

## II. INTERNATIONAL BUSINESS SITUATION

### A. Economic, governmental and legal analysis of the trading country

Describe the trading country's economic system, economic information important to your proposed business/product/service, the level of foreign investment in that country

Australia's vibrant market based economy follows a similar capitalist structure as seen in the United States. However, the Australian economy sets itself apart from the rest of the world through its robust and diverse market economy, characterized by its significant service sector and substantial natural resources.

Largely unaffected by the Global Financial Crisis in 2008,

**Australia avoided a recession because of strong regulation by the Australian Prudential Regulation Authority (APRA)**, that focused on lending standards overlooked by other countries. This foresightedness and historical stability of the Australian economy is the reason for its **Nominal GDP of 1.675 Trillion USD and \$60,337 GDP per capita**, ranked 12th and 10th in the world respectively. The Consumer Price Index (CPI), which measures household inflation, reduced from 7.3 in sep-22 to 5.4 in sep-23. Additionally, Australia is one of the 12 countries with a large current account surplus; Australia has a positive balance of payments at 7.7 B USD, far different from The United States balance recorded at a deficit of 212.1 USD in June 2023.

**Australia has a long history of welcoming foreign investment and remains open to overseas capital flows into sectors like mining, agriculture, infrastructure, real estate, and financial services** - seeing such investment as net beneficial for the economy despite periodic debates about retaining domestic ownership in sensitive areas. **Rules and screening mechanisms aim to balance economic contributions against risks of excessive foreign control.** While further growth in foreign investment appears likely, continuing public discussions argue for ensuring jobs, innovation gains, and influence retention - rather than solely enriching external owners without enough emphasis on obligations around community-building and domestic partnership requirements.

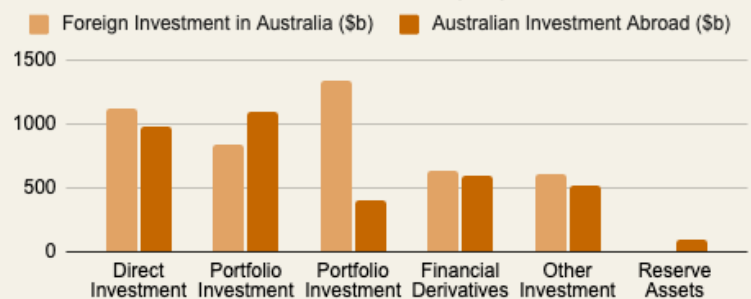
Describe the trading country's governmental structure and stability, how the government controls trade and private business

The Australian government is a constitutional monarchy combined with a democracy. The country is divided into 6 states and 2 territories, each state their own governmental responsibilities. At the federal level, **Australia has a bicameral parliament consisting of the House of Representatives and the Senate.** The Prime Minister, who is the head of government, leads the executive branch, while the monarch's representative, the Governor-General, serves as the ceremonial head of state. **Through a structured government and peaceful transitions of power, Australia maintains a stable political environment.**

**Australia's central bank, the Reserve Bank of Australia** is responsible for keeping the country's economy and currency stable. The value of the **The Australian dollar is currently on the rise, and it usually reflects global growth.** If global growth is on the rise, the AUD goes up. If it is falling, so does the AUD. In terms of trade and business, Australia has always been very encouraging of international and domestic trade. **Australia has negotiated many free trade agreements (FTA's) to reduce barriers to trade and foster economic ties** between their states, territories, and other countries (refer to Figure 1B). This maintains their global trade presence and ensures a level of safety and stability in the country's economy. Australia's FTA policy not only helps the country in terms of trade but also helps the country maintain diplomatic relations with various countries.

Figure 1A:

#### Foreign Investment in Australia (\$b) and Australian Investment Abroad (\$b)



Level of investment, by components, 31 December 2022

Figure 1B:



Describe laws and/or governmental agencies that affect your business/product/service [i.e., labor laws, trade laws (origin country and the country of choice)]

Australia has a variety of laws, agencies, and regulations to maintain an optimal quality of childcare and early childhood education. In order to ensure that eligible families can afford the expenses of childcare, they provide a **Child Care Subsidy**, or CCS. **The CCS is an income-tested subsidy provided directly to approved childcare service providers to reduce fees paid by eligible families.** Eligibility is determined by a three-step activity test based on combined family income, hours of recognized work-related activity, and the type of childcare service used. Additionally, **the Australian government provides ACCS, or Additional Child Care Subsidy to families facing exceptional circumstances.** These circumstances include unemployment, homeless families, grandparents raising children, foster parents, and families from regional or remote locations where childcare options are limited. In order for a childcare facility to qualify for either of these programs, they must meet the following criteria.

- 1
- Licensing: For a facility to operate in Australia, it must be government-approved and licensed, meeting all requirements for health, safety, quality of care, and staff training.
- 2
- Staff Credentials: To be eligible for subsidies, staff must meet minimum qualification and background check requirements according to Australian law.
- 3
- Regulation: Childcare providers have a maximum hourly fee rate aligned to CCS limits and must monitor attendance and absence days.
- 4
- Inclusivity: Centers should prove that they do not discriminate against children with disabilities, disadvantage families, or prevent low-income families from attending.
- 5
- Compliance: Child Care Subsidy (CCS) services should handle taxation forms, provide clear receipts and invoices displaying subsidy amounts to families, and submit attendance reports to government agencies.

Additional Laws to Consider

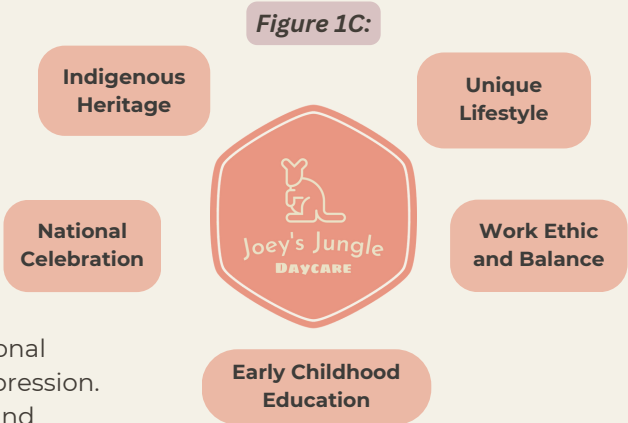
Zoning and Planning Regulations	Land Use and Lease Agreements	Insurance and Liability	Health and Safety Requirements	Staffing and Employment Laws	Building Codes and Safety Standards
Licensing and Accreditation	Community Engagement and Consultation	Environmental Considerations	Privacy Laws	Accessibility and Inclusion	

B. Trade area and cultural analysis

Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service

Australia is the sixth-largest country globally. Its urban centers, including Sydney, Melbourne, and Brisbane, are cultural and economic hubs, with a primarily urban population. **JJD's primary market is concentrated in these cities, catering to a diverse demographic mix of Indigenous Australians, immigrants, and multicultural communities.**

Our company is deeply aligned with Australia's values, drawing inspiration from its Indigenous heritage and the diversity brought by immigration. We integrate Indigenous Dreamtime stories, arts, and ceremonies into our ethos, and we resonate with the spirit of national celebrations like Australia Day and ANZAC Day. Embracing the "Aussie" way of life, we promote outdoor activities, sports, and community engagement. At the heart of our mission is the recognition of the Australian workforce's **strong work ethic** and the universal quest for **work-life balance**. We understand that Australians strive for a professional life that allows ample time for loved ones, valuing individuality and self-expression. Our company supports this balance through flexible work arrangements and family-friendly policies, ensuring our **employees can thrive both in their careers and personal lives**.



**Early Childhood Education and Care (ECEC)** stands as a cornerstone of our company's values, mirroring Australia's **commitment to child development**. With government-backed initiatives like the **Child Care Subsidy making quality early education accessible, we prioritize offering a safe, stimulating environment for children**. Our ECEC programs incorporate play-based learning and social skill development, adhering to the National Quality Framework and guided by the Early Years Learning Framework to tailor education to individual needs. Moreover, our company **extends these values through various marketing events, daycare activities, and observance of holidays that reflect Australia's cultural diversity and heritage**. We aim to create an inclusive, community-centric atmosphere where the principles of ECEC and work-life balance are not just upheld but celebrated, ensuring our practices align with the very essence of Australian culture.

### Analysis of the potential location

Australia has numerous urban cities with large populations and many families. **Although these cities have many buildings and people, they are severely lacking in childcare facilities**. This is very inconvenient for working parents in these areas, as they either have to travel very far for childcare facilities, or they have to settle for something that does not meet their expectations. **Since our business operates in Australia and enriches the economy of Australia, international trade documents are not applicable**. Our company does not need imported goods or trade documents since our services are offered across Australia to Australian families, and we use already built unused office space as the locations for our facilities. **Foreign trade law does not apply to our business model, since it is localized in the Australian country and does not have foreign trade for goods and services**. As broken down further in the market segmentation, a large portion of our target market is located in Urban cities, by launching our business in urban cities we can reach a large proportion of our target market faster. This will help us have a **first-mover advantage and achieve our company goal of reducing childcare deserts in Australia**. Operating in urban areas will also grant us easier access to infrastructure such as new technologies, easy access to supply chains, and means for large capacity/scalability; because of this it is reasonable for us to launch our business in urban areas.