

Compare the key findings for **Australia** with the results from Grant Thornton's **2006 International Business Owners Survey**

Grant Thornton 



This year's survey reveals continuing optimism among Australia's business owners. While less optimistic than previous years, our business owners still have a positive outlook for the coming year.

Australia has had one of the most prosperous and fastest growing mature economies for the past decade. Our business owners have enjoyed a recent boost from rising exports of raw materials in line with buoyant global demand. The main impetus for growth in Australia remains domestic demand, amid healthy consumer spending and robust business and government investment.

While there are still constraints to business expansion in Australia including the shortage of skilled workers and excessive regulations and red tape, the resumption of a strong rate of growth for businesses is forecast for 2006 as exports pick up underpinned by demand from Mainland China.

Robert Quant

National Chairman

Pictured front cover:

Bernie O'Neill is the Managing Director of HMP Constructions Pty Ltd, a growing Australian-based mining and civil contracting company. The business has grown substantially since its inception and now aims to become one of the major forces in the contract mining and civil construction industries in Australia.

Business expectations/turnover

While Australian business owners retain a positive outlook on the performance of their businesses for the coming year, they are less optimistic than they have been in previous years. This is due, in part, to slowing employment growth and an overall reduction in exports from new businesses.

Key findings

- Australian businesses are less optimistic about turnover (revenue) prospects this year (+63%) than they were in 2005 (+81%).
- However, their result is in line with the global average as a whole (+61%).
- Also, businesses in Australia are more optimistic regarding investment in plant and machinery for the coming year (+54%) than businesses across the globe (+43%).

Employment

With the shortage of skilled workers remaining a constraint for Australian business growth, business owners have set more modest expectations for employment growth in 2006. This is following a peak in employment growth in 2004 and a decline towards the global average in 2005.

Key findings

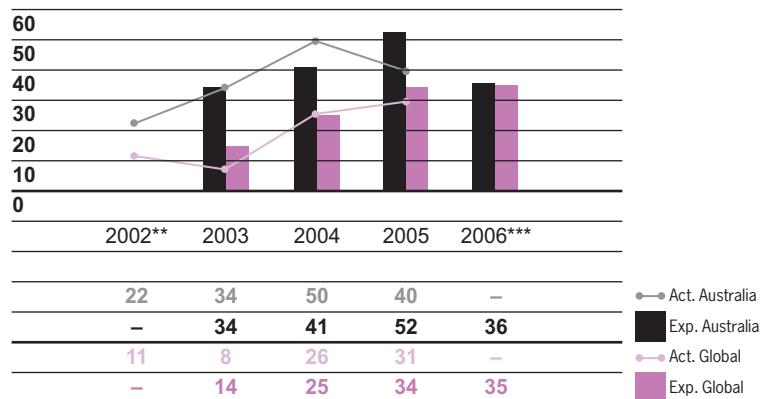
- Australian businesses expect employment growth to be at a lower level than expected in 2005.
- In 2006, a balance of +40% reported employment increases, a lower figure than was expected last year (+52%).

Turnover expectations (% balance*)



* the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

Employment history (% balance*)



* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

** no data available

*** 2006 data will be documented in IBOS 2007

Constraints on business expansion

Many of the growth constraints felt by medium-sized businesses globally are not as prevalent in Australia. Business owners in Australia have found that the main barrier to their business' expansion is a shortage of skilled workers whereas excessive regulation and red tape are the main constraints overseas.

Key findings

- Availability of skilled workforce is a major constraint on expansion for Australian businesses (+50%).
- The cost of finance in Australia (+12%) is well below their global counterparts (+21%).
- Australian businesses report similar levels for the shortage of working capital (+22%) and regulation/red tape (+37%) to those reported globally (+22% & +35% respectively).

Stress levels

The last 12 months have seen the stress levels of business owners rise compared to the findings from the 2005 IBOS. However, Australian business owners remain less stressed than their counterparts around the world.

Key findings

- 48% of business owners in Australia report that their stress levels have increased over the past year, lower than the global average (57%).
- Australian businesses are also more likely to report an increase in stress levels this year (+38%) than in 2005 (+10%).
- To gain an insight into how business owners manage stress, we also asked about the number of days holiday (excluding public holidays) taken.

On average, business owners in Australia take 13 days per year, marginally below the global average of 15 days.

Constraints (%*)

Regulations/ red tape	35	37
Lack of availability of skilled workforce	32	50
Shortage of orders/ reduced demand	29	18
Shortage of working capital	22	22
Shortage of long term finance	19	10
Cost of finance	21	12

* % companies rating constraint 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint

Rise in stress levels (% *)

2005	39	34
2006	57	48

* % of respondents indicating that stress levels had increased or increased significantly over the past year

** the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

International trade

Australian exports have declined over the past year with the exception of the exportation of raw materials which has increased as a result of growing global demand. This reduction in overall exports has been caused, in part, by the appreciation of the Australian currency.

Key findings

- This year the proportion of Australian businesses exporting has fallen to its lowest level since the survey began.
- They are also less likely to export (26%) than businesses across the globe as a whole (36%).
- With regards to barriers towards international expansion, Australian businesses are most restricted by bureaucracy, red tape and regulation (22%) as well as finding representatives in other countries (17%).

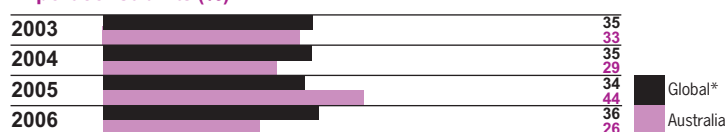
Impact of the 'Chinese economic boom'

At present, Australian businesses are more likely to import from Mainland China than export to them. This will change with increased demand driven by the growing Chinese economy for many items Australia currently produces.

Key findings

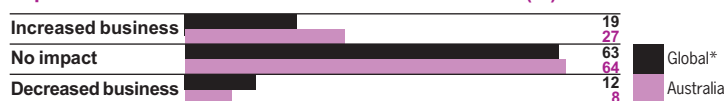
- The 'Chinese economic boom' has had positive effect on Australian businesses. 27% of companies report that it has increased business, well above the global average (19%).
- Australian businesses are marginally more likely to import from (14%) than export to Mainland China (13%).
- Furthermore, they are marginally less likely to export to Mainland China than companies globally (16%).

Export constraints (%)



* the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

Impact on business of the 'Chinese economic boom' (%)



* the 2006 figure includes data for Mainland China who are not included in the data for IBOS 2005

Survey Methodology

Size of businesses surveyed

The survey was conducted among independent medium-sized businesses.

The definition of medium-sized businesses used was in line with the local Government definitions in each country or region.

Survey respondents

We approached chief executive officers, managing directors, owners or other senior executives (title dependent on that which is most appropriate for the country).

Interview technique

The method of interview was by telephone (approximately 15 minutes) with the exception of Japan (postal), Philippines (face-to-face) and India (a mixture of face-to-face and telephone) where cultural differences dictated a different approach.

Telephone interviews enabled us to conduct the exact number of recommended interviews, and to be certain we were interviewing the most appropriate individuals in a business with the correct profile.

The data collection was managed by two core research partners, Experian Business Strategies in Europe and Wirthlin Worldwide throughout the rest of the world.

Questionnaires were translated into local languages.

To find out more about the International Business Owners Survey (IBOS) please visit the dedicated website www.granthorntonibos.com. Summaries are available for each of the 30 countries involved in the study, as well as regional and global summaries. You can also complete the questionnaire online and benchmark your answers against those of businesses around the world and order full copies of the report.

Participating countries

Argentina	Italy	Russia
Australia	Japan	Singapore
Botswana	Luxembourg	South Africa
Canada	Mainland China	Spain
France	Malaysia	Sweden
Germany	Mexico	Taiwan
Greece	The Netherlands	Thailand
Hong Kong	New Zealand	Turkey
India	Philippines	UK
Ireland	Poland	US

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