

Doing Business in Australia

Expert knowledge means success

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Introduction

In 1768, the British Admiralty instructed Captain James Cook to begin a search for the 'Great South Island' first reached by Dutch sailors in the early 17th century. The crew of *The Endeavour* subsequently landed at Botany Bay and claimed the Island for the British. King George III decided that Botany Bay should become the destination for British convicts under sentence of transportation and in January 1788 the first fleet sailed under the command of Captain Arthur Phillip. In total, more than 168,000 convicts were transported but the discovery of gold in the 1850s also began to attract free settlers to the Island. Exploration and expansion followed from the growth in population and Australia federated to become a nation on 1 January 1901.

In recent decades, Australia has transformed itself into an internationally competitive, advanced market economy. It boasted one of the OECD's fastest growing economies during the 1990s, a performance due in large part to economic reforms adopted in the 1980s. The Australian economy has proved more robust than most commentators predicted. It is widely expected that Australia will continue to be one of the fastest growing economies in Asia and the OECD.

Australia is now an affluent society with strong links to the UK, making it a more significant market for UK exports than its comparatively small population of 20 million would otherwise suggest. The advantages of language, a common basis for commercial law, similar business culture, considerable goodwill and warmth towards the UK, and the presence of many UK companies already established in the market, makes Australia an accessible market for less experienced, as well as experienced, exporters. This is becoming ever more so as technological advances close the geographical distance between the two countries.

The commercial environment in Australia is regarded as exceptionally friendly and attractive to business, with room for growth. Australian willingness to give new products and ideas a try recommends the country as a good market to test the international appeal of a product or service.

Geography is an important factor too. Importers new to Asia/Pacific should note that Australia is closer to many emerging markets in that region. In fact, Australia is the UK's third largest market for goods in the Asia-Pacific region, and the third largest for services. Any business initiating relationships in this region should consider having a headquarters of their regional operations in Australia. Australia is part of the vast Asia Pacific Rim, an enormous area composed of hundreds of millions of people in developed, developing and under-developed nations, many of which should be a part of a UK company's export strategy.

In Australia, many familiar products and service providers are at hand. British business persons are advantaged by the similarities between the countries stemming from the historical links, common language, similar business and legal practices and technical standards, particularly important for the engineering and industrial areas.

Sydney and Melbourne are Australia's largest cities and the principal commercial centres. However, Brisbane, Adelaide and Perth offer important export opportunities as well across a diverse range of sectors. Canberra has little manufacturing industry; however there is much activity centred on Federal administration of government departments and authorities, Parliament House, service based industries.

Australia is one of the world's most multi-cultural societies, with around 220 nationalities. Today's urban population is extremely cosmopolitan, consisting largely of people of European ancestry, mainly from the United Kingdom, Ireland, Italy, Greece and the countries of Eastern Europe. The proportion of south-east Asians is increasing.

IT and Electronics, Mining and Minerals, Oil and Gas, Power Generation, Food and Drink, Creative and Media Industries, Railways and Healthcare are all sectors identified as offering significant opportunities for British companies. The deregulation of the Australian telecommunications network in 1997 has also opened up network opportunities resulting in a strong demand for networks and on-line solutions.



UK-Australia Trade

Many factors contribute to the UK's advantageous trading links with Australia that make it Australia's top EU trading partner. Among them are:

- English as the main business language;
- Similar legal and business practices to those in the UK;
- A strong long-term bilateral relationship, including commerce.

The largest single component of services between the UK and Australia is personal travel, accounting for roughly one-third of the total in both directions.

Agriculture, Mining, Oil and Gas, Information and Communication Technology, Biotechnology, Creative and Media, Marine, Railways, Food and Drink, Recreation and Leisure, and Aerospace are all sectors identified as offering significant opportunities for British companies.

Trade highlights 2010-11

Source: DFAT publication 'Composition of Trade Australia 2010-11' – available at: www.dfat.gov.au/publications/stats-pubs/cot-fy-2010-11.pdf

Total trade in goods and services

- The value of total trade in goods and services increased 12.1 per cent to \$574.2 billion;
- In volume terms, total trade increased 5.4 per cent in 2010-11 compared with 2009-10 - since 2005-06, total trade values have increased by an average of 6.7 per cent per annum while volumes increased 4.7 per cent per annum.
- The trade balance moved from a deficit of \$4.6 billion in 2009-10 to a surplus of \$20.9 billion in 2010-11.

Exports of goods and services

- The value of exports increased 17.3 per cent to \$297.5 billion – since 2005-06, export values have increased by an average of 8.2 per cent per annum;
- Export volumes increased 0.3 per cent – export volumes have risen by an average rate of 3.1 per cent per annum since 2005-06.

Imports of goods and services

- The value of imports increased 7.1 per cent to \$276.6 billion – since 2005-06, import values have increased by an average of 5.3 per cent per annum.
- Import volumes increased 10.4 per cent – import volumes have risen by 6.4 per cent per annum since 2005-06.

Financial Assistance

Financial assistance available to UK companies wishing to set up in Australia differs from State to State. To seek such assistance, your business should approach the relevant State Department of Regional Development. Detailed information about each of the mainland States and Territories can be found via the links below:

- www.act.gov.au - Australian Capital Territory
- www.nsw.gov.au - New South Wales
- www.nt.gov.au - Northern Territory
- www.qld.gov.au - Queensland
- www.sa.gov.au - South Australia
- www.tas.gov.au - Tasmania
- www.wa.gov.au - Western Australia
- www.vic.gov.au - Victoria

Industries

The following sectors have been identified as offering significant opportunities for British companies by UK Trade and Investment:

- Science & Innovation;
- Financial Services;
- Mining & Minerals;
- Oil & Gas;
- ICT;
- Biotechnology;
- Agribusiness;
- Energy;
- Environment;
- Services.

UK Trade and Investment also provide an Australia newsletter and reports on specific sectors and business opportunities in Australia to registered users on their UK website www.uktradeinvest.gov.uk

Additional background information can also be found on www.uktradeinvest.com.au - the British Government's trade promotion and investment services website in Australia.

Economy

Almost two decades of continuous economic growth, a low unemployment rate and a strong banking system which is the result of a series of structural and policy reforms have all left Australia better placed in the face of a global economic downturn than many other developed nations.

The country however is currently facing a significantly changed economic environment, caught up in the deepest global downturn since World War II. Although official figures are not in yet and it remains to be seen whether a technical recession is on the cards, economic indicators suggest that a recession may be inescapable and is probably already underway. The Government has moved quickly over the past six months to implement a series of IMF-endorsed stimulatory measures it hopes will lessen the immediate impact of the financial crisis on the real economy and solve long-standing infrastructure shortcomings, helping to propel the country into the swiftest possible recovery. As a result, the Budget has been pushed into temporary deficit in order to fund two stimulus packages which will keep a lid on rising unemployment and invest in future long term economic growth.

Tight global liquidity has challenged Australia's banking sector, which relies heavily on international wholesale markets for funding. However, the economy remains relatively healthy despite falling export commodity prices and continues to benefit from demand for resource and minerals, and it is generally accepted that China's continued growth - albeit slower than previously thought - holds the key to Australia's recovery on the other end of the current crisis. Until then, a substantial rise in unemployment is predicted for 2009, a year which, the Government has said, is expected to be difficult.

Population

Australia has a modern, developed economy and its population of 22.3 million (2010: World Bank) expect a high standard of living. It is a very large country, which tends to cause some market fragmentation. Australians are urban dwellers, with 74% of the population living in centres of 20,000 or more, making the market reasonably identifiable. The principal cities of Sydney and Melbourne are large by world standards,

with approximately 8 million inhabitants between them.

Australians enjoy a lifestyle with leisure activities that includes dozens of sports, water-based activities, mountain-related activities and many forms of passive recreation. The food industry is Australia's largest manufacturer. Australia is a favoured tourist destination.

The standard of living is broadly comparable to the UK although the climate and geography facilitate a greater emphasis on outdoor activities. Australia shares the UK's preference for home ownership and the associated activities of gardening and DIY.

In general, recruiting staff at all levels is not a problem. Good recruiting agencies exist throughout Australia.

Geography

Australia is the sixth largest country in the world, with a land mass of 7,686,854 sq km. It accounts for 5% of the world's land surface. Situated between the Indian and Pacific oceans, Australia is approximately 4,000 km from east to west and 3,200 km from north to south, with a coastline measuring 36,735 km.

Australia is the world's flattest continent, with an average height of only 1,000 ft above sea level. The Great Dividing Range of mountains, which stretch almost the entire length of the continent, dominates the east coast. The area to the west of the Great



Dividing Range, the Australian outback, becomes progressively drier and more inhospitable, with only the occasional salt lake, vegetation and mountain to decorate a landscape composed mainly of harsh, stone desert.

Australia is a federation of six states (New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia) and two territories (Australian Capital Territory - ACT and Northern Territory).

Climate

The climate may vary from one state to another, but the seasons are approximately September-November (Spring), December-February (Summer), March-May (Autumn) and June-August (Winter).

Temperatures vary considerably, and in some capital cities may change rapidly. A fall of 10 degrees in as many minutes can happen, albeit rarely; such falls usually follow heat waves, which are normally broken by the rapid influx of cool to cold southerly winds. Perth, Adelaide, Melbourne and Canberra usually have a dry heat in the summer, with temperatures rising to over 39°C during heat waves, which in Perth, Adelaide and Canberra may continue for fairly long periods, but in Melbourne usually last only two or three days. Sydney and Brisbane have warm temperate climates and the humidity (damp heat) can be uncomfortable from early January in Sydney (mid-December in Brisbane) to the end of February. The Tasmanian summer is similar to that in Britain.

Winter in Brisbane, Adelaide, Sydney and Perth is generally moderate, but with cold and wet spells. Melbourne, Hobart and, particularly Canberra, experience lower temperatures.

The interior has a climate very similar to that of the Sahara. In the interior it varies greatly, extremes of both heat and cold being experienced. Generally, the atmosphere is clear and there are long periods of sunshine. Nights may be cold (several degrees below freezing point in winter).

Government Structure

Australia's political institutions and practices follow the Western liberal democratic tradition. Legislative power at national level is vested in the Commonwealth Parliament which comprises the Sovereign, the Senate and the House of Representatives. The Queen is the Head of State represented by a Governor General, Ms. Quentin Bryce (since 5 September 2008).

The Federal Government exercises control over areas specified in the Constitution such as defence and foreign affairs. All residual powers lie within the jurisdiction of the State Governments - e.g. education, transport, law enforcement, health services and agriculture - but the Federal Government has a role in many state responsibilities through the provision of finance from central funds.

Julia Gillard was elected Prime Minister on 24 June 2010. Members of the House of Representatives (lower house) serve three-year terms. Senators serve fixed six-year terms (from 1 July). It is usual to hold a full House of Representatives and a half-Senate election simultaneously every three years.

Australian common law is based on English common law. The States and Territories have their own judicial systems and courts. Federal Courts deal with Federal matters and the High Court of Australia hears appeals in relation to Federal, State and Territory matters.

Establishing a Business in Australia

A foreign company or investor proposing to establish a business in Australia may choose from a number of different entities or forms of business organisation:

- Companies;
- Sole traders or Partnerships;
- Joint ventures;
- Trusts.

www.business.gov.au offers simple and convenient access to all the Australian government information, transactions and services. It provides essential information on planning, starting and running your business.

Which business structure is best?

Your decision will be dependent on a number of variables and if you are confused or unsure, you should seek help from a professional advisor. Before deciding, you will need to carefully consider, among other things:

- whether you would like to have any personal liability for the company's performance;
- what type of business you will be running;
- whether the business will own any assets, and if so, what will the value of these assets be;
- whether you will be the only owner of or stakeholder in the business; and
- whether you would like the company to be formed by the issue of shares.

Companies

The Corporations Act 2001 (see: www.comlaw.gov.au/Details/C2011C00189) regulates companies. A company has a separate legal identity from that of its shareholders, and directors. A company can hold property and can be a party to legal proceedings in its own name.

The establishment of a company entails lodgement with the Australian Securities and Investments Commission (ASIC) of the company's constitution, and compliance with the incorporation procedures. However, shelf companies are readily available and are inexpensive.

Public and proprietary companies

A company may be a public company or a proprietary company. A proprietary company must:

- not have more than 50 shareholders that are not employees of the Company;
- be either limited by shares (illustrated usually by having "Pty Limited" after its name) or be an unlimited company that has a share capital (illustrated usually by having "Pty" after its name);
- by its constitution, restrict the right to transfer its shares;
- prohibit the invitation to the public to subscribe for its shares and other securities.

Proprietary companies are further divided into large and small proprietary companies - see: www.asic.gov.au/asic/asic.nsf/byheadline/Are+you+a+large+or+small+proprietary+company%3F?openDocument

Large proprietary company: A proprietary company is defined as large for a financial year if it satisfies at least two of the following paragraphs:

- the consolidated revenue for the financial year of the company and any entities it controls is \$25 million or more;
- the value of the consolidated gross assets at the end of the financial year of the company and any entities it controls is \$12.5 million or more; and
- the company and any entities it controls have 50 or more employees at the end of the financial year.

Large proprietary companies must prepare and lodge a financial report and a directors' report for each financial year. The accounts must be audited unless ASIC grants relief.

Small proprietary company: A proprietary is defined as small for a financial year if it satisfies at least two of the following paragraphs:

- the consolidated revenue for the financial year of the company and any entities it controls is less than \$25 million
- the value of the consolidated gross assets at the end of the financial year of the company and any entities it controls is less than \$12.5 million, and
- the company and any entities it controls have fewer than 50 employees at the end of the financial year.

Some small proprietary companies may have to lodge financial reports in certain circumstances.

Local subsidiary of a foreign company

This is a separate legal entity from its foreign parent or holding company. It must be incorporated in Australia and has to comply with all relevant local laws. It is taxed in Australia on all its World income and profits. It must file an annual report and accounts (privately held companies may be exempt from many reporting requirements).

Branch office of a foreign company

This is a local Australian office of the foreign parent company but without a separate legal identity (the foreign company is liable for the debts of its branch). The foreign company must be registered in Australia and must comply with all relevant Australian laws. It will be taxed in Australia on all its income and profits which arise from its business activities carried on in Australia, but Double Taxation Agreements may reduce the tax otherwise payable in Australia. The branch office must file an annual report and accounts. In addition, it is treated as an Australian resident for exchange control purposes. Thus, while the branch office can conduct its business freely within Australia, its dealings with head office will be subject to any applicable exchange control restrictions or reporting requirements. Accounts must be translated.

Maintaining an Australian company

The duties and obligations to be met to maintain a company are set out in the Corporations Law. They can be tedious and it is common for companies to pass the arduous task to trained professionals like solicitors and auditors. The Corporations Law further places the burden of carrying out those duties and obligations on the directors. Often, a company may appoint a company secretary, although not compulsory, to carry out the administrative tasks such as filing requisite forms and documents with ASIC or updating and maintaining the registers of the company. The appointment of a company secretary in a company will not excuse the Directors of their duties and obligations. Some of the duties and obligations of maintaining an Australian company are as follows:

- Appointment of an auditor;
- Keeping proper accounting books and submitting annual returns to ASIC;
- Keeping the registers – such as those of members and directors;
- Filing of the relevant documents and forms to ASIC;
- Convening the annual general meeting

and other meetings when required and filing the minutes of all such meetings.

Corporate Requirements

1. The company must have a name (which must not be identical to the name of any other registered company or business in Australia).
2. Each company is allocated an Australian Company Number (ACN) and Australian Business Number (ABN) which must be used on the company's public documents.
3. A public company must have at least three directors and not less than two of them must ordinarily be resident in Australia.
4. A proprietary company must have at least one director; one of its directors must be ordinarily resident in Australia.
5. A company, whether public or proprietary, is not required to have more than one shareholder.

Sole trader

A Sole Trader is a structure in which the business is generally being run by one person. It is an extremely simple structure and you may use your own name as your business name. There may also be tax advantages with this set up and the entity is easy to dissolve or wind-up.

Disadvantages include more difficulty in securing funds from outside investors or raising capital and you may be personally liable for the debts that your business incurs. You should seek professional advice on how to limit your liability as a sole trader as the lines between business property and personal or matrimonial property can be blurred.

Partnership

A partnership is when two or more people jointly own a business and share in the benefits and obligations of the business. The details of the partnership and the sharing of losses and profits are usually dealt with in a partnership agreement. The Partnership agreement will form a crucial part in crystallizing the desires of the partners in relation to revenue distribution, dispute resolution, partner drawings, partner responsibilities and benchmark performance indicators, to name a few.

Unlimited liability Partnerships

Partnerships are not separate legal entities - partners have an unlimited personal liability for debts and obligations of the partnership. A partnership is not subject to taxation but partners are liable to tax on their share of

partnership income and profits. If the partnership does not carry on business under the actual names of its partners, the partnership name must be registered in each state or territory in which the partnership operates.

Limited liability Partnerships

The laws of some states allow limited liability partnerships, which limit the liability of some partners who do not manage the partnership business. They are generally used for specialist investment activities.

Joint Ventures

Unincorporated

An unincorporated joint venture does not have a separate legal entity but is a contractual agreement between two or more parties agreeing to conduct business for a particular purpose. Care must be taken to avoid structuring the joint venture as a partnership as this may affect the tax liabilities of each joint venture participant.

Incorporated

An incorporated joint venture is a separate special purpose company where each participant becomes a shareholder in the company. This gives them the protection of the company's limited liability status.

Trusts

Discretionary trusts

A discretionary trust enables property to be held by a trustee who has discretion as to how to invest and direct the capital and income of the trust fund. The role and power of the trustee, the purposes of the trust fund and the rules regarding its use are generally contained in a trust deed. Discretionary trusts are often used in family and private business arrangements as they can confer tax benefits on the beneficiaries and they are often relatively simple to create and operate.

Unit trust

A unit trust is a common investment format. It allows the pooling of investment funds and the investment of those funds through a trustee, whose powers are set out in the trust deed. The trustee may be assisted by a separate entity known as a manager, whose job is to select and manage the investments while the trustee acts as a guardian of the interests of the unit holders. Trust beneficiaries, known as unit holders, have set interests in the income and capital of the trust. These interests can often be on-sold by the unit holders. In certain circumstances

there may be advantages in selecting a trust as the form of business organisation, particularly from a taxation viewpoint.

Registering business names

Your business name will be the name under which you will do business. You are required by law to register your chosen business name before you start trading. You should first check to see whether the business name that you would like to use is already being used by another organisation. You can do that by checking the Australian Securities and Investments Commission website (www.asic.gov.au). Business Names that are likely to be confused with existing names may not be registrable.

You receive your registration by jurisdiction, so if you wish to trade in more than one State, you should ensure that you register in each separate territory. Details and forms required for the registering of a business name are available at www.asic.gov.au

Taxation

The following is intended to provide a brief outline of tax issues. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

The Australian Tax Office (ATO) is the Government's principal revenue collection agency. The Australian tax year ends on 30 June. The ATO website offers valuable information for business taxation issues at: www.ato.gov.au/businesses

Goods and Services Tax (GST)

The GST has been in operation from 1 July 2000. It is levied at a rate of 10% on almost all goods and services within Australia. Displayed prices must include GST.

You must register for GST if you satisfy both of the following criteria:

- You are carrying on an enterprise;
- Your annual turnover will exceed \$A75,000.

GST does not apply to:

- Basic food items;
- Private sales;
- Exports of goods and services which are physically exported from Australia;
- Medical services which currently attract a Medicare benefit or are commonly

used health services listed by the Government;

- Education, including tuition at a pre-school, primary or high school, study towards a college, TAFE, university or other recognised qualification, and the provision of accommodation at boarding schools. (NB GST will apply to school fees relating to equipment hire, school uniforms, etc.);
- Childcare provided at recognised facilities;
- All charitable activities by charitable organisations (NB: commercial activities will be subject to GST);
- Services provided by churches and other organisations;
- Taxes and charges levied by all levels of government. This relates to non-commercial government activities including income tax, stamp duties, motor vehicle registration, council rates etc.;
- International air and sea travel, and domestic air travel purchased overseas by non-residents.

Detailed information on GST is available at: www.gstaustralia.com.au/

Company Tax

Company tax is payable by Australian resident companies on non-exempt income derived from all sources. Non resident companies are required to pay the tax on income sourced in Australia.

Resident companies are those that are incorporated in Australia or who carry on business in Australia and have either their central management and control in Australia or voting power controlled by shareholders who are Australian residents.

The company tax rate is 30%. The tax year runs from 1 July to 30 June. Company tax is paid quarterly in most circumstances.

The company income tax rate will be reduced to 29 per cent for the 2013-14 income year and to 28 per cent from the 2014-15 income year, in conjunction with the introduction of the Resource Super Profits Tax (RSPT).

For further information, see: <http://australia.gov.au/topics/economy-money-and-tax/tax>

Dividends paid by an Australian company

If fully franked dividends (that is, dividends arising from profits on which Australian

corporate tax has been paid) are paid by an Australian subsidiary to its foreign parent, no dividend withholding tax is payable. To the extent that dividends are “unfranked”, dividend withholding tax is payable on the gross unfranked amount of 30%, but at a reduced rate where there is a Double Taxation treaty.

Capital Gains Tax

Capital gains on the disposal of assets acquired after 20 September 1985 are included in the income tax calculation in determining the final tax liability. Non-resident companies only include gains on the disposal of taxable Australian assets which include land or buildings situated in Australia and other defined assets. Capital losses can be carried forward indefinitely – but can only be offset against future capital gains.

Fringe Benefits Tax (FBT)

FBT is payable by resident and non-resident employers on specified benefits provided to their employees. The rate is 46.5% on the taxable value of each benefit provided “grossed up” by 1.8692 (exclusive of GST) or 2.0647 (inclusive of GST).

Special concessional rules apply to employer-provided motor vehicles. See: [http://en.wikipedia.org/wiki/Fringe_benefits_tax_\(Australia\)#Calculation_of_the_tax_payable](http://en.wikipedia.org/wiki/Fringe_benefits_tax_(Australia)#Calculation_of_the_tax_payable) for further information.

Personal Tax

Personal tax rates for 2011/12 (which runs to 30 June 2012) are:

2011/12 Taxable Income in AUD\$	\$ Tax on Taxable Income (Residents)	\$ Tax on Taxable Income (Non-Residents)
\$0 - \$6,000	nil	29c for each \$1 of income
\$6,001 - \$37,000	15c for each \$1 over \$6000	
\$37,001 - \$80,000	\$4,650 plus 30c for each \$1 over \$37,000	\$10,730 plus 30c for each \$1 over \$37,000
\$80,001 - \$180,000	\$17,550 plus 38c for each \$1 over \$80,000	\$23,630 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,550 plus 45c for each \$1 over \$180,000	\$60,630 plus 45c for each \$1 over \$180,000

Source: www.taxpayersassociation.com.au/work-you/tax-rates-and-tables.html

Income tax is payable by Australian resident individuals on non-exempt income derived from all sources. Non-resident individuals are only required to pay tax on Australian-sourced income. Residence is determined by reference to common law or to domicile or

when the individual has spent more than one-half of the relevant year of income in Australia, unless their usual place of abode is outside Australia and they do not intend to take up residence in Australia.

Income tax is payable on the “excess” of assessable income less allowable deductions. Assessable income includes business income, employment income, certain capital gains, dividends, rent and interest. Allowable deductions include interest and certain other outgoings paid in gaining or producing the assessable income and gifts to specified bodies.

Most individual taxpayers, who are employees, will have tax instalments withdrawn from each salary and wage payment made by their employers. Self-employed individuals and those with non-salary and wage income ordinarily pay Pay As You Go instalments either on a quarterly or annual basis depending on the amount of tax and whether the person is registered for GST.

A 1.5% levy called the Medicare Levy is payable by residents. This levy is to cover basic hospital and medical expenses and is assessed on the taxable income of resident taxpayers.

Stamp duty

State and territory governments impose taxes on a range of paper and electronic transactions. These taxes are variable across state and territories, and can be called stamp duty, transfer duty or general duty. Taxable transactions include:

- motor vehicle registration and transfer;
- insurance policies;
- leases and mortgages;
- hire purchase agreements
- transfers of property (such as businesses, real estate or shares).

Further details can be found at:

www.business.gov.au/BusinessTopics/Taxation/Taxesexplained/Pages/Stampduty.aspx

Land tax

An annual tax, imposed by all States and the ACT, but not the Northern Territory, normally on ownership and use of land, or in the case of the ACT, on leases of land. Land tax rates vary from state to state. Further details can be found at:

www.business.gov.au/BusinessTopics/Taxation/Taxesexplained/Pages/Landtax.aspx

Exporting

UK Trade and Investment

The UK Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit:

www.uktradeinvestment.gov.uk/export_finance

Export licences

If goods or technologies are subject to UK export controls, a licence is required to gain the legal authority to export them. The Department of Business, Innovation and Skills is the licensing authority.

There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- Department of Culture, Media and Sports (DCMS) Licences.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave.

The BIS’s Export Control Organisation is the first point of contact for information on export controls. They provide advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of export licences, how to complete export licence application forms and how long they take to process. They are also the point of contact for Export Control Organisation publications and licence application forms. For further information visit

www.bis.gov.uk/exportcontrol

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment. For further information, visit www.deso.mod.uk

For information concerning export controls on antiques and works of art, please visit the Department for Culture, Media and Sport website. For further information, visit www.culture.gov.uk

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at www.ecgd.gov.uk or contact their helpline: Tel: +44 (0) 20 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements.

THE produces a wide range of publications and provides a special updating service of information in some product fields. THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information/index.xhtml or e-mail: THE@bsi-global.com

BIFA

The British International Freight Association's New Importer / Exporter Initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. They can be contacted on +44 (0) 208 844 2266.

Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. A company limited by guarantee, SITPRO is a Non-Departmental Public Body for which the Department of Trade and Industry has responsibility.

SITPRO manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. The series now contains nearly 70 standard commercial, transport, banking, insurance and official forms.

Electronic documentation including data transfer can also be provided through WebElecTra, a SITPRO licensed application. This enables direct communication with NES & CHIEF for speedy Customs clearance. SITPRO also offer advice, briefings, publications and checklists covering various international trading practices. For further information visit www.sitpro.org.uk

Import controls

Although the majority of goods exported to Australia do not require any kind of authorisation, some goods may only be imported after a licence or import permit has been obtained, and many are subject to customs duty.

Before exporting to Australia, you should check if your product is subject to any restrictions or regulations.

Licence applications are usually accompanied by a pro-forma invoice and the customs authorities may require additional documents. A licence is generally valid for 30 days, although extensions may be negotiated.

There are a number of Agencies, State and Federal, involved in regulating imports. The following are the principal official web sites giving information on import regulations in Australia:

- www.customs.gov.au/site is the website of the Australian Customs Service and provides comprehensive information on tariffs, rules of origin etc.;
- www.daff.gov.au/aqis/import is the website of The Australian Quarantine and Inspection Service responsible for reducing the risk to agricultural industries and the environment of exotic pests and diseases. Quarantine controls at Australia's borders minimise the risk of exotic pests and diseases entering Australia.

Inspection

Inspection rules change frequently so exporters should check the requirements either with their customer or with the relevant pre-shipment company.

Commercial Samples and Temporary Imports

All samples entering Australia are liable for payment of customs duties and excise taxes unless their value is negligible. Goods which are imported for display purposes or for use at fairs, exhibitions, meetings or similar events in Australia may be imported free of duty, providing they are not intended for sale at the exhibition and are subsequently re-exported. Further information can be obtained from the London Chamber of Commerce.

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmrc.gov.uk

Import licenses

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to import from Australia. There are a number of licensing requirements, relevant to imports. These include;

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- European Commission Licences;
- Forestry Commission Licences; and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

Customs Duties

Australia did have high protective tariffs, but these have been substantially reduced. Most tariffs are around 5%, but many goods are tariff-free. Nearly all goods are subject to sales tax. Tariffs protect the local industry, so if there is a local manufacturer of a similar product, you may have to confront duties, particularly on textiles, clothing, footwear and the automotive industry. Remember that your overseas competitors face the same problem and this should not be seen as a barrier to business. Customers will not

necessarily be deterred by a high priced quality product.

Despite the fact that most goods imported into Australia are exempt from import restrictions, many are still subject to customs duty with exceptions, notably textiles, clothing, footwear, automobiles and agricultural machinery, the rate is set at/or below 5%.

On 1 July 1990, most customs duties were abolished on trade between Australia and New Zealand, with all import licensing and tariff quotas removed.

Anti Dumping and Countervailing

Australia is a signatory to the General Agreement on Tariffs and Trade (GATT). Dumping occurs when a non-Australian firm sells its product in Australia for less than it sells it in its own country in order to gain market share or undermine an existing or emerging industry in Australia. Australia can apply anti-dumping or countervailing duties to these products. These additional duties are imposed on a temporary basis to counteract the effects of an unfairly low price or an unfair subsidy to the producer. An example of an unfair subsidy would be government grants, capital loans, favourable loan guarantees, export rebates, and tax incentives. These duties can only be imposed if the imported goods have caused, or are likely to cause, material harm to the Australian domestic market.

Countertrade

The Government of Western Australia (GoWA) uses "countertrade" to promote investment and the export of a wide range of goods and services from the State. A countertrade requirement is included in all tender documents for public sector import contracts in excess of A\$5m and the successful tender is required to enter into a formal countertrade agreement with GoWA. However, such agreements are not legally binding and are regarded more as moral obligations.

Countertrade obligations can be met by exporting goods and services from Western Australia (WA) which have not previously been exported (or by increasing the volume of WA exports to existing markets); undertaking investments in the State; and/or transfer of technology to WA firms. The State's Department of Commerce and Trade administers compliance and execution.

The main goods using this system are raw and semi-processed materials, manufactured goods and services. Offsets are not required for civil or defence contracts let by the Federal Government.

However, for all purchases above A\$10m, the "Buying Australian" policy requires government agencies to implement formal procedures to maximise opportunities for Australian industrial development. Civil investments are not permitted under the Australian Industry Involvement Programme for defence company contracts.

For more information contact:
Department of Commerce & Trade
P O Box 7234, Cloisters Square
Perth, WA 6850
Tel: + 61 8 9327 5543/5666
Web: www.commerce.wa.gov.au

Terms of Payment

Most UK banks can provide advice on payment. Generally speaking, any of the customary methods of payment used in international commercial transactions can be used when doing business with Australian companies.

Advertising, Marketing and Promotion

There are many professional advertising and public relations/communications consultants in Australia, many of whom are establishing international links.

Sales Promotion

Generally, price is the most important factor in promoting sales. Some firms have successfully offered special, low introductory prices on consumer products to gain a foothold in the market and develop customer awareness and loyalty. However, it is evident that product quality and after-sales service are also becoming important selling factors in the Australian market.

Advertising and participation in sales promotions and other trade events is often helpful for raising consumer awareness and gaining market share, but effectiveness will vary according to product. Appointing an agent/distributor is recommended to aid in

marketing and sales. Trade exhibitions and fairs are limited.

Local representation / agents and distributors agency legislation

Many exporters cover the Australian market with the help of an import agent/distributor, who often has sole distribution rights for the whole country. Such an agent would normally have, but not always, with a headquarters in Sydney or Melbourne, and offices or sub-agents in each state. Alternatively, except where demand is limited or mainly confined to a single area, it is possible to be represented in each of the state capitals by the appointment of a number of separate agents, each holding a direct franchise.

The majority of companies operate as sole distributors of imported products. For some capital equipment, the larger companies and government departments prefer to deal with overseas manufacturers rather than a distributor, unless the distributor is able to provide after-sales and spare parts service which would not otherwise be available.

There are good and bad agents and the only people who can differentiate are you, the principal and of course, the end user customer. Are you in good hands or bad hands? Are you getting your fair share of the market? What does the customer think of your product? If you are to answer these questions, you need to visit the market, otherwise you will have no idea of your position. Those who don't know their agents are on dangerous ground. Your agent is the salesman in that market, representing you. This is a fundamental principle, yet it is sometimes ignored by British firms and is often a reason for failure in the Australian marketplace.

Not all products as they are used in the UK are suitable for Australians. Do not assume that UK standards are acceptable and must be suitable for Australians. It is often necessary to modify or "Australianise" a product. This is another good reason for visiting the market to observe first-hand the local conditions and any special requirements.

Business Hours

Banks generally open from 0930 - 1600 hours Monday – Thursday and 0930 – 1700 on Fridays. Banks found in shopping malls often operate extended opening hours.

General office hours are 0900 - 1700 Monday - Friday. Post Offices operate these hours - however postage stamps are often available from hotels.

On Saturdays (high street) shops are open from around 8:30am to between noon and 4pm. Many stores are also open on Sundays from 9am to 4pm. Shopping malls operate more extended hours – usually opening around 10am and closing around 6pm daily, except on late night shopping when it can be around 9pm.

Business Etiquette and Conduct

For visitors, business wear is western style suits for men and western business wear for women. Smart casual wear may also be acceptable.

Punctuality is expected for business appointments and social functions. Australians are friendly by nature, polite and hospitable.

Australians tend towards informality and visitors may soon find themselves being addressed by their first names.

Australians take their summer holidays in the Christmas & New Year period and through January: the equivalent of late July and August in Europe. Business visitors are advised to avoid travelling to Australia during this time unless they have pre-arranged appointments with contacts. Generally speaking, normal business returns after the Australia Day holiday at the end of January.

Transport and Travel

As an exporter of goods, you need to develop an understanding of various issues such as the legal and regulatory requirements your consignments have to comply with; paperwork involved; choosing the right mode of transport, i.e. road, air rail sea transport; protection for your goods; packaging;

labelling; how freight forwarders can help you; rules for dangerous goods etc.

Two organisations that can help with these matters are the British International Freight Association (BIFA) who can be contacted on +44 (0) 208 844 2266 and Freight Transport Association's (FTA) International department who can be contacted on +44 (0) 1892 55 22 58.

International travel

The vast majority of British business visitors to Australia arrive by air. There are direct flights from British airports to Australia's international gateways. Sydney, Kingsford Smith (SYD) and Melbourne, Tullamarine (MEL) are the two busiest international airports, with Sydney in particular stretched to the limits of its capacity. Perth (PER), Adelaide, West Beach (ADL), Darwin (DRW), Cairns (CNS) and Brisbane International (BNE) also receive many flights from Asia and Europe. It is not possible to fly directly to the capital city of Canberra from the UK.

Internal travel

Because of the distances involved, it is advisable to travel by air between capital cities. For example, you would have to allow a day to drive from Sydney to Melbourne or Brisbane, three hours from Canberra and Sydney, two days from Melbourne to Adelaide.

In addition to taxis and care hire facilities, there are airline, Australian government, bus services and some rail services linking most of these airports to the city centres.

Hotels

International standard hotels can be found in most parts of Australia. Leading modern hotels in the cities offer a high standard of comfort. Occasionally it may be necessary to take a double instead of a single room. Suites should be booked well in advance. Most of the larger hotels can provide facilities for receptions or small display of products.

Throughout Australia there are numerous modern motels which offer good, comfortable accommodation. All have private shower facilities. Many provide breakfast and also facilities for receptions or meetings. Travellers by road are advised to make advance enquiries about locations and facilities.

Travel Advice

Those planning to visit the country are advised to consult the Foreign and Commonwealth Office who issue regularly updated travel advice. Tel: +44 (0) 207 238 4503 / 4504.

Web:

www.fco.gov.uk/travel/countryadvice.asp

Security Information Service for Businesses Overseas (SISBO) at FCO can assist businesses by providing information on security and political risk which businesses may face when operating in particular markets overseas. Areas covered may include terrorism, crime and civil disturbance, local politics, local law enforcement arrangements, personal protection, bribery and corruption, human rights, ownership of physical or intellectual property rights and trans-border issues.

Health advice/risks

Information on health hazards, and precautions to take when travelling abroad can be found in the leaflet *'Health Advice for Travellers'* available from main Post Offices. Provided that a visit to an infected country has not been made over the past 14 days, no specific vaccinations are required for entry. It is advisable to be up to date for a number of immunisations, including tetanus, polio and diphtheria, particularly if you are going to be visiting the outback.

Visitors from the northern hemisphere must be aware of the intensity of the Australian sun, and necessary precautions should be taken, including hats and sun creams (factor 30+), as Australia has a high incidence of skin cancer.

You should ensure that you are adequately insured against medical and hospital expenses, even though there exists a reciprocal health care agreement between Australia and the UK. Services are of a very high standard in Australia but can be expensive if not covered. Dental treatment is not covered.

There have been confirmed human cases of the H1N1 virus (Swine Flu) in Australia. You can check for updates on the situation in Australia by calling Australia's Swine Flu Hotline on 1802 007, or by visiting the Australian Government's Health Emergency website at www.healthemergency.gov.au. Flu screening measures are in place at Australian airports, including advising

incoming passengers before landing that if they feel unwell with flu symptoms they should seek immediate medical attention.

Passports/Visas

A valid passport and visa are required for entry into Australia. Passports must be valid for at least three months after the planned stay. Business visas can be obtained from the Australian High Commission or travel agents.

Passengers travelling to, or through, foreign countries en route to Australia and return, are advised to obtain any necessary visas before leaving. In November 1995, a visa was introduced for British business people that allows the holder unlimited visits for the life of their passport, with a stay on any entry of up to three months.

Visas have been issued instantly (electronically) through UK travel agencies (or the Australian High Commission) since 24 March 1997 - theoretically there is no fee, although the agent may charge for the service.

Technical staff and others who are to carry out specialist work in Australia require a temporary residence and work permit. The maximum permitted stay for visitors is one year, including extensions. Visa extensions can be made through the Department of Immigration and Multi-cultural Affairs offices in Australia. It is recommended that applications for extensions are made one month before the current visa expires. The extension costs approximately A\$200, which is non-refundable whether the application for extension is successful or not.

Exchange Controls

Though Australia has relaxed virtually all foreign exchange controls, the sending of foreign exchange out of Australia - other than currency obtained from an authorised dealer (a bank) - is prohibited. There is no limit on currency amounts transferred into or out of Australia. However, international currency transfers of physical notes and coins of at least AUD 10,000 (or foreign currency equivalent) and all international telegraphic and electronic fund transfers must be reported.

Useful Contacts

Australian British Chamber of Commerce

Suite 2, Level 15
3 Spring Street
Sydney NSW 2000
Australia
Tel: +61-2-9247 6271
Fax: +61-2-9247 6671
E-mail: abcc@britishchamber.com
www.britishchamber.com

Australian Business

59 Buckingham Gate
London SW1E 6AJ
Tel: 0870 8900720
Fax: 0870 8900721
E-mail: enquiries@australianbusiness.co.uk
www.australianbusiness.co.uk

Australian Government

The Australian Government portal website is an online government resource for the Australian business community. It provides a wide range of services and information about start-up, taxation, licensing and legislation. The website is continuously being refined and progressively offers more online transactions in response to business needs.
www.business.gov.au

The Department of Foreign Affairs and Trade has information on Australia's international trade policy:

www.dfat.gov.au/trade

Detailed information about each of the mainland States and Territories can be found via the links below:

www.act.gov.au - Australian Capital Territory
www.nsw.gov.au - New South Wales
www.nt.gov.au - Northern Territory
www.qld.gov.au - Queensland
www.sa.gov.au - South Australia
www.tas.gov.au - Tasmania
www.wa.gov.au - Western Australia
www.vic.gov.au - Victoria

Australian High Commission

Australia House
The Strand, London, WC2B 4LA
Tel: +44 (0)20 7887 5226
Fax: +44 (0)20 7836 4250
www.uk.embassy.gov.au

British Council in Australia

Tel: +61 (0)2 9326 2022
www.britishcouncil.org/au.htm

British High Commission

The British High Commission is based in Canberra with Consulates-general in Sydney and Melbourne, Consulates in Brisbane and Perth, and Honorary Consulates in Darwin, Alice Springs, Adelaide and Hobart.

Tel: +61 (0) 2 6270 6666
<http://bhc.britaus.net>

British International Freight Association

The primary body representing the UK international freight services industry.

Tel: +44 (0) 208 844 2266
www.bifa.org

CIA Factbook

A factbook compiled by the CIA with country statistics.

www.cia.gov/cia/publications/factbook

Invest Australia

Invest Australia is the Australian Government agency that helps international companies build their business in Australia. It offers a point-of-contact for investment inquiries, offering free, comprehensive and confidential assistance

www.fta.gov.au

SITPRO

Tel: +44 (0) 207 215 8150
Fax: +44 (0) 207 215 4242
E-mail: info@sitpro.org.uk
www.sitpro.org.uk

UK Trade and Investment

The UK Government website with information to help you do business internationally.

Tel: +44 (0) 207 215 8000
www.uktradeinvest.gov.uk

Country Manager Australasia
Kingsgate House, 66 - 74, Victoria Street
LONDON, SW1E 6SW
Tel: +44 (0) 207 215 8293
Fax: +44 (0) 207 215 8313

There are UK Trade & Investment offices in Sydney, Melbourne, Brisbane and Perth. The posts are staffed with experienced commercial officers who have good contacts throughout the industry. They can provide information and advice on the market. They can offer assistance in the way of supporting exhibitions in Australia suitable for your products, or trade missions, which allow business people to see the Australian market first-hand. They can also help with publicity by getting exposure in the trade media or targeting the market direct.
<http://uktradeinvest.britaus.net>

Country Data

Feature	Country Data
Local time	Australia is divided into three time zones, as follows: - Western Standard Time is plus 8 hours from GMT (Western Australia); - Central Standard Time is plus 9.5 hours from GMT (Northern Territory, South Australia); - Eastern Standard Time is plus 10 hours from GMT (Tasmania, Victoria, New South Wales, and Queensland).
Population	22.3 million (2010: World Bank) reside mainly on the eastern and south-eastern seaboard, with approximately 8 million in the two largest cities, Sydney and Melbourne.
Capital City	Canberra (370,000)
Language /Religion	English language is spoken throughout Australia. The principal religions are: Anglican and Roman Catholic
Area	The 6th largest country in the world - land area is almost 3 million square miles
Public and Statutory holidays	Holiday dates are detailed at http://australia.gov.au/topics/australian-facts-and-figures/public-holidays
International dialling code from UK	00 61 Area codes are: Canberra 02; Sydney 02; Melbourne 03; Hobart 03; Brisbane 07; Adelaide 08; Darwin 08; Perth 08 Digital GSM mobile phones 04
Local currency	Australian Dollar (100 cents = 1 AU\$)
Weights and measures	The metric system is used in Australia: distances and speed are measured in kilometres, liquids are sold by the litre, and temperature is measured in Celsius.
Electricity supply	220/250 volts AC, 50 cycles. Plug fittings used are three-pin flat (Australian pattern).

Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

Acknowledgement

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