

International Business Guides

Australia



HSBC | Opening up a world of opportunity

- 02** Welcome to Australia
- 03** Australia: A land of plenty
- 04** Country profile
- 06** Society and culture
- 09** Working practices and values
- 10** Business etiquette
- 14** Economy
- 18** Sustainability
- 22** Labour and business
- 25** Taxes and wages
- 29** Investment and trade
- 33** Infrastructure
- 36** Cost of living
- 39** HSBC in Australia

Welcome to Australia

With the 14th largest economy in the world, Australia provides an abundance of opportunities for international companies. It's long-term economic strength and resilience make it an ideal place in which to do business.



Antony Shaw
Chief Executive Officer,
HSBC Australia

Contact
Head office address:
Level 36, Tower 1 –
International Towers
Sydney, 100 Barangaroo
Avenue, Sydney NSW 2000

Australia has one of the highest qualities of life globally. Its diverse range of industries, highly skilled workforce and connections to fast-growing Asian nations give it a unique position among major business destinations.

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

As one of Australia's leading international banks, we are very well positioned to help your business open up a world of opportunity.

I very much look forward to working together.

Essentials

Capital city
Canberra

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

Population
26.1 million¹

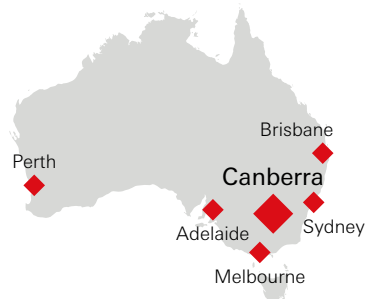
Size
7,692,024 sq km

GDP
USD 60,443 per capita²

Main languages
English

Currency
Australian Dollar (AUD)

Time zone
UTC +8



Typical office hours
08:30 or 09:30 until 16:30 or 17:30, Monday to Friday

Unemployment rate
3.9%³

Corporation tax
30%⁴

Dialling code
+61

Emergency numbers
000 (police, fire and ambulance)

Top exports
Mineral fuels including oil; ores, slag and ash; gems and precious metals; cereals; meat; salt, sulphur, stone and cement; inorganic chemicals; oil seeds; aluminium; machinery including computers⁵

Top imports
Mineral fuels including oil, machinery including computers, vehicles, electrical machinery and equipment, pharmaceuticals, optical, technical, medical apparatus, gems and precious metals, plastics and plastic articles, articles of iron or steel, and furniture and bedding, lighting, signs and prefabricated buildings⁶

Australia: A land of plenty

Thriving economy
Resource-rich Australia holds a modern-era record for uninterrupted growth. Between 1991 and 2019 the country's economy expanded steadily without recession.

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 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. 58% of Australians are middle-class, just off the OECD average of 61%.

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.

1. Australian Government, 2023

2. World Bank, 2023

3. Australian Government, 2023

4. PwC, 2023

5. World's Top Exports, 2022

6. World's Top Exports, 2022

Country profile

Situated between the Indian 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's National Broadband Network, a country-wide open access data network, aims to provide all Australians with fast internet access.

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.

1. Australian Government, 2023

5 key challenges when doing business in Australia²

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.

2. PwC, 2022

Society and culture

In this section

- Language
- Food
- Religion
- Values
- Customs and 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 and 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 and 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 32nd out of 41 countries on its 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 \$21.38 per hour, or \$812.60 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 and imports



Highlights

- Australia’s economy achieved growth without a recession between 1991 and 2019, the longest run of uninterrupted growth in the developed world.
- The annual inflation rate in Australia dropped to 7.0% in Q1 of 2023, down from 7.8% in the previous quarter.
- Economic growth in Australia appears to be slowing, with GDP projected to grow by 1.9% in 2023 and 1.6% in 2024.

GDP (Current USD)
\$1.55 trillion¹

Real GDP Growth
2.7%²

GDP Per Capita
\$60,443³

Inflation Rate
7.0%⁴

Economic Structure⁵

Services (% of GDP)	65.71%
Industry (% of GDP)	25.5%
Agriculture (% of GDP)	2.27%

	Exports	Imports
Global Ranking ⁶	20	24
Value	\$343 billion ⁷	\$276.30 billion ⁸
% of GDP	22.08% ⁹	17.8% ¹⁰

Australia holds the world record for the longest period of economic growth in the modern era. Between 1991 and 2019, Australia's economy experienced a period of growth unprecedented in the developed world.

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, home ownership rates are high despite elevated prices.

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.

5. Statista, 2023

6. OEC, 2023

7. Trading Economics, 2022

8. Macrotrends, 2023

9. Trading Economics, 2022

10. World Bank, 2023

1. World Bank Group, 2023

2. CEIC Data, 2023

3. World Bank Group, 2023

4. Trading Economics, 2023

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 ranks as the 10th most liveable city in the world, according to the Economist Intelligence Unit's 2022 Global Liveability Index.

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 and imports

For a country of just over 25 million inhabitants, Australia punches well above its weight when it comes to trade. It is the world's 20th largest exporter and 15th largest importer. In 2022, 82.7% of Australia exports by value were delivered to Asian countries, with 35.6% of its global total exports going to mainland China. Just 6.4% of its trade goes to Europe.

Australia's top five import markets:

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

Australia's top five export markets:

- 01 China
- 02 Japan
- 03 South Korea
- 04 India
- 05 United States

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 Refined petroleum
- 02 Cars
- 03 Crude petroleum
- 04 Broadcasting equipment
- 05 Delivery equipment

Australia's top five exports:

- 01 Iron ore
- 02 Coal
- 03 Petroleum gas
- 04 Gold
- 05 Aluminum oxide

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.

Sustainability

In this section

- Highlights
- Global ranking and progress
- Business opportunities
- Future developments




Highlights

- Australia has achieved the SDG goal ‘good health and wellbeing’ and is on track to achieve several others by 2030 according to the UN’s current assessment of SDG trends.
- The country sees the SDGs as closely aligned with the values of Australian society and has affirmed its commitment to the goals as part of its plans for long-term growth and prosperity.
- Australia dropped 3 places to rank 38th out of 163 countries on the SDG Global Rank 2022, trailing behind many developed nations and is not on track to meet all of the SDGs by 2030.

To meet the UN Sustainable Development Goals (SDGs) in Australia, a collaborative approach is required, with state and federal governments working together with business, academia and civil society.

The ultimate aim of the SDGs is to end poverty, protect the planet and ensure prosperity for everyone. Each goal has specific targets that need to be met by 2030 to create a sustainable global economy.

		
01 No poverty	06 Clean water and sanitation	12 Responsible consumption and production
02 Zero hunger	07 Affordable and clean energy	13 Climate action
03 Good health and wellbeing	08 Decent work and economic growth	14 Life below water
04 Quality education	09 Industry, innovation and infrastructure	15 Life on land
05 Gender equality	10 Reduced inequalities	16 Peace, justice and strong institutions
	11 Sustainable cities and communities	17 Partnerships for the goals

Global ranking and progress

Australia ranks 38th out of 163 countries on the SDG Global Rank 2022. Australia is trailing behind many developed nations and is not on track to meet all of the SDGs by 2030.

While Australia is close to achieving a number of its SDG goals, the fact remains that Australia will fail the SDGs as a whole based on its current performance.

Australia's existing legislation, regulation and policy are already working towards many of the environmental, social and economic outcomes covered by the SDGs.

The Business Council of Sustainable Development Australia is working to transition the country to a more sustainable future through partnerships between businesses and non-governmental organisations. The council is focused on objectives that include energy and climate change, people, and food, land and water.

These are positive steps, but there are many areas where Australia still has a distance to travel. For example, while Australia can state that it has achieved the SDG 'good health and wellbeing' the reality is far different for Aboriginal and Torres Strait Islander peoples, where significant gaps in access to education, health care and life expectancy still exist.

Since 2007, the Commonwealth government has focused its efforts to improve outcomes for Aboriginal and Torres Strait Islander communities through what is referred to as the Closing the Gap targets – seven targets that guide efforts at national and state levels:

- Halve the gap in child mortality
- Close the gap in life expectancy
- 95% of 4-year-olds enrolled in early childhood education
- Close the gap in school attendance by 2018
- Halve the gap in reading and numeracy
- Halve the gap in year 12 attainment
- Halve the gap in employment by 2018

The 2020 report showed only two targets of the seven on-track – early childhood education and year 12 attainment.

Additionally, long-standing challenges, such as transitioning a workforce affected by technological and industrial change, and a persistent failure to adequately address climate change, mean that a concerted effort is required by Australia if the country is to positively use the SDGs as a framework for a better future.

It is hoped that the creation of a national platform showing progress towards the SDGs and their indicators will help to shape government policy and direct private sector action towards solutions to the challenges of implementing the goals.

Business opportunities

Addressing the SDGs would unlock significant opportunities for Australia. Research from HSBC showed Australia as the second most vulnerable country from climate risk, after Israel, as a result of a slow rate of energy transition and high propensity for extreme events. However, the country is also the third best placed to respond. This is backed up by recent research from WWF Australia and EY that found an AUD2billion renewable stimulus package would unlock over 100,000 jobs, generating nearly three times as many jobs than investment in fossil fuel projects, unlocking AUD9.3billion in investments. A pivot towards renewables, green hydrogen, batteries and low-carbon trade opportunities would drive growth and highlight the importance of developing national platforms to build partnerships.

The opportunities are not just domestic either. Australia's physical and trade proximity to key Asian markets, which are also striving to achieve the SDGs, means that opportunities for businesses in international markets should not be underestimated. The Australian SDGs Hub for Business is designed to help mobilise and connect these efforts. It has produced guides for businesses outlining the opportunities the SDGs offer, with practical tools to implement, measure and track actions.

In the challenge to deliver net-zero economies, investment in nature can also deliver significant outcomes. Research from The Nature Conservancy and Blue Carbon Lab has quantified the value of marine ecosystems and blue carbon stocks in key geographies, demonstrating environmental and economic outcomes that can be had through blue financing. Coastal habitats contribute AUD35 million to fisheries each year in South-east Australia alone, and could help prevent AUD3 billion of damage to property over the next 70 years. The environmental benefits could be huge, too. For example, the seagrass meadows and mangrove forests within the Great Barrier Reef's coastal ecosystems currently store 111 million tonnes of carbon.

HSBC is committed to helping businesses transition to a more sustainable future. Our network, financial expertise, tools and connections are supporting clients across the world to achieve their sustainability goals.

Future developments

Innovation alongside collaboration is seen as crucial to supporting Australian efforts to move towards meeting the SDGs. A number of projects harnessing innovation to tackle some of the main challenges Australia faces in achieving its SDG targets have been launched. These include energy and water conservation, affordable housing, infrastructure development, health, food and land management.

A number of incentives to support innovation and help is available for businesses keen to harness their organisation towards meeting the SDGs.

The Australian SDG Hub provides information and resources for businesses seeking to align their purpose with the SDGs.

Labour and business

In this section

- Highlights
- Workforce
- Productivity
- Bankruptcy
- Audit and accounts



Highlights

- Australia’s unemployment rate stands at 3.5%, as of March 2023.
- Productivity is continuing to grow in Australia, with sectors such as mining, financial services, IT and media leading 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 3.3%, according to ABS, which is significantly below the inflation rate of 7%.

Population
26.1 million¹

Workforce
13.8 million⁴

Hours Worked
1,910 million hrs
(March 2023)²

Unemployment Rate
(as % of Labour Force)
3.9% (April 2023)⁵

Minimum Wage (Per Hour)
AUD 21.38³

Maternity Leave (Weeks)
52

1. Australian Government, 2023

2. Australian Government, 2023

3. Australian Government, 2023

4. Australian Government, 2023

5. Australian Government, 2023

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 12th in the 2020 World Happiness Report rankings.

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.

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 the third most attractive destination for relocating abroad in 2021, according to a global survey conducted by Boston Consulting Group. Note: entry into Australia is currently restricted due to the Covid-19 pandemic (for further information go here: covid19.homeaffairs.gov.au/). The average wage is comparatively high: Australia ranks tenth globally, with an average salary of USD 56,600 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 2.5 million small businesses, with 97.5% of businesses employing fewer than 20 people, 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 and 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 and wages

In this section

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



Highlights

- Australia ranks 28 out of 189 in PwC's Paying Taxes 2020 rankings, right behind the UK and three spots behind the United States.
- Australia has relatively high corporate tax rate bands: 30% for larger corporates and 25% 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.

Personal Income Tax
(Rate)
19-45%, with the 32.5% and 37% bands being phased out after 30 June 2024.¹

Corporate Income Tax
(Rate)
Up to 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. Despite the relatively high tax rate, Australia ranked 28th in PwC's 2020 paying taxes rankings. The country received high marks for ease of paying taxes.

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.

1. PwC, 2023

2. PwC, 2023

3. PwC, 2023

Corporate taxes

Companies in Australia pay a corporate tax rate of 30% for larger corporates and 25% for smaller businesses – both levels are above the OECD average.

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 2023/24, those rates are:

Taxable Income (AUD)	Tax on this income
\$0 – \$18,200	Nil
\$18,201 – \$45,000	19 cents for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$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 future retirement. The rate is currently 10.5%. However, it is scheduled to progressively increase to 12% by 2025.

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 and trade

In this section

- Highlights
- Ease of doing business
- Foreign investment
- Competitiveness
- Government incentives
- Capital markets and 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 2020 ranked Australia as the 14th best place to do business globally.

FDI Net Inflows
(Current USD)
\$42 billion¹

IMD World
Competitiveness Ranking
19²

AUD 4.1 trillion worth of foreign investments were made in Australia in 2021. 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.

1. World Bank Group, 2020

2. IMD, 2022

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 ranks third on the Heritage Foundation's 2021 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 2022 IMD World Competitiveness Ranking placed Australia 19th out of 63 countries surveyed, ranking 16th for economic performance and government efficiency, 26th for business efficiency, and 19th for infrastructure. 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 Market Invoice 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 \$3.8 trillion foreign investment that Australia received in 2019, the mining sector was by far the biggest recipient of the money – attracting about 35% 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 and 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.

Consumers can use the ATMs of their own bank for free, and the 'Big Four' Australian banks dropped their ATM withdrawal charges. 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 is the only Southern Hemisphere city to make it into the top ten of the Economist Intelligence Unit’s 2022 Liveability Report.
- Almost 80% of all journeys are taken by car in Australian cities, with rush-hour bottlenecks commonplace.
- Driving remains the preferred mode of transport in Australian cities, with almost 80% of journeys taken by car.

Railway Network
32,900 km¹

Waterway Network
2,000 km³

Motorway Network
873,600 km²

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 is the only Southern Hemisphere city to make it into the top ten of the Economist Intelligence Unit’s 2022 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. From 2022-23 the Australian Government is investing AUD120 billion over 10 years in transport infrastructure across Australia. The programme includes commitments to upgrade key freight routes, reduce traffic congestion, develop high speed rail, and improve road safety.

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.

1. Australian Government, 2021

2. World Data, 2021

3. World Data, 2021

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. 27.58 million passengers used Sydney Airport in 2019.

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

Everybody knows Australia is a vast, sparsely populated country, but 96.2% of the population now enjoys access to the internet.

The culmination of a huge 10-year infrastructure project costing more than AUD40 billion.

Australia's 5G network is in the process of being rolled out across the country. Currently, 5G is only available in select areas, mostly including large cities such as Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

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.

Cost of living

In this section

- Highlights
- Quality of life
- Relocation
- Commercial real estate



Highlights

- Four of Australia's cities made it into the top 20 global cities in Numbeo's 2023 Quality of Life Index.
- Life expectancy in Australia is 83.94 years, which is a 0.18% increase from 2022.
- Numbeo's Cost of Living, Prices by City breakdown features all but one Australian state capital in the global top 20.

Cost of Living Country Index (Rank)
13¹

International Property Rights Index (Rank)
11⁴

Quality of Living City Index (Rank)

Sydney
28²

Melbourne
42³

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.

Life expectancy in Australia is 83.94 years. And for quality of life, Australia is working towards the Sustainable Development Goals, with an SDG raking of 75.6, but ranks lower than one might expect, at 38th out of 163 countries.

1. Numbeo, 2023

2. Numbeo, 2023

3. Numbeo, 2023

4. Property Rights Alliance, 2023

Quality of life

The most expensive capital city to rent a house in is Canberra, which has a median weekly rent of AUD 690. In second place, rent in Sydney costs AUD 650 per week, rising by 8.3% in the last year, whilst Melbourne is AUD 480 per week.

A recent study by Demographia found that three of Australia's cities ranked in the top ten least affordable housing markets in the world. Sydney came in fourth, Melbourne fifth and Auckland was ranked seventh.

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 AUD1,323 per sq m for a prime central business district (CBD) location. Melbourne prime office space averages at AUD689 per sq m annually. Across the rest of the country, there are generally more office vacancies in Brisbane, Perth, Canberra, Adelaide and Darwin.

Average prime office rents:

CBD of New South Wales	AUD 1,323 per sq m
CBD of Victoria	AUD 689 per sq m

HSBC in Australia

In this section

- Highlights
- Profile
- Key products and 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 three main business lines:

- Global Banking and Markets
- Commercial Banking
- Wealth and Private Banking

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

Key products and 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
- Visit business.hsbc.com.au

To view the HSBC International Business Guides landing page and explore other countries please visit business.hsbc.com/business-guides

This document was last updated in June 2023

DISCLAIMER

This document is issued by HSBC Bank Australia Limited ("HSBC"). We make no representations, warranties or guarantees (express or implied) that the information in this document is complete, accurate or up to date. We will not be liable for any liabilities arising under or in connection with the use of, or any reliance on, this document or the information contained within it. It is not intended as an offer or solicitation for business to anyone in any jurisdiction. The information contained in this document is of a general nature only. It is not meant to be comprehensive and does not constitute financial, legal, tax or other professional advice. You should not act upon the information contained in this document without obtaining your own independent professional advice. The information contained in this document has not been independently verified by HSBC.

This document contains information relating to third parties. The information does not constitute any form of endorsement by these third parties of the products and/or services provided by HSBC or any form of cooperation between HSBC and the respective third parties.

Under no circumstances will HSBC be liable for (i) the accuracy or sufficiency of this document or of any information, statement, assumption or projection contained in this document or any other written or oral information provided in connection with the same, or (ii) any loss or damage (whether direct, indirect, consequential or other) arising out of reliance upon this document and the information contained within it.

HSBC does not undertake, and are under no obligation, to provide any additional information, to update this document, to correct any inaccuracies or to remedy any errors or omissions.

No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of HSBC and the third-party contributor. Any products or services to be provided by HSBC in connection with the information contained in this document shall be subject to the terms of separate legally binding documentation and nothing in this document constitutes an offer to provide any products or services.

Copyright: HSBC Group 2023. ALL RIGHTS RESERVED.