Australia: Market Profile

1. Overview

While the mining industry is a key contributor to economic growth in Australia, the economy has been diversified and is dominated by the services sector, which comprises about 60% of its GDP and about 80% of its labour force. Since 2010, information, media and telecoms, accommodation and food services, and finance and insurance have been the standout industry performers. The Australian government recently conducted a
performance review of Australia's innovation, science and research system, developing a strategic plan called Australia 2030: Prosperity through Innovation. The strategy provides a vision of the innovation, science and research system aspired to by 2030, sets goals, outlines the actions required and advocates for reforms on key issues, such as investment, innovation, collaboration and skills, delivering and operating research infrastructure, and how better to plan and use Australia's investment in research and development.

Sources: OECD, Fitch Solutions

2. Major Economic/Political Events and Upcoming Elections

November 2017
Constitutional crisis arose as several members of parliament, including the deputy prime minister, quitted over rule barring dual citizens from federal office.

February 2018
Deputy Prime Minister Barnaby Joyce stepped down.

August 2018
Prime Minister Malcolm Turnbull stepped down. Former-Treasurer Scott Morrison became the country's 30th prime minister and leader of the Liberal Party.

May 2019
Australia's conservative coalition secured an outright parliamentary majority, winning 76 seats in Australia's parliament, which was comprised of 151 elected lawmakers. This allows Prime Minister Scott Morrison to progress his legislative agenda without the support of independents. The result sent Australian banking, property and health-related stocks to an 11-year high on May 20, 2019.

May 2019
Electric vehicle start-up ACE-EV, in partnership with Aldom Motor Body Builders, announced that it was in the process of signing an agreement to manufacture electric vans and a pick-up, and eventually passenger vehicles in Southern Australia by 2020. The company also noted that it aims to have an eventual production capacity of around 15,000 units annually, the majority of which will be exported. This marks the first time a large-scale manufacturer has opted to operate in the Australian market over its lower-cost Asian neighbours since the end of General Motors Company's operations in the country in 2017.

Source: BBC Country Profile – Timeline

3. Major Economic Indicators
4. External Trade

4.1 Merchandise Trade

Source: WTO
Date last reviewed: May 31, 2019
4.2 Trade in Services

Source: WTO
Date last reviewed: May 31, 2019

5. Trade Policies

- Australia has been a World Trade Organization (WTO) member since January 1, 1995 and a member of the General Agreement on Tariffs and Trade since October 11, 1967. Goods are classified according to the Harmonized System for the purposes of tariff categorisation.
- Australia is a signatory to the WTO 'Agreement on the Application of Sanitary and Phytosanitary Measures'. Foreign exporters, however, may find it difficult to comply with Australia's import quarantine requirements. Aside from issues relating to the importation of fresh food and animals, Australia’s quarantine measures cover a
number of other imported products such as farm, mining and construction machinery, some packaged foods and other products that may pose a contamination risk to Australia's agricultural industry or natural environment. The Australian government enforces its quarantine measures very strictly. Importers have little recourse once a shipment encounters quarantine issues.

- Imports into Australia are subject to duties under the Australian Customs Tariff Act of 1995. The top duty rate is 5%.
- Machinery imports may require an import permit – especially used machinery. It is a condition of entry that motor vehicles, motorcycles, machinery (or their parts) and tyres are clean and free of contamination of biosecurity concern before they arrive in Australia. Biosecurity concerns include live insects, seeds, soil, mud, clay, animal faeces, animal material and plant material (such as straw, twigs, leaves, roots and bark). For quarantine purposes, new field-tested equipment is classified as 'used machinery' and will require an import permit. The Department of Agriculture and Water Resources (DAWR) has the power to re-export machinery.
- The DAWR is the federal body responsible for enforcing Australia's quarantine regulations, including issuing permits and inspecting shipments. Packaging of imported goods can present a challenge to exporters, particularly where the packing materials include wood or other natural products.
- Australia and New Zealand trade through Closer Economic Relations, which is a free trade agreement (FTA) eliminating all tariffs between the two countries. This allows for close collaboration across biosecurity, customs, transport, regulatory and product standards and business law issues.
- Australia is a founding member of the Asia Pacific Economic Cooperation and became the first of the Association of Southeast Nations' 10 dialogue partners in 1974. Australia has recently signed the comprehensive and progressive Trans-Pacific Partnership and Pacific Agreement on Closer Economic Relations.

Sources: WTO - Trade Policy Review, Fitch Solutions

6. Trade Agreements

6.1 Trade Updates

Australia has entered into 11 FTAs, with both groups of countries and individual countries, including seven of its top eight export markets. FTA negotiations are currently under way with the European Union (EU), the Gulf Cooperation Council and India. Prospective FTA negotiations with the United Kingdom have also been announced.

6.2 Multinational Trade Agreements

Active

1. The China-Australia FTA (ChAFTA): ChAFTA, which covers goods and services, was signed on June 17, 2015 and entered into force on December 20, 2015. The agreement opens significant opportunities for Australia. As the world's second-largest economy, mainland China is Australia's largest export market and a growing source of foreign investment. In 2017, mainland China bought almost 30% of Australia's exports, worth AUD116 billion, while ,mainland Chinese investment in Australia reached AUD65 billion by the end of 2017. The agreement enhances a growing trade and investment relationship between two complementary economies. ChAFTA has delivered two tariff cuts to date: the elimination of tariffs on 85% of
goods exported to mainland China from Australia in 2015, and another which eliminated a further 8% of tariffs, which came into force on January 1, 2019. The agreement provides significant opportunities for Australia's agriculture, food, fishery and forestry products by eliminating tariffs on a wide range of exports including beef, sheep's meat, livestock, dairy, wine, seafood, horticulture, hides and skins, barley and sorghum and some other grains.

2. Australia-United States FTA (AUSFTA): AUSFTA came into force on January 1, 2005, covering both goods and services. The agreement provides for increased market access for most Australian agricultural products and the elimination of tariffs over time on almost all United States agricultural tariff lines. The agreement also provides for increased duty-free access for certain agricultural products in the form of tariff rate quotas. Approximately 66% of agricultural tariffs were eliminated immediately when the agreement entered into force. The remainder are currently applied at 4% or 5% (except for a small number of dairy tariffs). Australia's biosecurity and food safety regulations remain unchanged under the agreement. Both Australia and the United States reaffirmed that decisions on matters affecting biosecurity and food safety will be based only on science. The United States is an important trading partner for Australia, accounting for 10.3% of goods imported into Australia in 2017 and purchasing almost 4% of Australia's exports.

3. Japan-Australia Economic Partnership Agreement (JAEPA): JAEPA was signed on July 8, 2014 and entered into force on January 15, 2015. Japan is Australia’s second-largest export market and fourth-largest source of foreign investment. Once JAEPA is fully implemented on April 1, 2034, around 98% of Australia's merchandise exports to Japan will be able to receive preferential access or enter the country duty free. JAEPA has delivered three tariff cuts to date – one on entry into force on January 15, 2015; the second April 1, 2015; and the third on April 1, 2016 – along with increased preferential quotas for Australian agricultural exports. Japan has a heavily-protected agriculture market and Australia is the first significant agricultural producer to have a meaningful trade agreement with Japan, providing Australian exporters with a competitive advantage. The agreement provides valuable preferential access for Australia's agricultural exports by eliminating or significantly reducing tariffs on a wide range of Australian exports including beef, wine, horticulture, seafood, grains and sugar over time frames of up to 18 years. This agreement may be superseded by the CPTPP.

4. Korea-Australia FTA (KAFTA): KAFTA was signed on April 8, 2014 and entered into force on December 12, 2014. Korea is Australia's fourth-largest trading partner. KAFTA has delivered three tariff cuts in quick succession: one on entry into force in 2014, the second on January 1, 2015 and the third on January 1, 2016. Under KAFTA more than 99% of Australia's goods exports to Korea are eligible to enter the country duty free or with preferential access. KAFTA is particularly beneficial to agriculture as it secures improved market access for Australia’s exports through the elimination of very high tariffs on a wide range of exports including beef, wheat, sugar, dairy, wine, horticulture and seafood. Tariffs on 88% of Australia’s manufactures, resources and energy exports entered Korea duty free from entry into force, with all remaining tariffs being phased out by January 1, 2023.

5. Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA): ANZCERTA is an FTA eliminating all tariffs between the Australia and New Zealand. The ANZCERTA came into force in January 1983. All tariffs and quotas were eliminated by 1990, five years ahead of schedule. New Zealanders and Australians are free to visit, live and work in each other’s country under the Trans-Tasman Travel Arrangement. Furthermore, New Zealand and Australia have committed to creating a seamless Trans-Tasman economic environment, which will make it as
easy for New Zealanders to do business in Australia as it is to do business in and around New Zealand. This initiative will build on the foundation of the ANZCERTA. Although superseded by the CPTPP, the effect is likely to be minimal given the already-low barriers to cross-border business.

6. ASEAN-Australia-New Zealand FTA (AANZFTA): AANZFTA came into force on January 1, 2010. AANZFTA is a comprehensive and single-undertaking FTA that opens up and creates new opportunities for the almost 700 million people of the Association of Southeast Asian Nations (ASEAN), Australia and New Zealand. Through AANZFTA, tariffs will be progressively reduced and eliminated for at least 90% of all tariff lines by 2020. The movement of goods will be facilitated via simplified customs procedures and barriers to trade in services will be liberalised. AANZFTA will eliminate tariffs on 96% of Australia's current exports to ASEAN nations by 2020 (only 67% of Australia's exports to the region were tariff-free before the AANZFTA).

7. The CPTPP: the agreement – comprising Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam – is in effect. The agreement was ratified in Q418, with the deal representing 13.4% of global GDP, making it the third-largest trade agreement after the North American FTA and the EU. The agreement aims to cut tariffs, improve access to markets and set common ground on labour and environmental standards and intellectual property protections.

Awaiting Ratification

Australia-Hong Kong FTA (A-HKFTA): Hong Kong and Australia announced the conclusion of negotiations on the A-HKFTA on November 15, 2018. Overall, Hong Kong is Australia’s 12th-largest trade partner, with total trade valued at USD18.8 billion in goods and services in 2017. The FTA will govern the trade and investment relationship between the two countries going forward. Once entered into force, all tariffs will be bound at zero. Hong Kong is also Australia’s fifth-largest source of inward investment, with investments worth AUD116.6 billion by the end of 2017. The FTA is awaiting ratification by the respective parliaments and is not yet in force.

Under Negotiation

The EU, Australia’s second-largest trade partner, has launched negotiations for a comprehensive trade agreement with Australia. Bilateral trade in goods between the two partners has risen steadily in recent years, reaching almost EUR48 billion in 2017 (latest data available), while bilateral trade in services added an additional EUR27 billion for the same time period. The negotiations aim to remove trade barriers, streamline standards and put European companies exporting to or doing business in Australia on an equal footing with those from countries that have signed up to the CPTPP or other trade agreements with Australia. The Council of the EU authorised opening negotiations for a trade agreement between the EU and Australia on May 22, 2018. The EU was Australia’s largest source of foreign investment in 2017.

Sources: WTO Regional Trade Agreements database, Government websites, Fitch Solutions

7. Investment Policy

7.1 Foreign Direct Investment
7.2 Foreign Direct Investment Policy

1. Austrade, the investment promotion agency, provides coordinated government assistance to attracting foreign direct investment (FDI) and serves as the National Point of Contact for investment inquiries. State and territory governments similarly offer a suite of financial and non-financial incentives. National, state and territory governments provide selected grants to businesses for establishing or expanding a business, or for specific activities – such as research.

2. Australia is generally welcoming to foreign investment, widely considering it to be an essential contributor to its economic growth and productivity. Within Australia, the right exists for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity in accordance with national legislative and regulatory practices. Australian accounting, legal, and regulatory procedures are transparent and consistent with international standards. Accounting standards are formulated by the Australian Accounting Standards Board, an Australian government agency under the Australian Securities and Investments Commission Act 2001.

3. Certain foreign investment proposals require prior government approval. These include investments in Australian land corporations or trusts, acquisitions in Australian businesses where the value of gross assets exceed AUD252 million and direct investments by foreign governments and their agencies.

4. Australian state investment promotion agencies support international investment at the state level and in key sectors. The Australian government uses transparent policies and effective laws to foster national competition and develop competition policy, and is consultative in its policymaking process. The government generally allows for public comment on draft legislation and publishes and makes available laws once they enter into force.

5. Foreign entities intending to conduct business in Australia as a foreign company must be registered with the Australian Securities and Investments Commission.

6. Australia subscribes to the 1976 declaration of the Organisation for Economic Co-operation and Development (OECD) concerning international investment and multinational enterprises. The instruments cover national treatment and investment incentives and disincentives, and spell out voluntary guidelines for the conduct of multinational enterprises in member countries. Australia also subscribes to two OECD codes of liberalisation, one covering capital movements and the other covering invisible transactions.

7. On February 1, 2018, the Treasury of Australia announced the establishment of new conditions for future bidding for projects related to electricity infrastructure and farmland. Foreign investors are now subject to a new restriction as these areas are...
considered critical national assets. According to the new conditions, the government now sets the level of ownership and control of a single asset or within a sector on a case-by-case basis, which encourages companies to engage with the Foreign Investment Review Board at an early stage to identify the conditions that may apply to the selling or buying of one of these assets.

8. In February 2016, the government announced its intent to implement a national register of foreign ownership of water access entitlements, which is intended to enhance transparency and assist in informing the government and the community about emerging investment trends.

9. Foreign firms establishing themselves in Australia are not subject to local employment or forced localisation requirements, performance requirements and incentives.

10. Private property can be expropriated for public purposes in accordance with Australia’s constitution and established principles of international law. Property owners are entitled to compensation based on ‘just terms’ for expropriated property. That said, there is little history of expropriation in Australia.


7.3 Free Trade Zones and Investment Incentives
### Free Trade Zone/Incentive Programme

<table>
<thead>
<tr>
<th>Free Trade Zone/Incentive Programme</th>
<th>Main Incentives Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free trade zones</td>
<td>Australia does not have any free trade zones or free ports; however, the Australian government and state and territory governments provide a range of measures to assist investors with setting up and running a business and undertaking investment. Types of assistance available vary by location, industry and the nature of the business activity.</td>
</tr>
<tr>
<td>Research and Development (R&amp;D) Tax incentive</td>
<td>In 2018, for companies with an annual turnover of less than AUD20 million, a 43.5% refundable R&amp;D tax credit applies. Companies with a turnover of at least AUD20 million have access to a non-refundable 38.5% tax credit. The amount of the concessional R&amp;D tax credit is limited to eligible R&amp;D expenditure of up to AUD100 million with any excess amount subject to 30% credit. Generally, only genuine R&amp;D activities undertaken in Australia qualify for the R&amp;D tax incentive. However, R&amp;D activities conducted overseas also qualify in limited circumstances where the activities cannot be undertaken in Australia. Special grant programmes may be available to assist corporations in the conduct of certain R&amp;D activities in Australia. These grants are awarded on a discretionary basis.</td>
</tr>
</tbody>
</table>
| Early Stage Innovation Company (ESIC) Tax incentives | The Australian government is encouraging innovation, entrepreneurship and risk-taking. The tax incentives for early stage investors are designed to connect ESICs with investors who have funds and business experience. Investors in ESICs are eligible for the following:

- A 20% non-refundable carry-forward tax offset on amounts invested in qualifying ESICs, with the offset capped at AUD200,000 per investor per year.

- A modified capital gains tax treatment for investments in qualifying shares in an ESIC held for between 12 months and 10 years, provided that the shares held do not constitute more than a 30% interest in the ESIC. Capital losses on shares held less than 10 years are disregarded. |
| Other incentives | Various other incentives exist, depending on the sector. Local governments offer a range of incentives to local and foreign investors, including limited financial assistance, state tax holidays and concessional land rentals. |

Sources: US Department of Commerce, Government websites, Fitch Solutions

### 8. Taxation – 2019

- Goods and Services Tax: 10%
- Corporate Income Tax: 30%

Source: Australian Taxation Office

### 8.1 Important Updates to Taxation Information

- A corporate tax rate of 27.5% applies to corporate tax entities with a turnover of less than AUD50 million for 2018/19 and 2019/20. The rate will reduce progressively to 25% for the 2021/22 income year. Under currently enacted law, the corporate tax...
rate for all other corporate tax entities will remain at 30% (however, there is a proposal to progressively reduce the corporate tax rate for all entities, not just those noted above).
- From July 1, 2018, the Australian goods and services tax is payable on certain supplies of low value goods (valued at AUD1,000 or less) that are purchased and imported by Australian consumers.
- Australia has income tax treaties with 45 other countries.

## 8.2 Business Taxes

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Tax Rate and Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Tax rate</td>
<td>30%</td>
</tr>
<tr>
<td>Certain small business corporate tax entities with an aggregated turnover of less than AUD50 million for the 2018/19 and 2019/20 income years.</td>
<td>27.5%</td>
</tr>
<tr>
<td>Capital Gains Tax rate</td>
<td>30%</td>
</tr>
<tr>
<td>Branch Tax rate</td>
<td>30%</td>
</tr>
<tr>
<td>Withholding Tax: Dividends</td>
<td>Franked 0% Unfranked 30%</td>
</tr>
<tr>
<td>Withholding Tax: Interest</td>
<td>10%</td>
</tr>
<tr>
<td>Royalties from patents, know-how, etc.</td>
<td>30%</td>
</tr>
<tr>
<td>Construction and related activities</td>
<td>5%</td>
</tr>
<tr>
<td>Fund payments from managed investment: Trusts</td>
<td>15%</td>
</tr>
<tr>
<td>Goods and Services Tax</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Australian Taxation Office  
Date last reviewed: May 31, 2019

## 9. Foreign Worker Requirements

### 9.1 Visa/Travel Restrictions

All visitors to Australia require a visa to enter the country. An individual wishing to enter Australia for employment reasons may apply for a short stay activity visa, long stay activity visa or temporary work visa. Citizens of New Zealand are eligible to be granted a special category visa (permitting indefinite temporary stay with full work rights) on arrival, subject to meeting health and character requirements.

Temporary residence visas are granted to people whose activities are considered to benefit Australia, including people entering for business, skilled employment, cultural or
social activities.

The types of temporary residence visas, and the conditions that must be fulfilled prior to such visas being issued, are described below. Holders of temporary residence visas are generally not eligible for public health benefits in Australia, unless Australia has a reciprocal health care agreement with the country of the visa holder.

9.2 Foreign Worker Rules

Individuals who need to enter Australia to perform short-term, highly specialized work that is not ongoing or to assist in a national emergency can apply for a subclass 400 visa. The subclass 400 visa can be granted for a period of up to six months. If the maximum period of six months is requested, a strong business case must be demonstrated. After grant, applicants have up to six months to make their first entry into Australia on this visa.

If a business wants to employ foreign nationals to work in the country for a long term, it must first be approved as a sponsor by the Australian Department of Immigration and Border Protection. Sponsors must comply with a number of obligations, including paying visa holders at market salary rates. Positions must be formally nominated and must meet minimum salary and skill thresholds. Visa applicants must meet English language, health and character requirements.

9.3 Temporary Skill Shortage Visas

Individuals intending to work in Australia may apply for a subclass 482 Temporary Skill Shortage (TSS) visa. The TSS visa may be granted for up to two years if the occupation is listed on the Short-term Skilled Occupation List (STSOL), subject to international trade obligations, or up to four years if the occupation is on the Medium and Long-term Strategic Skills List (MLTSSL) or Regional Occupation List (ROL). A TSS visa may be renewed, provided that the application criteria are met each time. TSS visa holders in occupations on the STSOL may only renew their visa once in Australia with very limited options to renew again from outside Australia. The visa application process involves the following three steps:

- The employer must be approved as a sponsor
- The employer nominates the visa holder to fill a specific position
- The individual completes the visa application

Each step has separate eligibility criteria that must be met. These include business operational requirements, minimum skill, salary and experience levels, and health, character and English language criteria. Requirements for employers include the following:

- Paying a training levy
- Attesting to a strong record or commitment to employing local labour
- Following non-discriminatory employment practices
- Paying market salary rates
- Conducting labour market testing unless exempt
- Paying foreign nationals at market salary rates or higher

Business sponsors must also meet several sponsorship obligations with respect to all
sponsored TSS visa holders and any accompanying family members. The Department of Home Affairs monitors all sponsors, and sanctions are imposed on sponsors that do not meet their sponsorship obligations. Visa applicants must meet skill, English language, health and character requirements and have at least two years relevant work experience.

9.4 Employer Nomination Scheme

Under the Employer Nomination Scheme, Australian employers may nominate highly skilled individuals from overseas for permanent residence. Applicants for a permanent residence visa under the Employer Nomination Scheme must be nominated in an occupation on the MLTSSL or ROL and satisfy one of the following criteria:

- They have worked in their nominated position in Australia for their nominating employer while on a subclass 457 visa or TSS visa for at least three of the last four years immediately before applying.
- They have three years post-training experience in the nominated occupation and have their skills formally assessed by a specified skills-assessing body in Australia.
- They hold a subclass 444 (special category) visa or subclass 461 (New Zealand family relationship) visa and have worked in their nominated occupation for their nominated employer for at least three of the last four years immediately before applying.

Permanent residence applications may also be filed under the Regional Sponsored Migration Scheme, which has more flexible eligibility requirements. Some concessions are available for individuals who held or had applied for a subclass 457 visa on or before April 18, 2017. The subclass 457 visa was replaced by the TSS visa on March 18, 2018.

9.5 General Skilled-Points Test

Individuals may apply for permanent residence on the basis of their skills for an occupation specified in the MLTSSL. Individuals intending to apply must first lodge an expression of interest outlining their claims for points for employability factors, including qualifications, age, employment experience and language capabilities. Sponsorship from eligible relatives (who are Australian citizens or Australian permanent residents) or state governments attracts additional points. Only those scoring the most points are invited to submit a visa application. The number of invitations issued in each occupation is limited by quotas. Citizens of New Zealand may also be eligible for streamlined permanent residence visa arrangements.

9.6 Social Security

Technically, Australia does not have a social security system. However, a Medicare Levy of 2% of taxable income is payable by resident individuals for health services (provided that they qualify for Medicare services). This is the only levy imposed in Australia that is equivalent to a social security levy. An exemption from the Medicare Levy may apply if the individual is from a country that has not entered into a Reciprocal Health Care Agreement with Australia.

9.7 Skilled Workers

Skilled foreign workers can be sponsored under the Employer Nomination Scheme or the Regional Sponsored Migration Scheme. Workers can also be sponsored on a temporary
basis under the Temporary Work visa (subclass 457), allowing them to work in Australia for up to four years.

9.8 Business Innovation and Investment Program

The categories in the Business Innovation and Investment Program are designed for successful businesspersons who wish to manage their own business or make substantial investments in Australia. Individuals intending to apply must first file an expression of interest. Their business skills and other attributes are then assessed under a points test (excluding applicants applying for the Significant Investor and Premium Investor streams). Only the highest-scoring individuals are invited to submit a visa application. Most Business Innovation and Investment visa holders enter Australia initially on a provisional/temporary visa for four years. If they provide satisfactory evidence of a specified level of business activity for two years or investment for four years (or at least one year for the Premium Investor stream), they may apply for permanent residence.

9.9 Business Innovation stream

The Business Innovation stream is designed for businesspersons seeking to own and manage a new or existing business in Australia. Applicants must meet the innovation points test, and evidence ownership, skill and experience in managing a business generating annual turnover of at least AUD500,000 in at least two of the preceding four fiscal years.

9.10 Entrepreneur Stream

The entrepreneur stream is designed to attract overseas talent with at least AUD1 million in funding from an Australian venture capital firm for the start-up, product commercialization or development of a promising high-value business idea that will benefit Australia. Entrepreneurs who succeed in Australia will be eligible for permanent residence.

9.11 Significant Business History Stream and Venture Capital Entrepreneur Stream

The Business Talent Visa, which is a permanent visa, has two streams. The Significant Business History stream is for the conducting of business in Australia by high-calibre business owners who for at least two of the last four years have achieved business turnover of AUD3 million and net personal and business assets of at least AUD1,500,000. The Venture Capital Entrepreneur stream is for entrepreneurs who have obtained at least AUD1 million in funding from a member of the Australian Venture Capital Association Limited for the commercialization or development of a promising high-value business idea that will benefit Australia.

9.12 Investor Stream

The Investor stream is designed for investors who want to make a designated investment of at least AUD1,500,000 in an Australian state or territory on an ongoing basis. Applicants must secure state or territory nomination, meet the innovation points test and provide evidence of skill and experience in managing a qualifying investment.

9.13 Significant Investor Stream
Under the Significant Investor stream, individuals must file an expression of interest and receive a nomination from a state or territory government before they are eligible to apply for a visa. Individuals must be able to demonstrate a capacity to invest AUD5 million into a complying investment, which consists of the following:

- At least AUD500,000 in venture capital and growth private equity funds that invest in start-ups and small private companies.
- At least AUD1,500,000 in approved managed funds investing in emerging companies listed on the Australian Securities Exchange (ASX).
- Up to AUD3 million in a balancing investment of eligible assets that include ASX-listed companies, eligible corporate bonds or notes and real property with a 10% limit on residential real estate.

The Significant Investor visa does not attract a points test or have maximum age requirements; it also allows the dependent children or partner of the primary visa holder to work or study in Australia. Individuals applying for this stream may also maintain business interests overseas. As a result, visa holders are required to remain in Australia for only an average of 40 days per year over a four-year period to meet residency criterion for permanent residence.

9.14 Premium Investor Stream

Individuals in the Premium Investor stream must be invited by Austrade and invest at least AUD15 million in a complying premium investment, which includes the following:

- Australian securities exchange-listed assets
- Australian government or semi-government bonds or notes
- Corporate bonds
- Australian proprietary limited companies
- Real property in Australia excluding residential property
- Deferred annuities issued by Australian registered life companies
- State or territory government-approved philanthropic contributions

Individuals may be invited by the Australian government to apply for a permanent visa in the Premium Investor stream after holding a provisional visa and complying investments for at least one year.

9.15 Partner program

Spouses (including de facto and same-sex spouses) of Australian citizens or Australian permanent residents may apply for permanent residence through sponsorship by their Australian spouse. In most cases, applicants are issued a two-year temporary visa that converts to permanent residence if the partner relationship is ongoing after the two-year period.

Sources: National sources, Fitch Solutions

10. Risks

10.1 Sovereign Credit Ratings
### Australia: Market Profile

<table>
<thead>
<tr>
<th></th>
<th>Rating (Outlook)</th>
<th>Rating Date</th>
</tr>
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<tbody>
<tr>
<td>Moody’s</td>
<td>Aaa (Stable)</td>
<td>14/06/2018</td>
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<tr>
<td>Standard &amp; Poor’s</td>
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<tr>
<td>Fitch Ratings</td>
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Sources: Moody’s, Standard & Poor’s, Fitch Ratings

#### 10.2 Competitiveness and Efficiency Indicators

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<tr>
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<th>World Ranking</th>
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<td>2017</td>
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<tr>
<td>Ease of Doing Business Index</td>
<td>15/190</td>
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<td>Ease of Paying Taxes Index</td>
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<td>Logistics Performance Index</td>
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<tr>
<td>Corruption Perception Index</td>
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<tr>
<td>IMD World Competitiveness</td>
<td>21/63</td>
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</table>

Sources: World Bank, IMD, Transparency International

#### 10.3 Fitch Solutions Risk Indices

<table>
<thead>
<tr>
<th></th>
<th>World Ranking</th>
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</thead>
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<tr>
<td></td>
<td>2017</td>
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<td>Economic Risk Index</td>
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<td>Short-Term Economic Risk Score</td>
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<td>Long-Term Economic Risk Score</td>
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<td>Operational Risk Score</td>
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</table>
ECONOMIC RISK
A key strength of Australia’s economic profile is its very liberal financial sector and freely floating exchange rate. Persistent fiscal deficits in recent years will weigh on Australia’s economic risk profile, but overall the country still performs better than regional and global peers. GDP growth will decelerate in 2019 as declining residential construction limits fixed investment, while soft wage hikes and a hefty debt stock restrain private consumption. However, sturdy LNG exports will spur growth, while a strong labour market coupled with a possible turnaround in the housing market pose upside risks. Potential weakness in China’s economy is the key risk to the outlook.

OPERATIONAL RISK
Australia is a free market economy with a stable political environment. The country shows strength against risk in logistics, the labour market, and trade and investment. Strong national institutions and relatively good quality of infrastructure are major advantages. In view of its relative economic openness to foreign investment, Australia will continue to benefit from increased investment inflows from countries such as Mainland China and Japan, aiding it to develop its resources sector, while reaping the benefits from increasing resource demand.
100 = Lowest risk; 0 = Highest risk
Source: Fitch Solutions Political and Economic Risk Indices
Date last reviewed: May 31, 2019

10.6 Fitch Solutions Operational Risk Index

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Australia</td>
<td>73.1</td>
<td>67.8</td>
<td>72.1</td>
<td>68.3</td>
<td>84.3</td>
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<tr>
<td>Developed States Average</td>
<td>73.5</td>
<td>64.6</td>
<td>71.3</td>
<td>76.3</td>
<td>81.8</td>
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<tr>
<td>Developed States Position (out of 27)</td>
<td>16</td>
<td>10</td>
<td>15</td>
<td>24</td>
<td>11</td>
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<tr>
<td>Global Average</td>
<td>49.7</td>
<td>50.3</td>
<td>49.0</td>
<td>49.0</td>
<td>49.8</td>
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<td>Global Position (Out of 201)</td>
<td>20</td>
<td>14</td>
<td>40</td>
<td>40</td>
<td>14</td>
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</tbody>
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100 = Lowest risk; 0 = Highest risk
Source: Fitch Solutions Operational Risk Index
## Australia: Market Profile

### Australia vs Global and Regional Averages

![Graph showing risk indices for Australia and global averages](image)

<table>
<thead>
<tr>
<th>Country</th>
<th>Operational Risk Index</th>
<th>Labour Market Risk Index</th>
<th>Trade and Investment Risk Index</th>
<th>Logistics Risk Index</th>
<th>Crime and Security Risk Index</th>
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<tr>
<td>Denmark</td>
<td>80.8</td>
<td>74.8</td>
<td>76.2</td>
<td>88.3</td>
<td>84.0</td>
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<tr>
<td>Netherlands</td>
<td>80.3</td>
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<td>78.2</td>
<td>88.6</td>
<td>88.4</td>
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<tr>
<td>Switzerland</td>
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<td>75.0</td>
<td>77.6</td>
<td>75.1</td>
<td>91.8</td>
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<tr>
<td>Sweden</td>
<td>79.3</td>
<td>67.7</td>
<td>78.1</td>
<td>87.5</td>
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<td>New Zealand</td>
<td>77.7</td>
<td>73.7</td>
<td>75.7</td>
<td>72.1</td>
<td>89.4</td>
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<tr>
<td>United Kingdom</td>
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<td>71.4</td>
<td>79.0</td>
<td>78.5</td>
<td>81.3</td>
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<tr>
<td>United States</td>
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<td>81.3</td>
<td>75.3</td>
<td>82.9</td>
<td>70.5</td>
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<td>Norway</td>
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<td>72.2</td>
<td>80.8</td>
<td>92.3</td>
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<tr>
<td>Canada</td>
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<td>75.4</td>
<td>76.7</td>
<td>82.1</td>
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<tr>
<td>Finland</td>
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<td>55.8</td>
<td>74.1</td>
<td>83.4</td>
<td>91.2</td>
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<tr>
<td>Austria</td>
<td>75.4</td>
<td>60.8</td>
<td>71.9</td>
<td>80.5</td>
<td>88.3</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>75.2</td>
<td>54.2</td>
<td>77.6</td>
<td>80.0</td>
<td>88.9</td>
</tr>
<tr>
<td>Japan</td>
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<td>72.4</td>
<td>65.5</td>
<td>77.9</td>
<td>84.7</td>
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<tr>
<td>Ireland</td>
<td>74.8</td>
<td>66.8</td>
<td>78.0</td>
<td>72.0</td>
<td>82.5</td>
</tr>
<tr>
<td>Germany</td>
<td>74.3</td>
<td>65.5</td>
<td>69.0</td>
<td>81.2</td>
<td>81.7</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td><strong>73.1</strong></td>
<td><strong>67.8</strong></td>
<td><strong>72.1</strong></td>
<td><strong>68.3</strong></td>
<td><strong>84.3</strong></td>
</tr>
<tr>
<td>Spain</td>
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<td>59.4</td>
<td>68.9</td>
<td>80.9</td>
<td>81.3</td>
</tr>
<tr>
<td>France</td>
<td>72.5</td>
<td>60.1</td>
<td>71.1</td>
<td>83.2</td>
<td>75.5</td>
</tr>
</tbody>
</table>
### Belgium
- 72.4
- 58.2
- 72.8
- 83.2
- 75.3

### Portugal
- 71.0
- 51.7
- 66.5
- 80.9
- 85.0

### Iceland
- 71.0
- 60.6
- 67.2
- 69.6
- 86.6

### Liechtenstein
- 70.5
- 59.8
- 78.1
- 61.5
- 82.6

### Israel
- 67.4
- 71.4
- 64.6
- 71.1
- 62.4

### Malta
- 66.2
- 54.9
- 69.0
- 60.8
- 80.1

### Isle of Man
- 65.8
- 69.1
- 62.4
- 49.3
- 82.3

### Italy
- 64.8
- 54.5
- 59.7
- 76.2
- 68.7

### Greece
- 58.9
- 54.2
- 49.2
- 68.9
- 63.2

### Regional Averages
- 73.5
- 64.6
- 71.3
- 76.3
- 81.8

### Emerging Markets Averages
- 46.0
- 48.1
- 46.5
- 44.7
- 44.8

### Global Markets Averages
- 49.7
- 50.3
- 49.8
- 49.0
- 49.8

100 = Lowest risk; 0 = Highest risk
Source: Fitch Solutions Operational Risk Index
Date last reviewed: May 31, 2019

### 11. Hong Kong Connection

#### 11.1 Hong Kong’s Trade with Australia

**Note:** Graph shows the main Hong Kong exports to/imports from Australia (by consignment)
Date last reviewed: May 31, 2019
Note: Graph shows Hong Kong exports to/imports from Australia (by consignment)
Exchange Rate HK$/US$, average
7.75 (2014)
7.75 (2015)
7.76 (2016)
7.79 (2017)
7.83 (2018)
Sources: Hong Kong Trade Statistics, Census and Statistics Department
Date last reviewed: May 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Australia residents visiting Hong Kong</td>
<td>567,881</td>
<td>-1.4</td>
</tr>
<tr>
<td>Number of Australians residing in Hong Kong</td>
<td>9,233</td>
<td>-1.4</td>
</tr>
</tbody>
</table>

Sources: Hong Kong Tourism Board, United Nations Department of Economic and Social Affairs – Population Division, Fitch Solutions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Asia Pacific residents visiting Hong Kong</td>
<td>54,482,538</td>
<td>3.5</td>
</tr>
<tr>
<td>Number of developed state citizens residing in Hong Kong</td>
<td>65,680</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Sources: Hong Kong Tourism Board, United Nations Department of Economic and Social Affairs – Population Division, Fitch Solutions
Date last reviewed: May 31, 2019

11.2 Commercial Presence in Hong Kong
### 11.3 Treaties and Agreements between Hong Kong and Australia

- Australia has entered into double tax treaties with mainland China. The Double Taxation Agreement (DTA) between mainland China and Australia was signed on November 17, 1988 and has entered into force in both countries on December 28, 1990.
- While Australia has treaties with many trading partners (including some neighbouring Asian jurisdictions), most of them are relatively old and the existing DTA between Australia and mainland China does not extend to cover Hong Kong.
- Australia has bilateral investment treaties (BITs) with both mainland China and Hong Kong. The BIT with mainland China was entered into force on July 11, 1988 and the BIT with Hong Kong came into force on October 15, 1993.

Sources: Government websites, Fitch Solutions

### 11.4 Chamber of Commerce or Related Organisations

The Australian Chamber of Commerce in Hong Kong  
Address: Room 301-2, 3/F, Lucky Building, 39 Wellington Street, Central, Hong Kong  
Email: austcham@austcham.com.hk  
Tel: (852) 2522 5054

Source: [The Australian Chamber of Commerce Hong Kong](https://www.austcham.com.hk)  

Hong Kong Australia Business Association Limited
Australia: Market Profile

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Tel</th>
<th>Email</th>
<th>Website</th>
</tr>
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<tbody>
<tr>
<td>National</td>
<td>(612) 9267 3158</td>
<td><a href="mailto:hkaba@hktdc.org">hkaba@hktdc.org</a></td>
<td><a href="http://www.hkaba.com.au">www.hkaba.com.au</a></td>
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<tr>
<td>New South Wales Chapter</td>
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<td>South Australia Chapter</td>
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<td><a href="http://www.hkaba-wa.com">www.hkaba-wa.com</a></td>
</tr>
</tbody>
</table>

Source: [Federation of Hong Kong Business Associations Worldwide](#)

Australian Consulate-General Hong Kong  
Address: 23/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong  
Email: enquiries.hongkong@dfat.gov.au  
Tel: (852) 2827 8881  
Fax: (852) 2585 4457  

Source: [Australian Consulate-General Hong Kong](#)

11.5 Visa Requirements for Hong Kong Residents

Hong Kong residents are allowed to stay in Australia for 90 days, but before arriving in Australia they need to apply for a document called an Electronic Travel Authority. This can be done online.

Source: [Australian Consulate-General Hong Kong](#)

Date last reviewed: May 31, 2019

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