PRODUCTIVITY COMMISSION

Offshore Investment

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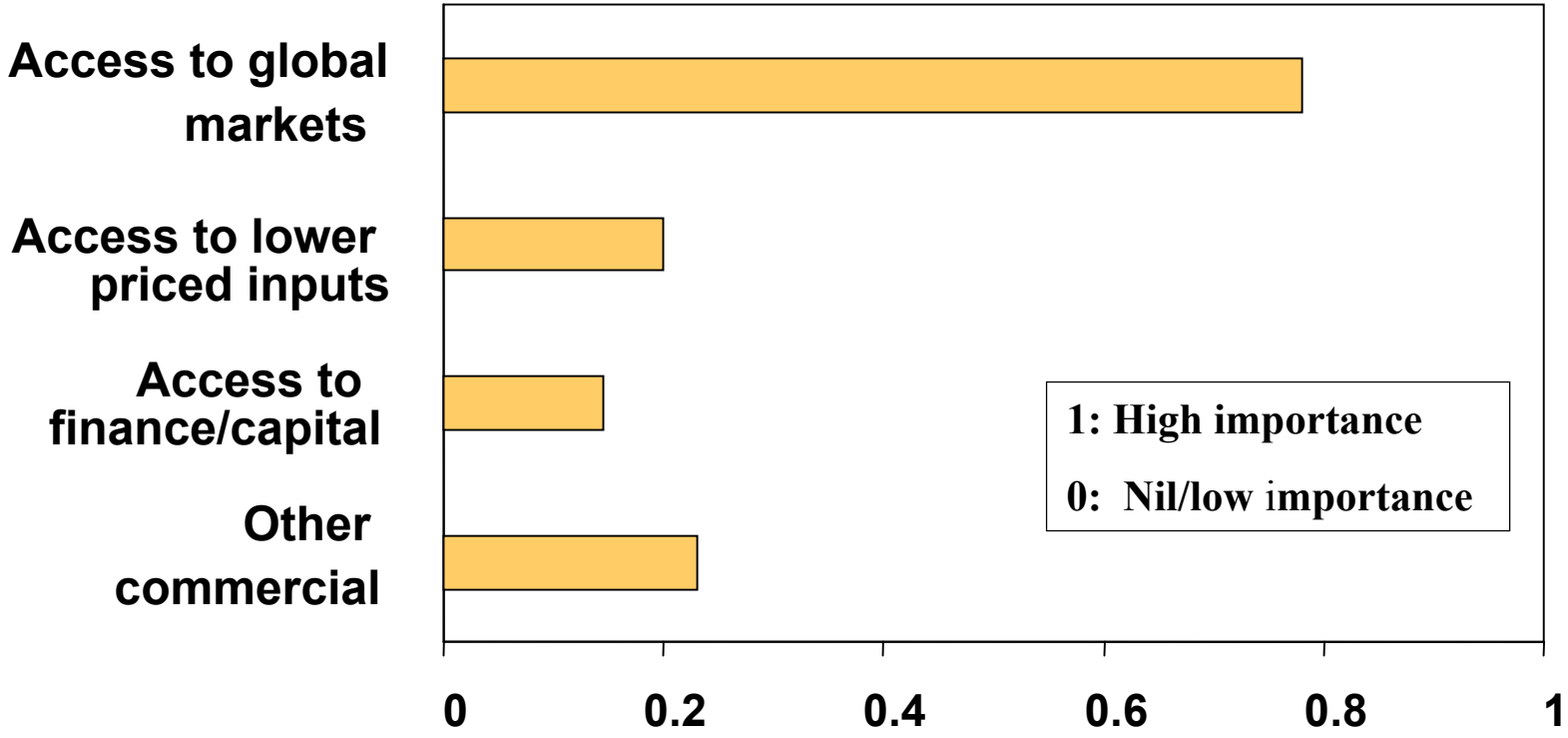
Globalisation

- Wide-ranging debate about implications
- BOE effect often cited as a major ‘negative’
- Assessment of BOE effect & policy implications limited by availability of information

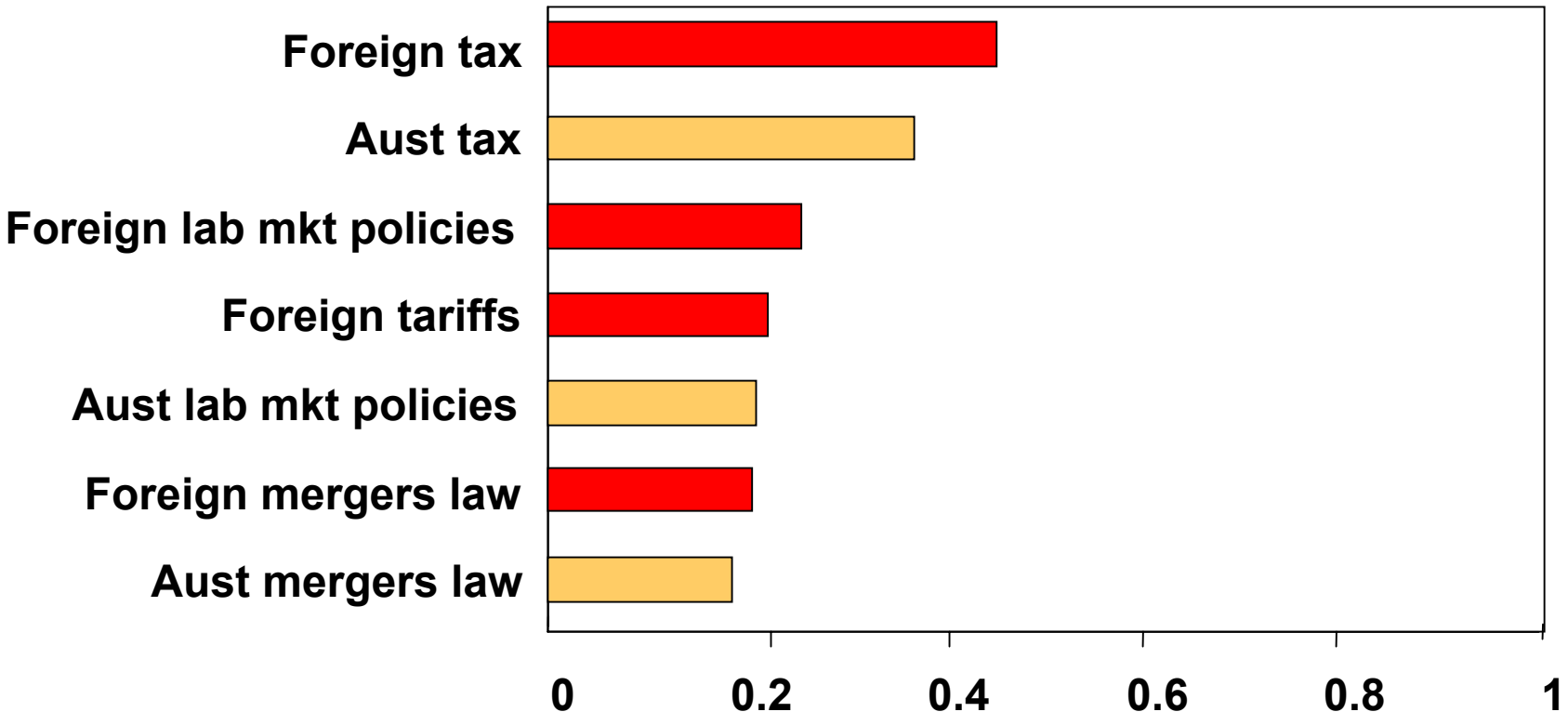
PC Survey

- Covered 400 large firms
  - *50% response rate*
- Collected information on motives for:
  - *offshore production*
  - *HQ relocation*
- Distinguished between:
  - *commercial motives; and*
  - *factors subject to government control*

Commercial motives for offshore production



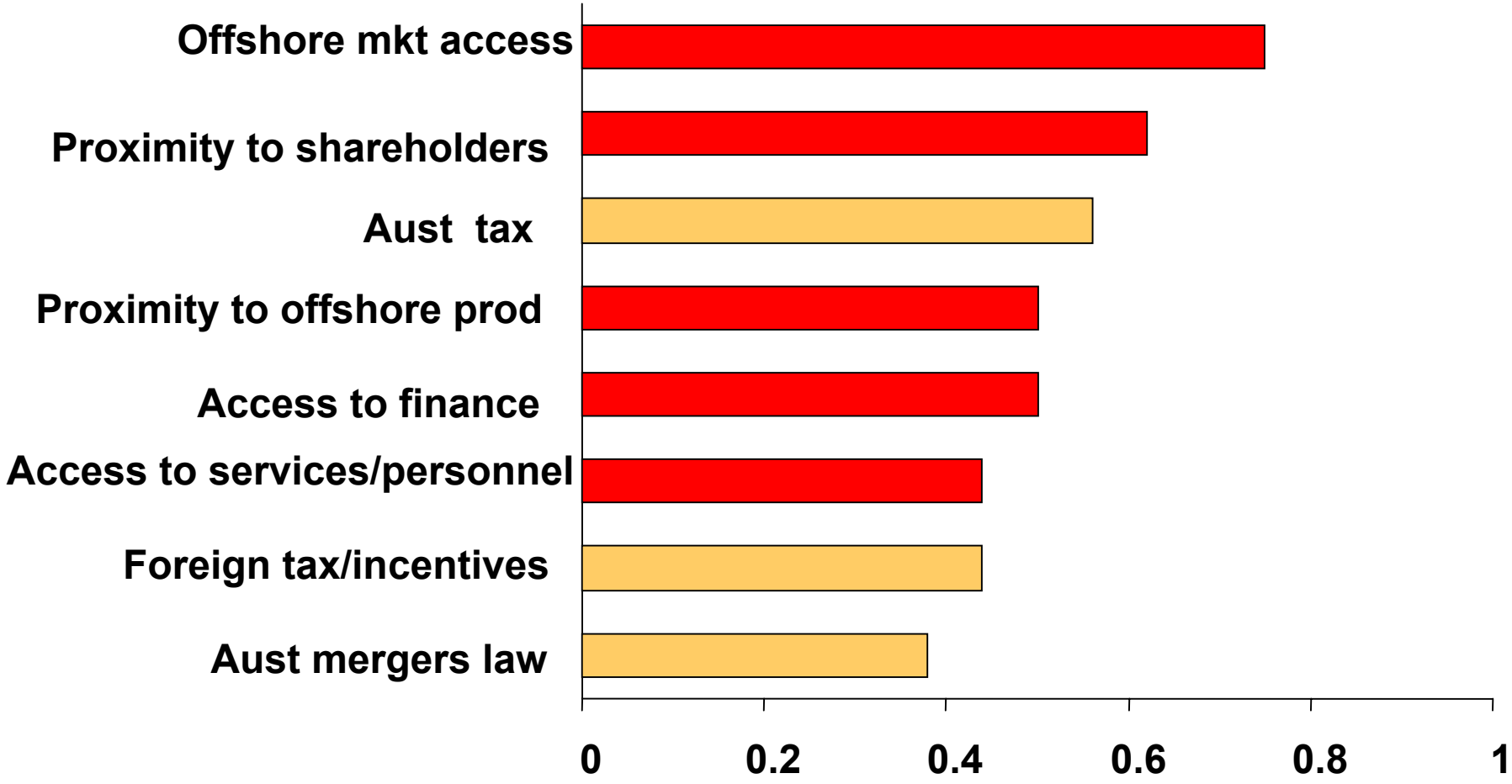
Govt influences on offshore production



Summary - motives for offshore production

- Commercial factors are more influential than govt-related factors
  - *improved market access stands out*
- Foreign govt factors are more important than Aust govt factors
  - *tax is the major issue*

Motives for HQ relocation



Summary - reasons for HQ relocation

- Only 8 respondents, but large firms
- But some common views questioned:
  - *HQ relocation not 'rampant'*
  - *commercial reasons - not govt - dominate*
  - *significance of mergers law may be overstated*
- Effects of BOE? More research needed.