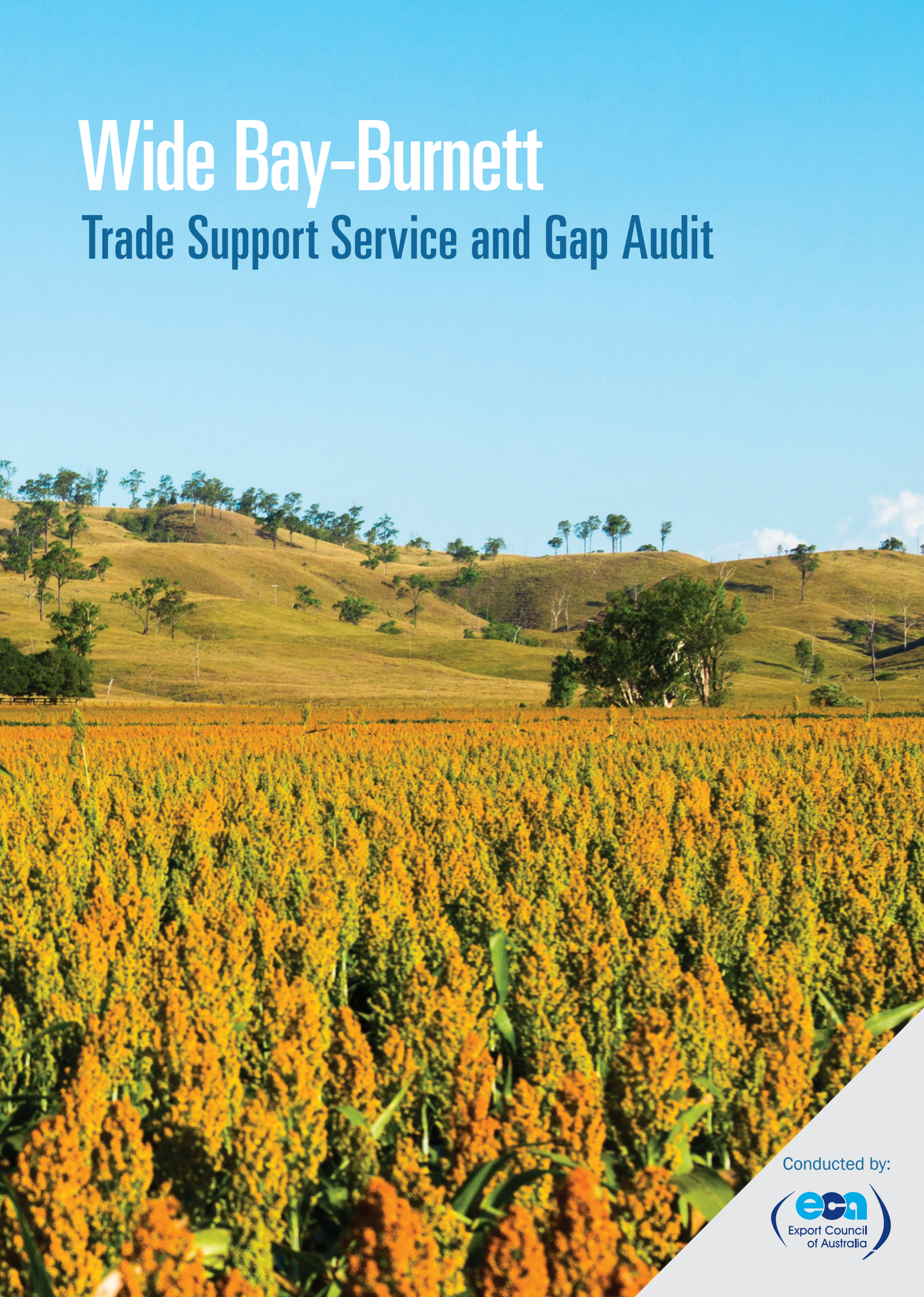
Wide Bay-Burnett

Trade Support Service and Gap Audit



Conducted by:

Export Council of Australia

ABOUT THIS REPORT

This report reflects a regional audit of businesses located in the six regional Queensland councils represented by the Wide-Bay Burnett Regional Organisation of Councils (WBBROC): Bundaberg, Cherbourg, Fraser Coast, Gympie, North Burnett and South Burnett.

The audit was completed by the Export Council of Australia (ECA) and was commissioned by WBBROC. It was completed over the course of three months, from October to December 2016.

The goal of the audit was to better understand the activities of exporters located in this region, with a focus on the influence and effectiveness of trade support services on these activities.

Methodology

This report and its findings rely on primary research conducted with businesses located in the WBBROC region.

Businesses identified as exporters by the WBBROC were contacted over a period of six weeks from October to December 2016. They were requested to participate in 30-minute interviews with the ECA regarding their experiences with export as well as any associated government and third-party trade support services.

Out of 101 regional businesses identified by the WBBROC as known or expected exporters, 15 responded that they were not currently exporting and were unlikely to ever do so, leaving 86 valid prospects for this study. Of these, 26 businesses (30%) agreed to be confidentially interviewed by the ECA and/or filled out a survey questionnaire. Their responses formed the basis of this report's findings.

For clarity, ease of comparison and summary purposes, responses to certain questions were subjectively grouped into broader categories for this report.

CONTENTS

OVERVIEW

The Wide Bay-Burnett region is home to several experienced exporters, who collectively serve a diverse range of markets around the world. This regional audit captured a portion of their export experiences, and the extent to which they engaged trade support services along their international journey.

The audit's focus was on government trade support services, such as those offered by the Australian Trade and Investment Commission (Austrade) and Trade & Investment Queensland (TIQ), but also touched on services offered by non-governmental organisations such as local councils and third-party providers.

The audit revealed that most local businesses engaged trade support services when undertaking export activities. The services largely "worked", in that local businesses overwhelming said that their engagement was either positive or very positive, and none reported negative experiences.

Considering the relative success of these support services, this audit focused moreso on identifying elements that were less effective, or where shortcomings were identified, in order to provide insight for future improvement. It also addresed areas where additional services are desired to assist local businesses in accessing international opportunity.

Audit findings are discussed in Section 1 of this report, grouped under three general headings of what works, what doesn't work, and what more is needed, and supported by commentary from local businesses.

A profile of respondents to the audit survey and interviews is presented in Section 2, with a breakdown of their business and export experience.

A profile of respondents' engagement with trade support services follows in Section 3.

We then conclude with final remarks in Section 4.

1 AUDIT FINDINGS

The objectives of this audit were to determine the following:

1) What works: What trade support services are most effective in terms of assisting local businesses access international opportunity?

2) What doesn't work: What trade support services are least effective in terms of assisting local business access international opportunity?

3) What more is needed: What trade support services are desired by local businesses to assist with their international expansion, either by improving current offerings or going beyond what is currently available?

Achievement of these objectives was dependent on the experiences and insights shared by local businesses in the six council regions.

There is naturally a strong subjective element to this insight, considering the diversity of businesses' experiences with trade support services. Common themes under each category were determined and are presented below.

More themes were determined under objectives two and three – what doesn't work and what more is needed – due to the fact that trade support services generally work quite well for local businesses that engage with them, according to responses to this audit.

Determining cases where they fall short for some businesses, and any areas where more support is desired, therefore provides more insight into areas that may need to be investigated and addressed to facilitate greater international engagement by local businesses.

The audit findings under each objective are summarised below, and then explored further in this section with reference to specific comments by local businesses.

What works

- **Diverse market engagement:** Local businesses serve a diverse range of international markets, and some engage with trade support services to facilitate this.
- **Positive experiences:** The vast majority of businesses' experiences with trade support services was positive or very positive.

What doesn't work

- **Staff experience:** Agency representatives don't always have a deep enough understanding of industry dynamics, or enough experience in a particular industry to provide effective support.
- **Efficiency losses:** Businesses sometimes find it easier or more efficient to pursue international engagement without government support.
- **Ineffective marketing:** Marketing and awareness-raising of trade support services falls short, as local businesses are sometimes unaware that desired services are already available.
- **Services too basic:** More mature businesses find the trade support services on offer to be too basic or entry level to meet their needs.
- **Complicated or costly service delivery**: Service delivery processes may need to be reviewed, as lengthy or costly procedures to access programs are an impediment to engagement.
- **Ineffective targeting**: Services like business matching and trade missions aren't always targeted enough.
- **Inability to address structural impediments:** Structural impediments can be the biggest barriers to international growth, and can't be addressed by trade support services.
- **Specialised needs drive businesses elsewhere**: The need for specialised assistance drives business toward third-party support, rather than that provided by government.

What more is needed

- **More export education**: More education services focused on the basics of exporting.
- **More market intelligence:** More market intelligence and information, especially around access and protocols.
- **More support for local representatives:** More support for local agency representatives.
- **More support outside traditional areas:** Much of the additional support desired falls outside the traditional realm of government trade support.

FINDINGS:
WHAT WORKS

Diverse market engagement: Local businesses serve a diverse range of international markets, and some engage with trade support services to facilitate this.

Businesses interviewed across the WBBROC region serve a diverse range of markets around the world, with countries on six continents noted as key markets by respondents (see Figure 1.1).

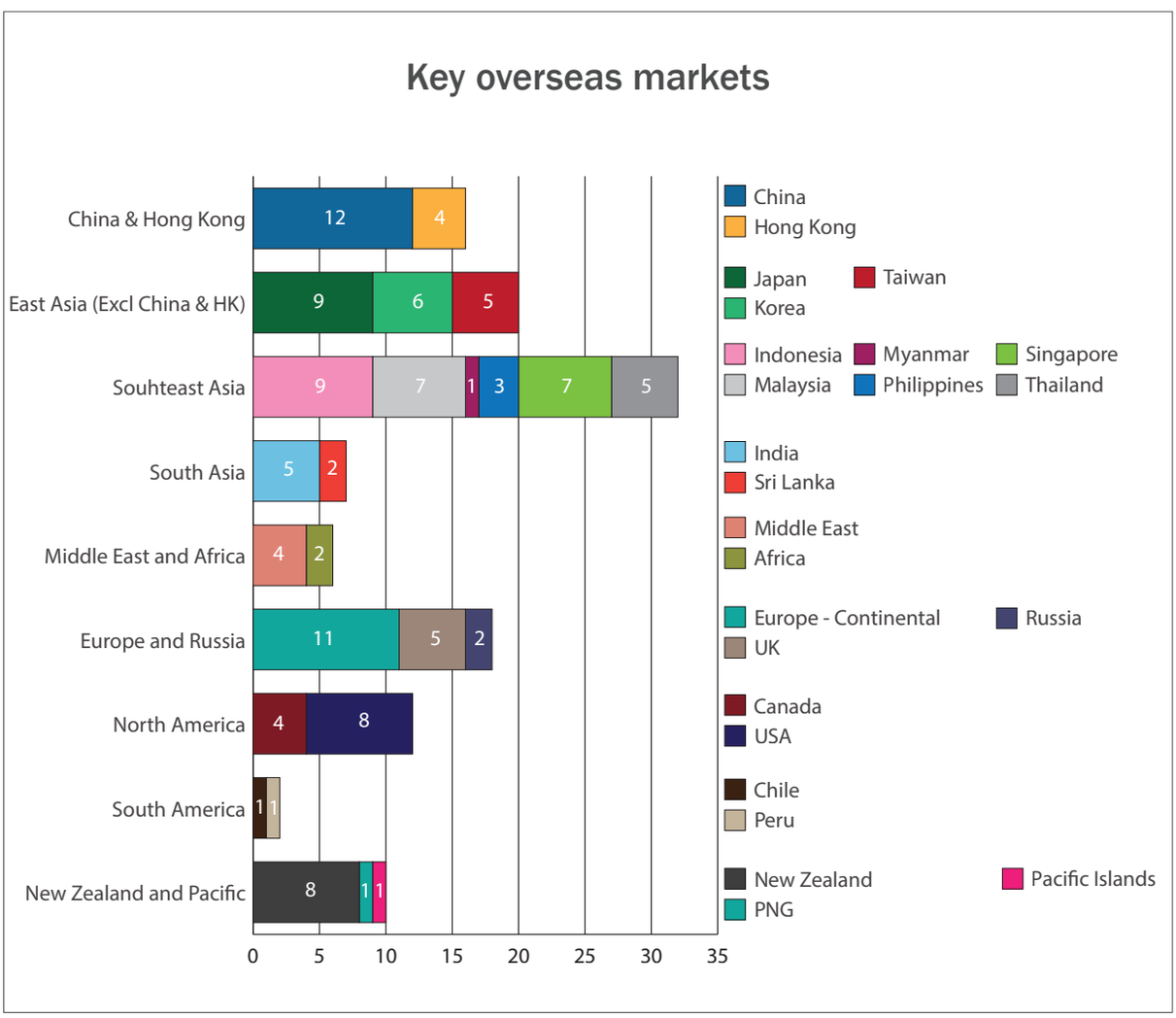


Figure 1.1: Key overseas markets; number of responses (n=118)

The most common key markets were unsurprisingly in East and Southeast Asia, though local businesses were also active further afield, in Europe, Russia, North America and the Pacific.

This reflects widespread demand for the goods and services exported from the region, such as high-quality agricultural, aquacultural or horticultural products.

"We have a unique Australian product in our freshwater fish. They highly tick a number of boxes [for international customers], like nutrition, clean and green." – Local aquacultural exporter

"We have a good product; all we need are new markets. We have people interested from China to Canada." – Local horticultural exporter

Agricultural businesses accounted for nearly half those surveyed in this audit (see Section 3), and the nature of perishable exports means Asia is likely to offer local the most the viable markets. However, distance concerns haven't stopped local exporters from experimenting with new markets.

"Our beneficial focus is on Asia where we can provide quick turnaround and quality fruit because of the shorter travel time. But we have sent one experimental container to Europe, which sold in London and Russia and other areas with great results." – Local agricultural exporter

Several local businesses evidenced such a risk-taking and entrepreneurial spirit.

"Business [here] started to kick off, and I said to people we could start selling overseas. I said let's look at Asia, and people said that's stupid. But they were totally and utterly wrong." – Local manufacturing exporter

"We were the first ones in to Canada, we also do Singapore and Malaysia, as well as China. Future expansion is happening, we have a lot of interest in China and Hong Kong, and we're looking to increase our export to Canada of fresh fruit." – Local agricultural exporter

Government trade support services are sometimes engaged to help reach these new and sometimes far-flung markets.

"We are talking with mines in South America, where we have a TIQ representative looking at and helping us." – Local mining safety supplier.

Positive experiences: The vast majority of businesses' experiences with trade support services was positive or very positive.

Of businesses that have engaged with government trade support services, their experiences have been overwhelmingly positive or very positive (see Figure 1.2).

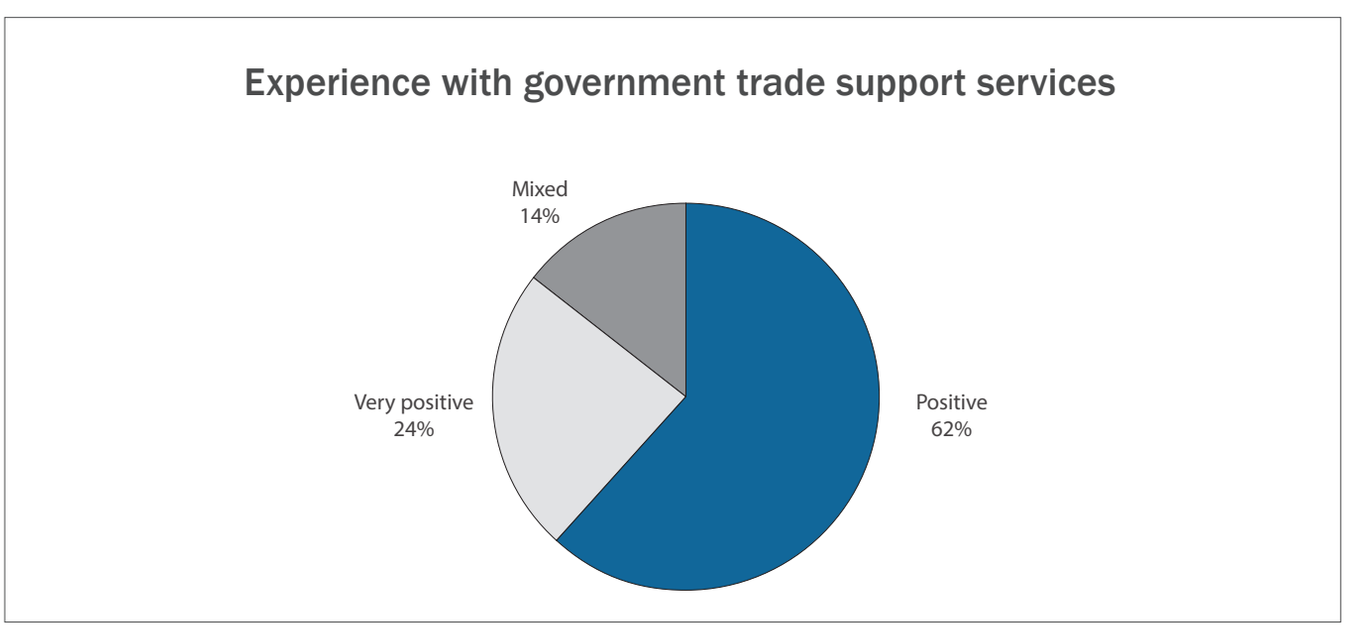


Figure 1.2: Experience with government trade support services; number of businesses (n=21)

This suggests the services currently being offered are largely meeting the expectations of local businesses, and are being competently delivered.

"Our experience has been very positive. The correct outcomes were met each time [we engaged]. There were no pain points, the agencies did a very good job meeting our briefs and delivering what we asked." – Local nuts and fruit exporter

"Our experience was definitely positive; we were quite surprised. Information came back from Austrade very quickly, there were no pain points." – Local commodities exporter

"It was a magnificent experience. All of us in the early days were new to export, we needed to know what the landscape looked like, and what the opportunities were. We selected countries overseas on where to go and where to start. We could not have asked for more [from Austrade], stellar job done." – Local horticultural exporter

"We value all support services that aim to add value and facilitate our export trade. Our relationship with TIQ has been extremely successful in developing direct relationships with export customers." – Local agricultural exporter

"We wouldn't have been able to explore the market without government support. We don't have the budget, don't have the people, don't have the local knowledge. We are looking at potential in the USA and the UK and the first thing we did was contact Austrade in these markets." – Local horticultural exporter

FINDINGS: WHAT DOESN'T WORK

Staff experience: Agency representatives don't always have a deep enough understanding of industry dynamics, or enough experience in a particular industry to provide effective support.

Local businesses have generally had positive dealings with government trade support agencies, but some noted a representative's lack of experience in their industry, or lack of business-specific knowledge, affected the quality of support they could provide.

"Austrade and TIQ are great, but they don't have enough intimate knowledge of what we do to be as specific as need, in terms of who are the people we need to talk to, and what the potential of our relationship is. They do good work from a broad perspective, but they don't get specific enough." – Local horticultural exporter

"Basically what we're looking for is another branch of our own business in the local market; what you would get from your own business in terms of marketing and sales." – Local horticultural exporter

"The personnel we encountered were very familiar with Austrade itself, with government and with the marketplace, but they are not people who have worked in marketing or sales before. If they had this business-specific knowledge, they would better know who to approach." – Local horticultural exporter

"Many [agency] representatives haven't been on the farm. They don't understand the logistics requirements and are trying to tell people how to grow their produce. This approach is fraught with danger." – Local food consulting service exporter

"You could potentially have someone with no food or beverage experience being a trade advisor because that's where they've been placed. It would be good to have people with actual experience in those roles. A lot of these businesses are looking for specialist advice or people with more knowledge about their industry and market." – Local beverage exporter

Efficiency losses: Businesses sometimes find it easier or more efficient to pursue international engagement without government support.

Many businesses interviewed have had smooth export experiences, without many pain points or significant challenges. Some attributed this efficiency to a lack of government involvement in their export journey.

"My experience has been fairly smooth all around because government hasn't gotten in the middle of things. We've had plenty offers to help represent us, but I'm my own consultant and I have a partner that does the business development." – Local manufacturing exporter

"We have now outgrown the need for any government support. Even when we were growing [our business], we did this primarily without government support." – Local manufacturing exporter

On the other hand, some businesses felt that they had no need for government assistance with market entry. They were comfortable the necessary pieces were in place to serve the local market.

"We haven't engaged with Austrade [on in-market connections] yet because the markets we have access to are limited and are places where we already have established connections." – Local agricultural exporter

Ineffective marketing: Marketing and awareness-raising of trade support services falls short, as local businesses are sometimes unaware that desired services are already available.

Businesses interviewed were mostly aware that agencies like Austrade and TIQ exist.

"There should be no issues with awareness raising. In the food and agriculture space at least, it would be tough not to know that TIQ are there." – Local dried fruit exporter

However, many businesses could not identify specific programs offered by these agencies, even when they had a specific need for these very services.

"We need market research and intelligence. What are consumer dietary needs, what are the trends, what sort of volume do they need? We haven't interacted with trade support agencies' market intelligence offerings, but pay-for-service is not a problem so long as the information is there." – Local agricultural exporter

"From our point of view and what we supply, it'd be good to know if there were reports on the expansion of the industry in other countries. We need market intelligence, but we are certainly not aware of what services are available so we don't even know how to ask the right questions." – Local mining equipment exporter

"We engage the Queensland Chamber for networking and advice on how to conduct relations in new markets. We probably go with them [rather than government agencies] mostly out of a lack of knowledge on our end. Marketing of these agencies' services, so we know that they're there, would help. We'd be interested to know what they can offer and what they're all about." – Local mining equipment exporter

"If I understood more of what types of services are available, I would probably use [government support] more. In my perspective, you are focused on the other side and don't always take enough information in, and aren't aware of the services that are available." – Local agricultural exporter

"The recent Austrade food and beverage market entry guide for South Korea was really well put-together, but for us it was too late as we had already found a lot of this information ourselves. It would have been handy to have beforehand." – Local beverage exporter

This suggests that better marketing or awareness-raising around the specific services on offer may boost engagement and uptake with these agencies.

Services too basic: More mature businesses find the trade support services on offer to be too basic or entry level to meet their needs.

Some businesses at more advanced stages of their export journey expressed the fact that trade support services on offer were too basic to meet their needs, or were aimed at more entry-level exporters.

"In Bundaberg, these agencies run workshops, but they're only for start-up businesses. We have never had any meaningful approach by either federal or state departments." – Local manufacturing exporter

"We engaged with regional [agency] representatives, but we were just at a different stage of our businesses. Sitting with like-minded groups of businesses, they were much younger than us, we were just way past them in the export process." – Local commodities exporter

Others also commented on "outgrowing" the trade support services offered by government agencies, after using them during the initial phases of their export journey.

"We have outgrown the service offerings of the key agencies, who seem focused and resourced to advise on and assist with companies during the initial internationalisation phase." – Local medical software exporter

Complicated or costly service delivery: Service delivery processes may need to be reviewed, as lengthy or costly procedures to access programs are an impediment to engagement.

Some businesses expressed issues with the way certain trade support services were delivered, feeling that the services were either too costly or complicated to access, or too restrictive in terms of requirements.

For example, issues over the application process for the Export Market Development Grant (EMDG) program were noted.

"It's a chicken and egg situation with the EMDGs. You have to spend money to get anything out of it, and then they want you to use a consultant. Some of these consultants are not worth the money you're paying them. Ultimately the benefit was outweighed by the opportunity cost [for us]. You have to compile the records, brief the consultant, and the consultant submits the application and takes a fee. We could have just as quickly put the application in ourselves, but the chances of it getting approved were far lower." – Local manufacturing exporter

"We have put EMDG applications in and we haven't been successful. We found that the process is too difficult." – Local agricultural exporter

The cost associated with certain services, or the time required to access them, was raised by some businesses as an issue.

"From a broad overview, introduction and initial access perspective, Austrade are excellent, but no transactions have come out of our engagement per se. They're willing, knowledgeable about local markets, and great if you need them to sort something out. But with the cost-prohibitive market entry work, they probably have some work to do." – Local horticultural exporter

"When we explored government support services, there was so much accounting and auditing required that it put us off ever using them again. Like with the R&D Tax Incentive grant, in the time it takes to get all the records together, this puts us off doing it, even though we understand why the requirements are there." – Local manufacturing exporter

"Austrade talked to us but there were too many hoops to jump through, we would waste too much time, and it wouldn't be worth it for us in the end." – Local mining safety equipment exporter

Some businesses have struggled with meeting the financial requirements to become eligible for support as well.

"We find you have to spend x amount of dollars to become eligible [for certain services], which we haven't been able to do, which means we become ineligible. The spend threshold for access to support dollars should be lowered." – Local agricultural exporter

There were also suggestions to widen areas were financial support can be spent.

"Some of the things that are ineligible for spending the money should be removed. For example, we can't build a shed or factory with the money, even though they cost a lot so you hope there may be some support available. [Agencies] need to have a more open book on where you can spend the money to help us grow our business." – Local agricultural exporter

Ineffective targeting: Services like business matching and trade missions aren't always targeted enough.

There was recognition that the trade support services offered by government can tend toward the general rather than specific, but at the same time businesses felt that support which is more targeted to their specific needs and circumstances would be beneficial.

This was especially the case when it came to trade missions and business matching services. These were also the two areas of government support interviewed businesses engaged with the most (see Figure 1.4).

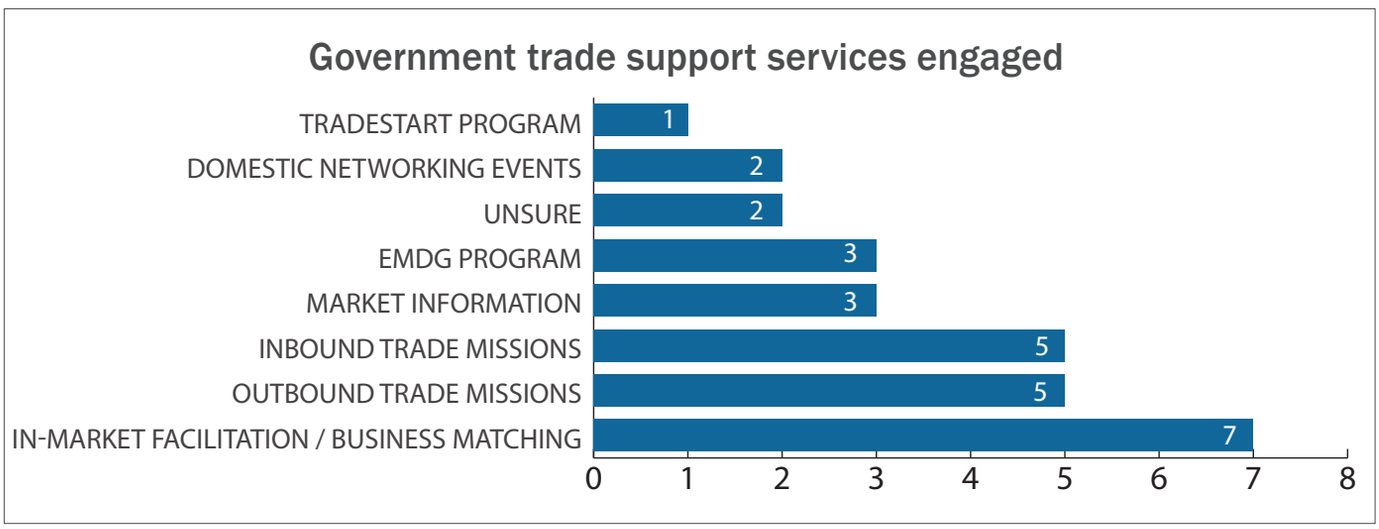


Figure 1.4: Government support engaged; number of responses (n=28)

A more targeted approach to business matching for market entry purposes would be beneficial, several businesses noted.

"When Austrade set appointments for us in Korea and Japan, nothing came out of them because they weren't the right people, too top-level and too broad in terms of what we were trying to do." – Local horticultural exporter

"For market entry, [agencies] either have to intimately get to know my business, or else we can only use them for certain elements." – Local horticultural exporter

"In terms of market entry, Austrade and TIQ are hoping that they match people up that make sense, as opposed to knowing exactly who does what. There is a lot of risk for businesses in this approach." – Local horticultural exporter

"Speaking to our requirements, [what government agencies] provide is a great service, but we have stopped using them so much because it hasn't led to transactions. The interaction and activities aren't right for our business and the people we have to meet." – Local horticultural exporter

"What I found in the end is that some of the potential partners weren't suitable. Whilst it was good to have a look and see who was interested, they weren't for us so we found our own partners. They may have been suitable for a smaller brand, but because we're more established, we're looking for bigger and more capable partners." – Local beverages exporter

On the trade mission front, many businesses indeed derived significant value from them.

"I've been on one or two missions and I thought they were invaluable and led to new business. We went with a Queensland delegation to China, looking at their infrastructure, their cold storage, their ports. We met a lot of potential buyers there and some of them have led to sales in the end." – Local agricultural exporter

"We couldn't have gone ahead with confidence without [government support]. It's a big bad world out there. For us to get contacts, learn who's who, and to get this kind of information is very difficult." – Local horticultural exporter

But some have also found missions to be too general and un-targeted in terms of participants and buyers.

"TIQ does a lot of delegations, but they're not really targeted. The people they bring in come to sample a number of different areas and have a good junket. I'm more sales-based, so I would prefer it if these delegations were more targeted. They try and cover such a broad spectrum; I think we need to target a few items so that we can start making sales." – Local agricultural exporter

"Austrade and TIQ are more facilitators for meet and greets than they are for ongoing business. I expected more, especially when you invest thousands in going overseas with them." – Local manufacturing exporter

Inability to address structural impediments: Structural impediments can be the biggest barriers to international growth, and can't be addressed by trade support services.

For several interviewed businesses, the biggest barriers to their international growth were structural issues that can't easily be addressed by trade support services.

These issues include the nature of the industries themselves, local infrastructure deficiencies, and business capacity and maturity issues.

For agricultural exporters, the nature of their industry means market access and protocols were often the biggest barrier to their export growth, regardless of the support services available.

"Export access for pork in Australia is very limited. As a country, Australia only has access to approximately eight markets. Government trade organisations offer nothing to us and have no impact on us due to the industry's lack of market access." – Local agricultural exporter

Capacity and maturity issues limited the efficacy of trade support services for some local businesses, regardless of service quality.

"In the early days when we were heavily investigating markets, Austrade and TIQ had done a mighty fine job with market information. This gave us a lot of good information but we couldn't act on it. We had to first mature as a company before we could proceed." – Local horticultural exporter

"We've considered Austrade, but it's a chicken an egg situation. You have to have critical mass and the right specs. For example, a lot of Asian markets want small fruit and ours are large, so we can't provide the volume they want." – Local agricultural exporter

"One of my major learnings from buyer meetings lined up by TIQ was that just one of those buyers by themselves would keep a majority of producers and growers here busy all year. Growers can therefore be overwhelmed, thinking how am I going to grow enough produce." – Local food consulting services exporter

"There are multiple species we can export but we don't have any hope of tapping all the opportunity. We have to turn down customers because we have more business than we can handle, at least until we can deal with our biggest growth hold-up, which is access to water. We have trouble meeting even test shipment numbers." – Local live fish exporter

Though an advantage, the premium nature of some of the goods exported from the region – especially some agricultural/horticultural goods – can also be an impediment to international growth.

"Peanuts can be viewed as a commodity, but what we're offering is quality Australian production and therefore a higher-priced product. This can be a barrier to reaching new markets. Other times if they accept the price, they want much higher production volume than what we as an industry can offer." – Local agricultural exporter

Some local businesses were taking steps to address capacity issues to increase exports, but in the process have run into other structural concerns that trade support services cannot address, such as land acquisition and improving local trade-enabling infrastructure.

"When it comes to capacity, if we received a very large order we'd be in trouble. We've invested in upgrading infrastructure and automating, and are seriously looking at doubling the capacity of our plant, but the trouble is getting the land to do it." – Local manufacturing exporter

"Our biggest issue is infrastructure at the port in Bundaberg. It is a river port which limits ship size and cost competitiveness. Our competitors are able to do much larger shiploads, which drives their costs lower. Infrastructure is absolutely the biggest impediment to growing overseas." – Local commodities exporter

"We are very much shipping and ship-loading experts thanks to trial-and-error by now, but we hear of other businesses around us that want to export but just can't find a way around the barriers at our local port." – Local commodities exporter

Specialised needs drive businesses elsewhere: The need for specialised assistance drives business toward third-party support, rather than that provided by government.

Some businesses interviewed required more specialised support than that which can be offered by government agencies, thereby driving them to third-party providers.

"We need someone to become an extra arm of our business; who can represent us at the top level and provide feedback on market mechanics. Third-party providers can do this to an extent. They're the missing gap between Austrade and what we need." – Local horticultural exporter

Some noted other benefits of using third-party providers, such as their underlying motivation to help the business financially succeed.

"Third parties genuinely have the financial interest of the business at heart, rather than meeting a KPI. TIQ and Austrade should act more like third-party providers in this respect, but the majority of their representatives are working with too many businesses." – Local food consulting service exporter

This specialised assistance can also come in the form of support from industry associations.

"We use Citrus Australia for their intelligence. Part of their platform is to find new market access and they're quite robust in going up to these markets and introducing Australian citrus. We go with them [over other agencies] because a lot of growers are part of Citrus, and their information might be a bit easier to get." – Local agricultural exporter

FINDINGS:
WHAT MORE IS NEEDED

More export education: More education focused on the basics of exporting.

Some businesses felt that more education around the basics of exporting or entering new markets would be desirable.

"If I'm not in a particular market, I don't want to take my eye off the ball of the market I'm actually interested in. In saying that, if there are courses or other things like that which are to do with the market I'm in, we would engage in them." – Local agricultural exporter

"Many Australian farmers can't negotiate. They're country boys and don't understand how people operate. Austrade needs to teach people, not just give them money to go overseas. They have to teach people how to negotiate and get the best value for their product." – Local live fish exporter

"We had a steep learning curve when we started exporting. What's needed is courses on letters of credit and the financial part of exporting. Education for small businesses that are new to export is needed." – Local manufacturing exporter

In addition, some businesses suggested a need for some sort of online exporter hub, housing information and internationalisation advice for interested businesses.

"A one-stop exporter hub or online portal would be [desirable]. Perhaps a website with selectable country destinations that provided tips, success stories, cultural intricacies or links/contacts so that we could review these items country by country." – Local medical software exporter

More market intelligence: More market intelligence and information, especially around access and protocols.

Market access and protocol arrangements are one of the most significant barriers for a number of local businesses, considering the industry make-up of the region. The need for information on these protocols and updates on the status of new access arrangements was desired.

"Some [access issues] will sit in the queue for years and years. It would be good to get some sort of update, either bi-yearly or once a year, on when changes are expected so that we can be prepared to move when necessary." – Local agricultural exporter

"We're in the dark as growers as to when market access will be there, so this comes down to consultation and communication as to where things are headed." – Local agricultural exporter

Some businesses recognised this as an area where agencies like Austrade can provide assistance, and some want more of what is already available. But for those businesses that aren't familiar with the support available in this area, that ties into the lack of awareness around the services agencies like Austrade can offer.

"Market information is one of our biggest issues. In the early days when we were heavily investigating our markets, Austrade and TIQ did a great job in helping us with this." – Local horticultural exporter

"I know Austrade has intelligence, they had a really good Korea document that answered a lot of questions I would be asking. If they could do more stuff like that in other markets that would be beneficial." – Local beverage exporter

More support for local representatives: More support for local agency representatives.

Some businesses noted that local agency representatives are at times overwhelmed, thereby limiting their ability to assist local businesses.

"We had very little support from TIQ locally, but it wasn't the person's fault. Resources are being stretched to the breaking point; they have no time for me to liaise with them. There's one person covering 300km; it's too big a region. We had more success dealing with TIQ in Hong Kong directly." – Local food consulting service provider

"The Queensland government is very demanding of its staffing and offering their services, but aren't prepared to support them enough. Especially when the focus is on export, they have to get more people on the ground to help support industries to do that." – Local agricultural exporter

"Staffing could be lifted a touch locally. Overseas they seem to be quite ok, but they could do with more support locally." – Local nuts exporter

More support outside traditional areas: Much of the additional support desired falls outside the traditional realm of government trade support.

As noted in other areas of this findings summary, the biggest barriers to international expansion for local businesses can often fall outside the realm of trade support services.

"Our number one issue is market access; having protocols in place enabling us to access that market. If a protocol is already in place, we can send fruit and just work with the importer and don't really engage with Austrade or TIQ." – Local agricultural exporter

"Most of our dealings with other countries are a lot to do with regulatory authorities, so it's at a level of bilateral agreement between us and them.' – Local manufacturing exporter

There is an understanding of the limitations of trade support agencies in these areas that sit outside of their purview.

"To some degree their [agency] hands are tied in being able to get market access, but there is frustration when we can't advance this. Until access and protocols are in place, there isn't much point in considering what they offer." - Local agricultural exporter

"The only thing we need from government is a process to get our goods through to market, like the existence of FTAs and phytosanitary arrangements." – Local agricultural exporter

"There is not really government trade support can do to help us, our issues are really around trade facilitation regarding real and covert entry barriers."- Local agricultural commodity exporter

Some businesses recognised that a boundary between where government support ends and commercial initiative begins must exist.

"The boundaries are quite correct. Government can guide but after that it's up to commercial people, up to business to act on the advice or support government provide." – Local nuts exporter

"I believe TIQ and Austrade should be providing the platform for growers and producers to engage one-on-one with buyers directly, and that should be the end of the game. Government representatives are fantastic with knowledge and knowing the next step. They should be a conduit to the resource, not the resource themselves." – Local food consulting service exporter

"Austrade and TIQ can give you a generic overview, but then it's up to business to take advantage of any opening created." – Local agricultural exporter

2 RESPONDENT PROFILE

Summary

A total of 26 businesses were surveyed and interviewed over the course of this audit. They represented a broad swathe of industry sectors, from agriculture to retail trade and professional services.

Agriculture, forestry and fishing was the largest industry sector represented, followed by manufacturing, and then mining.

Respondents tended toward smaller businesses, with revenue of under AUD 15 million in the last financial year.

International activities typically made up between 6 and 25% of these revenues, though around 40% of businesses reported more than 26% of their revenue as resulting from international activity.

All respondents were exporters, and experienced ones at that. The majority have been exporting for more than six years. Those with more than eleven years of export experience comprised the largest single group. Most were consistent exporters, with no gaps since they first began international activities.

Key markets were predominantly located in East and Southeast Asia, led by Mainland China, Japan and Indonesia. Europe (including Russia) and North America were also key markets, providing a wide geographic spread. All continents and regions of the world were served by respondents.

Looking forward, China was the largest target market for future expansion, followed by the USA and Vietnam.

Horticultural products, including fresh fruit and vegetables, were by far the most significant item exported by respondents. This was followed by machinery and equipment; then animal and animal products, including meats.

The exporting issues faced by respondents were spread across a wide range of matters. Tariff and non-tariff measures; price and/or quality requirements; market access and/or protocol requirements, and insufficient business capacity or infrastructure issues were considered the largest issues by an equal number of businesses.

In summary, this audit has engaged with predominantly agricultural exporters on the smaller end of town, who are fairly experienced exporters with international revenue accounting for around one-quarter to one-half of total revenue. They mostly export to Asia, but have fairly broad exposure around the world. They face a broad range of issues when exporting, but no one or two stand out as being more problematic than the rest.

Sector breakdown

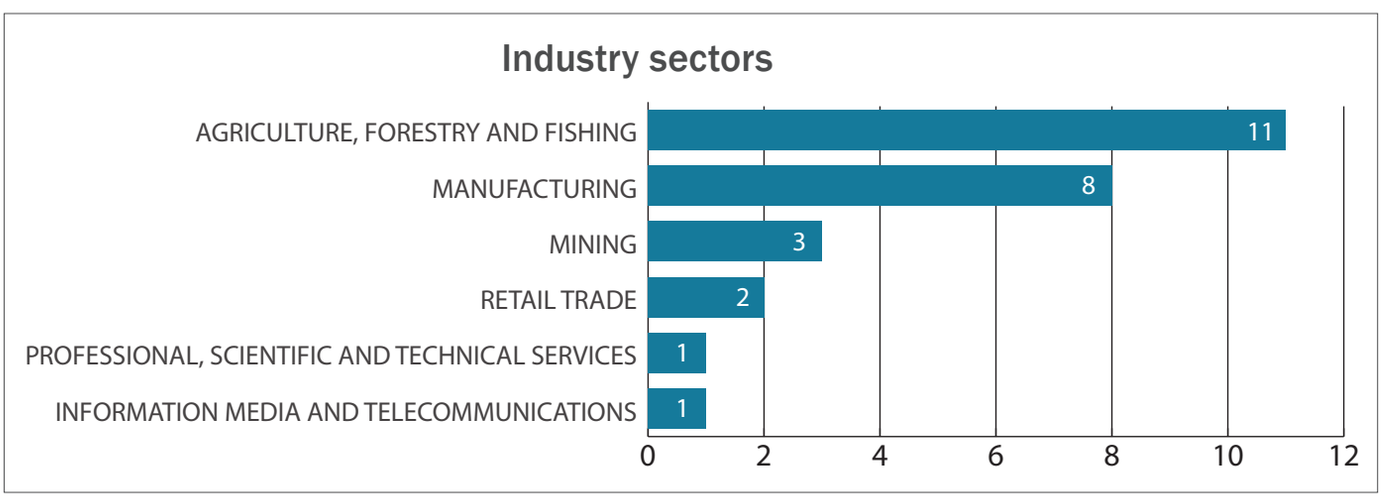


Figure 2.1: Industry sectors by respondent; number of businesses (n=26)

A total of 26 businesses were surveyed and interviewed over the course of this audit. They represented a broad swathe of industry sectors, from agriculture to retail trade and professional services (see Figure 2.1).

Agriculture, forestry and fishing was the predominant industry sector.

Three-quarters of all respondents were from the agriculture and manufacturing sectors combined.

Revenue breakdown

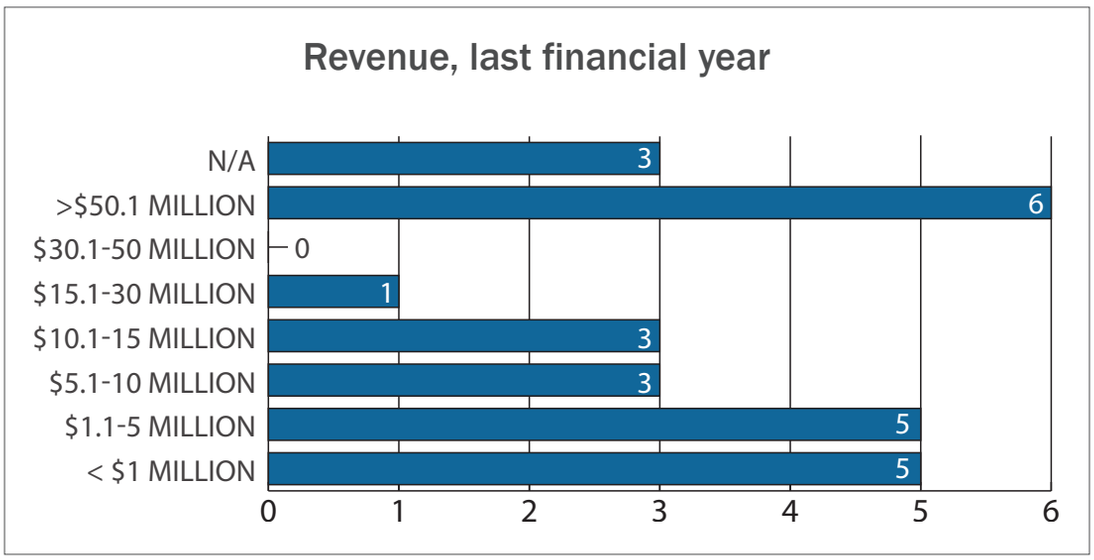


Figure 2.2: Revenue in last financial year, estimated; number of businesses (n=26)

Respondents tended toward the very small (under AUD 15 million revenue in the last financial year) and very large (over AUD 50 million revenue in the last financial year), with not many businesses between the two extremes (see Figure 2.2).

Around 40% of respondents estimated revenue under AUD 5 million in the last financial year.

Around 60% of respondents estimated their export revenue in the last financial year as between 1% and 25% of their total revenue, and around 40% estimated between 26% and 100% (see Figure 2.3).

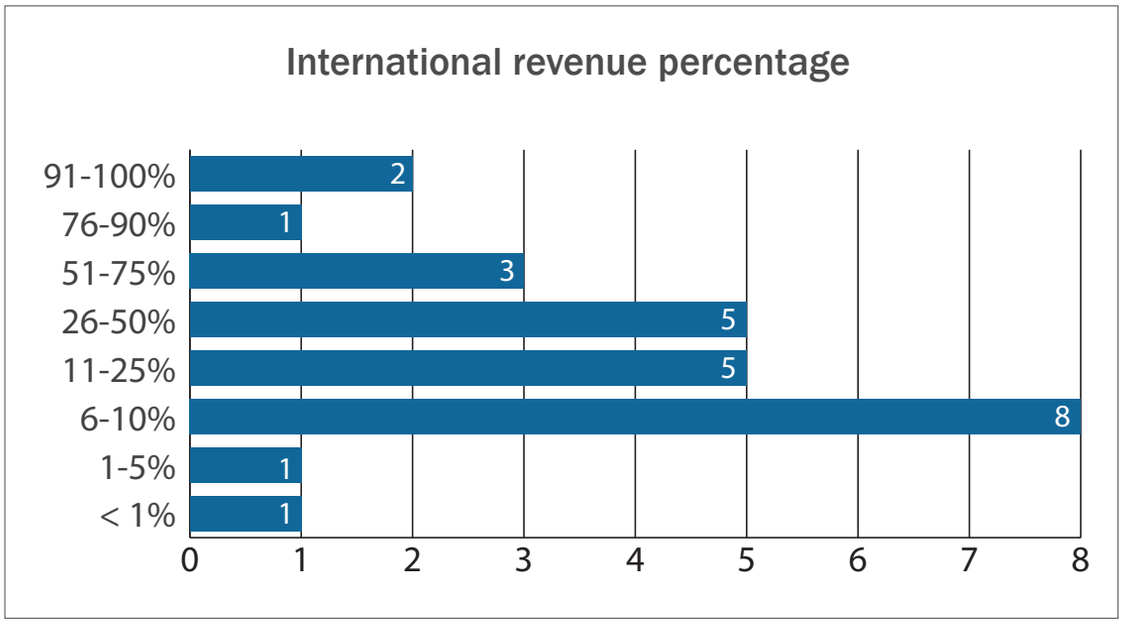


Figure 2.3: International revenue as a percentage of total revenue, estimated; number of businesses (n=26)

Export experience breakdown

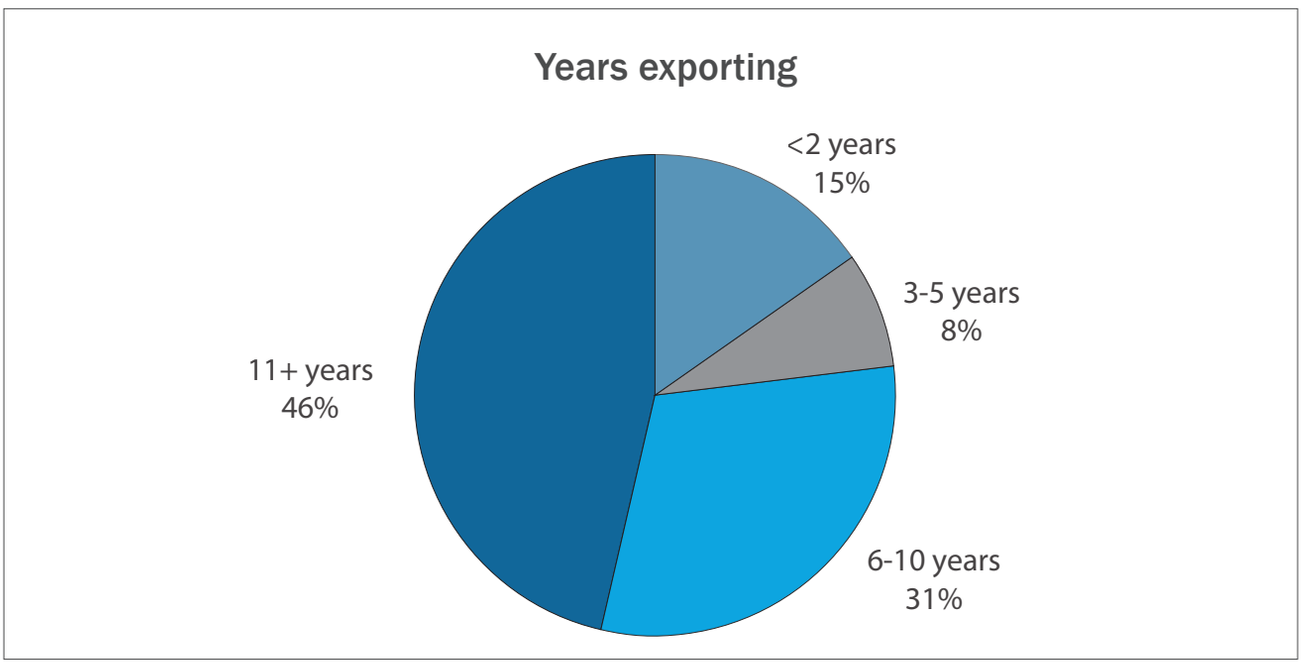


Figure 2.4: Years exporting; number of businesses (n=26)

Respondents were largely experienced exporters, with 46% exporting for 11 years or more (see Figure 2.4).

Nearly 80% of respondents had more than six years of export experience, and just 23% had five years or less. At the lowest end, 15% of respondents had been exporting for less than two years.

In addition, this export experience has been largely consistent, with 73% of respondents reporting no breaks in their export journey since first embarking overseas (see Figure 2.5).

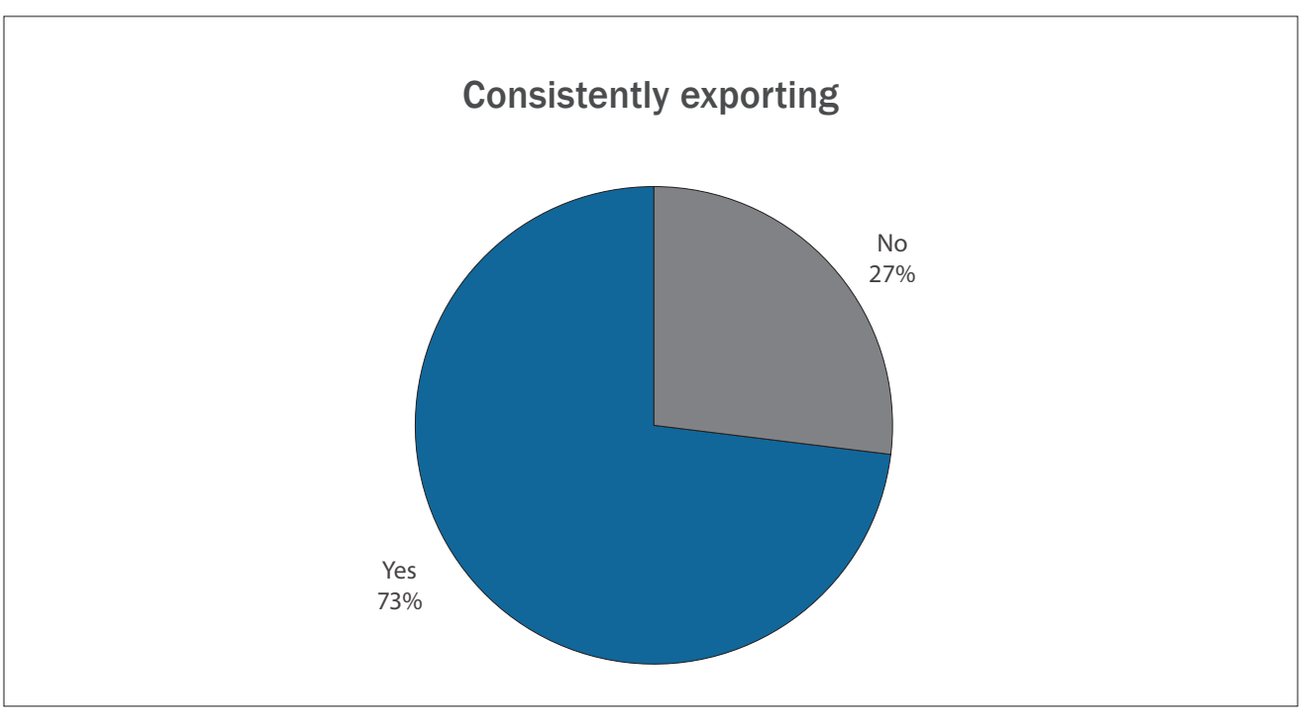


Figure 2.5: Consistently exporting; number of businesses (n=26)

The reasons for businesses pursuing international markets for their goods and service offerings were primarily proactive in nature, rather than reactive, in nature (see Figure 2.6).

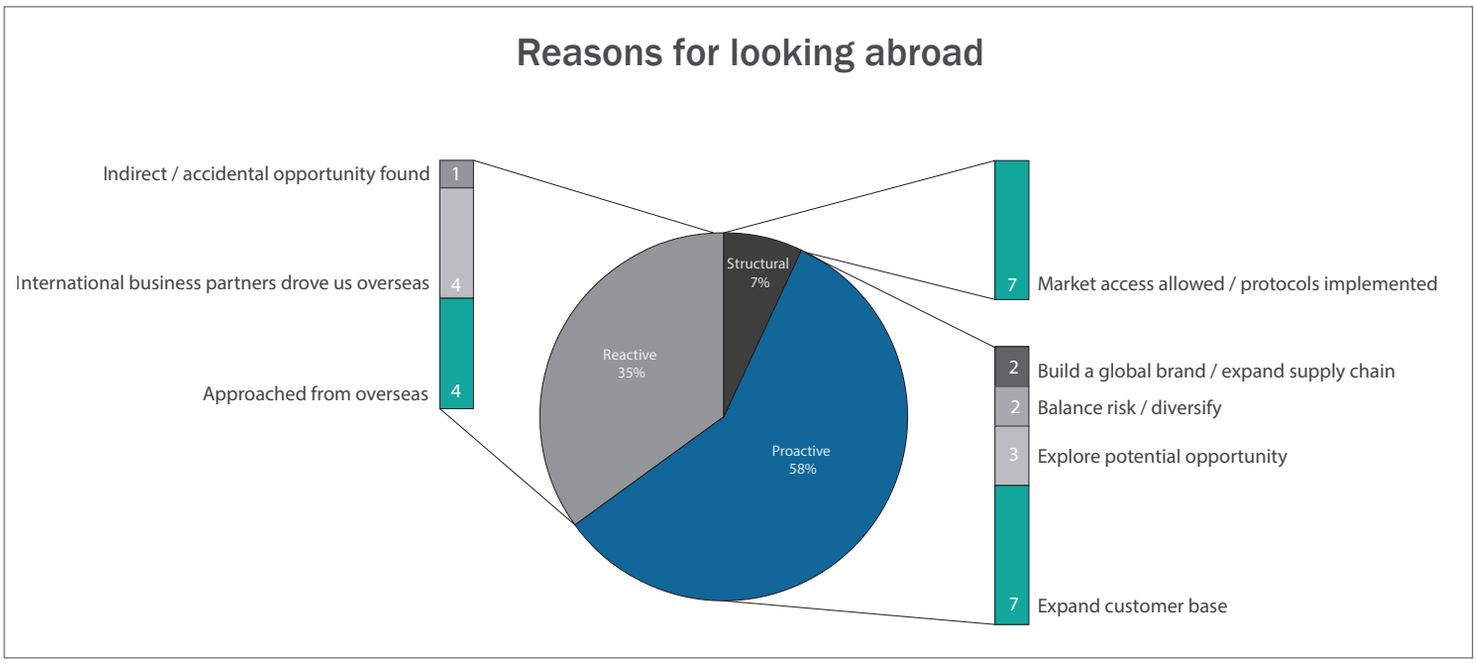


Figure 2.6: Reasons for looking abroad; number of businesses (n=26)

The most reported reason – cited by 27% of respondents – was a desire to expand their customer base, followed by generally exploring potential opportunity (11%), building a global brand or expanding their supply chain (8%), or to balance risk and diversify the business (8%).

35% of respondents were reactive to international opportunity, in that they were approached by customers from overseas (15% of total respondents), were driven overseas by their international business partners (15%), or indirectly or accidentally came across international opportunity (4%).

Lastly, 7% of respondents engaged internationally for structural reasons in their industry – when international market access was allowed or appropriate protocols installed.

Export market breakdown

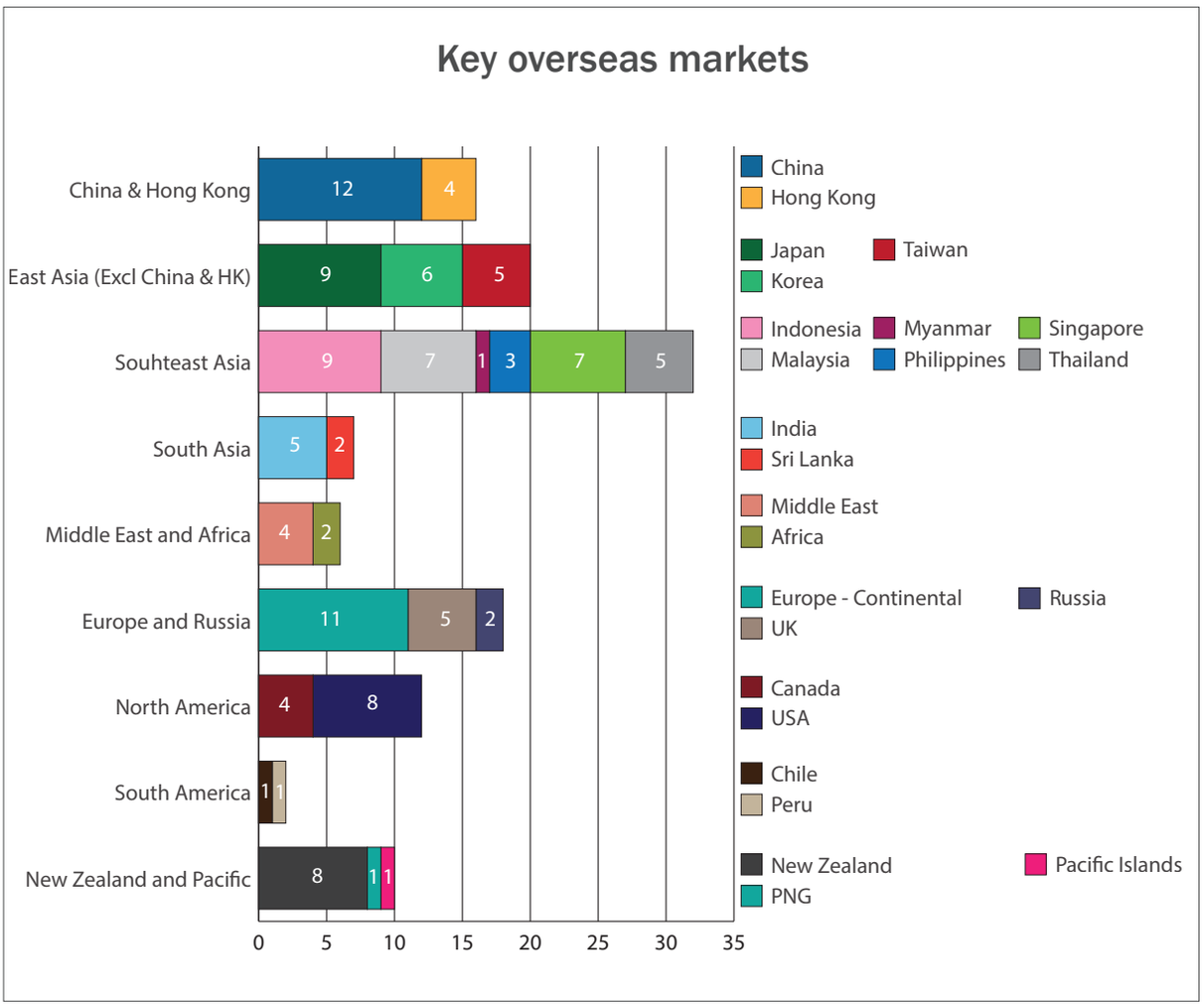


Figure 2.7: Key overseas markets; number of responses (n=118)

Respondents were asked to break down their key current and future export markets, which revealed a surprising geographic spread. All (inhabited) continents and regions of the world were represented.

Among key current markets, those in East and Southeast Asia stood were predominant, led by China, Japan and Indonesia (see Figure 2.7). Total responses exceeded the number of businesses engaged, as many noted more than one key export market.

At the regional level, Southeast Asia was collectively the largest key market for respondents, representing around 23% of total responses. Within the region, Indonesia (33%), Singapore (26%) and Malaysia (26%) were the most common country markets.

East Asia, excluding Mainland China and Hong Kong, was the second largest key regional market, representing 17% of total responses. Japan (45%) accounted for nearly half of this, followed by Korea (30%) and Taiwan (25%).

Europe and Russia collectively was the third largest key regional export market, receiving 15% of total responses. This was broken down by continental European markets (61%), the UK (28%) and Russia (11%). The UK was the single largest country market in this regional grouping.

Mainland China and Hong Kong was the fourth largest key regional market, receiving 13.5% of total responses.

Regions aside, Mainland China was also the largest single key country market (10% of total responses), followed by Indonesia and Japan (8% each), and then New Zealand and the USA (7% each).

Turning to key markets for future expansion, only 50% of businesses had any specific markets in mind. This was largely due to one of three reasons: because they were focused on consolidating positions in existing markets, because they had not yet given thought to future expansion, or because they were prevented from entering further markets due to structural/market access impediments.

Among target markets mentioned by respondents, Mainland China was again the largest, accounting for 27% of total responses (see Figure 2.8). Again, total responses exceeded the number of businesses engaged, as many noted more than one key export market.

The USA and Vietnam were equally the second largest target market (11.5% each), followed equally by Canada, Hong Kong and Asia in general (8% each).

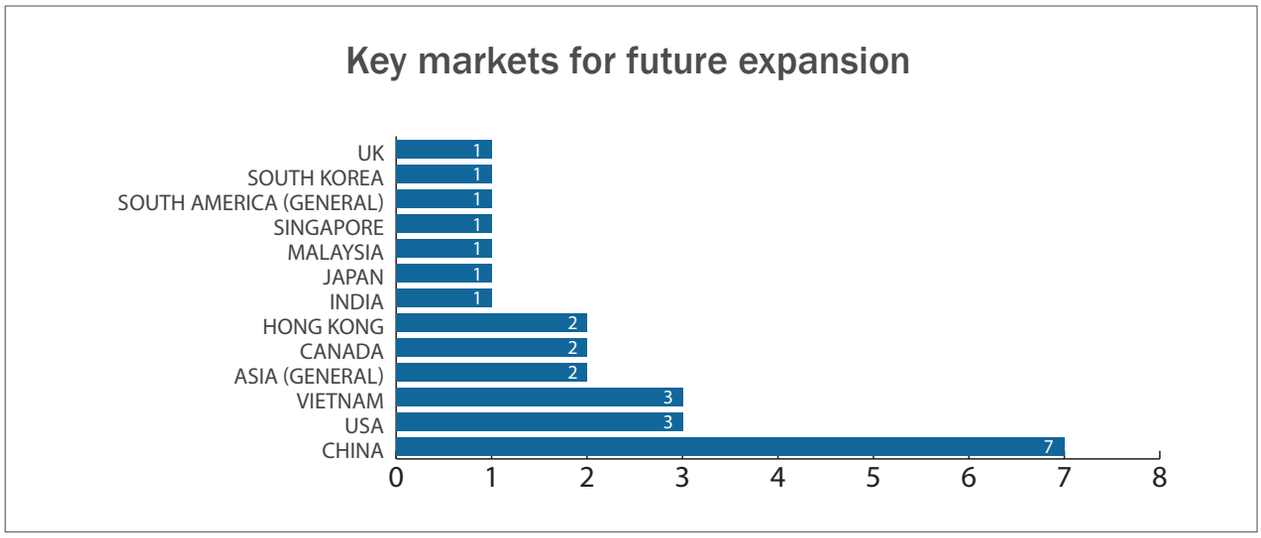


Figure 2.8: Key markets for future expansion; number of responses (n=26)

Export goods and services breakdown

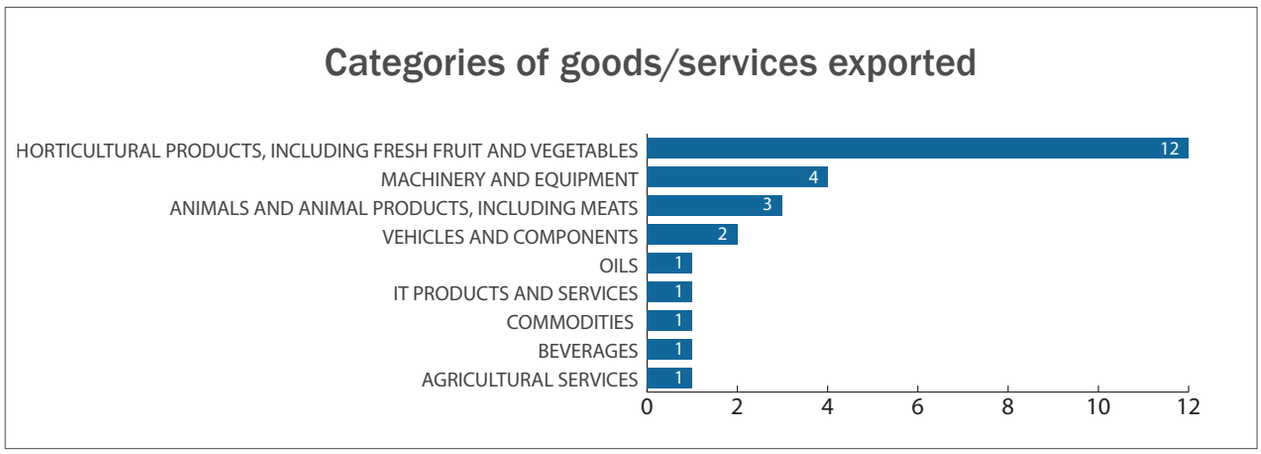


Figure 2.9: Categories of goods/services exported; number of businesses (n=26)

Horticultural products, including fresh fruit and vegetables, are the most common category of goods or services exported, representing 46% of respondents (see Figure 2.9).

Nearly 60% of respondents exported agricultural products, such as horticulture – including fresh fruit and vegetables – or animals and animal products, including meats.

Manufacturing exports were the second largest category, accounting for around 25% of respondents. These consisted primarily of machinery and equipment, and vehicles and components.

Exporters of services were only represented in a small way, accounting for just 8% of total respondents.

The key issues businesses faced when exporting were spread across a range of matters, with no specific issues standing out above the rest (see Figure 2.10). Total responses exceeded the number of businesses engaged, as some businesses experienced more than one key issue.

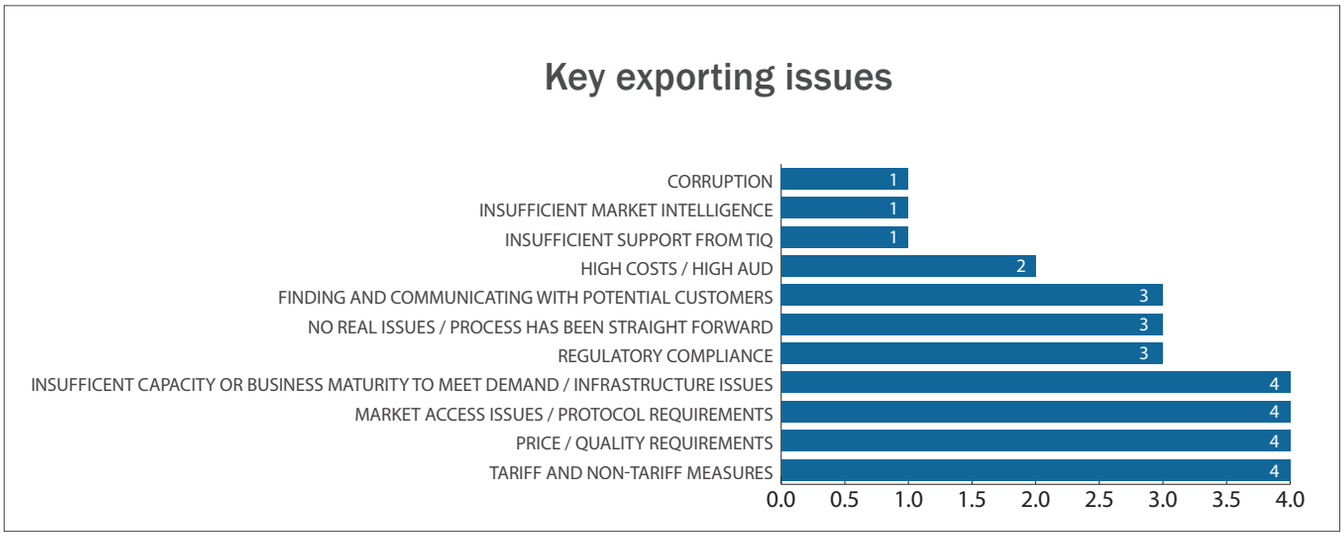


Figure 2.10: Key exporting issues; number of responses (n=30)

Issues were led evenly by tariff or non-tariff measures; price or quality requirements; market access or protocol requirements; and insufficient businesses capacity or infrastructure issues – each representing 13% of total responses.

These issues were followed by regulatory compliance and finding and communicating with potential customers followed, each representing 10% of responses.

Other issues, reporting in less than 10% of total responses, related to high costs to export or the high Australian dollar; insufficient support from TIQ; insufficient market intelligence; and corruption issues.

3 TRADE SUPPORT ENGAGEMENT PROFILE

Summary

Most respondent businesses had engaged some form of government trade support services offered by Austrade or TIQ, or to a lesser extent some form of non-governmental support services.

The most common form of government support engaged was in-market facilitation or business matching, followed by outbound or inbound trade missions.

Industry bodies or industry associations were the most common type of non-governmental support respondents engaged with, predominantly for networking or collective advocacy efforts.

The vast majority of respondent's experiences with government trade support services were either positive or very positive. Experiences were mixed at worst, with no respondents reporting a negative experience with the services they engaged.

Few pain points were reported; the largest being market entry issues, relating for example to the efficacy of business matching services.

Despite the usage and positive experiences reported with trade support services, the majority of respondents said they had no impact on their international decision-making. Around a quarter of businesses viewed the availability of support services as an extra incentive to enter a new market.

Some room for improvement was identified, primarily regarding the marketing of trade support services as well as in the experience or familiarity of representatives with the industry sectors they are dealing with. However, there were no clear standout issues in need of resolution.

In terms of additional trade support desired, this included more market intelligence – especially as it relates to market access and protocol requirements – and more active business matching efforts.

Government trade support engaged

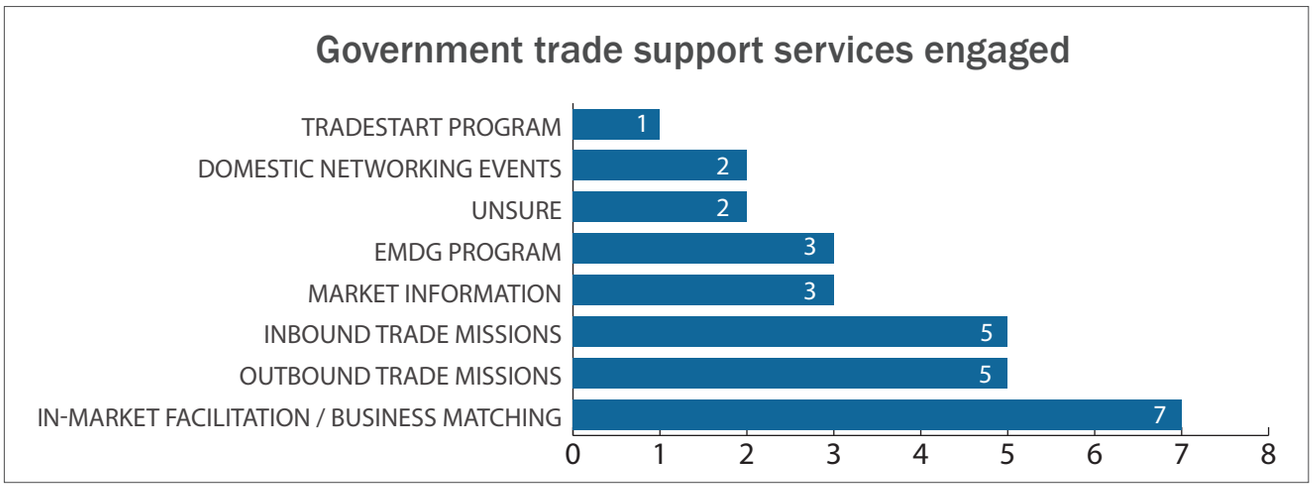


Figure 3.1: Government support engaged; number of responses (n=28)

Around 81% of businesses engaged in government trade support services offered by agencies such as Austrade and TIQ.

The most common form of government support engaged was in-market facilitation or business matching (25%), followed by inbound or outbound trade missions (18% each). This was followed by market information provisions (11%), the EMDG program (11%), domestic networking events (7%) and the TradeStart program (3.5%) – see Figure 3.11.

Businesses were gauged on their awareness of particular support programs offered by government agencies, though this did not produce material results. Nearly all businesses were aware of the existence of Austrade and TIQ, but where unable to name any specific programs or services that they were aware of beyond the strict function of services they had previously engaged with.

The vast majority of respondent experiences with government trade support services were either positive or very positive (86%) – see Figure 3.2. Experiences were mixed at worst (14%), with no respondents reporting a negative experience with the services they engaged with.

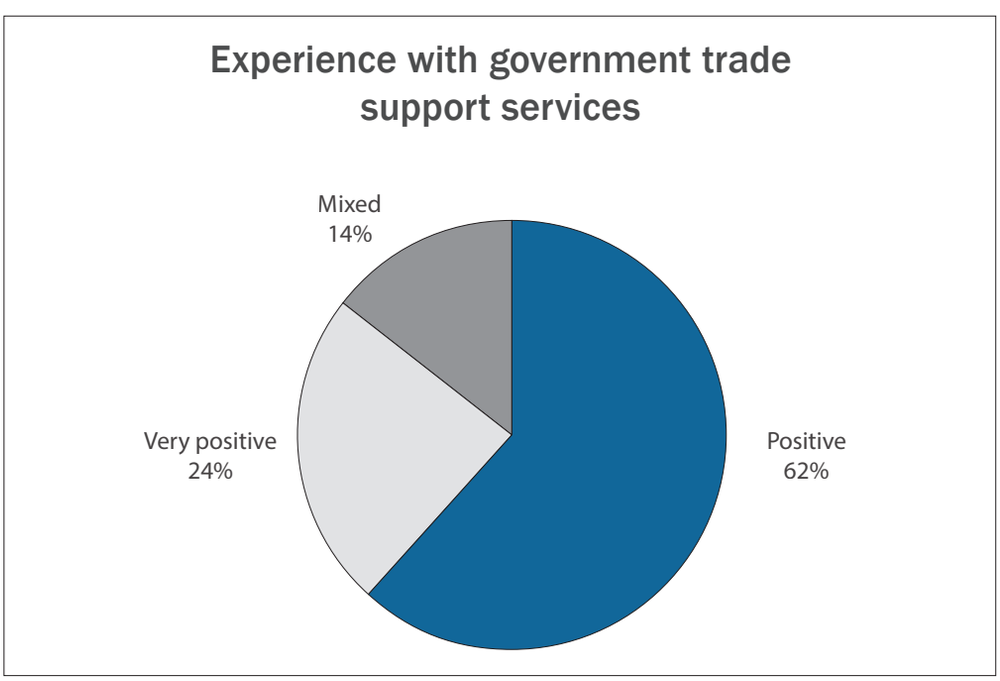


Figure 3.2: Experience with government trade support services; number of businesses (n=21)

The majority of respondents (52%) reported no pain points and that their experience was a smooth process (see Figure 3.3).

Market entry issues – such as understanding a business' objectives and providing more targeted support – were then next largest pain point, reported by 14% of businesses engaging in trade support.

The remainder were one-off cases among respondents. These included insufficient staffing levels at the agencies in question; the costs in terms of time and resources outweighing the benefits to the EMDG scheme; difficulty in converting leads facilitated by trade support agencies into customers; and the structure of inbound trade missions.

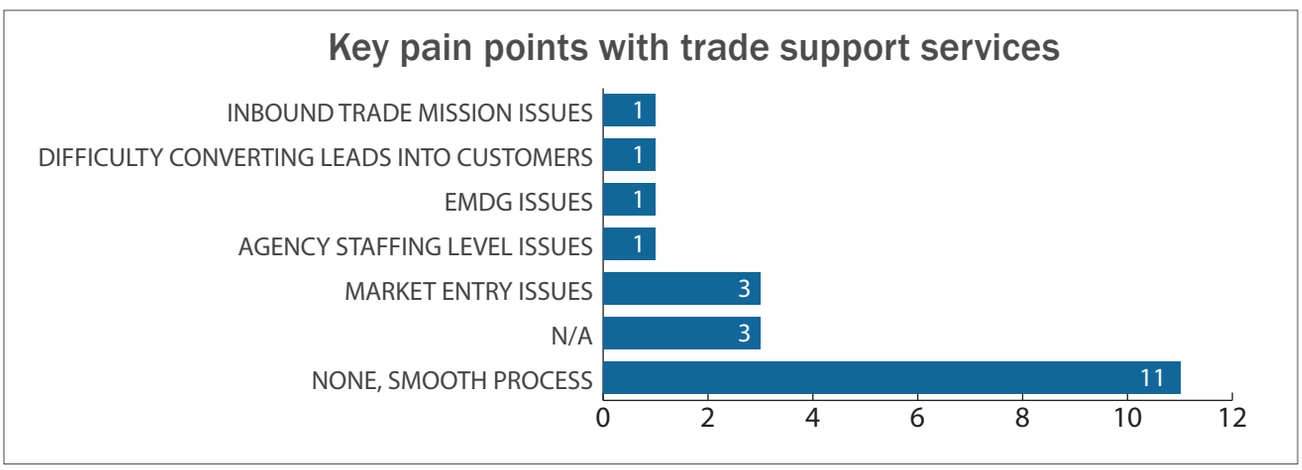


Figure 3.3: Key pain points with trade support service; number of businesses (n=21)

Trade support influence on decision-making

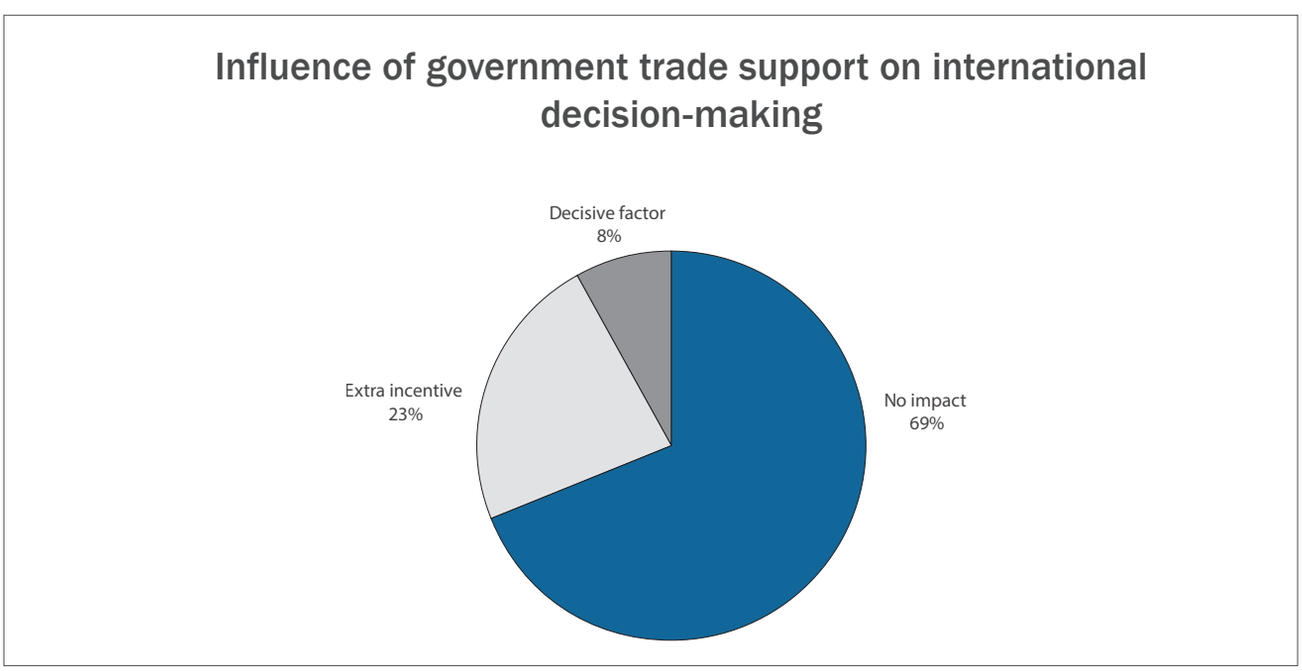


Figure 3.4: Influence of government trade support services on international decision- making; number of businesses (n=26)

Businesses were asked about the influence of trade support services on their international decision-making – whether it was a decisive factor in determining whether or not to enter a market; whether it was merely an extra incentive to enter a new market; or whether it had no impact on their international decision-making.

For nearly 70% of businesses, the availability of these services had no impact on their international decision-making (see Figure 3.4).

They acted as an extra incentive for 23% of businesses, and were a decisive factor for just 8% of businesses.

Desired improvements in trade support services

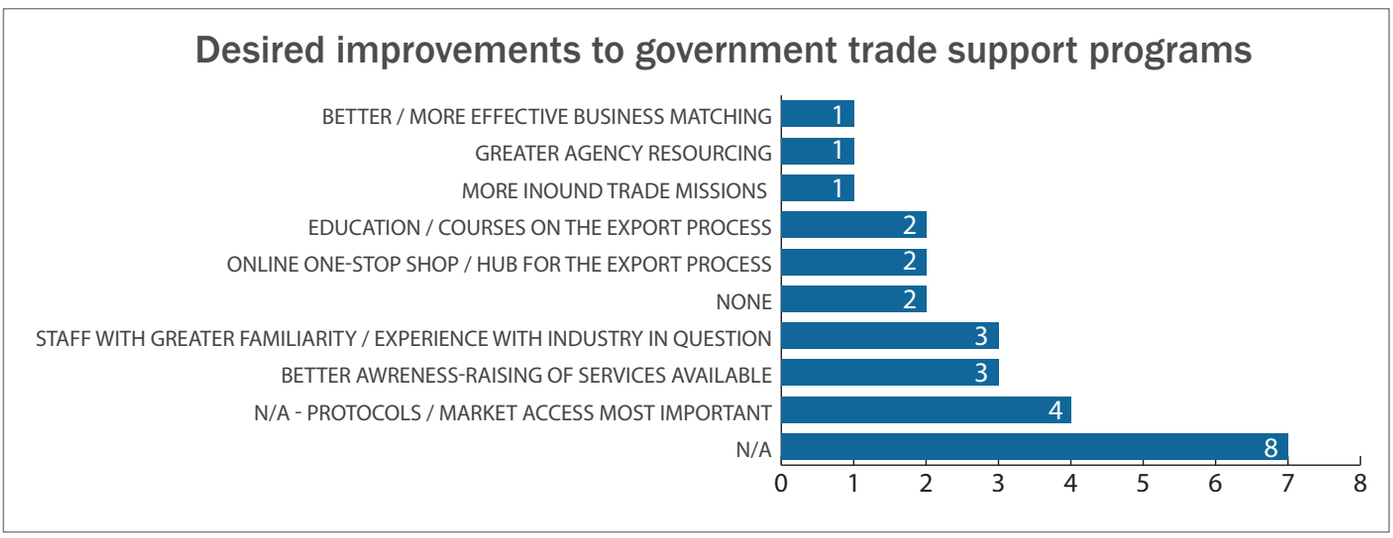


Figure 3.5: Desired improvements to government trade support programs; number of businesses (n=26)

Businesses were asked what improvements they desire to current government trade support services, and the responses indicated this was generally not an issue they had considered.

Around 42% did not envisage any improvements (see Figure 3.5), either because they did not engage trade support services or because market access and protocol arrangements were more important to their ability to seize international opportunity.

Some room for improvement was nevertheless identified, led by better marketing or awareness raising, and employing staff with greater familiarity or experience with the industry in question (11.5% of respondents each).

Other desired areas of improvement include the development of an online one-stop shop as a hub for information on the export process (8%); more courses and education on the export process (8%); more inbound trade missions (4%); greater agency resourcing (4%); and better or more effective business matching (4%).

When it came to additional trade support desired, beyond what is currently available, the largest category were issues outside of the realm of government trade support (see Figure 3.6).

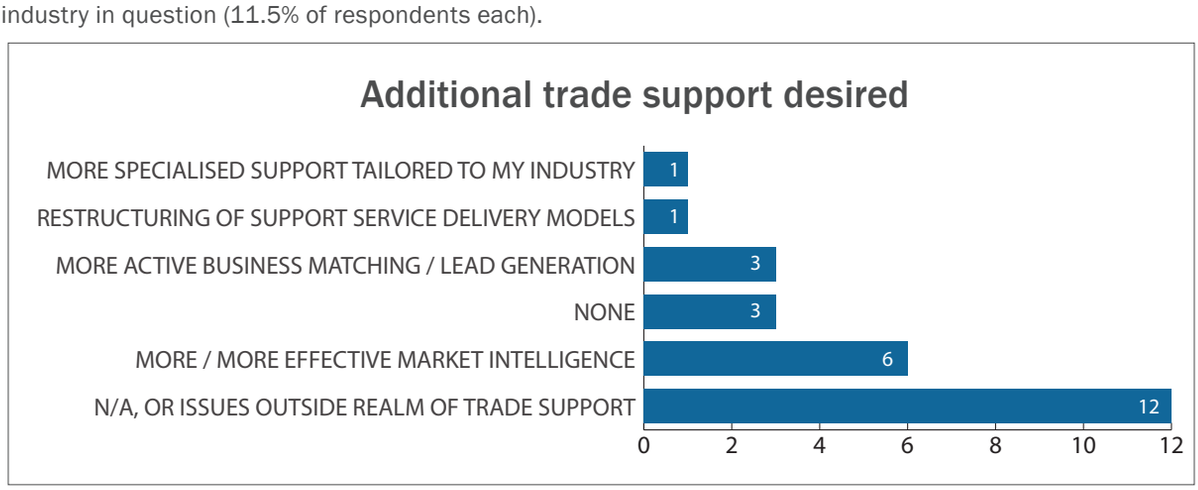


Figure 3.6: Additional trade support desired, number of businesses (n=26)

Third-party trade support engaged

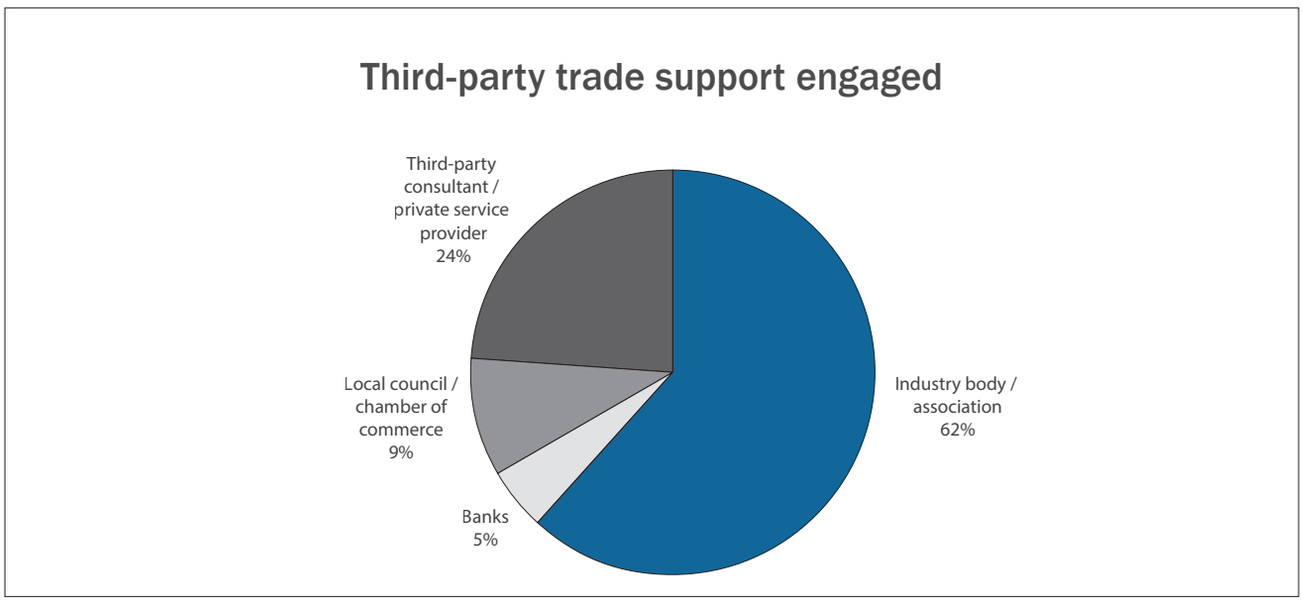


Figure 3.7: Third-party trade support engaged; number of responses (n=21)

Around 65% of businesses engaged with third-party trade support services, less than the 81% that engaged in government trade support services.

Industry bodies or associations were by far the most common provider engaged with, accounting for 62% of responses (see Figure 3.7).

Third-party consultants or private service providers followed in 24% of responses, ahead of local councils or chambers of commerce (9%) and banks (5%).

Networking events and opportunities, as well as collective advocacy efforts, were the most common reasons for engaging industry bodies/associations/local councils/chambers.

Third-party consultants and private service providers were engaged for the more specialised services they are able to offer, as well as for assistance with EMDG applications.

4 CONCLUDING REMARKS

This audit paints a positive picture of the regional export story.

It reveals that local exporting businesses in the Wide Bay-Burnett region are proactive in seeking out international markets for their goods and services, and that government trade support assistance is sought out in most cases.

It reveals that these trade support services are largely effective in assisting local businesses access international opportunity, as evidenced by the overwhelmingly positive experiences reported.

Local businesses export to a surprisingly large variety of markets, reaching all inhabited continents of the world. They engage with several trade support services along the way, such as trade missions, business matching and market intelligence provision.

Focusing on areas of potential improvement, this audit revealed useful insight into where trade support services fall short in terms of meeting business expectations, or in reaching their full potential, as detailed in Section 1. It also highlighted areas where additional support beyond what is currently available can assist local businesses to access international opportunity.

Some of these areas of improvement can be addressed more easily than others, especially when desired assistance falls outside of the traditional purview of government trade support.

As detailed in Sections 2 and 3, the insight underpinning this report was provided by local exporters who are largely experienced in a wide variety of markets. They are exporters who have engaged in government trade support services, as well those offered by private providers. Their views and opinions are therefore very useful indicators as to the efficacy of these services in general.

Though these exporters engage with both government and third-party trade support services, they overwhelmingly make their own decisions when it comes to their international activities, rather than relying on the availability of trade support. At best, trade support is an extra incentive when entering or doing business in a new market, rather than a push or full factor in its own right.

Trade support services will continue to play a useful supporting role in helping local business access new markets overseas, that much is evident from the audit findings. With some attention paid to the suggested improvements, these services can become even more effective in assisting local businesses achieve export success.

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