

# [Australia: population, economy, industry, trade](https://assignbuster.com/australia-population-economy-industry-trade/)

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Australia is recognised as one of the world’s more attractive places in which to do business. It is a relatively young country with a prosperous and stable economic and political climate. This, together with favourable market conditions, a highly skilled, diverse and welleducated workforce and vast natural resources, combine to make Australia an exciting prospect for foreign investors and business migrants who see it as a land of opportunity.

## ABOUT AUSTRALIA

Australia is an independent, self-governing country, located in the Asia Pacific region on the edge of the Pacific Rim—the world’s fastest growing region. It covers 7. 7 million square kilometres in area and consists of six States and two Territories:

New South Wales

* Queensland
* South Australia
* Victoria
* Western Australia
* Tasmania
* Northern Territory
* ACT or Australian Capital Territory.

The capital city, Canberra, is located in the ACT. Because of its size Australia is divided into three time zones with the east coast being two/three hours ahead of the West depending on the time of year. The eastern States, namely Queensland, New South Wales, Victoria and Tasmania are 10 hours ahead of Greenwich Mean Time (GMT). South Australia and the Northern Territory are ahead by 9 and a half hours and Western Australia ahead by 8 hours.

## POPULATION

Australia has a population of 24. 38 million. Approximately 90% of Australians live near the coast, centred around the main cities. Sydney is the largest city with a population of about 4. 9 million, Melbourne has approximately 4. 5 million, Brisbane 2. 3 million, Perth 2 million, Adelaide 1. 3 million, Canberra 390, 000, Hobart 220, 000 and Darwin 140, 000. Australia has become a truly multi-cultural society with more than a fifth of the population born overseas. Since the mid-20th century migrants have arrived from eastern, central and southern Europe, the Middle East and increasingly from the Asia Pacific region. While the population is principally of British and Irish descent, migrants come from more than 160 different countries. Indigenous people make up approximately 3% of the population.

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## LANGUAGE

The official language is English. However, as a result of its multi-cultural population, there are also a number of newspapers, radio stations and television programs catering for the various ethnic communities.

## STANDARD OF LIVING

Australia’s standard of living is rated second in the world. This is due to its great physical and climatic environment combined with attractive working conditions, excellent health and education facilities, high quality, reasonably priced housing and an affordable cost of living.

## EMPLOYMENT

In January 2017 the labour force was 11. 98 million, with a participation rate of 64. 6% and an unemployment rate of 5. 7%.

GDP

The GDP was AUD 1, 660 billion in 2016 (GDP per capita AUD68, 088).

CPI

The inflation rate was 1. 5% for the year to December 2016. The Reserve Bank of Australia aims to keep inflation between 2 and 3%.

## INTEREST RATES

The cash rate in February 2017 was 1. 5%.

## CURRENCY

The unit of currency is the Australian Dollar, quoted as the AUD. There are 100 cents to the dollar.

## SYSTEM OF GOVERNMENT

Australia was initially settled by the British in the late 1700s and was established as a Commonwealth in 1901 at the time of Federation. Australia is governed by a constitutional monarchy with Queen Elizabeth II as head of state and represented in Australia by the

Governor-General.

The head of Government, the Prime Minister, is the leader of the party, or coalition of parties, holding the majority seats in the Federal Parliament. The form of government is basically modelled on the Westminster system, with some influences from the American congressional system. There are three tiers of government, as set out below.

## FEDERAL

The Federal Government, based in Canberra, governs Australia at a national level, controlling matters such as the treasury, defence, foreign policy and trade, customs and excise, communication, banking and insurance.

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## STATE AND TERRITORIES

The State and Territories are all self-governing, although they share mutual responsibility with the Federal Government. They have their own Westminster based forms of government and each pass their own legislation dealing with the concerns that affect most Australians on a day-to-day level, such as trade, health, education, law enforcement, agriculture, mineral resources and industry. In practice this means that legislation relevant to doing business in Australia can vary in detail and complexity across the country.

## LOCAL

Local Governments have limited powers and govern planning, local environment and other ‘ local’ issues.

## THE LEGAL SYSTEM

Australia has a common law legal system similar to the English system. There are two sources of law:

* Legislation enacted by the Federal and State Governments
* Common law comprising judicial decisions.
* Parliament may pass statutes and make regulations under statutes to deal with specific issues.
* Courts operate at both Federal and State levels, including a comprehensive appeals system. The Federal and State Governments appoint Judge, and once appointed serve until retirement age unless removed for misconduct. Each State has its own judicial system and court hierarchy headed by a Supreme Court.
* The legal profession is closely modelled on the English legal profession with, in most States, a distinction between barristers, who mainly appear in court, and solicitors who maintain offices to which the public may go for advice.

## MARKET CONDITIONS

## THE ECONOMY

Australia has a prosperous, western style economy. According to the World Bank’s Doing Business Report 2017, Australia is the seventh easiest country in which to start a business and the fifteenth easiest country to do business. The strength of the Australian economy is in part due to policy reform such as financial deregulation, strong demand for mining resources and improved labour and industrial relations. It has also been helped by low interest rates and unemployment, a stable rate of inflation, and greater than expected demand for our resources (especially from China and India).

## INDUSTRY BASE

Australia is a services-based economy and its services sector has seen strong growth over the past two decades. The sector includes banking, insurance and finance; the media and entertainment industries; consulting, tourism and retail; services provided by government, such as education, health and welfare; and other personal and business services. The country’s sophisticated financial services industry is the largest contributor to the services sector, generating 8. 6% of the country’s total real gross value added (GVA). Overall, Australia’s services sector has expanded by an average of 3. 6 per cent per annum, outpacing the all-industries average of 3. 4 per cent.

While the service industry remains the backbone of Australia’s economy, Australia’s mining industry has been the catalyst for economic growth in the past decade. Australia has the world’s largest resources of recoverable brown coal, lead, nickel, uranium and zinc, and ranks second in the world for copper. Iron ore is another extremely valuable asset, with high demand from China. Australia also ranks as the second-largest LNG exporter in the world. Industry Contribution to Australian Gross Domestic Product, 2015–16 (%)

## TRADE

Australia is a strong supporter of reductions to trade barriers as well as the concept of open and multilateral trading systems. The Australian Government actively supports the General Agreement on Tariffs and Trade (GATT). Australia is ideally situated to take advantage of the trading opportunities in the Asia Pacific region. It has close cultural, commercial and political ties within the region and this enhances trading and business partnerships. It is the regional economic leader and over 50% of global trade is now focused in this part of the world.

Traditionally Australia exported primary industry commodities, namely beef, wool, live sheep, wheat and minerals such as iron ore, coal, gold, nickel, bauxite and zinc. Australia is now a major producer and exporter of oil and natural gas. Major imports include consumption and manufactured goods such as cars, computers, fuels, machinery and equipment, transport and machinery parts, and telecommunications equipment.

## MAIN TRADING PARTNERS AND EXPORT DESTINATIONS

Traditionally Australia’s trading partners have been the United Kingdom and Western Europe. However, with the formation of the European Union, the volume of trade with these regions has declined. Australia’s main trading partners are currently member countries of the Asia–Pacific Economic Cooperation Forum (APEC), which Australia helped launch in 1989. Member countries include Brunei, Canada, Chile, the People’s Republic of China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, The Philippines, Singapore, Taiwan, Thailand and the United States.

## BANKING AND FINANCE SECTOR

The central bank in Australia is the Reserve Bank of Australia. The Reserve Bank is responsible for setting Australia’s official interest rate and for maintaining a stable and efficient monetary policy and framework. It is responsible for foreign exchange control, maintaining a general oversight of dealers in the foreign exchange market and setting conditions and prudential standards. Until the mid 1980s, the Reserve Bank exercised greater powers over the activities of banks, limiting the range of financial intermediaries and services on offer.