2011 Federal Budget Brief

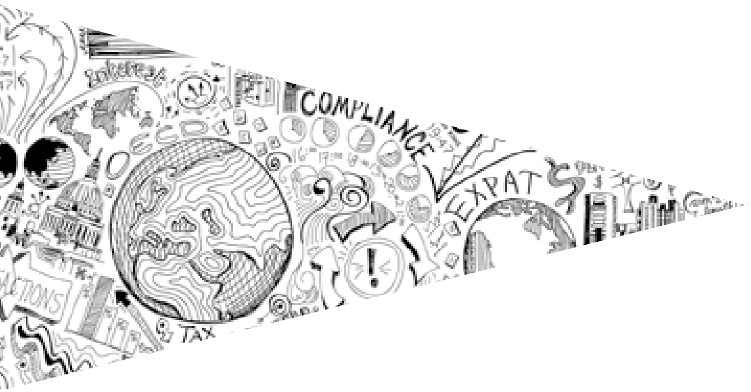
Overview for Chinese investors

May 2011

2011联邦预算案摘要

影响中国投资者的事项

2011年5月



ERNST & YOUNG

Quality In Everything We Do

Economics

Australia's two-speed economy is being driven by a set of international influences. The 'high-speed' commodity export sector appears to be the prime engine for the economy; however, relying on this sector alone is a risky strategy.

While commodity prices are likely to slacken in the near-term, they are expected to remain at historically high levels. These prices are expected to drive continued improvements in Australia's terms of trade (currently at 140 year highs) and appreciation of the Australian dollar.

Ongoing expansionary fiscal policy in the United States – coupled with restrictive fiscal policy elsewhere – is further fuelling movements in currency exchange rates. This also potentially exacerbates the volatility of commodity prices as investors attempt to hedge US dollar currency risk by seeking shelter in commodities.

These developments bring both opportunities and challenges. Of course, terms of trade and exchange rate improvements continue to highlight revenue and investment opportunities in commodities. They also exert a counter-weight to inflation. Simultaneously, the very same influences adversely affect non-commodity and import-competing industries.

However, these trends – and forecasts in relation to them – are subject to a high degree of uncertainty, particularly relating to global inflationary tendencies, and ongoing risks concerning sovereign debt and creditworthiness. A case-in-point is the marked downward movement of the Australian dollar that followed the Reserve Bank's recent statement on monetary policy. Even short-term issues, such as natural disasters at home and abroad, can exert significant course-altering pressure.

The stakes relating to this uncertainty are significantly elevated in the current context of domestic and international economic fragility, as economies attempt to emerge from and shake off the last remnants of the global financial crisis.

However, the forecast return to surplus is predicated on continued high performance of the 'high-speed' commodity sector, as well as the ability of the 'low speed' sectors to adjust to the increasing competitive pressures arising from the international economic environment.

Key forecasts

- Australia's real GDP is forecast to grow 4% in FY12 and 3.75% in FY13. The main drivers of economic growth are expected to be business investment and commodity exports.
- The world economy is forecast to grow 4.25% in 2011 and 4.5% in 2012.

经济

澳大利亚的“双速经济”受一系列国际因素影响的驱动。“高速” 模式下的矿产品出口是经济的主要引擎；然而，仅依靠矿产品出口这一单一行业的策略具有很高的风险。

尽管矿产品价格在近期内很可能放缓增长，但其仍然处在历史高位。高位的矿产品价格仍被预计将带动澳大利亚贸易价格比率（目前处于140年来的高位）不断提升以及澳元的升值。

美国持续扩张的财政政策以及其他地区紧缩的财政政策，进一步影响货币汇率的变动。这还有可能进一步加剧矿产品价格的波动，因为投资者将希望通过对大宗商品的投资来规避美元的汇率风险。

这种情况下机遇和挑战并存。当然，贸易条件的提升和汇率的走高将持续为矿产品行业带来收益和投资机会，并会对通货膨胀产生反作用。同时，相同的影响因素会恶化非矿产品行业以及进口竞争性行业。

尽管如此，这些趋势-或对此趋势的相关预测-都会受到较高不确定性因素的影响，特别是那些与国际通胀趋势相关，以及主权债务和信用等级的因素相关的持续风险。其中的一个很好的例子就是在澳大利亚央行最近的关于货币政策的陈述报告公布之后，澳元大幅下挫。即使是一些短期的因素，如国内外发生的一系列自然灾害，仍然可以对澳元形成方向性的重大压力。

与这种不确定性有关的经济利益，在目前国际国内脆弱的经济形式下被显著放大，原因是由于各个经济体都在努力摆脱国际金融危机的阴影。

然而，达致财政盈余的预测是建立在持续“高速”增长的矿产品行业，以及“低速”增长行业进行调整以适应国际经济环境下的竞争压力的能力之上的。

主要预测

- 澳大利亚实际国民生产总值在2012财政年度的增长预期为4%，2013财政年度为3.75%。经济增长的主要动力为商业投资和矿产品出口。
- 世界经济预期增长率2011年和2012年分别为4.25%和4.5%。

To what extent does this Budget include policies to improve the infrastructure that Australia needs and the flexibility of the economy to adjust to both forecast and *unforeseen* influences?

- Terms of trade are forecast to reach their highest sustained levels in 140 years, based on strong price increases for Australia's key non-rural commodity exports. This reflects increased global commodity demand and significant supply disruptions.
  - Exports are forecast to grow a solid 6.5% in FY12 and 5.5% in FY13, as domestic production of non-rural commodities expands to meet global demand, while the high Australian dollar impacts on exports of manufactures and services.
  - Imports are forecast to increase strongly over the next two years, due to domestic demand and the high Australian dollar, particularly capital goods imports required for resource projects.
- The unemployment rate is forecast to fall, reaching 4.75% by the end of FY12 and 4.5% by the end of FY13. The participation rate is expected to remain at around record highs of 66%.
- Wages growth is expected to increase as the labour market tightens, with the wage price index growing 4% through 2012 and 4.25% through 2013.
- Underlying inflation is expected to increase steadily from 2.5% to the June quarter of 2011, to 3% to the June quarter of 2013.
- The expected underlying cash deficit for FY12 is $22.6 billion (1.5% of GDP), with a return to a surplus of $3.5 billion (0.2% of GDP) in FY13.

Government expenditure to meet the challenges of the two-speed economy

- $558 million to deliver tailored, quality training places through the National Workforce Development Fund
- Ambitious reform of vocational education and training, with $1.75 billion on offer to partner with the States and Territories
- Measures to boost participation in the workforce by: rewarding work; providing new opportunities through training, education and services; and introducing new requirements for some groups
- $36 billion in investment in roads, rail and ports, including $1 billion for duplicating the Pacific Highway, New South Wales
- Removing tax impediments to infrastructure investment

When evaluating this Budget the question remains: To what extent does it include policies to improve the infrastructure that Australia needs and the flexibility of the economy to adjust to both forecast and *unforeseen* influences? The issue is not just about capitalising on the resources boom, but rather how to build resilience in the economy, irrespective of what may be coming over the horizon.

其在多大程度上包括了澳大利亚急需改善的基础设施，以及调整经济灵活性以应对可预见或非预见的经济影响因素的政策举措？

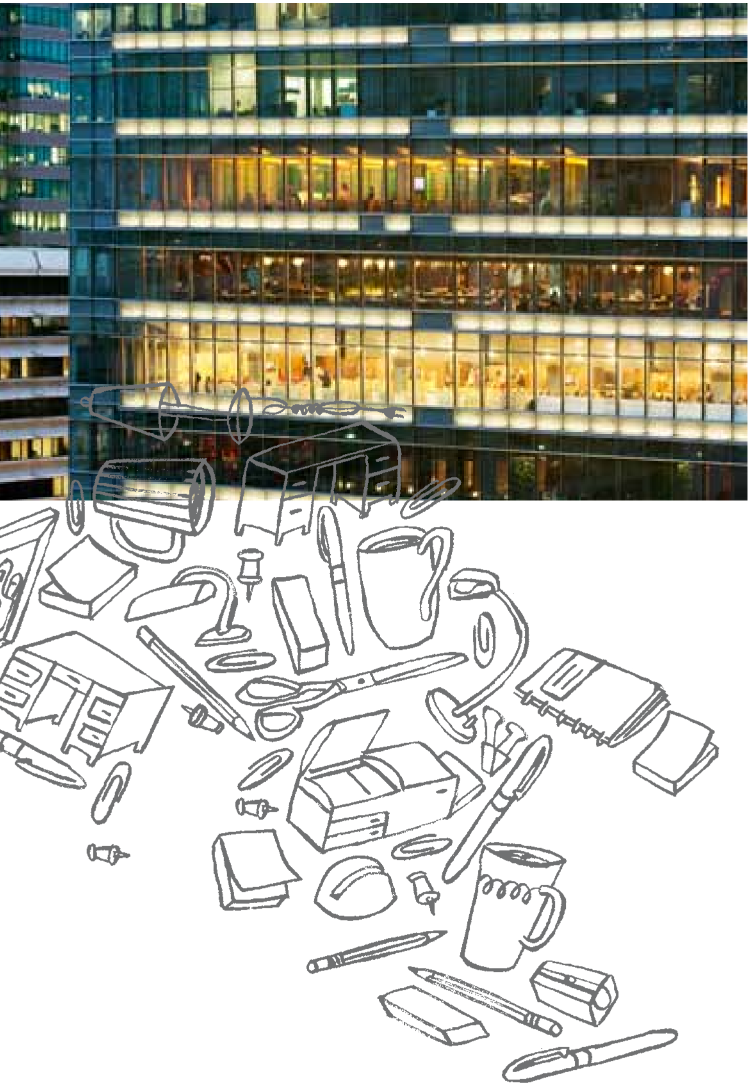
- 澳大利亚主要非农业商品出口价格仍增长强劲，故贸易条件预期将仍然维持在140年来的高位。这反映了全球矿产品需求强劲而供给严重不足。
  - 2012财政年度出口预期将增长为6.5%，2013财政年度增幅为5.5%。澳大利亚国内非农业商品生产不断扩大以适应国际需求，同时强势澳元将对产成品和服务出口产生影响。
  - 在国内尤其是对于资源项目相关的资本性商品需求的增长以及强势澳元的影响下，预测进口将会在接下来的两年中强劲增长。
- 失业率预计将会下降至2012财政年度的4.75%以及2013财年底的4.5%，劳动力参与比率预期仍将维持在历史高位的66%。
- 劳动力供应市场的紧张将会导致工资的上升，工资价格指数将会在2012年增长4%，在2013年增长4.25%。
- 潜在通胀预计将会稳步增长，从2011财年第四季度的2.5%，上升至2013财年第四季度的3%。
- 预期财政在2012财年的现金赤字达226亿元澳元（GDP的1.5%），这一状况至2013财年得以扭转，将实现35亿澳元（GDP的0.2%）的现金盈余。

政府应对“双速经济”挑战的支出

- 5亿5800万澳元将用于通过国家职工发展基金支付修建专业性强的高质量培训场所
- 17.5亿澳元将用于与各州和领地的合作，用以改革职业教育和培训
- 多项措施鼓励就业。如：高回报的工作；通过培训、教育及服务提供新的就业机会；对某些团体提出新要求等
- 360亿澳元用于修建公路、铁路和码头。其中包括耗资10亿元澳元将新南威尔士州的太平洋高速公路（Pacific Highway）建成复线。
- 废除对基础设施投资的税务负担。

该预算案仍然存在问题：其在多大程度上包括了澳大利亚急需改善的基础设施，以及调整经济灵活性以应对可预见或非预见的经济影响因素的政策举措？这个问题并不是仅仅关系到如何能长期受益于资源业的繁荣，而且关系到如何建立一套体制，在将来不管遇到什么情况，都可以保持经济活力。

Corporate



No new announcements on resource taxes

The Budget provides no new announcements on the proposed Mineral Resource Rent Tax (MRRT) and expanded Petroleum Resource Rent Tax (PRRT). This is not surprising, as the Government had previously endorsed the MRRT and expanded PRRT recommendations put forward by the Policy Transition Group (PTG) and is now engaged in a consultation process with the Resource Tax Implementation Group on developing Exposure Draft legislation. Although early predictions were that Exposure Draft legislation would be released as early as May 2011, we expect we will not see draft legislation released before June 2011.

The Budget confirms that adopting the PTG recommendations has no impact on the previously amended forward estimates. It also affirms the Government's previously stated intention to implement the regime. The previously announced timeline leaves impacted taxpayers with little time to prepare for the 1 July 2012 start date, for what will be a significantly different regime.

Geothermal energy exploration deduction confirmed

The Government has confirmed its previously announced intention to provide an upfront tax deduction for exploration of geothermal energy sources from 1 July 2012. While the announcement is welcome, it is disappointing that the measure is not retrospective.

Clarifying the PRRT taxing point

The Government will retrospectively amend the existing PRRT law to clarify the outcome of a recent Federal Court case regarding the PRRT taxing point. The detail of the proposed amendment will need to be carefully considered by those few impacted taxpayers.

企业

资源税无新公告

预算案中没有涉及与拟定的矿产资源租赁税(MRRT)和石油资源租赁税(PRRT)扩展提案有关的新公告。这并不出人意料，因为政府之前已通过政策改革小组对新拟议的矿产资源租赁税和扩展石油资源租赁税的建议，并且目前已进入与资源税实施小组就讨论稿法案起草进行咨询的阶段。虽然之前预计讨论稿有可能最早于2011年5月公布，我们认为该草案不会于今年6月前公布。

预算案确认采用政策改革小组建议将不影响到之前修改的预算基础，同时也重申政府之前表明实施资源税制度的意向。对于与之前宣布的政策有着重大差异的新政策而言，沿用之前宣布的时间表将致使受该项政策影响的纳税人留有极少时间来应对2012年7月1日新政策的实施。

地热能勘探抵扣的确认

政府确认之前宣布的意向，允许对从2012年7月1日起发生的地热能资源勘探费用进行及时全额抵扣。虽然此项公告受到欢迎，但该措施不具有追溯性却令人失望。

澄清石油资源租赁税征税点问题

政府将追溯修改现有石油资源租赁税税法以澄清最近与石油资源租赁税征税点有关的联邦法院判决所造成的不确定性。受此项影响的纳税人需慎重考虑有关的拟定法律修改细项。

Expanding the workforce through immigration

The Government has announced minor changes to its immigration program. Companies reliant on foreign skilled labour will benefit from:

- Increasing the number of places in the Migration Program from 168,700 to 185,000 places from FY12
- Investing $10 million over four years to decrease 457 temporary work visa processing times from four weeks to two
- Various initiatives encouraging skilled migration to regional Australia, including streamlining employer sponsored temporary and permanent migration

The price of carbon

As expected, the Budget was silent on the implications of a carbon price mechanism. The Government has indicated details of this initiative will be announced in July 2011.

The proposed framework indicates all revenues raised from the tax will be recycled back into the economy. For business, this means less than 50% of the revenue will be redistributed to industry and R&D investments in clean technologies, with the remainder going to households. Many of Australia's largest organisations will be significantly impacted and, under the current timeline, will have less than a year to prepare, develop and implement a comprehensive strategy.

What has been included in the Budget is an additional $100 million until 2024 for investment in early-stage renewable energy. This clearly has limited implications in comparison with the proposed carbon price.

通过移民来扩大劳动力供应

政府已宣布关于移民计划的些微改变，依赖海外技术劳工的公司将受益：

- 从2012财政年度起移民配额将由16.87万增加至18.5万
- 在4年中投入1000万澳元将457临时工作签证的处理时间由4周缩短至2周
- 采用各种新的举措以鼓励技术移民到澳大利亚特定地区工作，包括简化雇主担保的临时和永久移民的申请手续

碳的价格

正如预料，今年的财政预算案并未提及关于碳价机制的影响。政府已表示对于这举措的细节将在2011年7月公布。

建议的框架表明该税制中所征收的全部税收收入将会被循环投放回经济中。对于企业，这意味着少于50%的被征税收入将被重新分配回行业及清洁能源技术的研发投资，其余部分将会分配回家庭。澳大利亚许多大型企业将会受到重大影响，并且根据目前的时间表，受影响的企业将有不到一年的时间来准备、制定和实施一项综合性应对战略。

已被列入本次财政预算的包括一笔延至到2024 年的额外1亿澳元作为早期再生能源项目的投资。和拟议中的碳价格机制相比，该举措的意义明显有限。

Public

Small steps to support the future infrastructure pipeline

In a tight Budget, largely devoid of new projects, the Government appears to be preparing for the use of future surpluses to build infrastructure that is critical to growth, in particular in the resources sector. It will do this by reinvigorating Infrastructure Australia (IA) and encouraging private investment in public infrastructure.

IA has been given a new lease on life, with an increased budget, an expanded role and greater autonomy. IA has also been asked to take a more proactive role in project prioritisation through the top down development of a National Infrastructure Construction Schedule or project pipeline. This will challenge the existing process, where States and Territories submit their wish lists.

In addition, the requirement to publish its detailed project assessments is a boost for transparency that will be welcomed by many, but perhaps not the authors of lower quality proposals.

Another welcome initiative is establishing an Infrastructure Financing Group, comprising key private and public sector players, to further examine opportunities to remove obstacles to private investment in public infrastructure.

Private sector investors, including superannuation funds, will also welcome a new incentive preserving the 'real' value of tax losses accumulated early in the life of projects. The incentive should also mitigate the wastage of accumulated losses in projects, when new investors enter after the early development stages. This has previously impeded superannuation funds investing in infrastructure projects in Australia. It will be interesting to see whether the short-term nature of the incentive will limit the impact on the long-term asset allocation policies of investors.

This is an important first step towards the Holy Grail of getting more super investment in infrastructure, but other obstacles remain. Institutional investor concerns over the cost and uncertainty of the Government bidding processes still need to be addressed. Superannuation funds see themselves predominantly as brownfield investors with poor experience in greenfield bidding processes. Initiatives either aimed at streamlining and standardising bidding procedures, or encouraging further private investment in existing government infrastructure based businesses, remain unfinished business.

公众

支持未来基础设施建设的小步举措

在预算紧张或缺乏新项目的时候，政府往往会将未来的财政盈余用于对增长至关重要的基础设施建设上，特别是资源产业。政府会通过对澳大利亚基础设施部（Infrastructure Australia）注资并鼓励私人投资公共基础设施来实现这一举措。

澳大利亚基础设施部受到重视，政府将增加该部门预算并扩大其职责和自主权。该部门也被要求更积极地参与项目优先排序，制定自上而下的国家基础设施项目建设日程表或项目规划。这将挑战现有由各州和领地提交各自的项目清单流程。

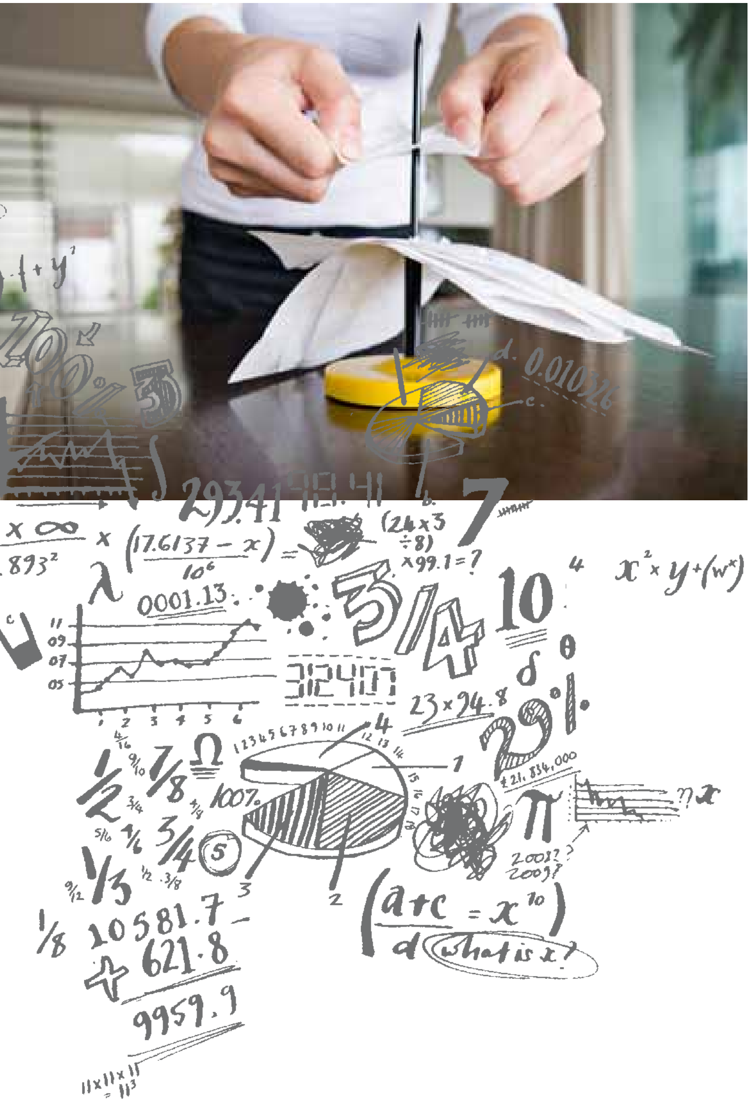
此外，要求公布详细的项目评估报告的举措将提高透明度，并受到除了低质量项目建议书作者外大多数人的欢迎。

另一个值得欢迎的举措是建立一个由主要私有和公众企业组成的基础设施融资团体来进一步审查投资项目，以消除私企投资公共基础设施的障碍。

另一受到私企投资者（包括养老金基金）欢迎的新激励政策是保留项目早期累计的‘真正’的税务亏损，使新投资者在中后期阶段进入项目时能利用早期的累计亏损得到税务上的优惠。项目中的累计亏损不能随着所有权变化使新投资者得到相关税务优惠是阻碍养老金基金投资澳大利亚基础设施项目的主要因素。该激励政策的短期性是否会限制投资者长期资产的分配政策将值得关注。

这一举措还只是吸引更多养老金基金投资基础设施的第一步，依然存在其他障碍。机构投资者对成本和政府招标过程中的不确定性的担忧仍有待解决。养老金基金的投资者认为自己对于绿地项目缺乏投标经验。政府在简化和规范招投标程序、鼓励更多私企投资现有政府基础设施项目等方面仍有很多未完成的工作。

Personal



Personal tax measures

As speculated, the Government has removed the ability to split income with children under 18 and will phase out the dependent spouse tax offset. From 1 July 2011:

- Minors will no longer be able to use the low income tax offset to reduce their income tax payable on passive income, such as dividends, interest and trust distributions. This will remove the common practice of allowing $3,300 of tax-free trust distributions to minors. The offset will continue to be available for minors' work income.
- The dependent spouse tax offset will be abolished, in most cases, for taxpayers with a spouse under 40 with no children.

For taxpayers who have transitioned their superannuation funds to a pension, the Government will reverse the previous pension draw down relief, where the minimum payment amounts for the 2009, 2010 and 2011 financial years were halved from 4% to 2%. For the 2012 financial year, the minimum payment amount for pensions will be reduced to 3% and will return to the normal 4% in 2013.

Directors' liabilities expanding

Directors of public and private companies should be aware that, from 1 July 2011, the directors' penalty regime has been extended. The Budget announced measures making directors personally liable for their company's failure to pay employee superannuation. The Government could deny pay-as-you-go (PAYG) credits in a director's personal tax return where company PAYG obligations remain unpaid.

个人

针对个人税务的措施

跟预计的一样，政府将废除之前允许的与未年满18岁的未成年子女分摊收入的做法。政府也将淘汰受供养配偶税务补贴。从2011年7月1日起：

- 未成年人的非劳动收入将不再享有低收入者税收补贴的优惠。该项措施将防止利用低收入者税收补贴来降低非劳动收入（如：股息、利息和信托分配金额）相关的应付所得税。该项举措制止了之前普遍利用未成年人取得低于3,300澳元信托分配金额的税收补贴而达到免税的行为。但是，政府还将继续实施未成年人工作收入上的税收补贴优惠。
- 政府将废除受供养配偶税务补贴优惠。在多数情况下，这个措施是针对拥有小于40岁的配偶和无子女的纳税人。

对于之前选择将养老金基金转入退休金的纳税人而言，政府将减低之前的退休金提取金额的相关税收抵减优惠，将2009、2010和2011财政年度的退休金提取的最低额从4%减半到2%，2012财政年度的退休金提取的最低额降低到3%，到2013年时再调整到正常的4%。

董事的责任扩大

上市公司和私人公司的董事应留意，从2011年7月1日起，董事的处罚范围将扩大。对于公司未能支付雇员养老金的状况，财政预算案已公布由公司董事个人承担支付义务的措施。并且公司如果存在未替员工代扣代缴个人所得税(pay-as-you-go)的情况，政府有权不承认该公司董事个人所得税申报表中的已代扣代缴个人税抵减额。

Contacts

Rob McLeod	Oceania Managing Partner and Chief Executive Officer	rob.mcleod@au.ey.com	+61 2 9248 4321
Uschi Schreiber	Deputy chief executive officer	uschi.schreiber@au.ey.com	+61 2 8295 6706
Neil Plumridge	Advisory	neil.plumridge@au.ey.com	+61 3 9288 8957
Tony Johnson	Assurance	tony.johnson@au.ey.com	+61 3 9288 8647
Craig Robson	Taxation	craig.robson@au.ey.com	+61 8 9429 2271
Graeme Browning	Transaction Advisory Services	graeme.browning@au.ey.com	+61 3 9248 4751
Mark Butcher	Adelaide	mark.butcher@au.ey.com	+61 8 8417 2000
Jenny Parker	Brisbane	jenny.parker@au.ey.com	+61 7 3243 3673
Lucille Halloran	Canberra	lucille.halloran@au.ey.com	+61 2 6267 3872
Annette Kimmitt	Melbourne	annette.kimmitt@au.ey.com	+61 3 9288 8141
Mike Anghie	Perth	michael.anghie@au.ey.com	+61 8 9429 2324
Lynn Kraus	Sydney	lynn.kraus@au.ey.com	+61 2 9248 4244
Graeme McKenzie	Asset Management	graeme.mckenzie@au.ey.com	+61 2 9248 4689
Tim Coyne	Banking and Capital Markets	tim.coyne@au.ey.com	+61 3 9288 8056
Mathew Nelson	Climate Change	mathew.nelson@au.ey.com	+61 3 9288 8121

John Davies	Consumer Products	john.davies@au.ey.com	+61 3 9288 8503
Tony Smith	Defence	tony.smith@au.ey.com	+61 2 6267 3997
Peter Rohan	Education	peter.rohan@au.ey.com	+61 3 9655 2668
Andrew Price	Financial Services Office	andrew.price@au.ey.com	+61 2 9248 5946
Uschi Schreiber	Government	uschi.schreiber@au.ey.com	+61 2 8295 6706
Jim Birch	Health and Human Services	jim.birch@au.ey.com	+61 8 8417 1763
Bill Banks	Infrastructure	bill.banks@au.ey.com	+61 2 9248 4522
Paul Clark	Insurance	paul.clark@au.ey.com	+61 2 8295 6967
David McGregor	Media and Entertainment	david.mcgregor@au.ey.com	+61 3 9288 8491
Scott Grimley	Mining and Metals	scott.grimley@au.ey.com	+61 3 9655 2509
Jeff Dowling	Oil and Gas	jeff.dowling@au.ey.com	+61 8 9429 2229
Bryan Zekulich	Private Equity	bryan.zekulich@au.ey.com	+61 2 9248 5833
Chris Lawton	Real Estate	chris.lawton@au.ey.com	+61 2 9248 5165
Stephen Huppert	Superannuation	stephen.huppert@au.ey.com	+61 3 9288 8720
Tony Canavan	Transport	tony.canavan@au.ey.com	+61 3 8650 7331
Brett Croft	Utilities	brett.croft@au.ey.com	+61 3 8650 7623

Oceania China Business Group 大洋洲区中国业务部

Jeff Dowling	Oceania Leader	jeff.dowling@au.ey.com	+61 8 9429 2229
John Li 李强	Executive Director	john.li@au.ey.com	+61 8 9249 2184
Joy Chen 陈楚凡	Executive Director	joy.chen@au.ey.com	+61 2 9248 4229

Ernst & Young
Assurance | Tax | Transactions | Advisory

About Ernst & Young
Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organisation of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organisation, please visit www.ey.com

SCORE Retrieval File No. AU00001041

S1123091