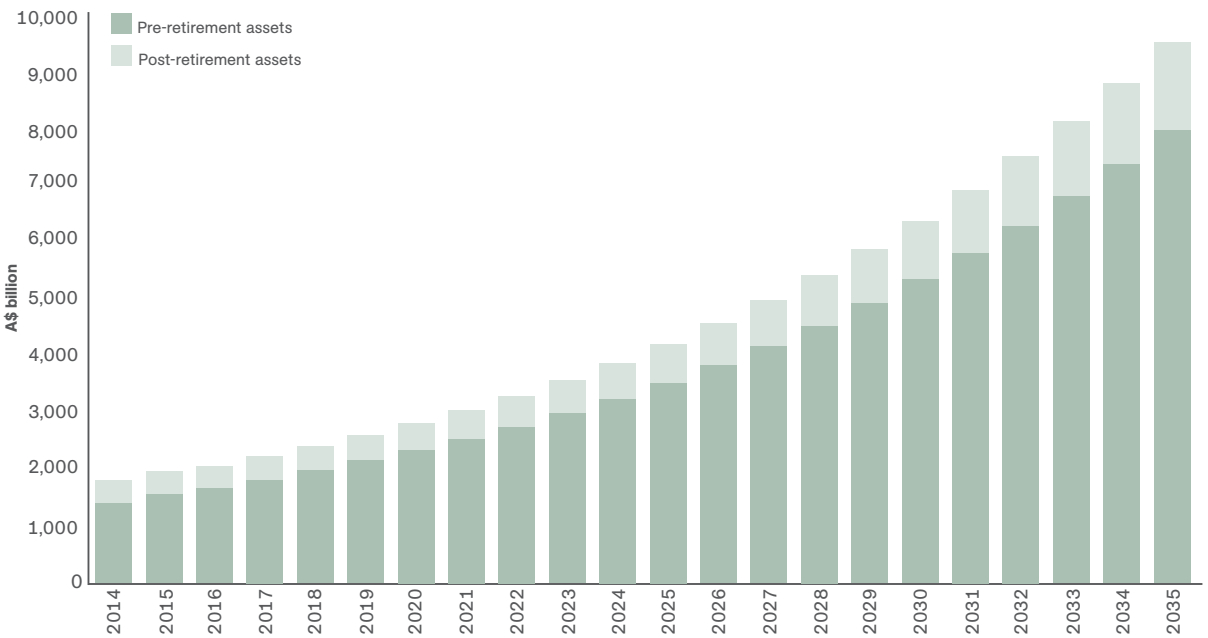
1. Refers to home domiciled funds, except Hong Kong and New Zealand, which include home and foreign-domiciled funds. Funds of funds are not included, except for France, Ireland, Japan and Luxembourg. In this statistical release, 'investment fund' refers to a publicly offered, open-end fund investing in transferable securities and money market funds. It is equivalent to 'mutual fund' in the USA 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. 2. Australia's investment funds in the Investment Company Institute survey only include consolidated assets of domestic collective investment institutions. 3. Total assets include funds managed by domestic collective investment institutions, other investors (inc. funds sourced from governments, charities and other) and overseas investors.

**Sources:** Investment Company Institute, *Worldwide Mutual Fund Market*, *Worldwide Public Tables*, second quarter 2016 (released 20 September 2016); Hong Kong's data (non-REIT assets under management managed in Hong Kong, excluding business sub-contracted or delegated to other offices or third parties overseas for management) sourced from *Securities and Futures Commission Activities Survey 2015* (released July 2016); Singapore's data sourced from Monetary Authority of Singapore, *2015 Singapore Asset Management Survey* (Singapore's total assets under management in the chart, excluding alternative assets under management, is estimated to be S\$2,156 billion (US\$1,525 billion in 2015); Austrade

# FOURTH LARGEST PENSION SYSTEM IN THE WORLD

Australia's A\$2 trillion pension (superannuation) system is the fourth largest in the world and a major driver behind its globally significant funds management industry. This investible pool of pension assets is projected to double to A\$4 trillion in the next 10 years and to reach A\$9.5 trillion by 2035.

## AUSTRALIA'S PROJECTED SUPERANNUATION ASSETS, 2014–35



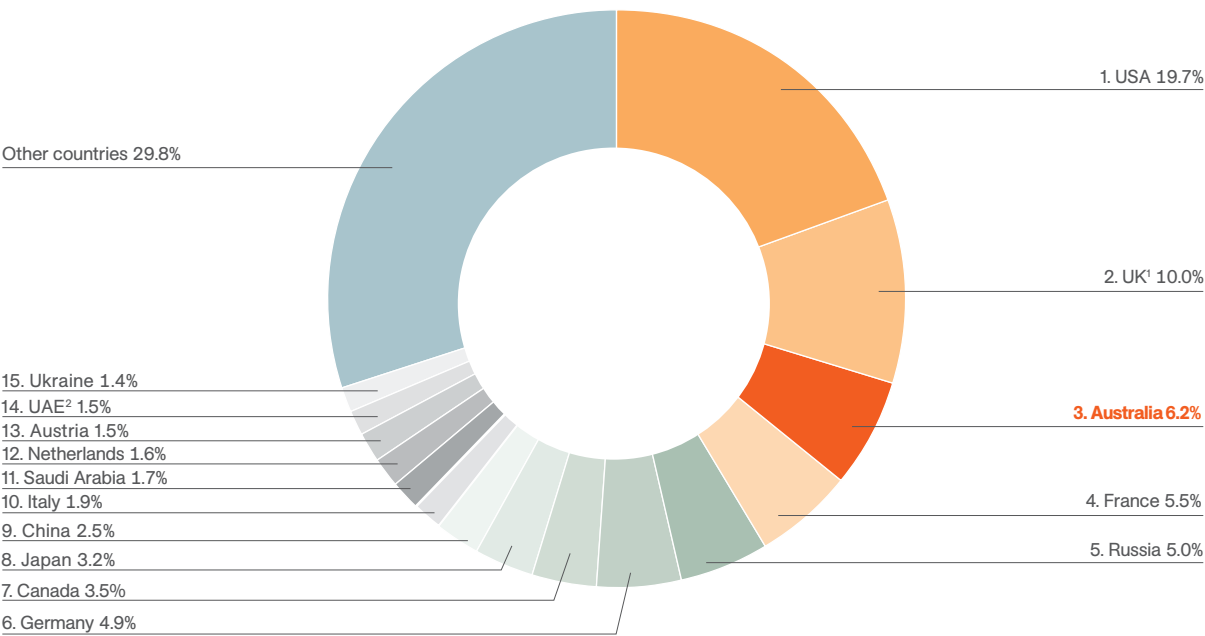
Source: Deloitte Actuaries & Consultants, *Dynamics of the Australian Superannuation System, The Next 20 Years: 2015–2035*, Figure 4: Projected superannuation assets (2014 to 2035), November 2015

# TOP THREE DESTINATION FOR INTERNATIONAL STUDENTS

Australia is the third most popular destination for students choosing to study overseas, attracting more international students than larger economies like France, Germany, Canada and Japan. Education services are one of Australia's leading exports, worth A\$19.4 billion in 2015.

## DISTRIBUTION OF FOREIGN STUDENTS IN TERTIARY EDUCATION BY COUNTRY – 2014

Total inbound internationally mobile students (% of world total)



1. United Kingdom of Great Britain and Northern Ireland.

2. United Arab Emirates.

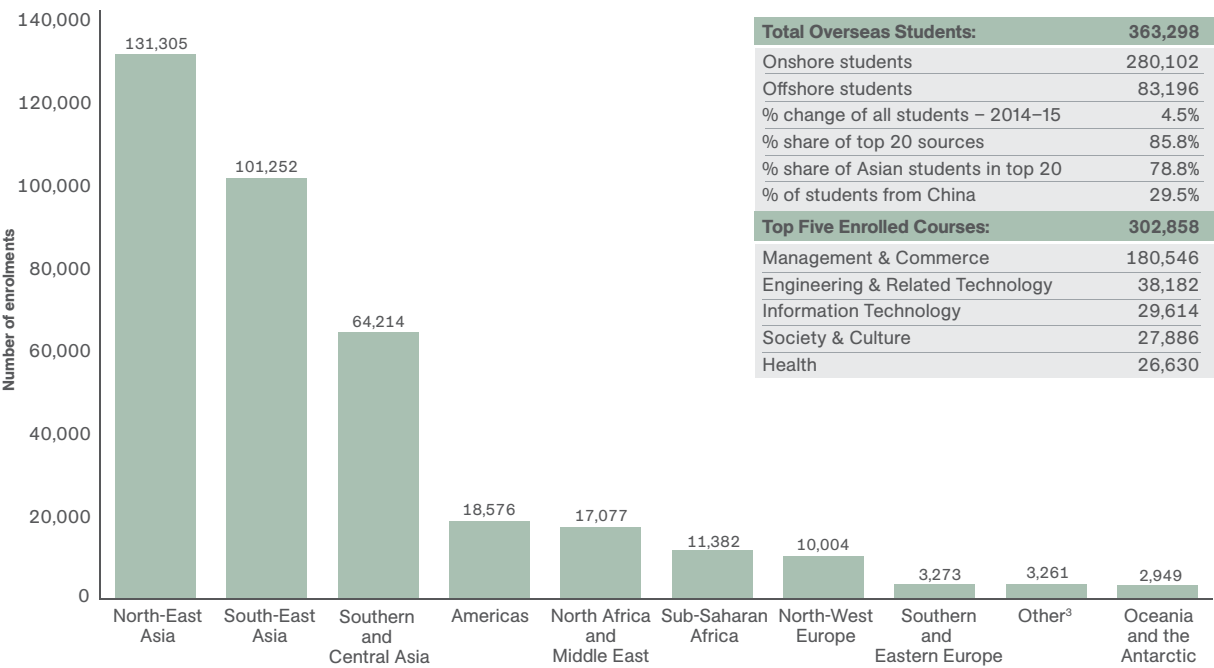
Sources: United Nations Educational, Scientific and Cultural Organization (UNESCO), Institute for Statistics, Education, Total inbound internationally mobile students, both sexes (2014 or latest data available, extracted 12 October 2016); Austrade

# FIRST CHOICE HIGHER EDUCATION DESTINATION

Australia is a ‘first choice’ education destination across Asia. The country is a hub for business and technology-related education in the region, with almost 70 per cent of the 363,000 international students in Australia studying management, commerce, engineering or information technology.

## ALL OVERSEAS STUDENTS BY REGIONAL GROUPING<sup>1</sup>

Enrolled in Australian Higher Education Courses<sup>2</sup> – Onshore and Offshore, Full-Year 2015



1. All Overseas Students by Country of Permanent Home Residence are all students not classified as Domestic.

2. ‘Selected Higher Education Statistics – 2015 Student Data’ contains statistics relating to students enrolled in higher education courses in each Australian Higher Education Provider.

3. ‘Other’ includes students from countries not known or no further information was provided.

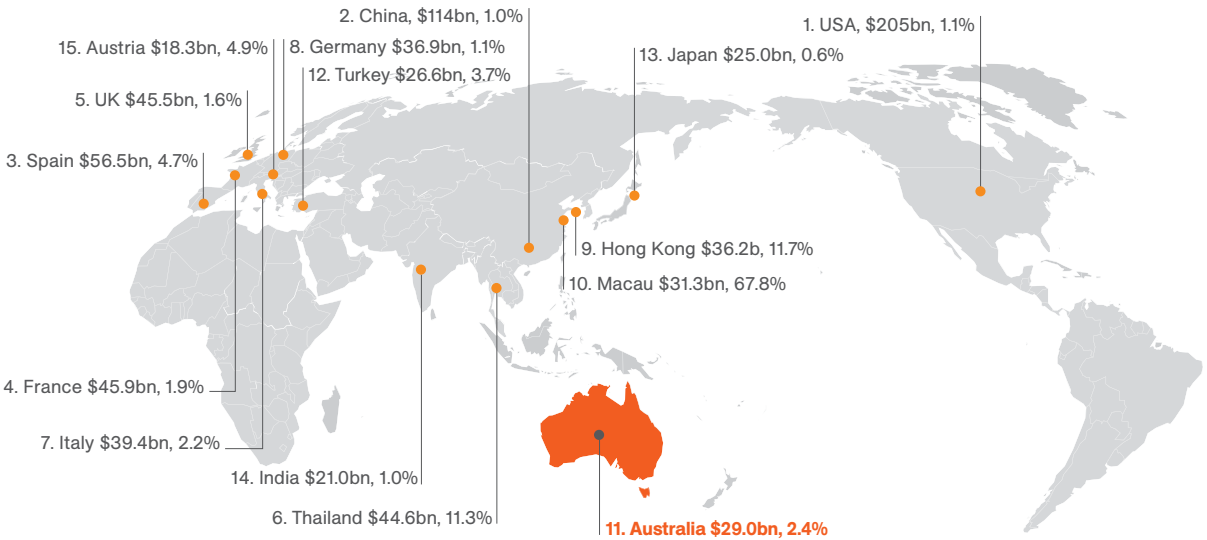
Sources: Department of Education and Training, Selected Higher Education Statistics – 2015 Student Data, 2015 Overseas Students, Tables 7.2, 7.4 and 7.5 (released 23 August 2016); Austrade

# MAJOR TOURISM DESTINATION

Tourism is a growing global industry. Global tourism receipts have increased on average by five per cent per year since 2010, and accounted for 1.7 per cent of world GDP in 2015. Australia is the world's 11th largest international tourism market – compared to the world average, tourism receipts contributed more to the Australian economy (2.4 per cent of GDP) and continued to grow at a faster rate (7.4 per cent per year since 2010).

## TOP 15 GLOBAL TOURISM RECEIPTS MARKETS

2015, receipts (US\$) and contribution to GDP (%)

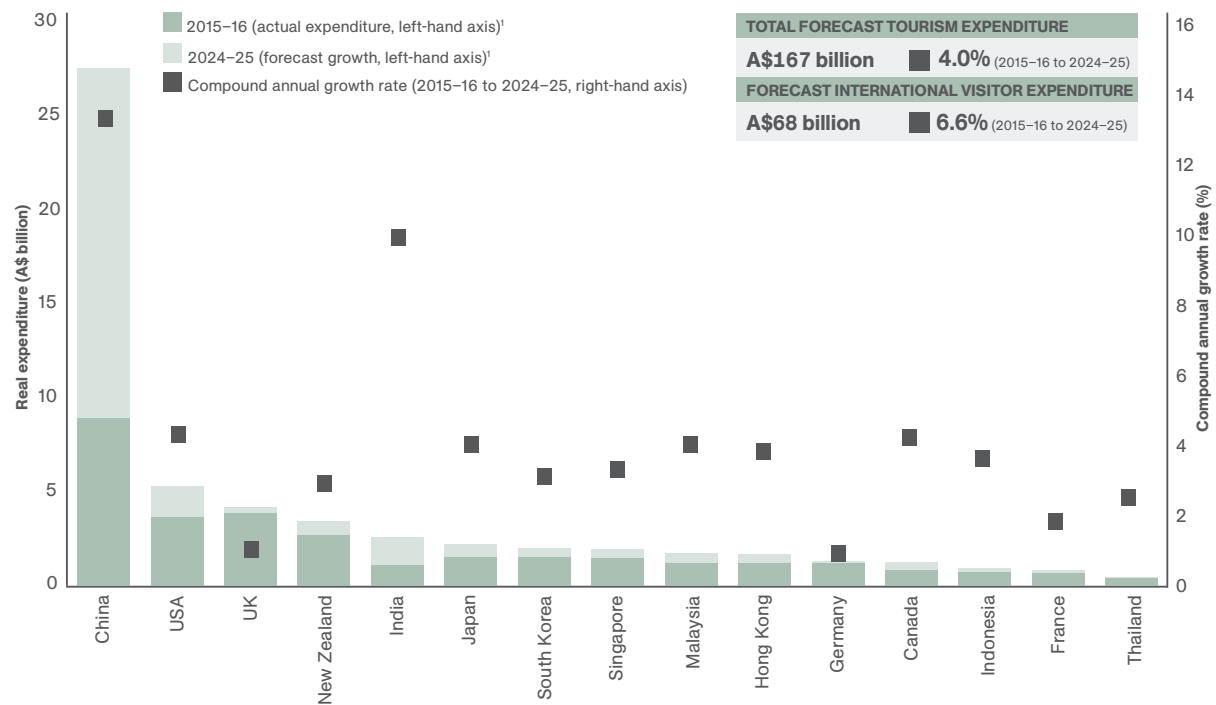


Sources: United Nations World Tourism Organization, World Tourism Barometer, Volume 14, July 2016; International Monetary Fund, World Economic Outlook Database, October 2016; Austrade

# RECORD LEVELS OF INTERNATIONAL TOURISM EXPENDITURE

Australia experienced record inbound tourism expenditure in 2015–16, driven by strong growth from China, India, Singapore, Hong Kong and other Asian countries. Traditional markets such as the USA and New Zealand also performed well, up 20.0 per cent and 6.6 per cent respectively. The outlook to 2024–25 remains robust, with international visitor spending expected to rise by 6.6 per cent per annum to reach A\$68 billion (in real terms). China, India and other Asian nations are anticipated to account for the majority of this forecast growth.

## AUSTRALIA'S INTERNATIONAL VISITOR EXPENDITURE BY MARKET



1. Real value growth from 2015–16 to 2024–25, real, base = quarter 1, 2016.

Sources: Tourism Research Australia, Tourism Forecasts 2016 (released 14 July 2016); Tourism Research Australia, International Visitor Survey database, June quarter 2016; Austrade

# 03

## TALENT

Skilled, Highly Educated Workforce	31
Ready Supply of Tertiary-educated Workers	32
Diversified, Services-based Workforce	33
Productivity Growth Outpacing Labour Costs	34
Multicultural Population	35
Culturally Diverse Labour Force	36

# TALENT

Australia's labour force is one of the most educated, multicultural and multilingual in the world.

Australian workers are highly skilled, thanks to an excellent education system, quality scientific research institutions, and availability of specialised training services.

With a highly ranked educational system, Australia is rated number one globally for the number of overseas students in the country.

Almost 30 per cent of Australia's workers were born overseas. Around 2.1 million Australians speak an Asian language and 1.3 million speak a European language in addition to English.

With a ready supply of skilled workers, Australia offers easy access to a smart and culturally aware workforce.



# SKILLED, HIGHLY EDUCATED WORKFORCE

Australia offers a highly educated workforce with the skills to service a diverse range of industries. The country is ranked particularly well for its overall education system, secondary and tertiary education enrolment rates, student mobility and ready availability of skilled labour and finance skills.

## WORKFORCE SKILL BASE COMPARISONS – 2016

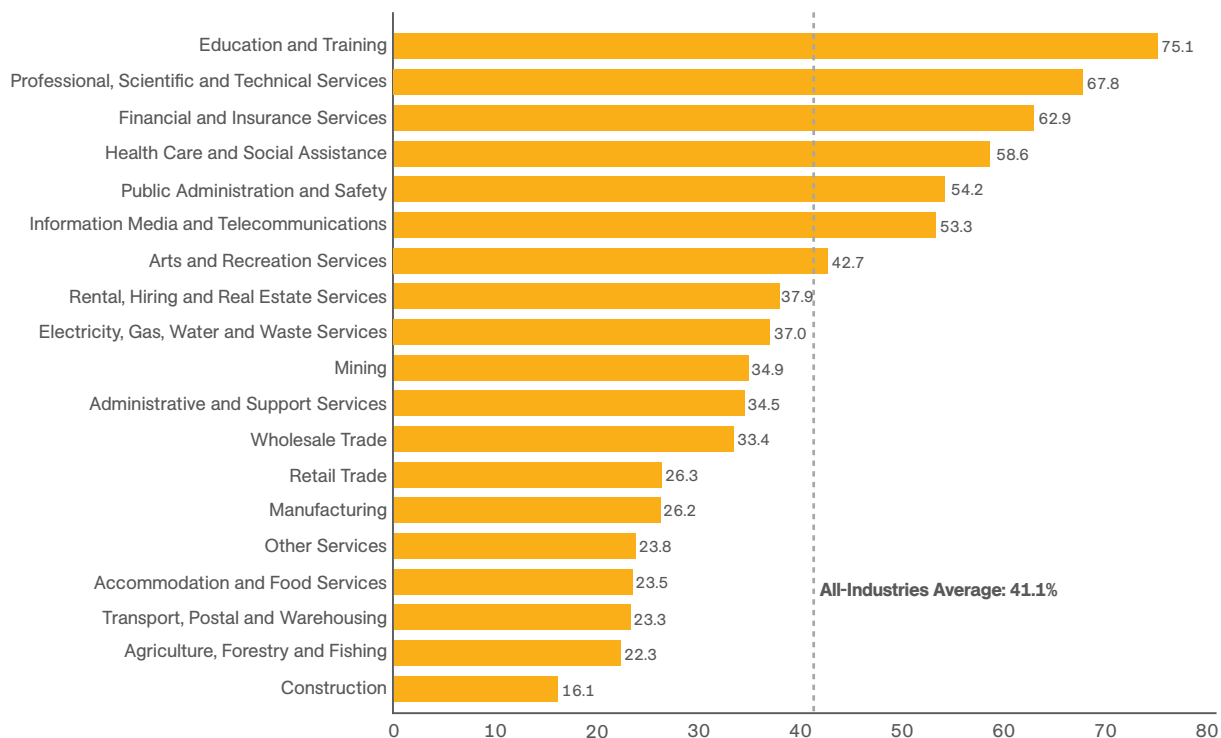
	Australia	USA	UK	China	Japan	South Korea	India	Hong Kong	Singapore
<b>WEF Global Competitiveness Report 2016–17 Ranking<sup>(a)</sup> in:</b>									
Secondary Education Enrolment Rate	3	59	8	65	36	58	102	42	26
Tertiary Education Enrolment Rate	8	5	48	69	42	2	93	28	7
Quality of Scientific Research Institutions	12	5	2	40	13	34	36	31	10
Quality of the Education System	14	17	21	43	37	75	29	20	2
Local Availability of Specialised Training Services	14	16	6	61	23	58	55	19	5
Availability of Scientists and Engineers	17	2	19	30	3	39	36	43	9
<b>IMD World Competitiveness Yearbook 2016 Ranking<sup>(b)</sup> in:</b>									
Student Mobility Inbound	1	21	6	48	38	35	50	15	3
Educational System	11	23	18	47	29	38	34	16	3
Finance Skills (are readily available)	12	7	11	48	39	45	28	2	13
Foreign High-skilled People	12	2	4	24	52	46	29	6	3
Skilled Labour (is readily available)	15	18	33	43	50	48	32	11	23
<b>UNDP's Human Development Report 2015 Ranking<sup>(c)</sup> in:</b>									
Human Development Index	2	8	=14	=90	20	17	130	12	11

Sources: (a) World Economic Forum, Switzerland and Harvard University, Global Competitiveness Report 2016–17 (September 2016, 138 economies); (b) International Institute for Management Development, Switzerland, World Competitiveness Yearbook 2016 (released May 2016, 61 economies); (c) The United Nations Development Programme, Human Development Report 2015 (published 14 December 2015, 188 economies); Austrade

## READY SUPPLY OF TERTIARY-EDUCATED WORKERS

More than 40 per cent of Australian workers on average hold a tertiary qualification. Over half the workforce in education and training, professional, scientific and technical services, and financial and insurance services has a tertiary education, underpinning Australia's global competitiveness in these sectors.

### PERCENTAGE EMPLOYED PERSONS WITH TERTIARY EDUCATION BY INDUSTRY<sup>1</sup> – 2015



1. In this statistical release, tertiary education refers to Advanced Diploma/Diploma or higher.

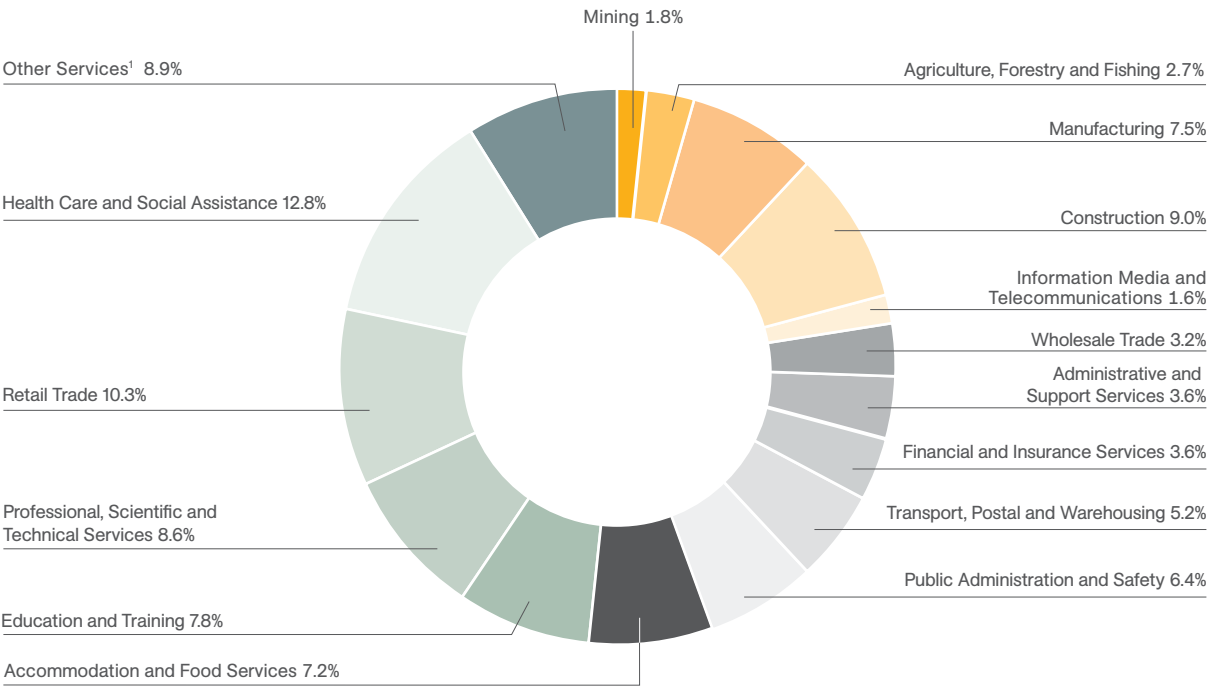
Sources: Australian Bureau of Statistics, Cat. No. 62270DO001\_201505 Education and Work, Australia, May 2015, Table 10 (released 27 November 2015); Austrade

# DIVERSIFIED, SERVICES-BASED WORKFORCE

Around 80 per cent of Australians are employed in the services sector. Forty per cent of people work in sectors where tertiary education is standard for many employees, including education and training; professional, scientific and technical services; financial and insurance services; healthcare; information media and telecommunications; and public administration.

## AUSTRALIA'S EMPLOYED PERSONS BY INDUSTRY – 2016

August 2016, trend terms



1. Including Arts and Recreation Services (2.0%), Rental, Hiring and Real Estate Services (1.8%), Electricity, Gas, Water and Waste Services (1.1%) and Other (4.0%).

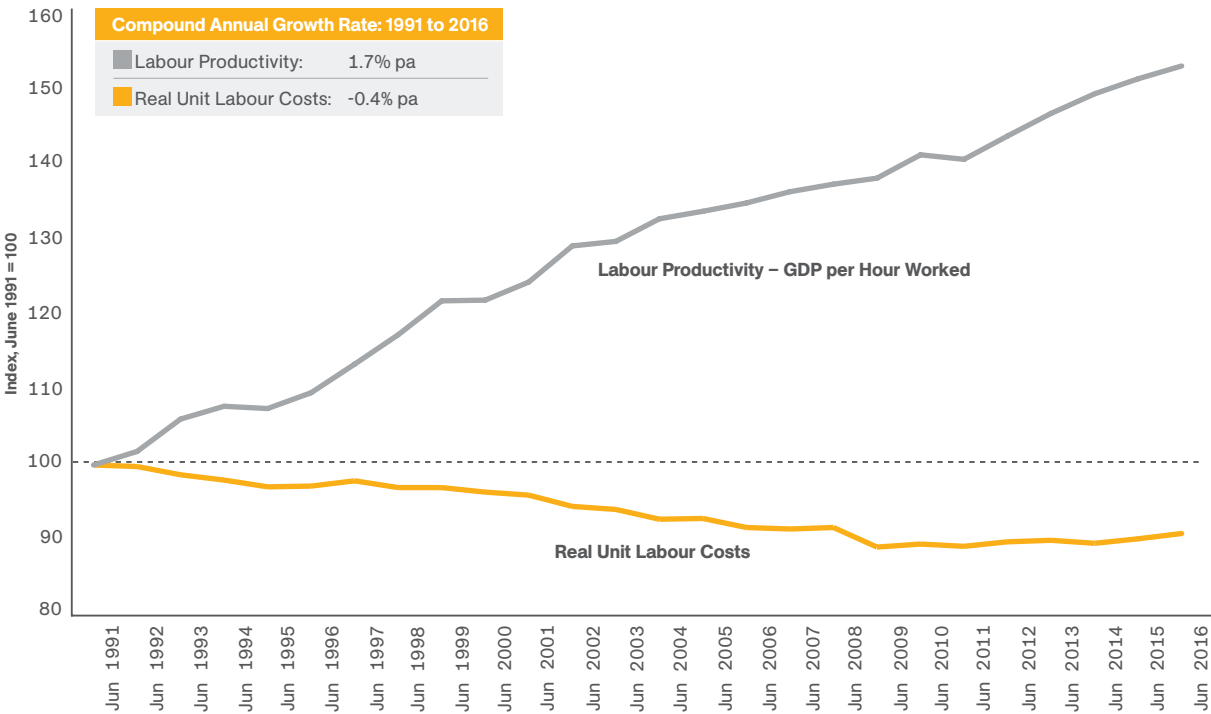
Sources: Australian Bureau of Statistics, Cat. No. 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Table 04. Employed persons by industry division of main job (ANZSIC) – Trend, Seasonally Adjusted and Original Time Series Workbook (released 22 September 2016); Austrade

# PRODUCTIVITY GROWTH OUTPACING LABOUR COSTS

Australia has enjoyed a sustained period of labour productivity growth exceeding growth in real wages. The country has experienced an 8.4 per cent increase in average labour productivity between 2010 and 2016, while real unit labour costs have risen by only 1.5 per cent, indicating the effective cost of labour has remained in line with productivity improvements.

## AUSTRALIA'S LABOUR PRODUCTIVITY AND COSTS – 1991–2016

As at June each year, original terms



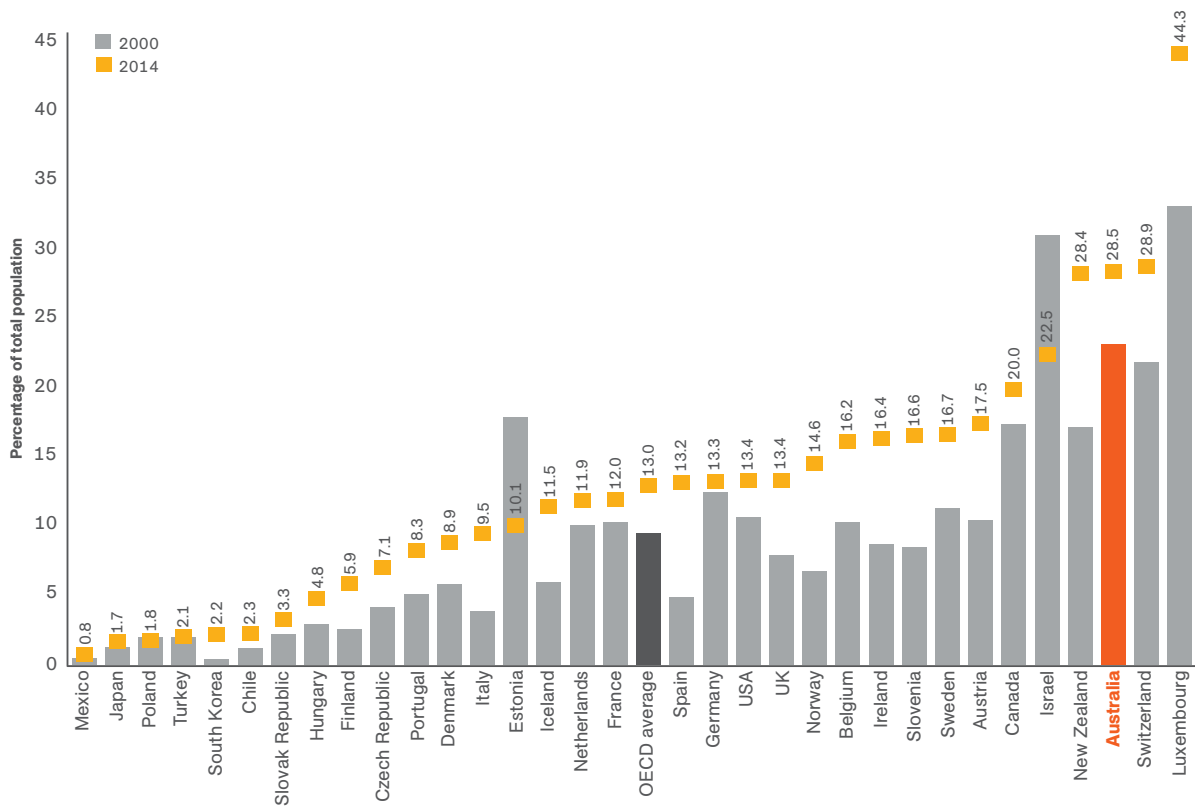
Sources: Australian Bureau of Statistics, Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product Time Series Workbook (released 7 September 2016), Table 34. Key aggregates and analytical series, Annual; Austrade

# MULTICULTURAL POPULATION

Australia is one of the most multicultural countries in the OECD. The country's overseas-born population (as a percentage of total population) has grown from 23.2 per cent in 2004 to 28.5 per cent in 2014, providing access to workers who are well equipped with the cultural understanding and language capabilities to service international businesses in their own languages.

## FOREIGN-BORN POPULATION

As a percentage of the total population, 2000 and 2014



**Note:** Data refers to 2000 or to the closest year with available data and to 2014 or most recent available year. OECD average refers to the average of countries presented. Data refers to foreign instead of foreign-born population for Japan and South Korea.

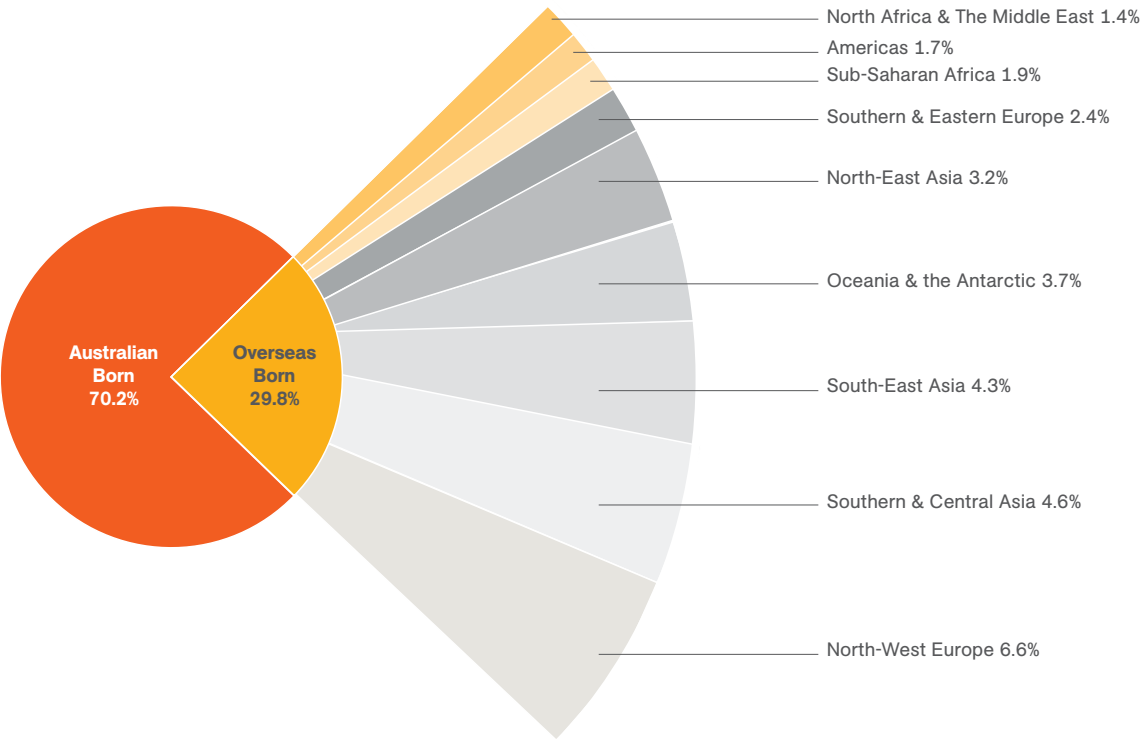
**Sources:** OECD International Migration Outlook 2016, Chapter 1, Page 40, Figure 1.13; Austrade

# CULTURALLY DIVERSE LABOUR FORCE

Almost 30 per cent of Australia's 12.6 million-strong labour force was born overseas. Many foreign-born workers are from Asia or Europe, enriching Australia's reputation for multilingual, culturally diverse workplaces and boosting the nation's competitive edge in international business.

## AUSTRALIA'S LABOUR FORCE BY BIRTHPLACE – 2016

Total labour force as at August 2016: 12.6 million



Sources: Australian Bureau of Statistics, Cat. No. 6291.055.001 – Labour Force, Australia, Detailed – Electronic Delivery, August 2016, data cubes LM5 (released 22 September 2016); Austrade

# 04

## LOCATION

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Asia a Growing Source of FDI	44
Positioned for 24-hour Business	45

# LOCATION

Australia is well positioned as a trade and investment base for international companies doing business with Asia.

Ten of the nation's top 12 export markets are within the Asian region.

Australia's trade agreements facilitate the smooth flow of goods, services and investments with major economies across Asia, Europe and North America.

As a top destination for international investment, Australia's inward foreign direct investment stock continues to grow, thanks to rising contributions from Asia.

Australia's location bridges the world's major time zones, offering 24-hour access for organisations with round-the-clock operations.



# SUCCESSFUL TRADING ECONOMY

Australia's export volumes have increased as the strong inflow of foreign direct investment over the past decade has begun translating into new production capacity. The Australian dollar's depreciation has also supported trade-exposed industries including agriculture, manufacturing and tourism. Total food exports value grew by around two per cent in 2015–16 to A\$40 billion. Services contributed A\$68 billion to export earnings in 2015–16, thanks to strong growth in education and tourism export values (up nine per cent and 17 per cent respectively).

## AUSTRALIA'S TRADE BY BROAD SECTOR AND TOP FIVE COMMODITIES

Australia's Trade by Broad Sector <sup>1</sup>				Top 5 Commodities (Goods and Services) <sup>1</sup>			
	2014–15 A\$ billion	2015–16 A\$ billion	% Change 2014–15 to 2015–16		2014–15 A\$ billion	2015–16 A\$ billion	% Change 2014–15 to 2015–16
<b>Exports of goods and services</b>	<b>318.3</b>	<b>312.3</b>	<b>-1.9</b>	<b>Exports of goods and services</b>			
<b>Merchandise goods exports<sup>2</sup></b>	<b>255.6</b>	<b>244.0</b>	<b>-4.5</b>	1 Iron ore and concentrates	54.5	47.8	-12.4
<b>Primary products</b>	<b>191.2</b>	<b>175.5</b>	<b>-8.2</b>	2 Coal	37.9	34.5	-8.8
Unprocessed food <sup>3</sup>	15.4	15.8	2.9	3 Education-related travel services <sup>4</sup>	18.2	19.9	9.4
Processed food	23.8	24.2	1.6	4 Gold	13.5	16.6	22.8
Minerals	78.0	69.2	-11.3	5 Natural gas	16.9	16.5	-2.1
Fuels	66.5	58.7	-11.7				
Other primary	7.5	7.5	0.4	<b>Imports of goods and services</b>			
<b>Manufactured products</b>	<b>43.4</b>	<b>44.5</b>	<b>2.6</b>	1 Personal travel (excl. edu) <sup>5</sup>	25.8	28.2	9.3
<b>Other</b>	<b>20.0</b>	<b>23.2</b>	<b>16.2</b>	2 Passenger motor vehicles	18.7	21.5	15.1
Gold	13.5	16.6	22.8	3 Refined petroleum	18.1	16.2	-10.3
<b>Exports of services</b>	<b>62.7</b>	<b>68.3</b>	<b>9.0</b>	4 Telecom equipment and parts	11.0	11.8	6.7
<b>Imports of goods and services</b>	<b>341.7</b>	<b>349.1</b>	<b>2.2</b>	5 Freight services	9.9	9.9	-0.4
<b>Merchandise goods imports<sup>2</sup></b>	<b>268.7</b>	<b>271.4</b>	<b>1.0</b>				
<b>Imports of services</b>	<b>73.0</b>	<b>77.7</b>	<b>6.5</b>				
<b>Two-way trade</b>	<b>660.0</b>	<b>661.5</b>	<b>0.2</b>				

1. Goods trade is on a recorded trade basis, services trade is on a balance of payments basis. 2. Balance of payments basis includes adjustment for low-value goods.

3. Excludes export values of unprocessed hides, skins and textile fibres. 4. Includes student expenditure on tuition fees and living expenses. 5. Mainly recreational travel services.

Sources: Department of Foreign Affairs and Trade (DFAT), Figures based on ABS trade data on DFAT STARS database and ABS catalogues 5368.0 and 5429.0; Austrade

# STRONG TWO-WAY TRADE WITH MAJOR ASIAN NATIONS

Australia's two-way trade in goods and services in 2015–16 totalled A\$661 billion, making up about 40 per cent of nominal GDP. Trade with Asia-Pacific Economic Cooperation countries remained strong, with a total value of around A\$476 billion, or around 72 per cent of Australia's total trade. The ASEAN region is emerging as a significant market, with total export values reaching A\$93 billion, or around 14 per cent of Australia's two-way trade, in 2015–16.

## AUSTRALIA'S EXPORTS AND IMPORTS OF GOODS AND SERVICES<sup>1,2</sup>

Current price – goods on a recorded trade basis; services on a balance of payments basis

Rank	Selected Economies	A\$ billion						% Share of Total	2015–16 Cumulative	% Growth	
		2010–11	2011–12	2012–13	2013–14	2014–15	2015–16		% Share	2014–15 to 2015–16	5-year Trend
1	China	113.6	128.0	130.9	151.8	143.6	150.0	22.7	22.7	4.4	5.5
2	USA <sup>3</sup>	50.6	57.7	55.0	58.5	64.8	69.2	10.5	33.1	6.9	5.8
3	Japan	68.0	75.8	69.4	72.1	67.6	60.3	9.1	42.2	-10.8	-2.6
4	South Korea	31.8	33.3	30.7	35.1	35.5	33.9	5.1	47.4	-4.5	1.9
5	UK	22.0	24.6	22.0	20.7	21.7	27.0	4.1	51.4	24.0	1.7
6	New Zealand	21.1	21.6	20.9	22.6	23.6	24.5	3.7	55.1	3.4	3.2
7	Singapore	23.2	28.5	28.7	29.1	28.0	22.9	3.5	58.6	-18.3	-0.3
8	Thailand	19.0	17.7	19.4	18.8	20.0	21.1	3.2	61.8	5.5	2.5
9	Germany	15.6	16.4	16.3	17.8	17.6	19.7	3.0	64.8	12.3	4.3
10	India	21.5	18.7	17.0	14.7	17.9	19.3	2.9	67.7	7.7	-2.3
11	Malaysia	15.7	17.2	17.0	19.9	19.8	18.2	2.8	70.4	-8.0	3.9
12	Indonesia	13.8	14.9	14.3	16.0	14.9	15.3	2.3	72.8	2.9	1.8
13	Hong Kong	8.0	7.6	7.9	16.5	15.3	15.3	2.3	75.1	0.2	18.9
14	Taiwan	13.4	13.3	12.3	12.5	12.8	12.3	1.9	76.9	-4.2	-1.6
15	Vietnam	6.1	6.5	7.1	9.2	10.2	10.1	1.5	78.5	-0.9	12.6
	Other	138.1	154.2	151.6	150.9	146.7	142.4	21.5	100.0	-2.9	-
	<b>Total all countries</b>	<b>581.4</b>	<b>636.2</b>	<b>620.6</b>	<b>666.2</b>	<b>660.0</b>	<b>661.5</b>	<b>100.0</b>	<b>-</b>	<b>0.2</b>	<b>2.4</b>
	<b>Regions</b>										
	<b>APEC<sup>3</sup></b>	<b>407.0</b>	<b>447.8</b>	<b>438.5</b>	<b>486.8</b>	<b>480.0</b>	<b>476.0</b>	<b>72.0</b>	<b>-</b>	<b>-0.8</b>	<b>3.2</b>
	<b>ASEAN</b>	<b>82.3</b>	<b>89.7</b>	<b>91.8</b>	<b>98.5</b>	<b>98.6</b>	<b>93.0</b>	<b>14.1</b>	<b>-</b>	<b>-5.7</b>	<b>2.8</b>
	<b>European Union<sup>4,5</sup></b>	<b>81.6</b>	<b>87.9</b>	<b>82.5</b>	<b>85.3</b>	<b>85.5</b>	<b>95.6</b>	<b>14.4</b>	<b>-</b>	<b>11.7</b>	<b>2.1</b>
	<b>OECD<sup>3,5</sup></b>	<b>269.6</b>	<b>295.5</b>	<b>277.4</b>	<b>292.3</b>	<b>295.5</b>	<b>303.3</b>	<b>45.8</b>	<b>-</b>	<b>2.6</b>	<b>1.8</b>

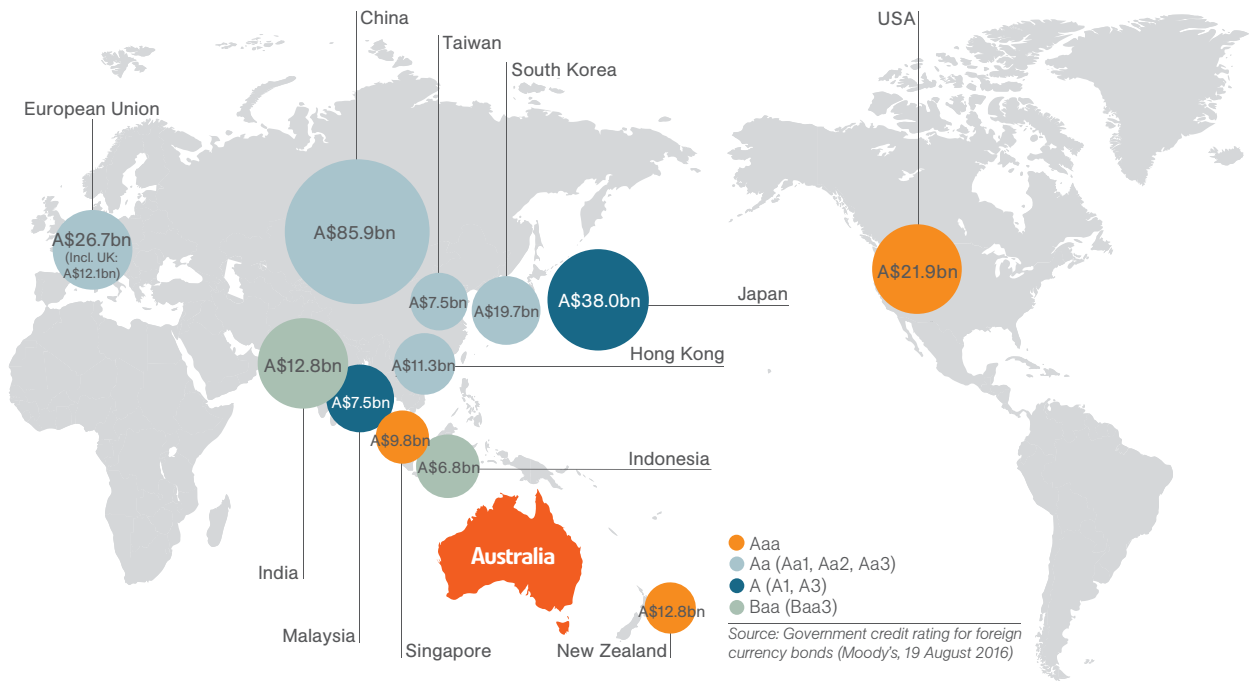
1. All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis. 2. May exclude selected confidential export or import commodities from partner country totals as well as for the country groups. Refer to the DFAT website ([dfat.gov.au/about-us/publications/trade-investment/Pages/dfat-adjustments-to-abs-official-trade-data.aspx](http://dfat.gov.au/about-us/publications/trade-investment/Pages/dfat-adjustments-to-abs-official-trade-data.aspx)) for more information and a list of the excluded commodities. 3. Includes DFAT estimate for the United States for 2015–16. 4. Services data is EU27 to August 2013, EU28 from September 2013. 5. Includes DFAT estimate for France from 2010–11 to 2015–16.

Sources: Department of Foreign Affairs and Trade (DFAT). Data was based on DFAT STARS database, ABS catalogues 5368.0 (September 2016) and 5368.0.55.003 and unpublished ABS data; Austrade

# AUSTRALIA'S TOP 12 EXPORT MARKETS

Australia's integration with the dynamic Asian region is driving wealth creation and overall growth. Of the top 12 export markets in 2015–16, 10 were in the Asian region and all were rated above investment-grade. Their combined value was around A\$212 billion, making up more than two-thirds (68 per cent) of Australia's total goods and services export earnings of A\$312 billion in 2015–16.

## AUSTRALIA'S TOP 12 GOODS AND SERVICES EXPORT MARKETS – 2015–16



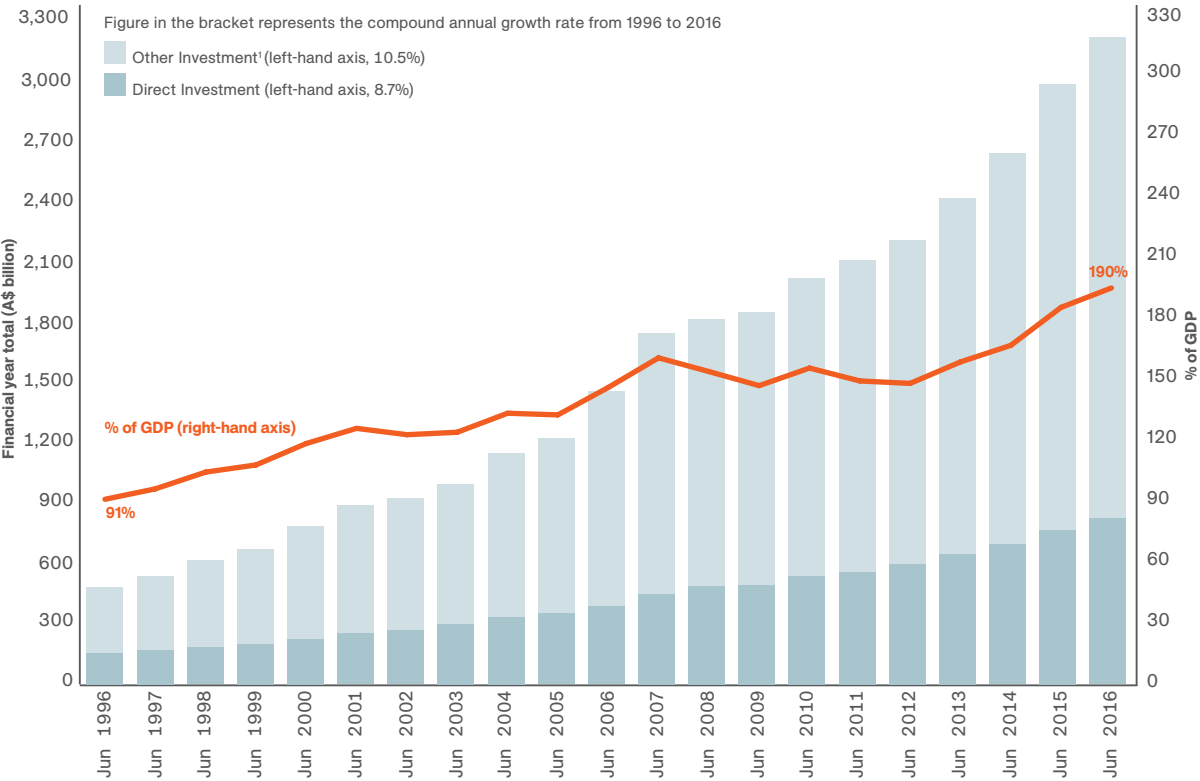
**Note:** Country ceiling for Europe only reflects the UK.

**Sources:** Department of Foreign Affairs and Trade, Australia's trade in goods and services by top 15 partners 2015–16 (released 18 November 2016); Austrade

# HIGH-GROWTH DESTINATION FOR FOREIGN INVESTMENT

Australia presently hosts more than A\$3 trillion of foreign investment stock. Both foreign direct investment and other investment (including portfolio investment) have recorded strong growth, up 8.7 per cent and 10.5 per cent each year respectively since 1996. As a percentage of GDP, Australia's total value of foreign investment stock reached 190 per cent in June 2016, more than double that of two decades ago.

## TOTAL FOREIGN INVESTMENT STOCK IN AUSTRALIA – 1996–2016



1. Other investment is the balance of total investment less direct investment. As such, it represents portfolio investment, financial derivatives and other investment categories from the source ABS data.

Sources: Australian Bureau of Statistics (ABS), Cat. No. 5302.0 Balance of Payments and International Investment Position, Australia, Table 15. International Investment: Foreign Liabilities – Quarter (latest issue released 6 September 2016); ABS Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product, June 2016, Table 34. Key aggregates and analytical series, Annual (latest issue released 7 September 2016); Austrade

# TOP DESTINATION FOR FOREIGN DIRECT INVESTMENT

Australia remained one of the world's top destinations for foreign direct investment (FDI) stock in 2015, with a 2.2 per cent share of the global stock of FDI. Australia received US\$537 billion in FDI in 2015, up from 34 per cent of GDP to 44 per cent of GDP between 2005 and 2015 on the back of continued economic expansion and integration with trading partners, particularly the Asian region.

## AUSTRALIA'S SHARE OF WORLD FOREIGN DIRECT INVESTMENT STOCK, 2014–15

Region/Economy	FDI (US\$ billion)		FDI (as % of GDP)		FDI (% of World Total)		% Change 2014–15	% CAGR 2005–15
	2014	2015	2014	2015	2014	2015		
<b>World</b>	<b>25,113</b>	<b>24,983</b>	<b>31.8</b>	<b>33.6</b>	<b>100.0</b>	<b>100.0</b>	<b>-0.5</b>	<b>8.1</b>
<b>Developed economies</b>	<b>16,307</b>	<b>16,007</b>	<b>35.6</b>	<b>37.3</b>	<b>64.9</b>	<b>64.1</b>	<b>-1.8</b>	<b>6.5</b>
<b>Developing economies</b>	<b>8,172</b>	<b>8,374</b>	<b>26.9</b>	<b>28.5</b>	<b>32.5</b>	<b>33.5</b>	<b>2.5</b>	<b>12.3</b>
East Asia	2,886	3,089	22.5	23.2	11.5	12.4	7.0	12.9
South-East Asia (ASEAN)	1,707	1,705	67.6	69.9	6.8	6.8	-0.1	14.7
<b>Transition economies</b>	<b>634</b>	<b>601</b>	<b>22.7</b>	<b>31.2</b>	<b>2.5</b>	<b>2.4</b>	<b>-5.1</b>	<b>8.9</b>
USA	5,390	5,588	31.1	31.1	21.5	22.4	3.7	7.1
Hong Kong	1,507	1,573	517.4	507.4	6.0	6.3	4.4	12.3
UK	1,744	1,457	58.3	51.1	6.9	5.8	-16.4	5.5
China	1,085	1,221	10.4	11.1	4.3	4.9	12.5	16.2
Germany	1,090	1,121	28.1	33.4	4.3	4.5	2.9	5.8
Singapore	963	978	314.2	334.2	3.8	3.9	1.6	15.2
Switzerland	764	833	109.0	125.3	3.0	3.3	9.0	17.2
France	729	772	25.7	31.9	2.9	3.1	5.9	7.4
Canada	954	756	53.5	48.7	3.8	3.0	-20.8	1.7
Netherlands	716	707	81.3	95.8	2.8	2.8	-1.2	4.0
<b>Australia</b>	<b>563</b>	<b>537</b>	<b>39.0</b>	<b>43.9</b>	<b>2.2</b>	<b>2.2</b>	<b>-4.5</b>	<b>8.1</b>
Spain	592	533	42.8	44.5	2.4	2.1	-9.9	3.3
Brazil	615	486	25.5	27.4	2.4	1.9	-21.0	10.6
Italy	347	335	16.2	18.5	1.4	1.3	-3.3	3.5
India	253	282	12.4	13.5	1.0	1.1	11.7	20.6
Russia	284	258	14.0	19.5	1.1	1.0	-9.0	3.8
Indonesia	228	225	25.6	26.2	0.9	0.9	-1.3	18.5
Thailand	192	175	47.5	44.4	0.8	0.7	-8.7	11.1
South Korea	179	175	12.7	12.7	0.7	0.7	-2.6	5.2
Japan	172	171	3.7	4.1	0.7	0.7	-0.6	5.4
Malaysia	136	118	40.2	39.7	0.5	0.5	-13.4	10.2
UAE	100	111	25.1	32.2	0.4	0.4	11.0	15.0
Vietnam	91	103	48.9	53.7	0.4	0.4	13.0	16.4
Taiwan	70	72	13.2	13.8	0.3	0.3	3.5	5.3
New Zealand	77	66	38.7	38.3	0.3	0.3	-13.8	4.1
Philippines	57	59	19.9	20.3	0.2	0.2	4.7	14.8

**Note:** Totals exclude the financial centres in the Caribbean. **CAGR** = compound annual growth rate.

**Sources:** United Nations Conference Trade and Development (UNCTAD), FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)); Austrade

## ASIA A GROWING SOURCE OF FDI

Australia's inward FDI stock was A\$735 billion in 2015, almost A\$220 billion higher than the level in 2010. Traditional sources of FDI such as the USA, the European Union (including the UK) and Japan continued to perform well. The total value of Chinese FDI stock grew by more than A\$22 billion between 2010 and 2015 to reach A\$35 billion. FDI from the ASEAN region, largely driven by Singapore and Malaysia, has expanded by an average of 10 per cent per annum since 2010 to reach a total combined value of A\$42 billion in 2015.

### MAIN SOURCES OF FOREIGN DIRECT INVESTMENT STOCK IN AUSTRALIA – 2010–15

Ranking by Economy in 2015	2010	2011	A\$ billion				% Share 2015	% Change		% CAGR 2010–15	Growth (A\$ billion) 2010–15
			2012	2013	2014	2015		2014–15	2010–15		
1 USA	110.3	115.5	131.1	152.4	163.3	173.5	23.6	6.2	57.3	9.5	63.2
2 Japan	51.1	54.9	64.3	67.8	71.3	85.9	11.7	20.6	68.3	11.0	34.9
3 UK	53.7	66.1	72.9	79.3	78.4	76.0	10.3	-3.0	41.7	7.2	22.4
4 Netherlands	27.6	29.7	29.7	29.2	39.1	44.4	6.0	13.7	61.0	10.0	16.8
5 China	12.9	14.5	16.5	23.4	31.9	35.2	4.8	10.4	172.5	22.2	22.3
6 Singapore	18.7	19.9	22.4	23.3	27.9	28.8	3.9	3.2	53.9	9.0	10.1
7 Canada	14.9	19.0	21.0	16.9	22.7	25.9	3.5	14.0	73.9	11.7	11.0
8 Bermuda	7.5	5.8	6.7	10.0	28.6	24.1	3.3	-15.8	222.0	26.4	16.6
9 British Virgin Islands	18.9	np	19.3	np	np	21.5	2.9	na	13.6	2.6	2.6
10 Germany	16.8	14.1	13.6	13.5	15.8	17.2	2.3	9.1	2.6	0.5	0.4
11 Hong Kong	6.6	7.6	7.4	7.9	9.6	11.9	1.6	23.9	79.8	12.4	5.3
12 Malaysia	3.7	np	7.1	9.1	9.6	10.9	1.5	13.4	195.7	24.2	7.2
13 Switzerland	20.9	22.9	22.5	19.0	7.9	7.9	1.1	0.1	-62.0	-17.6	-12.9
14 New Zealand	6.4	5.3	4.3	5.1	5.1	5.6	0.8	9.0	-13.6	-2.9	-0.9
15 France	13.0	7.2	6.9	5.5	5.5	5.4	0.7	-1.8	-58.3	-16.1	-7.6
<b>FDI stock – All countries</b>	<b>518.6</b>	<b>546.4</b>	<b>590.6</b>	<b>640.8</b>	<b>686.2</b>	<b>735.5</b>	<b>100.0</b>	<b>7.2</b>	<b>41.8</b>	<b>7.2</b>	<b>216.9</b>
<b>OECD</b>	<b>340.6</b>	<b>358.5</b>	<b>389.9</b>	<b>411.8</b>	<b>426.7</b>	<b>459.2</b>	<b>62.4</b>	<b>7.6</b>	<b>34.8</b>	<b>6.2</b>	<b>118.6</b>
<b>APEC</b>	<b>231.0</b>	<b>247.8</b>	<b>279.0</b>	<b>312.3</b>	<b>348.0</b>	<b>381.3</b>	<b>51.8</b>	<b>9.6</b>	<b>65.1</b>	<b>10.5</b>	<b>150.3</b>
<b>EU</b>	<b>133.8</b>	<b>138.0</b>	<b>144.1</b>	<b>147.6</b>	<b>153.3</b>	<b>157.6</b>	<b>21.4</b>	<b>2.8</b>	<b>17.8</b>	<b>3.3</b>	<b>23.8</b>
<b>ASEAN</b>	<b>25.8</b>	<b>28.0</b>	<b>32.7</b>	<b>37.1</b>	<b>42.1</b>	<b>41.5</b>	<b>5.6</b>	<b>-1.4</b>	<b>60.8</b>	<b>10.0</b>	<b>15.7</b>
<b>FDI stock – All countries % GDP</b>	<b>38.2</b>	<b>37.5</b>	<b>39.2</b>	<b>41.2</b>	<b>42.9</b>	<b>45.1</b>					

ASEAN = The Association of Southeast Asian Nations; CAGR = compound annual growth rate from 2010 to 2015; np = not available for publication but included in totals where applicable, unless otherwise indicated; na = not applicable

Sources: Australian Bureau of Statistics (ABS), Cat. No. 53520 – International Investment Position, Australia: Supplementary Statistics, 2015 (released 11 May 2016), Table 2. Foreign Investment in Australia: Level of Investment by Country and Country Groups by type of investment and year; ABS Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product; Austrade

## POSITIONED FOR 24-HOUR BUSINESS

Australia's geographic location bridges major time zones, allowing companies to benefit from 'follow-the-sun' or 'pass-the-book' operations such as transaction processing in financial markets, help desks, customer service, IT support and other critical services. Australia's counter-seasonality to the northern hemisphere also offers strategic advantages in food production and agribusiness.

### 24-HOUR TIME ZONE



# 05

## BUSINESS

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# BUSINESS

Australia's political stability, transparent regulatory system, and sound governance frameworks underpin its economic resilience.

Ranked in the global top five on the *Index of Economic Freedom*, Australia's effective governance and control of corruption provide multinationals with a safe, secure business environment.

Australia offers competitive rates for office space and the remuneration of professionals, as well as a quality of life that is rated the seventh highest in the world. Six Australian cities are ranked in the global top 40 for their quality of living.

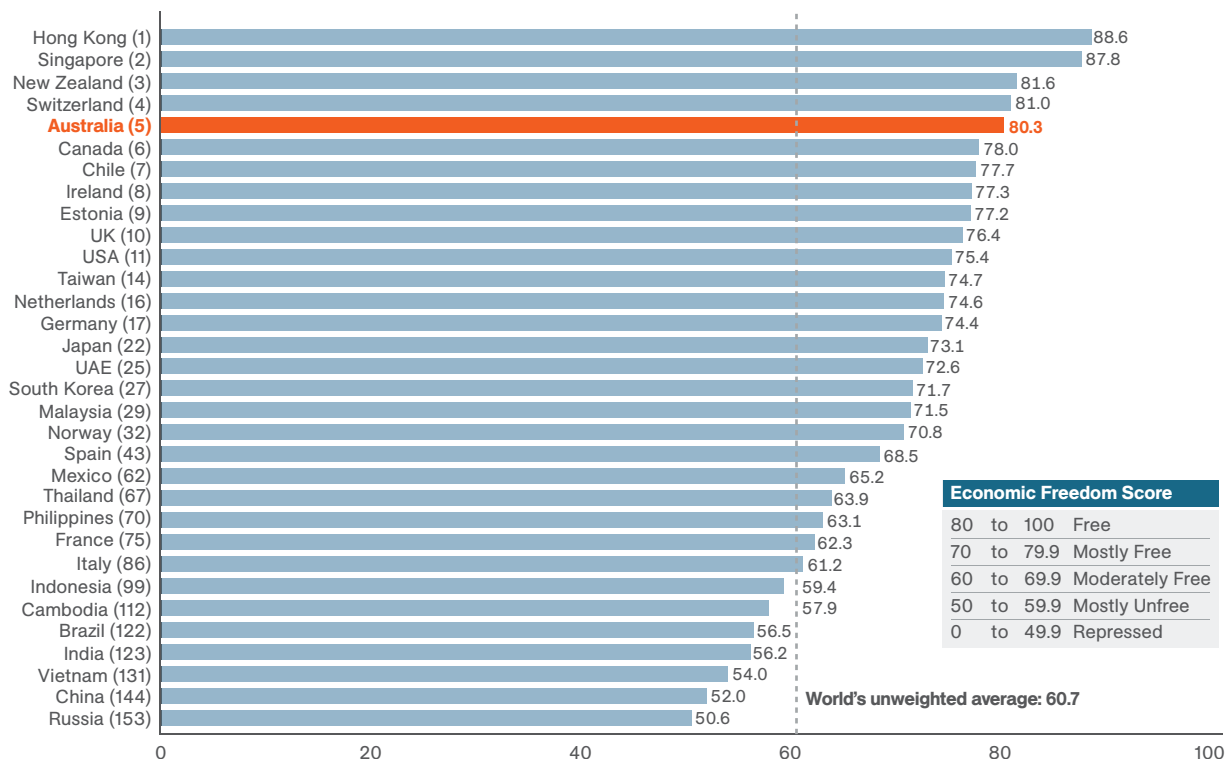
These credentials attract some of the world's largest organisations to Australia. All of the Top 20 FT Global 500 companies and all of the Top 10 Fortune Global 500 have operations in Australia. One in five businesses in Australia with more than 200 employees is at least 50 per cent foreign-owned.



# FIFTH IN THE WORLD FOR ECONOMIC FREEDOM

Australia is ranked fifth in the world for overall economic freedom in the 2016 Index of Economic Freedom. The Index states “the economy has benefited from lasting entrepreneurial development facilitated by an effective system of government, a well-functioning legal system and an independent bureaucracy.” It stresses that “Australia continues to be an attractive and dynamic investment destination, with almost all industries open to foreign competition and a skilled workforce readily available.”

## INDEX OF ECONOMIC FREEDOM WORLD RANKING – 2016<sup>1</sup>



1. The 2016 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.

Sources: The Wall Street Journal and The Heritage Foundation, 2016 Index of Economic Freedom; Austrade

# RANKED 15TH FOR EASE OF DOING BUSINESS

Australia is ranked 15th out of 190 economies for ease of doing business, and fifth when compared to economies with a similar or larger population. In particular, Australia's quality of judicial processes index is rated the world's best. Australia also ranks well for dealing with construction permits (2nd globally), enforcing contracts (3rd), ease of getting credit (5th) and starting a business (7th).

## KEY INDICATORS OF EASE OF DOING BUSINESS<sup>1</sup>

Ease of Doing Business		Starting a Business			Dealing with Construction Permits			Getting Credit			Enforcing Contracts		
Overall Ranking Out of 190 Economies		Rank	Procedures (number)	Time (days)	Rank	Procedures (number)	Time (days)	Rank	Strength of Legal Rights Index (0–12)	Depth of Credit Information Index (0–8)	Rank	Time (days)	Quality of Judicial Processes Index (0–18)
New Zealand	1	1	1	0.5	1	10	93	1	12	8	13	216	11.0
Singapore	2	6	3	2.5	10	9	48	20	8	7	2	164	15.0
Denmark	3	24	4	3.0	6	7	64	32	8	6	24	380	11.0
Hong Kong	4	3	2	1.5	5	11	72	20	8	7	21	360	11.0
South Korea	5	11	2	4.0	31	10	28	44	5	8	1	290	14.5
Norway	6	21	4	4.0	43	11	110.5	75	5	6	4	280	11.0
UK	7	16	4	4.5	17	9	86	20	7	8	31	437	15.0
USA	8	51	6	5.6	39	16	80.6	2	11	8	20	420	13.8
Sweden	9	15	3	7.0	25	7	116	75	6	5	22	321	12.0
Macedonia	10	4	2	2.0	11	9	89	16	9	7	36	634	14.0
Taiwan	11	19	3	10.0	3	10	93	62	4	8	14	510	13.0
<b>Australia</b>	<b>15</b>	<b>7</b>	<b>3</b>	<b>2.5</b>	<b>2</b>	<b>10</b>	<b>112</b>	<b>5</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>395</b>	<b>15.5</b>
Germany	17	114	9	10.5	12	8	96	32	6	8	17	499	12.0
Canada	22	2	2	1.5	57	12	249	7	9	8	112	910	9.5
Malaysia	23	112	9	18.5	13	15	79	20	7	8	42	425	12.0
France	29	27	5	3.5	20	9	183	82	4	6	18	395	11.0
Japan	34	89	8	11.2	60	12	197	82	4	6	48	360	7.5
Thailand	46	78	5	25.5	42	17	103	82	3	7	51	440	7.5
China	78	127	9	28.9	177	22	244.3	62	4	8	5	453	14.3
Vietnam	82	121	9	24.0	24	10	166	32	7	7	69	400	6.5
Indonesia	91	151	11	24.9	116	17	200.2	62	6	6	166	471	7.8
Philippines	99	171	16	28.0	85	24	98	118	3	5	136	842	7.5
India	130	155	13	26.0	185	35	190	44	6	7	172	1,420	9.0

**1. Doing Business 2017** is the 14th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. Doing Business measures aspects of regulation affecting 11 areas in the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labour market regulation, which is not included in the ranking. Data in Doing Business 2017 is current as of 1 June 2016. The indicators are used to analyse economic outcomes and identify what reforms of business regulation have worked, where and why. The city covered in Australia by the Doing Business report is Sydney.

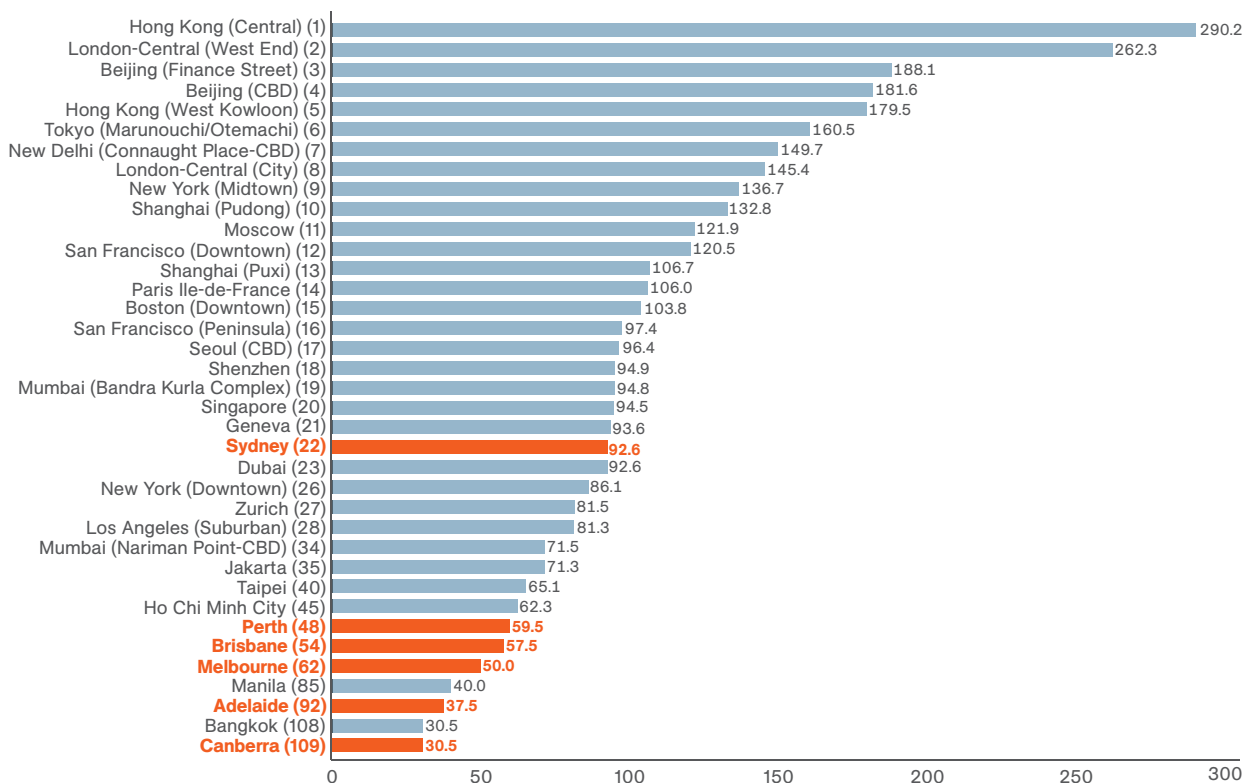
Sources: World Bank Group, *Doing Business 2017: Equal Opportunity for All* (released 26 October 2016); Austrade

# COST-COMPETITIVE LOCATION FOR OFFICE SPACE

Prime office space in Australia (using an average of all major cities) is among the most competitively priced in the world, and compares favourably to global and regional business centres. The cost of prime office space in Sydney is less than a third of the cost of Hong Kong (Central) and half of that in Beijing (Finance Street).

## GLOBAL PRIME OFFICE OCCUPANCY COSTS – 2016

US\$ per square feet/annum



**Note:** CBRE's Global Prime Office Occupancy Costs survey measures and compares office occupancy costs in 126 markets across the world. Occupancy costs include service charges and taxes and are standardised on a net internal area basis. The number in brackets indicates the market's ranking across the 126 markets.

**Sources:** CBRE Research, Q1 2016, June 2016 Global Prime Office Occupancy Costs; Austrade

# COMPETITIVE REMUNERATION RATES FOR PROFESSIONALS

Australia offers a highly skilled, multilingual and attractively priced domestic workforce. Salary levels for skilled professionals are generally competitive relative to major centres around the world, due to moderate wage growth over the past three years and a lower Australian dollar.

## REMUNERATION OF MANAGEMENT – 2015

Total base salary plus bonuses and long-term incentives, US\$'000

	CEO	Engineer	Director Manufacturing	Human Resources Director
Switzerland	827	191	348	331
USA	780	115	330	275
Germany	518	142	236	232
UK	611	105	198	201
Austria	490	124	230	197
Hong Kong	474	104	242	220
Singapore	442	94	239	227
France	493	102	200	178
Belgium	439	124	207	199
Italy	452	107	201	188
Japan	408	126	186	211
Netherlands	416	122	188	181
South Korea	420	100	173	170
Sweden	310	106	286	154
Canada	343	93	173	173
Ireland	311	105	195	165
UAE	318	95	157	199
Spain	343	79	185	148
Mexico	318	60	193	164
Greece	309	85	149	124
<b>Australia</b>	<b>299</b>	<b>76</b>	<b>155</b>	<b>125</b>
New Zealand	332	48	101	164
Thailand	279	55	133	138
Taiwan	261	72	136	127
Philippines	197	58	168	129
China	196	67	114	140
Brazil	233	54	102	93
Malaysia	159	42	97	90
India	180	45	78	76
Indonesia	138	32	74	62

Sources: IMD World Competitiveness Online 1995–2016; Austrade

# STABLE, FRIENDLY AND EFFICIENT BUSINESS ENVIRONMENT

Australia has one of the world's most robust regulatory environments and is rated among the most business-friendly economies. The country is ranked highly in terms of legal rights, justice, the soundness of its banks and corporate debt. Australia is also in the world's top 10 for its efficient stock markets, strong finance and banking regulations and stable institutional frameworks.

## BUSINESS EFFICIENCY AND ENVIRONMENT – 2016

	Australia	USA	UK	China	India	Japan	South Korea	Hong Kong	Singapore
<b>WEF Global Competitiveness Report 2016–17 Ranking<sup>(a)</sup> in:</b>									
Inflation, Annual % Change	=1	52	59	=1	101	=1	=1	40	75
Legal Rights Index	=4	=4	28	86	46	86	68	=20	=20
Soundness of Banks	5	36	62	79	75	29	102	6	8
Time to Start a Business	=6	33	24	121	115	64	15	3	=6
Intensity of Local Competition	7	5	3	36	96	1	8	2	20
Regulation of Securities Exchanges	8	24	26	57	58	13	71	4	1
Judicial Independence	10	29	9	56	54	15	72	8	23
Country Credit Rating	11	4	13	26	47	19	20	17	6
Efficacy of Corporate Boards	12	15	18	116	94	20	109	33	11
<b>IMD World Competitiveness Yearbook 2016 Ranking<sup>(b)</sup> in:</b>									
Business Legislation – Tariff on Imports	4	6	40	53	59	8	58	1	2
Finance – Corporate Debt	7	5	19	50	41	28	55	3	6
Finance – Stock Markets	7	2	16	46	24	18	34	1	6
Societal Framework – Justice	8	20	10	40	29	16	43	2	14
Societal Framework – Risk of Political Instability	9	12	8	22	23	20	50	31	6
Finance – Finance and Banking Regulation	9	26	29	50	33	38	55	1	2
Finance – Regulatory Compliance (Banking Laws)	9	28	29	55	37	16	46	1	2
Institutional Framework – Rule of Law	10	19	12	47	42	13	11	17	9
Finance – Shareholders' Rights	10	8	15	58	33	44	57	12	14

Sources: (a) World Economic Forum, Switzerland and Harvard University, Global Competitiveness Report 2016–17 (released September 2016, 138 economies); (b) Institute for Management Development, Switzerland, World Competitiveness Yearbook 2016 (released May 2016, 61 economies); Austrade

# GOOD GOVERNANCE AND STRONG INSTITUTIONS

The quality of governance in Australia ranks among the best in the world. The country's strong governance and stable institutions are key to sustaining economic growth and security, providing assurance for multinationals expanding their businesses or considering Australia as a base in the Asian region.

## WORLDWIDE GOVERNANCE INDICATORS<sup>1</sup>

2015 Rank by Economy	Voice and Accountability	Political Stability & Absence of Violence/Terrorism	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
New Zealand	98.5	99.0	98.6	99.0	98.1	100.0
Switzerland	99.0	95.2	99.5	95.7	97.6	97.6
Finland	97.0	87.1	96.6	98.1	100.0	99.5
Norway	100.0	89.5	98.1	92.3	98.6	99.0
Luxembourg	96.6	97.6	93.3	93.8	96.2	96.6
Sweden	99.5	81.4	96.2	97.1	99.5	98.6
Canada	96.1	93.8	95.2	94.2	95.2	93.8
Denmark	97.5	76.2	97.6	94.7	99.0	98.1
Netherlands	98.0	78.6	97.1	96.2	97.1	94.7
<b>Australia</b>	<b>93.1</b>	<b>76.7</b>	<b>92.3</b>	<b>96.6</b>	<b>94.2</b>	<b>95.2</b>
Ireland	92.6	78.1	91.3	97.6	93.3	91.8
Germany	95.6	70.0	94.2	93.3	92.8	93.3
UK	92.1	62.4	93.8	98.6	93.8	94.2
Hong Kong	63.5	83.3	99.0	99.5	94.7	92.3
Singapore	42.9	93.3	100.0	100.0	96.6	97.1
Japan	79.3	82.4	95.7	85.1	89.4	91.3
Belgium	94.1	65.2	88.9	87.5	88.9	90.9
USA	81.3	69.5	89.9	88.5	90.4	89.9
France	86.2	56.7	89.4	83.7	88.5	88.0
Taiwan	73.4	72.9	88.0	88.9	85.1	76.9
Spain	78.8	57.1	85.1	75.0	78.4	69.2
South Korea	69.5	52.4	80.3	84.1	80.8	69.7
United Arab Emirates	19.7	71.4	91.8	82.7	75.0	82.7
Italy	77.3	58.1	69.2	73.6	64.4	57.2
Malaysia	36.5	54.3	76.9	74.5	71.6	65.9
Brazil	60.1	34.3	47.6	46.6	50.0	41.3
India	60.6	16.7	56.3	39.9	55.8	44.2
Philippines	51.7	21.0	57.7	52.9	42.3	41.8
Thailand	23.6	15.7	65.9	63.5	53.8	43.8
Indonesia	52.2	24.8	46.2	47.1	39.9	38.5
China	4.9	27.1	68.3	44.2	43.8	50.0
Vietnam	10.8	48.6	55.3	33.7	46.2	39.4

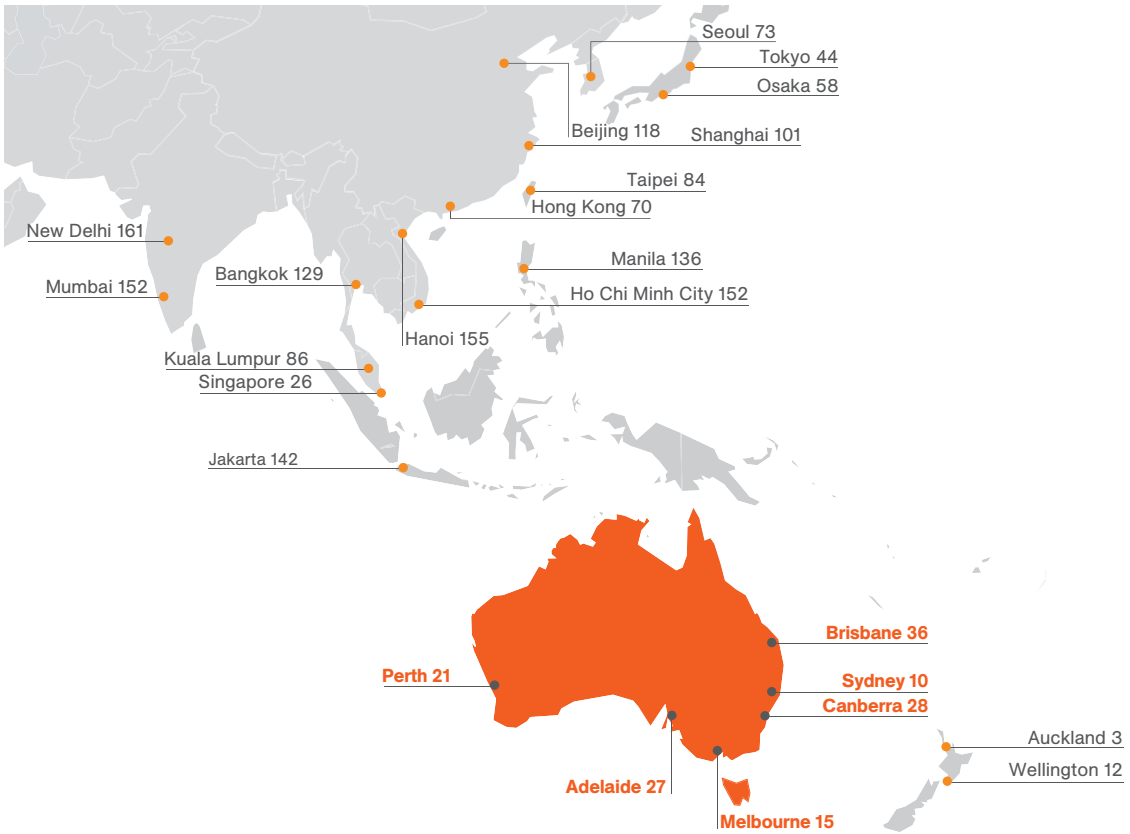
1. The *Worldwide Governance Indicators* reports aggregate and individual governance indicators for 214 economies over the period 1996–2015, for six dimensions of governance in the above table. They are based on over 30 individual data sources. Economy scores are reported as percentile ranks, with higher values indicating better governance ratings.

Sources: *The World Bank, Worldwide Governance Indicators 2016 (released 23 September 2016)*; *Austrade*

# ENVIABLE QUALITY OF LIFE

Australia's major cities enjoy some of the highest quality of living in the world. Sydney ranks 10th globally, Melbourne 15th and Perth 21st in Mercer's 2016 *Quality of Living Rankings*. These three cities top the rankings across the Asia-Pacific region, well above Singapore (26th), Tokyo (44th), Hong Kong (70th), Shanghai (101st) and Beijing (118th).

## QUALITY OF LIVING RANKINGS BY CITY, 2016



Sources: Mercer 2016 Quality of Living Rankings; Austrade

# 06

## INNOVATION

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Leading Economy for R&D Expenditure	59
Growing R&D Spending Economy	60
Australian Scientific Research Has Major Impact	61
Top Ranking Academic and Research Institutions	62

# INNOVATION

Australia recognises the contribution of innovation and science to the nation's growth, economic prosperity and ability to create jobs.

The country's intellectual capital, commercial focus and collaborative approach make it an ideal partner for business and investment activities.

Australian researchers are driving or collaborating on cutting-edge research and their findings are regularly cited in many of the world's leading publications.

Public and private sector organisations in Australia are significant sources of funding for research and development (R&D). The Australian Government also provides generous R&D tax incentives.

International organisations have numerous opportunities to collaborate with Australian research institutions, invest in or incorporate Australian solutions into existing products, or enter into joint ventures to take them to the global market.

**AUSTRALIA'S**

**CSIRO**

**RANKS IN THE**



**OF THE WORLD'S SCIENTIFIC  
INSTITUTIONS IN 14 RESEARCH FIELDS**

# RECORD OF INNOVATION

Australia has a strong record of innovation, underpinned by its significant government and private sector R&D investment and quality-enabling ICT infrastructure. The country has a higher percentage of people employed in knowledge-intensive services than Canada, France, the USA, Germany, Japan and South Korea. Nearly 72 per cent of Australian research institutions (including universities, medical research institutes, businesses and publicly funded research agencies) achieve above average impact across their publications output.

## HOW AUSTRALIA COMPARES WITH LEADING OECD COUNTRIES: KEY INNOVATION INDICATORS

		Australia	Canada	France	UK	Germany	Japan	South Korea	Sweden	USA
<b>High levels of innovation investment</b>										
(a) Gross Domestic Expenditure on R&D (% of GDP) <sup>1</sup>	2014	2.11	1.61	2.26	1.70	2.90	3.59	4.29	3.16	2.74
(a) Higher Education Expenditure on R&D (% of GDP) <sup>1</sup>	2014	0.63	0.65	0.46	0.44	0.51	0.45	0.39	0.92	0.39
(a) Business Expenditure on R&D (% of GDP) <sup>1</sup>	2014	1.19	0.80	1.46	1.09	1.95	2.79	3.36	2.12	1.94
<b>Skilled workforce</b>										
(b) Proportion of population aged 25–64 attaining tertiary education	2015	42.9	55.2	33.5	43.5	27.6	49.5	45.5	39.8	44.6
(c) Employment in knowledge-intensive services (% of workforce)	2014	44.9	43.7	44.0	47.4	43.5	24.4	21.6	49.4	38.0
(d) Doctorate holders in the working age population (men & women, per thousand population aged 25–64)	2012	8.2 <sup>8</sup>	8.0 <sup>6</sup>	7.6	11.7	12.9 <sup>6</sup>	N/A	6.9	13.6	14.0
<b>World-class research</b>										
(c) Scientific and technical publications <sup>2</sup>	2015	48.3	37.0	25.4	41.1	25.7	15.0	29.7	52.9	19.9
(h) Proportion of research publications in the top 10% <sup>3</sup>	2015	12.4	11.7	11.5	13.2	12.6	7.6	7.7	13.1	12.1
(e) Quality of scientific research institutions scores	2016–17	5.7	5.6	5.8	6.3	5.8	5.7	4.6	5.8	6.0
(h) Proportion of research institutions with CNRI above 1.2	2015	71.8	51.2	53.4	60.4	61.9	15.0	9.5	57.4	56.0
<b>Entrepreneurship</b>										
(f) Administrative burden on startups (0 = best, 2 = worst)	2013	0.3	0.4	0.7	0.5	0.5	0.5	0.6	0.5	0.5 <sup>7</sup>
(g) Global entrepreneurship index <sup>4</sup>	2016	78.0	79.5	66.4	67.7	64.6	50.6	53.4	75.9	85.2
<b>World-class ICT infrastructure</b>										
(c) Information & communication technologies (ICT) score <sup>5</sup>		86.7	80.8	89.0	90.6	74.9	89.7	92.9	75.7	85.9
(d) ICT investment (% of gross fixed capital formation)	2013	8.9	9.2	13.6	12.7	8.5	15.7	7.2	14.8 <sup>8</sup>	16.4

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

1. Australia and the USA figures represent 2013; 2. Number of scientific and technical journal articles (per billion PPP\$ GDP); 3. Scientific and technical publications getting into top 10% by the Category Normalised Relative (citation) Impact (CNRI) in its field and year; 4. The Global Entrepreneurship Index is an index made up of three sub-indexes: Attitudes, Abilities and Aspirations, each of which is composed of several pillars; 5. Average score of ICT access, ICT use, government's online service and e-participation; 6. Data for Australia and Canada represent 2011 and Germany 2013; 7. USA figure represents 2007; 8. Swedish figure represents 2012; NA = Not available for publication.

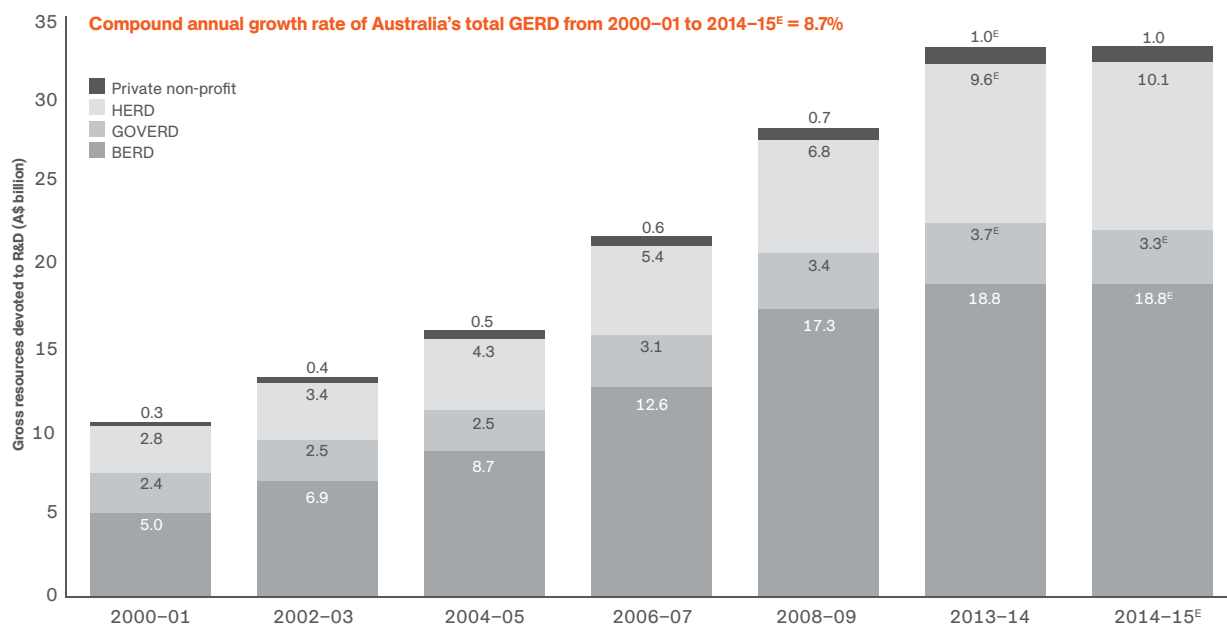
**Sources:** (a) OECD, *Dataset: Main Science and Technology Indicators* (data extracted 5 September 2016); (b) *Education at a Glance 2016: OECD Indicators*, Figure A1.4, page 37; (c) Cornell University, INSEAD, and the World Intellectual Property Organisation, *The Global Innovation Index 2016*; (d) OECD, *Science, Technology and Industry Scoreboard 2015*, Figure 2.4.1, *Doctorate Holders* (last updated 5 Oct 2015) and Figure 2.1.3, *ICT Investment by Asset 2013* (last updated 15 Feb 2016); (e) WEF, *Global Competitiveness Report 2016–17*; (f) OECD Science, Technology and Industry Scoreboard 2015, Chapter 4 *Barriers to Entrepreneurship 2013* (last updated 5 Oct 2015); (g) The Global Entrepreneurship and Development Institute, Washington, D.C., USA, *Global Entrepreneurship Index 2016*, Figure 1.2, page 3; (h) InCites™, Clarivate Analytics (data as at 8 November 2016); Austrade

# AUSTRALIAN INDUSTRY A SOURCE OF R&D EXPENDITURE

Australia's annual gross expenditure on R&D (GERD) rose by nine per cent per annum between 2000–01 and 2014–15 to exceed A\$33 billion. Business expenditure on R&D accounts for 57 per cent of Australia's total R&D expenditure, expanding from A\$5 billion in 2000–01 to about A\$19 billion in 2014–15. This represents a compound annual growth rate of 11 per cent since 2001, well above Australia's nominal GDP growth rate of 6.1 per cent. Total GERD represents 2.1 per cent of Australia's nominal GDP, up from 1.5 per cent in 2001.

## AUSTRALIA'S GROSS EXPENDITURE ON RESEARCH AND DEVELOPMENT

A\$ billion by sector



**GERD** = Gross expenditure on research and development (R&D); **BERD** = Business expenditure on R&D; **GOVERD** = Government expenditure on R&D; **HERD** = Higher education expenditure on R&D; **Private non-profit** = Private non-profit expenditure on R&D

<sup>E</sup> = Estimates. 2013–14 data for GOVERD on 2012–13, HERD on calendar year 2012 and private non-profit on 2012–13. 2014–15 data for BERD on 2013–14 and HERD on calendar year 2014.

**Note:** Data on BERD has been collected on a biennial basis since 2011–12; all figures for HERD from 2000 to 2015 are for calendar years.

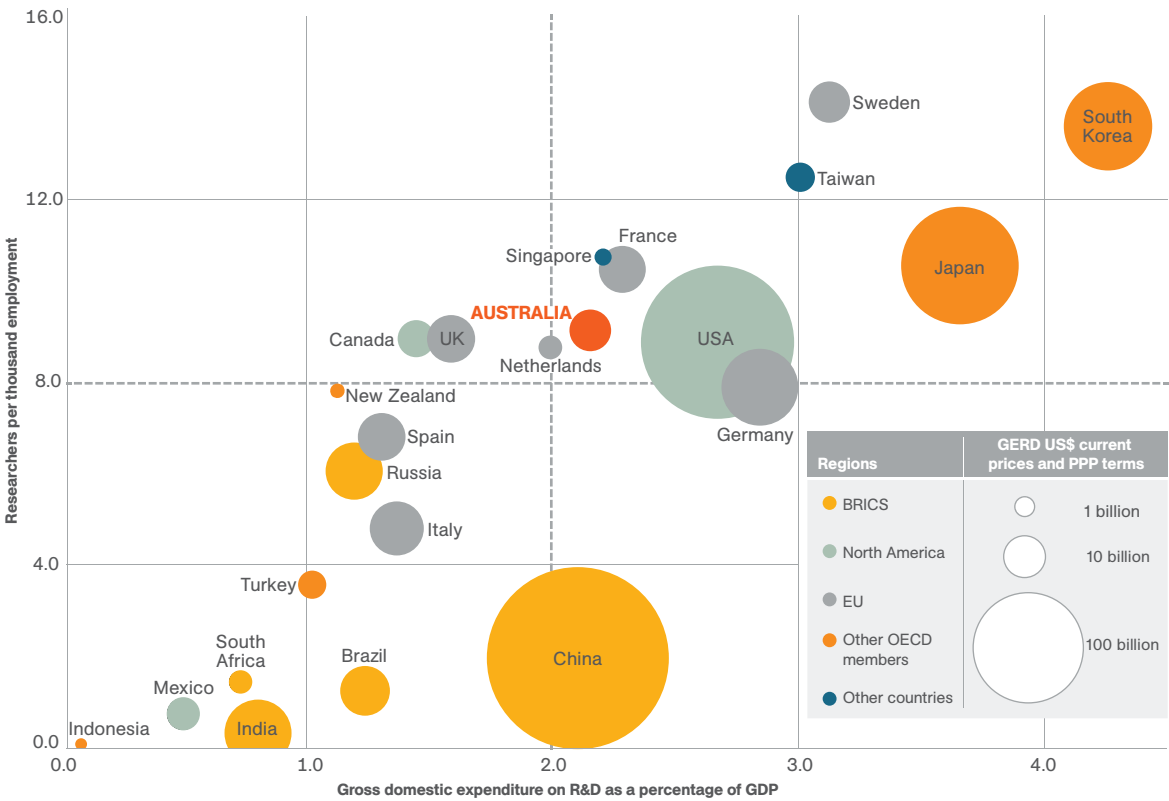
**Sources:** Australian Bureau of Statistics, *Cat. No. 8104.0 Research and Experimental Development, Businesses, Australia, 2013–14* (released 4 September 2015); *ABS Cat. No. 8109.0 Research and Experimental Development, Government and Private Non-Profit Organisations, Australia, 2014–15* (released 6 July 2016); *ABS Cat. No. 8111.0 Research and Experimental Development, Higher Education Organisations, Australia, 2014* (released 17 May 2016); Austrade

# LEADING ECONOMY FOR R&D EXPENDITURE

Australia has a high proportion of researchers and its R&D expenditure as a percentage of GDP in purchasing power parity terms is strong. The nation's R&D spend places it among the world's leading innovative countries, including the USA, Japan, France, Germany, Sweden and South Korea.

## WORLD OF RESEARCH AND DEVELOPMENT

Size of circle reflects the relative amount of annual gross domestic expenditure on R&D (GERD) in US\$ current prices and purchasing power parity terms



**Note:** Researchers data is in full-time units and refer to 2014 except for Indonesia (2009), Australia, Brazil and India (2010), South Africa (2012), Canada, New Zealand and the USA (2013). For Brazil, India and Indonesia, data is provided by the UNESCO Institute for Statistics. Figures of GERD and GERD % of GDP refer to 2014 except Australia, New Zealand, the USA, Brazil and Indonesia (2013), South Africa (2012) and India (2011).

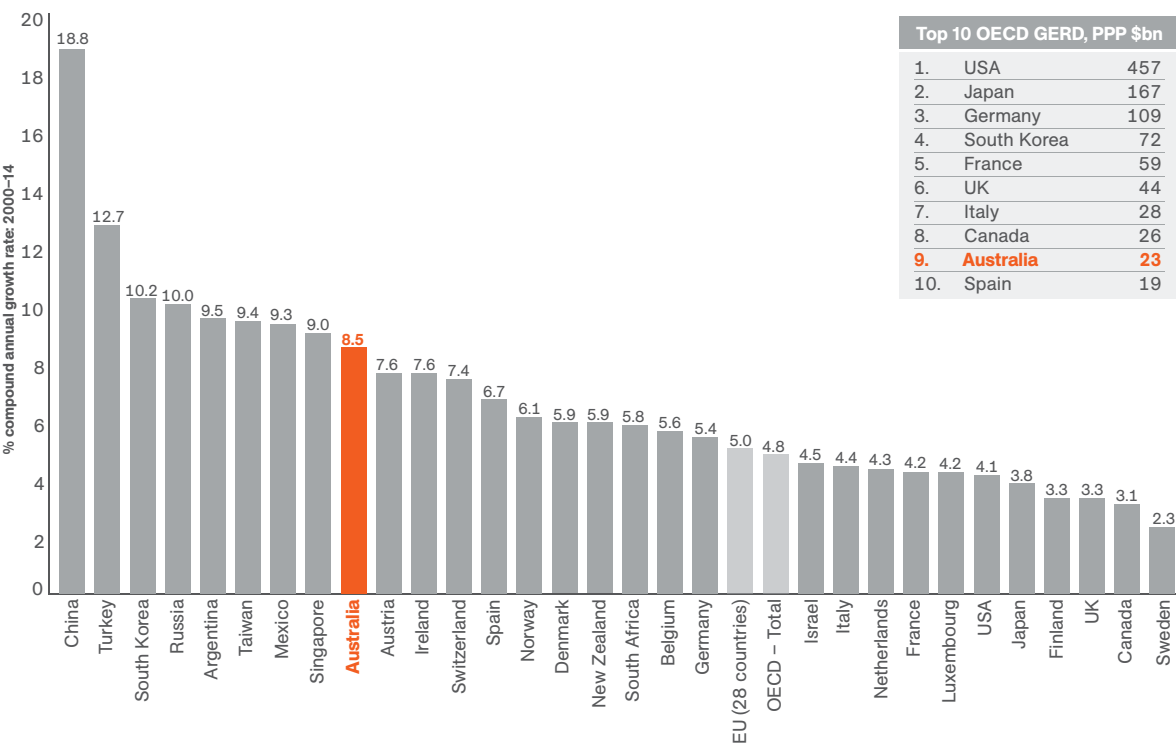
**Sources:** OECD, *Main Science and Technology Indicators Database*, [www.oecd.org/sti/msti.htm](http://www.oecd.org/sti/msti.htm); UNESCO Institute for Statistics, *Science, Technology and Innovation Database*, July 2016; Austrade

# GROWING R&D SPENDING ECONOMY

Australia’s expenditure on R&D is one of the fastest-growing in the world, reflecting the country’s ongoing commitment to innovation. Gross R&D expenditure in Australia has increased on average by 8.5 per cent a year in real terms since 2000, well above the OECD average growth rate of 4.8 per cent. The country’s total expenditure on R&D in purchasing power parity terms is ranked in the top 10 among OECD member nations.

## GROSS DOMESTIC EXPENDITURE ON RESEARCH AND DEVELOPMENT<sup>1</sup>

(GERD current PPP \$ value, % compound annual growth rate: 2000 to 2014)



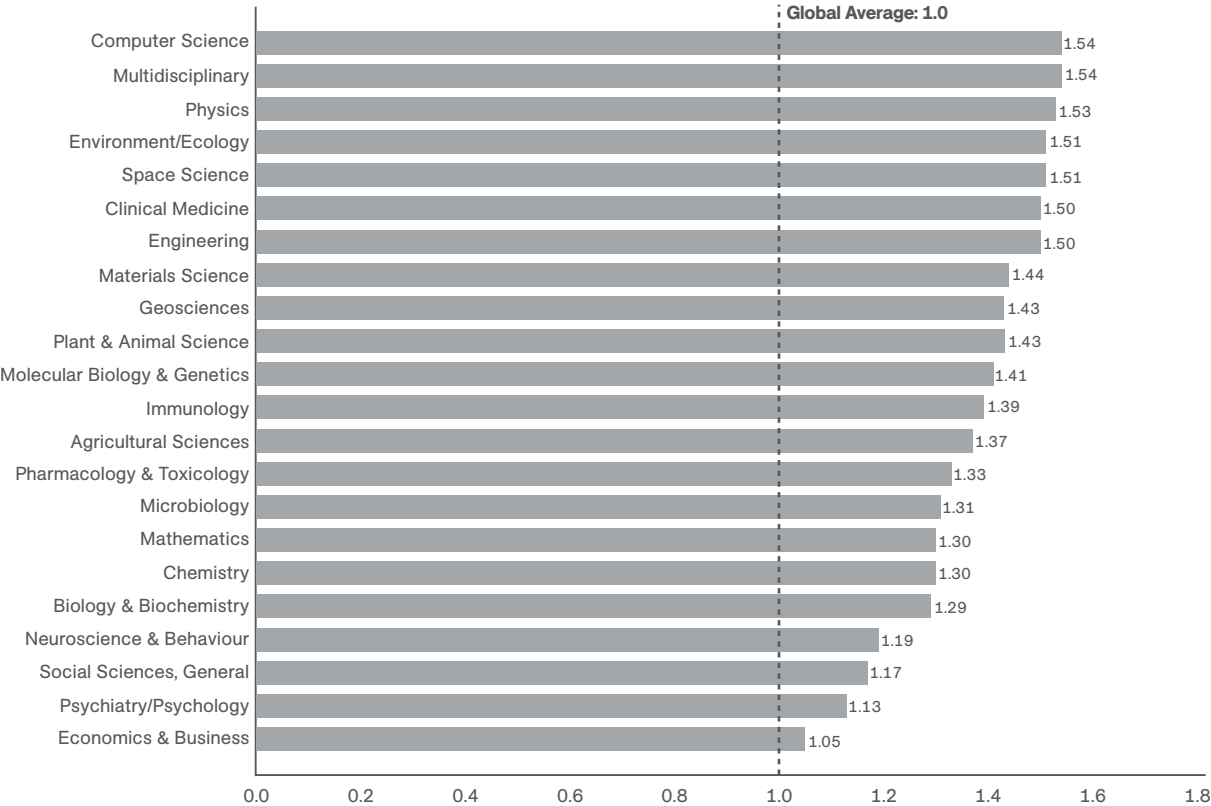
1. The OECD Main Science and Technology Indicators database is published twice a year and provides a set of indicators that reflect the level and structure of the efforts undertaken by OECD member countries and selected non-member economies in Science and Technology. It includes final or provisional results and forecasts established by government authorities. Indicators cover resources devoted to R&D, patent families, technology balance of payments and international trade in highly R&D-intensive industries. The compound annual % growth rate for all economies in the chart was derived from the GERD PPP value from 2000 to 2014, except Australia and the USA (from 2000 to 2013), New Zealand (2001 to 2013), Denmark, Norway and Sweden (2001 to 2014), Switzerland (2000 to 2012), and South Africa (2001 to 2012).

Sources: *OECD Main Science and Technology Indicators, Last update: MSTI 2016/1, 17 June 2016 (data extracted 13 October 2016); Austrade*

# AUSTRALIAN SCIENTIFIC RESEARCH HAS MAJOR IMPACT

Australia's scientific research publications averaged a relative impact of at least 20 per cent above the global average in almost 82 per cent of the 22 scientific research fields in the Essential Science Indicators classification. Australia's seven strongest categories of published research – computer science, multidisciplinary, physics, environment/ecology, space science, clinical medicine and engineering – reflect the country's diverse research interests.

## RELATIVE IMPACTS OF AUSTRALIAN SCIENTIFIC PUBLICATIONS BY RESEARCH FIELD – 2011–15



Sources: InCites™, Clarivate Analytics, data as at 8 November 2016; Austrade

# TOP RANKING ACADEMIC AND RESEARCH INSTITUTIONS

In a ranking of the world’s top 200 universities by five key subject fields, Australia has remained the fifth highest ranked country overall, with particularly strong performances in Life and Agriculture Sciences, Engineering/Technology and Computer Sciences, and Clinical Medicine and Pharmacy. Australia’s performance is rated higher than economies such as Japan, France, Italy and Switzerland.

## AUSTRALIAN UNIVERSITIES’ ACADEMIC RANKING IN FIVE BROAD SUBJECT FIELDS – 2016

World's Top 200 Universities' Ranking						
Country	Natural Sciences and Mathematics	Engineering/Technology and Computer Sciences	Life and Agriculture Sciences	Clinical Medicine and Pharmacy	Social Sciences	Five Broad Subject Fields Total
USA	64	47	77	73	97	358
China	25	52	6	9	9	101
UK	17	14	21	19	25	96
Germany	15	6	16	16	7	60
<b>Australia</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>9</b>	<b>10</b>	<b>50</b>
Canada	4	6	9	11	14	44
Netherlands	5	3	7	8	11	34
France	10	5	7	7	1	30
Sweden	2	5	7	5	4	23
Italy	6	7	1	7	1	22
Japan	8	5	5	3	-	21
Switzerland	5	2	5	4	3	19
Spain	6	5	3	3	1	18
South Korea	5	7	1	3	-	16
Belgium	2	2	5	3	3	15
Denmark	2	2	3	4	3	14
Israel	3	2	1	2	3	11
Norway	1	1	2	3	2	9
Saudi Arabia	3	4	1	-	-	8
Singapore	2	2	1	1	2	8
Other countries	6	13	10	10	4	43
<b>Total</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>1,000</b>

**Note:** 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 Reuters, 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 of a university. More than 1,200 universities are actually ranked by ARWU every year and the best 500 are published.

**Sources:** *The Academic Ranking of World Universities*, *The Center for World-Class Universities at Shanghai Jiao Tong University (CWCU)* (<http://www.shanghairanking.com/index.html>); *Austrade*

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

Austrade helps companies around the world to identify and take up investment opportunities in Australia as well as to source Australian goods and services. Our assistance includes:

- / providing insight on Australian capabilities
- / identifying potential investment projects and strategic alliance partners
- / helping you to identify and contact Australian suppliers.