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AUSSIE EXPATS AMONG WORLD'S HIGHEST PAID BUT FOREIGN EXPATS IN AUSTRALIA GET SHORT CHANGED

****Australian expats offshore rich but keen to come home while expats here poorer but keen to stay****

****Expats in emerging markets have the highest incomes****

****GFC risks exodus of expats out of US and UK****

The economic impact of the global financial crisis on Australians offshore contrasts sharply with the experience of expats living Down Under, according to the world's largest survey of expats, the HSBC Expat Explorer.

Australian expatriates living overseas are among the highest paid in the world, with 20 per cent earning more than US\$250,000 (approx. A\$320,000) however, expats living in Australia have the lowest salaries of all countries surveyed, with the vast majority (63%) of foreign residents working here reporting annual earnings under US\$100,000 (approx. A\$128,000).

And while the global financial crisis has almost a third of Australian nationals (29%) considering a move back home to Australia, foreign expats in Australia are keen to stay – only 12 per cent said they had considered returning home, with the balance intending to remain here.

Now in its second year, the HSBC Expat Explorer surveyed over 3,100 expats in 50 different countries. Expat Economics is the first of three reports examining the results and looks at the economic quality of life expatriates are experiencing away from home.

Graham Heunis, head of personal financial services for HSBC Bank Australia, said that this year's survey provides some fascinating insights into how recent global economic events have affected this global diaspora.

“This year's survey has revealed a clear trend of expat wealth moving to emerging markets. Russia, Asia and the Middle East are now home to the highest paid expats, while the lowest paid can be found in the developed markets of Western Europe and Australia.

“Closer to home, expats living in Australia are reporting the lowest salaries in the survey, but are nevertheless keen to stay put, while almost a third of the Australians living overseas are considering a return home. This certainly reflects the strength of the Australian economy, against the backdrop of global economic uncertainty.”

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The survey revealed that the global financial crisis has had a significant impact on Australian nationals offshore:

- Sixty-five per cent have changed their attitude to spending with two out of three (61%) cutting down on luxuries, 53 percent reducing day to day costs and nearly half (45%) saving and investing more
- Almost one in three (29%) are considering a return to Australia
- Twenty-nine per cent of Australian expats cited limited career prospects due to the financial crisis as their main reason for wanting to return to Australia

According to Heunis: "These results reflect growing concerns about the state of the global economy and the impact this could have on expats' ability to live and work overseas. With almost half of Australian expats living in the financial hubs of Singapore and the UK and almost a third working in financial services, these concerns are particularly salient.

"The desire of Australians to return home also highlights the recent rise in unemployment seen in developed markets across the globe."

But the news is not all bad for Aussies living overseas:

- Almost half (46%) have staff such as a nanny or cleaner
- Sixty-eight per cent have more disposable income than they did in Australia
- Forty-six per cent reported having more than US\$4000 in additional disposable income each month than when they lived and worked in Australia
- Two out of three (68%) said they saved or invested more since they moved overseas

The picture for expats living in Australia was markedly different:

- Respondents reported the lowest salaries among expats in the 26 countries surveyed
- Living expenses were greater than in their home country, particularly for health (61% spent more), accommodation (53%), food (47%) and utilities (36%)
- But their quality of life is better than it would be at home – nearly three out of four (70%) expats said they had more disposable income than in their home country
- And property ownership for expats in Australia is the third highest in the world with more than half (56%) saying they own a property here, surpassing the global expat average of 31 per cent

The crunch and its effect on expats globally

Overall, the US, Thailand and South Africa have been most affected by the credit crunch, reducing their spending on essential and luxury items, general household maintenance and the money allocated to savings

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and investments. The largest reduction in essential day-to-day items was in Spain, where four out of five (81%) expats cut back, while four out of five expats in the US (79%) and three quarters in the UK (75%) also scaled down their spending on essential day-to-day items. In Australia, more than two-thirds (68%) of expats tried to save on day-to-day costs, with 65 per cent cutting down on luxuries and 38 per cent trying to reduce utility bills.

Not surprisingly, almost half (44%) of expats in the UK and close to a quarter (23%) of expats in the US are considering returning home in light of the current financial crisis. This provides a stark contrast with the broader expat community, only 15 per cent of whom are considering the same move. Only 12 per cent of expats living in Australia are considering returning to their home country.

Emerging markets best for expats' finances

Russia scores first place for finances in terms of high salaries, savings and available disposable income. Qatar (2nd) and Saudi Arabia (3rd) also scored highly in the areas of increased savings and disposable income, however their scores were affected by lower annual salaries. Interestingly, two-thirds of expats in Qatar (63%) said that their attitude to spending had not changed as a result of the economic crisis.

Geographically, Switzerland and the UK ranked 1st and 2nd respectively for Europe, with Qatar and Saudi Arabia leading the charge in the Middle East, Russia and Hong Kong top for the Asia-Pacific region and Mexico and the United States highest in the Americas. Australia was ranked 24th out of 26, reflecting the lower salaries. And while their Expat disposable income was more than they saw at home, it was less than that reported by expats in other markets.

An increase in saving

Many expatriates have taken advantage of their current location to increase the amount of money allocated to savings. Expats in the Middle East are strong savers, with Saudi Arabia ranked first, Qatar third and UAE fifth, while Russia and India also featured in the top 5 countries where expats are increasing their savings.

Expats in the UK were the worst savers/investors globally, with over a quarter (27%) of expats living in the UK saying they had reduced their savings and investments when compared to their home country. Six out of ten expats in Australia said they saved more when overseas, however sixteen per cent saved less.

Where are the wealthiest expats?

Asia is home to the highest paid expats in the world, with a quarter of expats (25%) living there earning more than US\$200,000 per year. Over one-third (43%) of expats surveyed in Russia, 40 per cent in Japan and 22

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per cent in Qatar said that their annual income was over the US\$200,000 mark.

Belgium and Australia are home to the least wealthy expats, with 61 per cent of expats in Belgium and 63 per cent of expats in Australia stating that their annual salary was US\$100,000 or less. This compares to an average figure of 35 per cent across all expats surveyed.

More disposable income and an increase in costs

Almost three-quarters (74%) of expats surveyed globally said they have more disposable income than they did living in their country of origin, except those living in France (47%) and the UK (47%). The majority of expats in Qatar (70%), Russia (59%) and Saudi Arabia (52%) said they have more than US\$4,000 of extra disposable income each month than they would at home.

Seventy per cent of expats in Australia report more disposable income than in their home country, but it still tracks lower than in other countries, with just 10 per cent seeing an extra US\$4000 or more in disposable income per month.

The next instalment in the Expat Explorer series, Expat Existence, will be released in August this year and will focus around expats' quality of life.

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Notes to editors

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