

International Business Guides Australia



HSBC

Together we thrive

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Welcome to Australia

With the fifth largest economy in the Asia-Pacific region and the 13th largest in the world, Australia offers a wealth of opportunities. 26 years of steady growth - and one of the highest qualities of life in the world - make this increasingly diverse and multicultural nation an ideal place in which to do business.

Australia is renowned for its amazing weather, passion for sport and spectacular landscapes. Success across multiple industry sectors, a highly skilled workforce and connections to fast-growing Asian markets position Australia as the perfect business destination.

HSBC was established in Australia in 1965, with a full banking licence obtained in 1986. Today, the HSBC Group offers an extensive range of financial services through a network of 35 branches and five offices in Australia including retail and commercial banking, financial planning, trade finance, treasury and financial markets, global liquidity and cash management and securities custody.

As one of Australia's leading international banks, we are very well positioned to help your business thrive.

I am delighted to welcome you and very much look forward to working together!



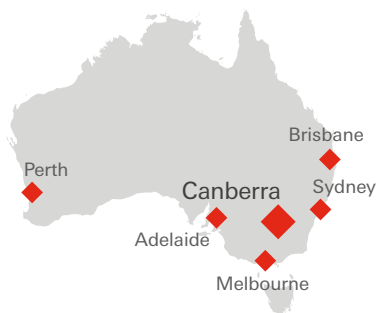
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Essentials



Capital city
Canberra

Other major cities
Sydney, Melbourne, Brisbane, Perth, Adelaide

Population
24.8 million¹

Size
7,692,024 sq km

GDP
USD48,243 per capita²

Main languages
English

Unemployment rate
5.5%¹

Corporation tax
30%¹

Currency
Australian Dollar (AUD)

Time zone
UTC +8

Top exports
Iron ores and concentrates, mineral fuels including oil, gems and precious metals, meat, cereals, machinery including computers, inorganic chemicals, aluminium, and electrical machinery and equipment³

Top imports
Machinery including computers, vehicles, electrical machinery and equipment, mineral fuels including oil, pharmaceuticals, gems and precious metals, plastics, furniture and articles of iron or steel³

Typical office hours
8.30 or 9.30am until 4.30 or 5.30pm, Monday to Friday

Dialling code
+61

Emergency numbers
000 (police, fire and ambulance)

Australia: A land of plenty

Thriving economy

Resource-rich Australia continues to extend its 26-year streak without recession, a modern-era record for uninterrupted growth. This stellar run is also forecast to carry on at a steady rate.

Growing population

Australia's population has more than doubled since 1966, fuelled by an increase in birth rate, life expectancy and migration. And it's not stopping at 25 million either, with the population predicted to increase by almost 50% to 35.9 million by 2050.

Asia-Pacific ties

Australia is located close to Asia, the new epicentre of global economic growth. It has a strong brand in China and is well known throughout Asia as the outpost of the English-speaking world.

Regional hub

Home to many multinational organisations with operations in Asia, Australia is a regional leader that influences business across Asia-Pacific.

Spending power

Growth in consumer spending is driving the domestic economy. Household wealth is high. And at 66%, Australia also has one of the highest middle-class populations.

Safe environment

Australia's political stability, transparent regulatory system and sound governance frameworks underpin its economic resilience. It also has a quality of life that is rated among the best in the world.

Sources:

¹Australian Government, 2018

²Organisation for Economic Co-operation and Development, 2017

³Central Intelligence Agency (CIA), 2017

*Map shows cities of economic significance according to the CIA, 2017

Country profile

Situated between the India and Pacific Oceans, Australia is a land of contrasts. From verdant tropical rainforests to its arid red centre, the many incredible beaches and its growing urban spread.

Australia is a truly unique and diverse country. Its multicultural, multiracial landscape is reflected in all areas of society and its Indigenous heritage continues to play a defining role.

This vast island continent contains 19 listed World Heritage sites, and is renowned for its landmark architecture including the Sydney Harbour Bridge, along with its ancient geology such as the striking landscapes of Uluru.

Each state and territory of Australia has its own government, though the country is governed by two main political parties.

Although it may appear geographically isolated, Australia's businesses are becoming increasingly more prosperous by looking outwards onto the international stage.

Australia is the sixth largest country by land mass, with one of the longest coastlines in the world.

All of this combines to make Australia one of the global economic success stories of recent decades with low unemployment, a highly skilled workforce and thriving business community.

Read on to discover more about the dos and don'ts of doing business in Australia. Also find out how trading in or with the country could help boost the future growth of your enterprise.

5 reasons to do business in Australia¹

01 Five star industries

What Australia does, it does well. It's a country successful in five key industries: resources and energy, agribusiness, financial services, education and tourism.

02 A rich talent pool

With one of the best education systems in the world, Australia's labour force is among the most skilled and diverse of any country.

03 Excellent connectivity

Australia is rolling out super-fast internet to 95% of its population. Digital technologies today enable businesses to seamlessly connect, collaborate and sell to overseas markets.

04 The land of innovation

Australia spends a significant amount of money each year on research and development (R&D). Its intellectual capital, commercial focus and collaborative approach make it an ideal partner for business and investment activities.

05 A proud small business nation

The nation has an estimated two million small and medium-sized businesses, from tradesmen to farmers, retailers, professionals and builders. They are Australia's driving force.

5 key challenges²

01 Vast continent

The distances between Australia's major cities are huge. Almost 4,000 km separate Sydney from Perth by car, the equivalent of driving for over 60 hours. Even Melbourne is 875 km from Sydney.

02 Extreme weather

While Australia's climate is a big attraction for many, temperature extremes can pose challenges in many industries. It is estimated that extreme weather costs the economy A\$7 billion a year.

03 Visa crackdown

Australia introduced a new Temporary Skill Shortage (TSS) visa in March 2018. This allows a Short-Term stream of up to two years and a Medium-Term stream of up to four years. As part of this programme, it is tightening eligibility requirements for employer-sponsored permanent skilled visas.

04 Paying taxes

The Australian Chamber of Commerce and Industry highlighted paying taxes as a concern for businesses, some of whom raised grievances over the increase in superannuation levy from 9% to 12%.

05 Getting to grips with GST

There is a levy of 10% charged on most goods and services consumed in Australia. Better known as 'GST', there are several exclusions, which may not be immediately obvious. Examples of GST-exempt goods include most food staples and medicines.

Society & culture

In this section

Language

Food

Religion

Values

Customs & celebrations



Australia is an island continent surrounded by vast oceans. Much of the landscape is low, flat and dry. Around 90% of the population lives in urban areas, all within 50 km of the coast. Substantial empty areas lie in the middle and the warm Australian climate is typically conducive to an outdoor lifestyle.

Australia also boasts the oldest continuing culture on earth. There is still some way to go to achieve true reconciliation for Australia's First Peoples, however they continue to play an important role in the nation's identity as the traditional custodians of the land.

A broad mix of cultures exists in Australia today. 26% of its population was born outside the country, compared with 22% in Canada, 14% in the US and 13% in the UK. Of the 6.2 million people who were not born in Australia, 2.4 million are from Asia. All of this combines to enrich the country's cultural blend and make Australia the friendly society it is today.

Language

Australian English is the main language of the nation, with its distinct accent, grammar and pronunciation. Australian spelling overlaps more with British English than its US variant. You may even hear up to 200 different languages spoken in the multicultural city hubs of Sydney and Melbourne. In the 2016 census, English was listed as the predominant language, with Mandarin the dominant non-English language.

Food

Each new wave of migrants to Australia's shores have brought with them new ingredients and flavours to add to the nation's palate. Out of this rich melting pot, Australian chefs have become world-renowned for their 'fusion cuisine' – blending European cooking traditions with Asian tastes.

Of course, staples still persist. Many an Australian continues to enjoy a meat pie at an Aussie Rules 'footy' match. Vegemite, a savoury yeast extract spread, is stocked in almost every home while Australians love nothing better than cooking food on a barbecue.

Religion

A secular society, Australia has no official religion. However, around 60% of the population identify themselves as Christian – the major denominations including Catholic and Anglican. Other religions practised include Judaism, Hinduism, Buddhism and Islam.

Values

Australian society values respect for the freedom of the individual, a commitment to the rule of law, parliamentary democracy and equality of men and women.

In addition, Australians are often open and direct, and many are followers of sport in all its forms.

Customs & celebrations

Australia follows many of the same customs as those in the Western world, with business holidays falling on Christmas Day, Boxing Day and New Year's Day. Due to the summer weather at this time of year, for some Australians it is tradition to spend Boxing Day on the beach or watching the Sydney Hobart Yacht Race.

Australia Day is marked on 26th January. It also sometimes signifies the last days of the school summer holidays.

Anzac Day is held on 25th April, a day of national remembrance, marking the first major military action fought by Australians and New Zealanders during the First World War when the combined forces landed on Gallipoli, Turkey. Today, Anzac Day also honours those who lost their lives in more recent conflicts.

Working practices & values

Australian organisations tend to operate non-hierarchical structures and encourage a balance of opinions – although decision-making is still concentrated in the top ranks of companies.

Little attention is generally paid to titles and ranking in Australia, as status through achievement is often valued more. Overtly boasting about work successes is also not generally part of the Australian working culture.

In Australia, healthy pursuits after work, rather than an ingrained pub culture, are quite typical.

Surprisingly, quite a few Australian workers struggle to achieve a healthy work/life balance. Despite the country being known for its stunning beaches and outdoor living, the Organisation for Economic Co-operation and Development (OECD) ranked Australia 30th out of 38 countries on its 2017 work/life balance index, with employees working longer hours than those in the UK and US. Four weeks' annual leave is standard.

Four-fifths of Australians drive to work, and traffic congestion continues to affect Australia's most populous cities. Average commuting times for Sydney and Melbourne are just over 30 minutes; those in Adelaide, Brisbane and Perth are slightly less, according to a government study.

Employment law in Australia is relatively protective of employee rights. Trade union membership remains quite active, despite decreasing membership. The national minimum wage is currently \$18.29 per hour, or \$694.90 per 38-hour week. Typically, in quite a few professions, employees can also take a lengthy period of absence after a significant period of service.



Business etiquette

In this section

- Greetings
- Dress code
- Negotiations
- Business cards
- Sealing the deal
- Entertaining
- Golden rules



When it comes to business, Australians like to speak their mind. They can be open and direct and there may even be the odd profanity thrown in. Blunt humour is often used to defuse tension.

Australians tend to want to get the most out of any meeting rather than worrying about formalities. Although the office environment can be quite laid back, punctuality should still be upheld.

In the office environment, decision-making is often collaborative with top management consulting team members of all levels. Australians are also extremely receptive to new ideas. This may be because Australia has traditionally been so remote and its businesses understand that to prosper they need to be open to fresh business concepts.

Greetings

A handshake and a smile usually suffice when meeting a counterpart in a business setting. First names are invariably used in all business situations; surnames and educational titles are rarely mentioned.

Australians generally like to get down to business with just a few minutes of small talk before any meeting starts. Maintaining direct eye contact during conversations will help to make a good first impression. People also like to have a reasonably large circle of personal space.

Dress code

Despite the relatively relaxed business culture, Australia's standard business dress is formal. That usually means dark suits with a tie for men and suits or dresses for women. The corporate sector typically maintains these strict dress standards, however 'smart casual' is now the norm in the growing creative sector. More informal attire can also be acceptable in warmer areas, as well as out with the main cities. If in doubt, though, it's best to keep it formal.

Australia can be a very hot country. Although air conditioning systems are now ubiquitous in office buildings across the land, the wearing of lightweight business clothing will help to keep you cool. Be advised, though, when turning up to a client meeting it is never too hot to arrive without a jacket.

In contrast, it's worth bearing in mind that the country can also experience very cold temperatures, particularly in places such as Melbourne.

Negotiations

Don't be surprised that everyone at a decision-making meeting – from office juniors to senior management – will expect to have an input, even if the boss takes the final decision. Negotiation tends to be pragmatic and profit-oriented rather than conceptual.

Speed of negotiation can vary, however. Information gathering at larger companies can slow the process, but it is usually faster than in most Asian countries.

Bargaining and haggling is sometimes used. But exaggerated claims, confrontation and pressure tactics will generally not help your position. Australians prefer straightforward and honest negotiation.

Business cards

The exchanging of business cards is not essential in Australia. If they are handed out, it should happen at the beginning of any meeting. Do not feel offended if the recipient fails to produce one.

Sealing the deal

Unlike in some parts of the Asia-Pacific region, where lavish banquets are often thrown to seal the deal, Australia operates on a more direct level. Sealing the deal can often be as quick and as informal as meeting up to sign on the dotted line.

Entertaining

Compared with the UK and US – where it is not uncommon for business entertaining to be conducted over lunch, dinner and even breakfast – in Australia there is no great tradition.

Although it is more than acceptable to wine and dine clients when doing business in Australia, it is likely that this will occur with contacts with whom you already have firm relationships. Don't be surprised, either, if no actual business is discussed at the dinner.

Invitations to talk over a deal at someone else's home are not common, and should be considered special occasions.

Business is sometimes conducted over drinks. If you are invited to a pub or bar, it is important not to neglect or overdo responsibilities for 'your shout' – paying for a round of drinks.

Golden rules

01 **Brush up on your sporting knowledge**

Perhaps not surprisingly for a sports-mad nation, sport is often the main topic of small-talk conversation. You may need to brush up on the basics. That means knowing your scrum from your lbw. Sporting analogies are also heavily used in a business setting.

02 **Language lessons**

Australians tend to speak quickly and may use many colloquialisms. Australian English is closer to British English – rather than the US variant – when it comes to spelling and grammar. However, there are some words, such as zucchini (courgette) and capsicum (pepper), that take a US spelling.

03 **Delicate art of gift-giving**

Generally, gift-giving is not a part of Australian culture. Any gifts should be small, symbolic items. Corruption and bribery is rare in Australia and giving gifts of significant value may carry negative connotations.

04 **When swearing isn't swearing**

Profanities may be uttered in a workplace setting. And while it's not advisable to swear in front of a client or at an important business meeting, it can sometimes be part of the vocabulary.

Economy

In this section

Highlights

Regional economies

Exports & imports



Highlights

- ◆ Australia's economy has achieved growth without a recession for 26 years, the longest run of uninterrupted growth in the developed world.
- ◆ Inflation stands at 1.9%, while the official cash rate remains at 1.5% to encourage growth in the economy.
- ◆ Economic growth is projected to increase gradually over the coming year according to the OECD.

GDP (Current USD)
\$1.2 trillion¹

GDP Per Capita
\$48,243²

Real GDP Growth
2.8%¹

Inflation Rate
1.9%³

Economic Structure

Services (% of GDP) **73%¹**
 Industry (% of GDP) **24%¹**
 Agriculture (% of GDP) **3%¹**

Sources:

¹World Bank Group, 2018

²Organisation for Economic Co-operation and Development, 2017

³Trading Economics, 2018

⁴World Trade Organization, 2017

Unlike the rest of the world, Australia's economy has managed to avoid recession for more than 26 years – including the global financial crisis of 2008. Australia's economy is strong and is the world's 13th largest.

Its serene-like growth has been a mix of good fortune and smart economic management. Resource-rich Australia, which has some of the world's largest reserves of fossil fuels, has benefited from China's rapid industrialisation, especially its significant demand for steel over the past three decades. More than a quarter of all Australia's exports now head to China.

Australia has also seen its population mushroom by 50% over the same period. And it is this influx of immigrants, of which many are highly skilled, that continues to support the economic miracle. Almost 28% of Australia's population have been born overseas, the third highest of any nation globally, according to OECD data.

A rampant housing market is also fuelling economic growth. Even so, homeownership rates are high despite elevated prices.

The International Monetary Fund also predicts Australia's economy will grow at 3% in 2018, on a par with other advanced economies.

And then there is China, which is showing signs of entering a slowdown of its own. This matters to Australia as it's the most dependent on the Asian powerhouse of all OECD nations.

However, there is a new Australian economy emerging, too. One that is shifting its reliance from that of manufacturing and mining to one increasingly dominated by services. This new path could lead to economic growth for the next 25 years and beyond.

	Exports	Imports
Global Ranking	23⁴	22⁴
Value	\$189.6 billion¹	\$189.3 billion¹
% of GDP	19%²	21%²

Regional economies

When it comes to financial rivalries in Australia, none is bigger than Sydney versus Melbourne. It is no surprise that both states where the two cities reside – New South Wales and Victoria, respectively – are regularly at the forefront of national economic performance.

New South Wales produces a third of Australia's entire economic output with Victoria responsible for just under a quarter of the nation's productivity. Melbourne, meanwhile, recently retained its global crown as the Economist Intelligence Unit's most liveable city in the world, with Sydney ranking a more-than-respectable 11th.

Both Sydney and Melbourne have ever-growing populations of more than 4.5 million residents. Melbourne is expected to overtake Sydney, currently the nation's largest urban mass, in the population stakes as early as 2031, according to the Australian Bureau of Statistics (ABS).

Sydney is home to many high-end financial services groups, law firms and media companies. Melbourne houses some of Australia's biggest corporations while also still possessing a sizeable manufacturing base.

Australia's inland capital Canberra, which is home to the federal government, has a thriving public services and consulting sector.

Exports & imports

For a country of just under 25 million inhabitants, Australia punches well above its weight when it comes to trade. It is the world's 16th largest exporter and 15th largest importer. However, Australia relies on China like no other; almost 23% of its entire trade goes in either direction. Its Pacific trading routes also dominate. Just 9% of total trade is with the European Union.

Australia's top five import markets:

- 01 China
- 02 US
- 03 Japan
- 04 Thailand
- 05 Germany

Australia's top five export markets:

- 01 China
- 02 Japan
- 03 US
- 04 South Korea
- 05 India

Primary products dominate the export list. Australia's biggest exporting state was Western Australia, driven largely by iron ore. Coal from Queensland and New South Wales were also significant contributors.

Australia's top five imports:

- 01 Motor vehicles
- 02 Fuel
- 03 Telecom equipment
- 04 Computers
- 05 Medicines

Australia's top five exports:

- 01 Iron ore
- 02 Coal
- 03 Gold
- 04 Natural gas
- 05 Beef

The country's services sector – including professional services, education and tourism – also plays a significant role in the economy, now employing four out of every five Australians. Exports of its commercial services grew 8.6% in 2016.

Labour & business

In this section

Highlights

Workforce

Productivity

Bankruptcy

Audit & accounts



Highlights

- ◆ Australia's unemployment rate is at a four-year low of 5.5% and below the OECD average.
- ◆ Productivity is continuing to grow in Australia. In 2017, sectors such as mining, financial services, IT and media led the way. However, productivity levels still rank below that of the euro area and the US.
- ◆ Despite little slack in the jobs market, annual wage growth is just 2%, according to ABS, which is only slightly above the inflation rate of 1.9%.

Population
24.5 million¹

Hours Worked
1,670 hrs²

Workforce
12.9 million²

Unemployment Rate
(as % of Labour Force)
5.5%¹

Human Capital Report (Rank)
20³

Minimum Wage (Per Hour)
\$18.29¹

Maternity Leave (Weeks)
52

Sources:

¹Australian Government, 2018

²Organisation for Economic Co-operation and Development, 2017

³World Economic Forum, 2017

Australia's labour market has a rich history. The legacy of its gold-rush days, which left Australia littered with ghost towns, highlights well the sometimes cyclical nature of the nation's labour force.

Following the 2015 global commodities crash, the country's mining sector, one of its 'five pillars' of the economy, suffered a severe downturn. Yet, Australia's resource-heavy economy – and its labour market – remained surprisingly strong.

In fact, Australia continues to set a steady pace, to the envy of many advanced nations. The employment rate is projected to reach its highest level in more than a decade. And in almost all indicators, the Australian labour market performs as well as or better than its OECD peers.

The health, education and professional services sectors all look set to have the strongest growth prospects in the coming years, according to a 2016 study by the University of Queensland's Australian Institute for Business and Economics.

Today, over 60% of the population is of working age although an ever-ageing population means the number of Australians aged 65 and over is projected to more than double by 2057.

Job satisfaction is good, too, with Australia ranking 11th of 35 nations in Indeed's 2017 Happiness Index. Melbourne-based workers ranked highest in terms of job satisfaction, with Sydney following close behind.

Employees in most industries are covered by 'modern awards', which entitle workers to a minimum wage, set hours of work, annual leave and other significant terms. Despite this, around 9% of employed people are forced to work part-time involuntarily, according to the OECD. Around one in 10 workers are today members of a union.

Although the labour market is open to overseas talent, before foreign nationals are entitled to work and reside in Australia, they must satisfy a points-based immigration system. The visa process is designed to help Australia fill labour shortages in the domestic economy.

Workforce

Numeracy and literacy levels are high in Australia, ranking above Germany, the UK and US, among others, according to the OECD. Around 80% of adults have completed upper secondary education.

The World Economic Forum's Global Human Capital Report 2017 also gave Australia a solid score (20th out of 130) when it came to developing human capital, especially in comparison to its East Asian neighbours.

And although Australia traditionally has something of a risk-averse culture, a thriving start-up scene is developing in Sydney, Melbourne and Brisbane. OECD data also notes a marked pick-up in new entrepreneurial activity in the past four years.

Overseas workers also find Australia one of the world's most attractive destinations to work, ranking the country third globally in a 2017 study by Deloitte. The average wage is comparatively high: Australia ranks eighth globally, with an average salary of USD52,063 per year, according to OECD data.

Productivity

Most developed nations have experienced a productivity slowdown since the financial crisis. Australia's productivity has grown at an average of 1.8% for the five years to 2015-16, slightly higher than the average annual rate of 1.6% over the past 30 years, according to Australian Treasury research.

Bankruptcy

Around 60% of Australia's small businesses fail in the first three years of trading, according to the ABS. While not all shut down due to business failure, those that do face a system that can be tricky to navigate.

Insolvency law splits into two streams; the Corporations Act, which deals with organisations, and a Bankruptcy Act that addresses individuals, sole traders and partnerships.

Both aim to deliver a fair and orderly process. Confusion, though, can often arise as some SMEs straddle both pieces of legislation. Given that Australia is home to 2.1 million small businesses, it can often be a fraught process. The Corporations Act, especially, has been designed with larger, more complex businesses in mind.

In addition, lenders can often find it hard to recover money, although new laws have been designed which will result in an increase in power for creditors.

Audit & accounts

International Financial Reporting Standards must be observed in Australia by all for-profit reporting entities. These 'tier one' entities are required to prepare financial statements and have their accounts audited. Companies whose securities are publicly traded – all banks, insurance companies and similar financial institutions, plus others – fall into this tier one category. Smaller companies can adopt 'tier two' requirements, commonly known as RDR, which reduces the disclosure burden.

Taxes & wages

In this section

- Highlights
- Corporate taxes
- Individual taxes
- Withholding taxes
- Indirect taxes
- Foreign-owned enterprise tax
- Tax incentives



Highlights

- ◆ A 2017 survey by Guardian Money found that Australia has one of the lowest overall personal tax takes of any advanced nation.
- ◆ Australia has relatively high corporate tax rate bands: 30% for larger corporates and 27.5% for smaller businesses – both of which are above the OECD average.
- ◆ GST is a broad-based consumption levy charged at 10% on most goods and services consumed in Australia.

Ease of doing business – Paying Taxes (Rank) 26¹	Personal Income Tax (Rate) 19-45%²
Corporate Income Tax (Rate) 30%²	Value Added Tax (Rate) 10%³

Australia may have some of the highest income tax rates in the world, allied to a lofty 45% top tax band. Yet, in Guardian Money’s 2017 survey of personal tax rates across countries in Europe, Australia and the US, the Southern Hemisphere nation emerged as one of the lower tax countries overall.

Australia uses its tax system in a slightly different way to other countries. There’s no dedicated social security tax, for instance, with pensions and income support paid directly out of income tax revenues. And while Australians may have to pay a small medical levy, increasing from 2% to 2.5% in July 2019, in comparison, French taxpayers typically face paying 25% of their salary on social security contributions. UK workers generally pay 12% National Insurance contributions, all of which are on top of any income tax commitments.

It’s a similar story for business taxes. Australia has the second-highest corporate tax take as a percentage of GDP in the OECD group of advanced nations, even though its goods and services consumption tax rate ranks among the lowest of its peers.

Sources:
¹World Bank Group, 2018
²PwC, 2017
³Trading Economics, 2017

Corporate taxes

Over the next few years, the Australian government is planning to gradually reduce its corporate tax rate bands – currently 30% for large corporates and 27.5% for smaller businesses – to a uniform 25% by the 2026/27 financial year.

In much the same vein as many of its trading partners, the tax reductions are a message that Australia is open for business.

Non-resident companies are taxed on Australian-sourced income at the same rate as a resident company. Companies can qualify for certain concessions if they pay their taxes on time. Payments can be made either monthly, quarterly or annually.

Capital gains taxes are also applied on any capital gains made through the disposal of assets.

Individual tax

All Australian residents must pay personal income tax on their earnings. For 2018/19, those rates are:

Taxable income	Tax on this income
A\$0 – A\$18,200	Nil
A\$18,201– A\$37,000	19c for each A\$1 over A\$18,200
A\$37,001 - A\$90,000	A\$3,572 plus 32.5c for each A\$1 over A\$37,000
A\$90,000 - A\$180,000	A\$20,797 plus 37c for each A\$1 over A\$90,000
A\$180,001 and over	A\$54,097 plus 45c for every A\$1 over A\$180,000

Most employees have their income tax deducted automatically at source by their employer from each payslip. At the end of each financial year, your total income will be declared on your tax return. Most of this information is pre-filled in by employers, but some people will have to record it manually. Regardless of how the tax return is filled in, you need to make sure it is accurate and complete.

Tax returns cover the financial year, which runs from 1st July to 30th June. If you need to lodge a tax return, you then have four months after the end date – to 31st October – to pay what you owe.

Employee payslips also generally show superannuation contributions from an employer. These are compulsory payments made by an employer to contribute to an employee's retirement pot. The rate is 9.5%. Employees are encouraged to supplement these contributions.

Withholding taxes

Interest, dividend and royalty payments to Australia non-residents are subject to a withholding tax. 'Unfranked' dividends carry a rate of 30%, although 'franked' dividends – in which Australian tax has already been paid – are not subject to a withholding tax, an arrangement that eliminates the double taxation of dividends.

Interest paid by an Australian company to a foreign resident is generally subject to a 10% withholding tax, with royalties facing a 30% withholding tax.

Indirect tax

The main indirect tax in Australia is the goods and services tax (GST), which is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia.

GST-registered businesses must collect an extra one-eleventh of any sale subject to GST and pay it to the Australian Taxation Office when due. Businesses need to register for GST if they have a turnover exceeding A\$75,000.

If you make, import or sell wine, you will also be required to pay a wine equalisation tax of 29%. Luxury cars, too, attract a tax of 33%. Meanwhile, businesses can claim fuel tax credits for the amount of tax included in the price of what they have used.

Foreign-owned enterprise tax

For foreign residents, tax obligations will be affected by tax treaties between Australia and your home nation, as well as the scale and nature of any business you may have.

There are, however, no significant tax advantages or disadvantages to foreign-owned businesses either setting up as a branch of a foreign company or as a wholly-owned subsidiary in Australia.

Tax incentives

Australia operates a highly favourable business environment with many tax breaks available.

From time to time, to attract desired companies to relocate to Australia, the government will offer several inducements to overseas firms around payroll, tax, immigration and even assistance with site selection.

More general tax incentives include R&D tax credits for activities undertaken in Australia, enticements for venture capital and early-stage investing, as well as a foreign income tax offset, which reduces the impact of double taxation.

Investment & trade

In this section

- Highlights
- Ease of doing business
- Foreign investment
- Competitiveness
- Government incentives
- Capital markets & banking
- Intellectual property rights



Highlights

- ◆ The US and UK are the top two sources of foreign investment into Australia, accounting for almost 45% of the total.
- ◆ Australia has free trade agreements in place with many countries, including the US, China and Japan.
- ◆ The World Bank's Doing Business Survey 2018 ranked Australia as the 14th best place to do business globally.

FDI Net Inflows
(Current USD)
\$42 billion¹

Ease of doing business -
Starting a business (Rank)
7¹

Ease of doing business
- Trading across borders
(Rank)
95¹

Enabling Trade Index
(Rank)
26²

Foreign investment of A\$3.2 trillion flooded into Australia in 2016. And it's not hard to see why – with close ties to the fast-growing Asian continent, a top-performing economy, a host of free trade agreements and a nation that speaks the global language of business.

Many multinationals also view Australia as the place to set up their regional headquarters to target the Asia-Pacific region.

What's more, Australia generally has a comparative advantage in the economic activities it does relatively well. These 'five pillars' range from resources and energy to agribusiness, financial services, education and tourism.

Australia can also count on its aptitude for R&D, its commitment to innovation and being the ideal environment for the testing of new ideas.

And with a timezone that spans the close of business in the US and market opening in Europe, Australia can count itself as a major player on the global stage.

Sources:

¹World Bank Group, 2018

²World Economic Forum, 2017

Ease of doing business

Australia is ranked by the World Bank as the seventh easiest place in which to set up a business. It also sits in the top five countries of the Heritage Foundation's 2017 Index of Economic Freedom. The survey's authors said the Australian economy "has benefited from an effective system of government, a well-functioning legal system, and an independent bureaucracy, all of which have facilitated robust entrepreneurial development".

The World Economic Forum's Global Competitiveness Report 2017 also viewed Australia as a consistent performer across all business disciplines, although it did highlight a few barriers. These included restrictive labour regulations, tax rates and excessive government red tape.

There is also something of a late payment culture. A 2017 report by MarketInvoice found that Australian companies were the slowest of any nation at paying outstanding invoices, being on average 26.4 days overdue.

Foreign investment

Of the A\$3.2 trillion foreign investment that Australia received in 2016, the mining sector was by far the biggest recipient of the money – attracting two-fifths of the entire pot. Financial services, real estate and manufacturing also grabbed significant chunks.

Australia ranks as the 14th largest destination country for world direct investment. Its global appeal is evident, with significant amounts of money flooding in from Asia, Europe and the Americas.

Competitiveness

Businesses in Australia are traditionally very familiar with new competition. Once a faraway land, agile new entrants would occasionally dip their feet into Australia's domestic market. The incumbents, however, have learnt to respond to these threats. It is why, today, Australian businesses are confident adapting – sometimes quickly – to market change.

After all, there is a competitive spirit ingrained into the nation's psyche. It's also what gives many of Australia's sporting superstars their winning edge.

Government incentives

The Australian Trade and Investment Commission, or Austrade for short, should be the first point of contact for businesses looking to invest or set up in the country.

Individual states also offer a range of programmes to encourage business, innovation and growth within their jurisdictions. In addition to the many tax inducements on offer (see tax section), assistance is available to businesses through grants, the finding and training of employees, and major project facilitation.

A new entrepreneur visa has also been set up to help fast-track the brightest talent to Australia's shores. Entrepreneurs will need to have an innovative idea, A\$200,000 in financial backing from a third party and be under the age of 55.

Capital markets & banking

Sydney boasts a world-class financial services sector, an extensive investment community and stock exchanges that operate in a timezone straddling those of the US and Europe.

The Australian Stock Exchange (ASX) is the primary exchange in Australia with its ASX200 index – comprising the 200 largest ASX-listed companies – acting as the benchmark for Australian equity performance.

Sydney is also well connected to Tokyo, Singapore and Hong Kong, the other main financial centres in the Asia-Pacific region.

Likewise, Australia's banking sector is well developed.

Foreign exchange accounts and domestic currency (AUD) accounts can be held by residents both domestically and abroad. Resident domestic currency accounts are freely convertible into foreign currency. Non-resident bank accounts are permitted in both foreign and domestic currency. Non-resident domestic currency accounts are freely convertible into foreign currency.

All transactions between residents and non-residents must be reported to the Australian Bureau of Statistics on a quarterly or annual basis for balance of payments purposes.

The 'Big Four' Australian banks have recently dropped ATM charges, although overseas cards will still be charged. Payment by card is now ubiquitous across the country, with the use of cheques in permanent decline. Contactless and mobile payment technology is now also widespread.

A New Payments Platform (NPP) has been introduced in Australia, as a world class payments infrastructure for the economy. It provides consumers, businesses and government departments with a platform to make fast, versatile and data-rich payments to meet the evolving needs of a 24/7 digital environment.

Intellectual property rights

Anyone wanting to protect their work or ideas in Australia should contact the country's Intellectual Property (IP) office. Ideas, inventions, patents, brands, designs and trademarks – as well as plant breeders' rights – can all be protected.

New South Wales, Victoria and Queensland are the states where most patents, trademarks and designs are filed.

The IP office also provides a 'Toolkit for Collaboration', which helps people understand the issues regarding collaborations between researchers and business.

Copyright is one of two forms of intellectual property – the other being circuit layout rights – that doesn't require formal registration in Australia. Copyright protection is provided under the Copyright Act 1968.

Enforcement of intellectual property rights can be pursued through the courts. Damages are awarded for any losses suffered.

Infrastructure

In this section

Highlights

Transport infrastructure

Digital infrastructure

Infrastructure investment



Highlights

- ◆ Melbourne recently scored a perfect 100 for infrastructure in the Economist Intelligence Unit's 2017 Liveability Report.
- ◆ Almost 80% of all journeys are taken by car in Australian cities, with rush-hour bottlenecks commonplace.
- ◆ An ambitious A\$40 billion project, National Broadband Network, is bringing super-fast internet to the masses.

Railway Network

36,967 km¹

Quality of Overall

Infrastructure (Rank)

39²

Quality of Port

Infrastructure (Rank)

35²

Motorway Network

823,217 km¹

Quality of Roads

(Rank)

35²

Quality of Air Transport

Infrastructure (Rank)

36²

Waterway Network

2,000 km¹

Quality of Railroad

Infrastructure (Rank)

35²

ICT Infrastructure –

Network Readiness

Index (Rank)

27²

Nine out of 10 Australians live on its coastal fringe, mostly in crowded cities. These hubs are likely to become more congested, too, with Australia's population predicted to increase by almost 50% to 35.9 million by 2050.

Yet, today its infrastructure is holding up remarkably well. Melbourne recently scored a perfect 100 for infrastructure in the Economist Intelligence Unit's 2017 Liveability Report. And overall, the World Economic Forum ranked Australia a solid 17th globally for infrastructure.

A massive multi-billion-dollar spending spree on several big-ticket road and rail projects is also under way to help meet its future infrastructure needs. Between roads and rail, annual spend is expected to increase to A\$16 billion by 2020.

It's a digitally advanced nation, too, with seamless access to the rest of the world. Super-quick broadband speeds for many, a near-ubiquitous 4G network and a commitment to emerging technologies.

Australia really is a place set up to do business.

Sources:

¹Central Intelligence Agency, 2017

²World Economic Forum, 2018

Transport infrastructure

Driving remains the preferred mode of transport in Australian cities, with almost 80% of journeys taken by car. Melbourne's Grattan Institute found that rush-hour delays of 15-20 minutes were a common occurrence in the CBDs of both Sydney and Melbourne. Away from the major cities, cars are also heavily relied upon to travel on the vast network of roads that link the massive country.

Railways also connect Australia's major hubs. A train from Sydney to Melbourne typically takes 11 hours to cover the 875 km journey. For the more intrepid rail passenger, a one-way 4,350 km trip across the country from Sydney to Perth on the 'Indian Pacific' will take the best part of three days.

An island nation, Australia relies on its ports for international trade and domestic freight movements. And its airport hubs act as a gateway to the rest of the world. Nearly 42 million passengers used Sydney Airport in 2016.

Set to open in 2026, the \$5.3 billion investment in Australia's new Western Sydney Airport is a transformational infrastructure project that will generate economic activity, provide employment opportunities and meet Sydney's growing aviation needs.

Digital infrastructure

Australia is in the midst of rolling out its biggest ever infrastructure undertaking, the National Broadband Network. The aim of the 10-year, A\$40 billion project is to serve up super-fast internet to 95% of the population.

It's an ambitious project because Australia is a huge, sparsely populated country – making the business case for rolling out fibre difficult in some regions.

Already, though, the country has laid claim to having the world's best 4G network. However, EY does warn in its 2017 report Digital Australia: State of the Nation that increasing infrastructure investment is sorely needed to reverse years of underinvestment and to keep pace with the fast-growing global digital economy.

Infrastructure investment

By some estimates, the number of new infrastructure projects planned for Australia in the next few years will double in monetary value.

These include the new underground metros planned for both Sydney and Melbourne, major road improvements around Sydney, as well as to the Bruce Highway in Queensland, and the upgrade to the Melbourne-Adelaide-Perth rail link.

Freight and supply chains are also being bolstered around the country in anticipation of increasing trade with China and Southeast Asia.

On top of that, there is the aforementioned rollout of the National Broadband Network, which tops them all in terms of infrastructure spending.

Cost of living

In this section

Quality of life

Relocation

Commercial real estate



Highlights

- ◆ Six of Australia's urban areas made it into the top 40 global cities in Mercer's 2018 Quality of Living Index.
- ◆ Life expectancy in Australia is 82.8 years, the fourth highest in the world, according to the World Health Organization.
- ◆ Sydney is now the world's second most unaffordable place to buy a house, ranking behind Hong Kong.

Cost of Living Country Index (Rank)

15¹

Quality of Living City Index (Rank)

Sydney

Melbourne

10²

16²

International Property Rights Index (Rank)

10³

With some of the least affordable real estate on the planet, as well as sky-high living expenses, it is sometimes a wonder that Australian cities consistently rank among the global elite when it comes to quality of living.

It's clear, though, that health and happiness mean a lot to people. With its great weather, cosmopolitan cities and a relaxed lifestyle, Australia certainly provides this.

Sydney, Melbourne, Perth, Adelaide, Canberra and Brisbane – in that order – all comfortably ranked in the top 40 global cities in Mercer's 2018 Quality of Living Index. All sat above Paris, London and New York. Only Germany could rival Australia for the sheer quantity of cities on the list.

Life expectancy in Australia is now 82.8 years; ranking fourth in the world, according to the World Health Organization. And for quality of life based on environment indicators such as healthcare and education, Australia also positioned highly at ninth place globally in the Social Progress Imperative Index 2017.

Sources:

¹Numbeo, 2018

²Mercer, 2018

³Property Rights Alliance, 2017

Quality of life

Sydney is ahead on the median price for a dwelling at A\$909,914 (the median house price is \$1,079,399). The average price in Melbourne is A\$695,500 for a dwelling and A\$810,966 for a house. For those in the smaller cities, you are looking at roughly half that amount.

An in-depth 2017 study by Demographia discovered that Sydney has the second most unaffordable housing in the world, ranking behind Hong Kong. Melbourne came sixth on the list, which took 94 major cities into account. To buy a house in Sydney, 12.2 times the median income is required. And for Melbourne it is 9.5.

Rentals across Australia are expensive, too. For those looking to rent, it may be worth reviewing the small print. Leases shorter than 12 months are quite common, with many tenants stuck on rolling month-to-month contracts, according to a 2017 report by Choice on the state of Australia's rental market.

Relocation

First, it's important that you have the correct visa. Then think distance: Sydney's a 22-hour long-haul flight from London and 14 hours from Los Angeles.

Your personal belongings can take a while to arrive. Australian customs are quite strict on what is allowed into the country.

Medicare, Australia's public healthcare system, is available to all permanent visa holders and Australian citizens. To be eligible, you need to register, which then entitles you to either free or subsidised treatments.

Commercial real estate

Office space in Sydney and Melbourne tends to be at a premium. Tenants in Sydney can pay upwards of A\$1,200 per sq m for a prime central business district (CBD) location. Melbourne prime office space ranges from A\$600 per sq m annually to just over A\$700. But it is not an even story across the rest of the country, with generally more office vacancies in Brisbane, Perth, Canberra, Adelaide and Darwin.

Average prime office rents:

Sydney - A\$720 per sq m

Melbourne - A\$370 per sq m

Total CBD office market:

Sydney - 5.1 million sq m

Melbourne - 4.6 million sq m

HSBC in Australia

In this section

Highlights

Profile

Key products & solutions

Next steps



Highlights

HSBC is the leading international bank in Australia, in terms of assets.

Principal HSBC Group members in Australia are HSBC Bank Australia Limited and The Hongkong and Shanghai Banking Corporation Limited.

Profile

Established in 1965, with a full commercial banking license obtained in 1986, HSBC Australia has four main business lines:

- ◆ Global Banking & Markets
- ◆ Commercial Banking
- ◆ Retail Banking & Wealth Management
- ◆ Private Banking

Operating from 35 bank branches and five offices throughout Australia, we offer multinational coverage through a dedicated team of staff.

Key products & solutions

- ◆ Credit and Lending
- ◆ Financing and Advisory Services
- ◆ Foreign Exchange
- ◆ Trade and Receivables Finance
- ◆ Investments
- ◆ Cash Management and Payments
- ◆ Working Capital

Next steps

If you have any questions relating to our services or would like further information:

- ◆ Speak to your HSBC Relationship Manager
- ◆ Email commercial.banking.contact@hsbc.com.au
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