

GROWTH AND OPTIMISM RETURN TO AUSTRALIAN BUSINESSES

– Servcorp Australian Business Growth Monitor results jump four points since March 2014 –

– 46% of companies report revenue increase, compared to 44% in March 2014 –

– Businesses call for more government support to continue growth –

In an encouraging sign for Australian business, almost half (46%) of companies surveyed in the third bi-annual *Servcorp Australian Business Growth Monitor* have experienced revenue growth in the past 12 months – an increase from the 44 per cent recorded in the March 2014 index.

According to the report, published today by Australian headquartered serviced and virtual office provider [Servcorp](#), this revenue growth is supported by an increase in the number of products and services companies are now providing to their clients (38%, up 3% from March 2014) and also in the number of clients they now have (51%, up 2% from March 2014). These increases have also led to almost two thirds (62%) of business surveyed predicting revenue growth in the next 12 months.

The *Servcorp Australian Business Growth Monitor's* index score now sits at 103 – the highest since it began in July 2013 – further highlighting how growth and optimism are returning to Australian businesses.

“While the index score increase has been modest, it is encouraging to see that Australian businesses are showing signs of recovery and have strong predictions of future growth,” said Marcus Moufarrige, Servcorp’s Chief Operating Officer. “However, while some businesses are prospering, the research also identified that 54 per cent of businesses didn’t increase their revenue over the past 12 months. We can’t ignore the fact that more needs to be done to help the majority of Australian businesses grow.”

Budget surplus not the main priority

Despite the feelings of optimism, there is a widespread belief that more support is needed from governments in order for businesses to truly prosper. Two thirds (66%) of those surveyed do not believe state governments do enough, and 64 per cent do not think the Federal Government does enough, to help businesses grow.

Financial institutions fare little better – with 62 per cent surveyed of the opinion that the Australian Tax Office doesn’t do enough to help businesses, while 56 per cent do not think banks do enough either. When it comes to the type of support needed, businesses are overwhelmingly calling on the Government to make the reduction of taxes for small business its number one priority (41%), followed by reducing red tape (17%).

Businesses are also tired of hearing about the Government's plans to reach a budget surplus, with more than half (54%) preferring that the Federal Government focus on investing in strategies to increase business competitiveness rather than balancing the budget (35%). Indeed the majority (65%) would like the Government to support specific industry sectors in which Australia may have a competitive advantage over other countries.

"There is no denying that returning this country's budget to surplus is important to the current Government," continued Mr Moufarrige. "However, it is time for the Government to look beyond balancing the budget and instead inject impetus into the economy in order to help Australian businesses become more competitive."

Playing it safe with international expansion

Given that businesses don't feel they can be truly competitive overseas, it is not surprising that they are looking closer to home when it comes to expansion. The majority of those surveyed (53%) believe that there is no potential to grow their business overseas, compared to the 41 per cent who believe expansion is possible.

In fact, a quarter (25%) of Australian businesses believe that there are sufficient opportunities in Australia and therefore it's not necessary to look elsewhere. Of those that are looking at overseas expansion, geographical proximity is preferred, with most businesses looking to New Zealand (36%), followed by South East Asia (29%). Companies with a turnover of less than \$1 million are even more attracted to New Zealand (40%), while larger companies see greater potential in South East Asia (48%).

Other perceived barriers to expanding overseas include a limited knowledge of new markets (25%), a lack of available finance (18%), the belief that you should stick with what you know (16%) and a lack of knowledge about how to expand (16%).

"When looking at barriers to expansion, it seems that most businesses seek the safety and comfort of what they know. It's troubling to see such a cautious attitude to international expansion from Australian businesses," said Mr Moufarrige. "Without the right government support, however, it is easy to understand how geographically close regions such as New Zealand have become the preferred locations for expansion outside of Australia.

"Australian businesses should feel empowered to become more bullish when looking at opportunities overseas. Rather than focusing on what they don't know about a new region, businesses should be looking at services that offer the local insights, knowledge and infrastructure they believe they currently lack," Mr Moufarrige concluded.

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Notes to editors:

513 executive managers and business owners of Australian companies were surveyed online by Galaxy Research on behalf of Servcorp between Tuesday, 2 September and Thursday, 11 September 2014. The index score has been generated based on the performance of the businesses surveyed over the past 12 months and expectations over the next 12 months.

An index score below 100 indicates a low level of growth, with many businesses showing little or no growth and a significant proportion not expecting a turnaround anytime soon. An index score above 100 indicates that the business community is succeeding, with many companies growing and confident of continued growth. The Servcorp Australian Business Growth Monitor thereby provides a pulse on business performance.

About the Servcorp Business Growth Monitor:

With current score of 103, the Servcorp Australian Business Growth Monitor is published twice a year. The index tracks business growth over time, looking at current and future performance, as well as factors both impacting and contributing to business growth among Australian companies.

About Servcorp:

Servcorp Ltd (SRV:ASX), the world's leading provider of executive serviced offices, virtual offices and superior IT and business infrastructure solutions, operates 140 locations across 52 cities in 21 countries. A multiple award winning Australian business, Servcorp is Australia's second-largest exporter of services.

More than just an office, Servcorp's serviced and virtual offices make it possible for businesses to succeed and grow. From SMEs to large global brands, Servcorp can help to establish your business and position your company for success – its premium serviced office suites offer unrivalled technology, services and support staff in the best locations across Australia and the rest of the world: as long as you want and for less than it costs to have a traditional office.