

Australia

RISK & COMPLIANCE REPORT

DATE: November 2018

Executive Summary - Australia

Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions
Medium Risk Areas:	US Dept of State Money Laundering assessment Non - Compliance with FATF 40 + 9 Recommendations
Major Investment Areas: Agriculture - products: wheat, barley, sugarcane, fruits; cattle, sheep, poultry Industries: mining, industrial and transportation equipment, food processing, chemicals, steel Exports - commodities: coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment Exports - partners: China 29.5%, Japan 19.3%, South Korea 8%, India 4.9% (2012) Imports - commodities: machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products Imports - partners: China 18.2%, US 11.6%, Japan 7.8%, Singapore 5.9%, Germany 4.6%, Thailand 4.2%, South Korea 4% (2012)	
Investment Restrictions:	

FDI in Australia accounts for 24 percent of total foreign direct investment in the country and is concentrated largely in resources and energy, manufacturing and the nonbank financial services sector.

All foreign persons, including U.S. investors, must notify the Australian government and get prior approval to make investments of five percent or more in the media sector, regardless of the value of the investment.

Contents

Section 1 - Background.....	4
Section 2 - Anti – Money Laundering / Terrorist Financing	5
FATF status.....	5
Compliance with FATF Recommendations.....	5
Extracted from IMF Report - 2011 ARTICLE IV Consultation (October 2011)	6
US Department of State Money Laundering assessment (INCSR)	7
Report	12
International Sanctions.....	16
Bribery & Corruption.....	17
Section 3 - Economy.....	21
Banking.....	22
Stock Exchange.....	22
Section 4 - Investment Climate	23
Section 5 - Government.....	39
Section 6 - Tax.....	40
Methodology and Sources.....	43

Section 1 - Background

Prehistoric settlers arrived on the continent from Southeast Asia at least 40,000 years before the first Europeans began exploration in the 17th century. No formal territorial claims were made until 1770, when Capt. James COOK took possession of the east coast in the name of Great Britain (all of Australia was claimed as British territory in 1829 with the creation of the colony of Western Australia). Six colonies were created in the late 18th and 19th centuries; they federated and became the Commonwealth of Australia in 1901. The new country took advantage of its natural resources to rapidly develop agricultural and manufacturing industries and to make a major contribution to the Allied effort in World Wars I and II. In recent decades, Australia has become an internationally competitive, advanced market economy due in large part to economic reforms adopted in the 1980s and its location in one of the fastest growing regions of the world economy. Long-term concerns include aging of the population, pressure on infrastructure, and environmental issues such as floods, droughts, and bushfires. Australia is the driest inhabited continent on earth, making it particularly vulnerable to the challenges of climate change. Australia is home to 10 per cent of the world's biodiversity, and a great number of its flora and fauna exist nowhere else in the world. In January 2013, Australia assumed a nonpermanent seat on the UN Security Council for the 2013-14 term.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Australia is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Australia was undertaken in 2018. According to that Evaluation, Australia was deemed Compliant for 17 and Largely Compliant for 9 of the FATF 40 Recommendations. It was deemed Highly Effective for 1 and Substantially Effective for 4 of the Effectiveness & Technical Compliance ratings.

Money Laundering/Terrorism Financing Risks (FATF Mutual Evaluation Report)

The NTA identified illicit narcotics, and tax frauds (and other frauds) as the major predicate crimes for ML. Drug trafficking and tax evasion generate the most significant amount of the illicit proceeds investigated by authorities. However, there is no current estimate of proceeds generating crime in Australia. The authorities utilize a conservative estimate, based on 2009 material, that organised crime costs the Australian economy 1.5% of GDP; however authorities do not have an estimated figure for the amount of criminal proceeds. For general context (but not for comparison) it is noted that Australia convicts around 135 000 offenders annually for predicate crimes (see chart at paragraph 2.28).³ The main predicate crimes where convictions are obtained are illicit drug offences, theft, and fraud or deception offences.

The channels that were identified as highly vulnerable to ML activity were the banking sector, money remitters (both licensed and underground operators), gatekeepers, and the abuse of corporate vehicles. The risks are exacerbated by launderers often using false identity documents. Australian drug markets are said to be some of the world's most profitable and most drugs can be obtained. They are a serious and growing issue. In 2012-13, drug seizures and arrests were at record or decade highs for nearly all drug types.⁴ Cannabis dominates domestically, but the drugs of greatest concern are amphetamine-type stimulants. Drug trafficking in Australia is linked to transnational organised crime groups, particularly from South East Asia and South America.

Authorities have found that organised criminal groups use complex corporate vehicles to conceal and launder proceeds, which are often sent out of Australia as part of the laundering process or to fund more drug-related activity. Trade-based ML may also be an emerging threat to Australia. China; Hong Kong, China; Macao, China; Singapore and the United Arab Emirates were seen as major source, destination, and/or transit jurisdictions for proceeds of crime laundered into and out of Australia. Large amounts are suspected to be

laundered out of China into the Australian real estate market. China and other countries within the Asia-Pacific region were also seen as likely sources of corruption proceeds that are laundered in Australia.

Authorities consider that international laundering of tax crime proceeds is primarily outwards, involving havens in Europe as well as Vanuatu in the Pacific although many such proceeds eventually return to Australia. Overall the authorities' view may downplay potential inwards laundering from the United States, the United Kingdom, and other parts of Europe, and outwards laundering in New Zealand, Canada, and the United States as evidenced by recent ML and proceeds related mutual legal assistance requests.

TF risk is largely influenced by international tensions and conflicts, in particular Syria and Iraq. The main domestic risks involve small-scale collection and use of legitimate and illegitimate funds by domestic cells aligned with or sympathetic to radicalised Islamic jihadist groups abroad, for the purposes of committing domestic terrorist acts.

The authorities have periodically and successfully disrupted domestic terrorism plots and associated funding (albeit involving relatively low levels of funds) although this remains a constant risk. In addition, in recent years and on isolated occasions, ransoms have been paid by families and businesses to release Australians held hostage by terrorists.

The most significant emerging TF risk is the potential for groups as well as other individuals to send money, directly or indirectly, or raise money for, or otherwise support Australians travelling to conflict zones abroad (especially Syria and Iraq) to support foreign terrorist groups and terrorist acts, both abroad and domestically. In this context, the primary destinations for current TF flows from Australia were understood to be Syria and Iraq, with the funds often passing through other jurisdictions en route. Some Australians have funded travel for themselves from legitimate sources to fight in conflict zones, and some funds have also been raised through abusing registered and informal "pop-up" charities linked to humanitarian fund-raising.

Charities and other NPOs are a channel of higher risk for use to raise funds for TF in or from Australia, although identified misuse of NPOs is low. However, the lack of a comprehensive sectorial risk assessment, the lack of subsequent outreach in relation to TF to the sector, and the lack of adequate preventive requirements or a supervisory framework that cover all relevant NPOs, leave them vulnerable to misuse by terrorist organisations.

Extracted from IMF Report - 2011 ARTICLE IV Consultation (October 2011)

Extract from 2013 Asia Pacific Group on Money Laundering Yearly Typologies Report:

Trends:

Established typologies and potential vulnerabilities

The Typologies and case studies report 2012 provides details about established typologies. The report examines two typologies used to enable and commit transactional crimes and tax evasion which are currently of particular interest to law enforcement, namely:

- the use of cheques to evade tax; and
- the use of third-party cash couriers to undertake money laundering.

The report also examines a number of channels vulnerable to money laundering and terrorism financing, including:

- digital currencies and virtual worlds;
- voucher payment systems; and
- offshore online money remitters.

Although limited evidence exists to date of criminal misuse of these channels in Australia, overseas cases illustrate some of the ways in which they can be exploited.

US Department of State Money Laundering assessment (INCSR)

No longer catergorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report

Australia was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Australia's well-functioning financial markets include major products, such as money, debt, equities, foreign exchange, and derivatives. While not large compared to equivalent markets in economies such as the United States or Japan, trading activity in many Australian financial market sectors is higher than the size of the economy might indicate. For example, Australia's largest market sector is the foreign exchange market and the Australian dollar is the seventh most actively traded currency worldwide. Australia is also recognized internationally in areas such as infrastructure financing and structured products. As an emerging financial services center within the Asia-Pacific region, the country's financial sector is supported by a number of government initiatives, such as the implementation of an investment manager regime and measures to provide tax exemption or tax relief for foreign managers. Finance and insurance, significant sectors in the Australian economy, are estimated to annually contribute some A\$130 billion (approximately \$92 billion) to the Gross Domestic Product, accounting for 9.3 percent of total value added. Australia has one of the largest pools of consolidated assets under management globally, valued at A\$2.6 trillion (approximately \$1.85 trillion). It is also a major destination for foreign direct investment.

According to the Australian Crime Commission (ACC), financial crimes continue to increase in diversity, scale, and the level of overall harm they cause Australia. The ACC conservatively estimates that serious and organized crime costs Australia approximately A\$15 billion each year (\$10.67 billion). Money laundering remains a key enabler of serious and organized crime.

The Australian Transaction and Reports Analysis Center (AUSTRAC) – the country's financial intelligence unit (FIU) and the national anti-money laundering/countering the financing of terrorism (AML/CFT) regulator – identifies key features of money laundering in Australia in its Annual Report: intermingling legitimate and illicit financial activity through cash intensive businesses or front companies; engaging professional expertise, such as lawyers and accountants; the use of money laundering syndicates to provide specific money laundering services to terrorists and domestic and international crime groups; and the “internationalization” of the Australian crime environment, a reflection of the pervasive international money laundering ties of Australia-based organized criminal groups. The report also notes that major money laundering channels are prevalent in banking, money transfer and alternative remittance services, gaming, and luxury goods. Less visible conduits include legal persons and arrangements, cash intensive businesses, electronic payment systems, cross-border movement of cash and bearer negotiable instruments, international trade, and investment vehicles.

Trade-based money laundering (TBML), and its potential role in drug trafficking and importation, is a concern of law enforcement agencies. Australia's lack of free trade zones is considered to have lowered the risk of TBML.

Do FINANCIAL INSTITUTIONS engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO

Criminalization of money laundering:

“All serious crimes” approach or “list” approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES **civilly:** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES **Domestic:** YES

KYC covered entities: Banks; gaming and bookmaking establishments and casinos; bullion and cash dealers and money exchanges and remitters; electronic funds transferors; insurers and insurance intermediaries; securities or derivatives dealers; registrars and trustees; issuers, sellers, or redeemers of traveler's checks, money orders, or similar instruments; preparers of payroll, in whole or in part in currency, on behalf of other persons; and currency couriers

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 81,074: July 2014 - June 2015

Number of CTRs received and time frame: 4,694,287: July 2014 - June 2015

STR covered entities: Banks; gaming and bookmaking establishments and casinos; bullion and cash dealers and money exchanges and remitters; electronic funds transferors; insurers and insurance intermediaries; securities and derivatives dealers; registrars and trustees; issuers, sellers, or redeemers of traveler's checks, money orders, or similar instruments; preparers of payroll, in whole or in part in currency, on behalf of other persons; and currency couriers

Money laundering criminal Prosecutions/convictions:

Prosecutions: 99: July 2013 - June 2014

Convictions: 77: July 2013 - June 2014

Records exchange mechanism:

With U.S.: MLAT: YES **Other mechanism:** YES

With other governments/jurisdictions: YES

Australia is a member of the FATF and of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.

Enforcement and implementation issues and comments:

The Government of Australia maintains a comprehensive system to detect, prevent, and prosecute money laundering. A statutory review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CFT Act), conducted by the Attorney-General's Department with assistance from AUSTRAC, is underway to examine the objectives and scope of the AML/CFT regime, opportunities for deregulation, the risk-based approach to AML/CFT, and industry reporting obligations. The review is being conducted in the context of the government's deregulation agenda, and minimizing the compliance burden on industry is a priority. The report of the statutory review will be submitted to Government in the first half of the 2015-16 financial year.

Following amendments to the AML/CFT Act, customer due diligence (CDD) requirements became effective June 2014, which protect Australia's revenue base through enhanced collection and verification of customer information, and safeguard national security from organized criminals and money launderers misusing the complex business structures to conceal their ownership and controlling interest. A major enforcement tool to reduce money laundering risks inherent in the alternative remittance sector and informal value transfer systems is the ACC-led Eligo National Task Force (ENTF). The ENTF is an initiative involving the ACC, AUSTRAC, and the Australian Federal Police. In 2015, the ENTF resulted in 32 disruptions to criminal entities and identified 112 criminal targets previously unknown to law enforcement. The ENTF-initiated investigations resulted in seizures of more than A\$365.5 million (approximately \$262 million) in cash and drugs, 39 referrals to partner agencies, 40 financial intelligence reports to the Eligo Taskforce, and nine data mining information reports. As well as disrupting organized crime activities, the ENTF increases professionalism within the remittance sector to make it more resistant to organized crime. U.S. law enforcement agencies continue to collaborate with the ENTF.

AUSTRAC also works with Australian industries and businesses to promote their compliance with AML/CFT legislation. Australia has active interagency task forces, and consultations with the private sector are frequent. AUSTRAC signed seven new financial intelligence exchange agreements in 2015, increasing the number of Australia's exchange instruments with international counterparts to 72. Australian law enforcement agencies investigate an increasing number of cases that directly involve offenses committed overseas. Australia's Criminal Assets Confiscation Task Force brings together agencies with key roles in the investigation and litigation of proceeds of crime matters. The task force identifies and conducts asset confiscation matters.

In May 2014, the government announced that the AUSTRAC Supervisory Levy would be replaced with the AUSTRAC Industry Contribution. From the 2014-15 financial year onwards, reporting entities will pay a levy that allows AUSTRAC to recover the costs of its regulatory and financial intelligence. In June 2015, AUSTRAC started preparations for the 2015–16 industry contribution which will commence early in the 2015–16 financial year.

For the third year in a row, Australia observed a notable increase in filings in the suspicious transaction report (STR) category 'Refusal to show ID/complete cash transaction report,' which can be attributed to the tightening of third-party currency transaction report (CTR) reporting obligations. Over the last two reporting years, the number of STRs filed with AUSTRAC increased approximately 45 percent. The increase reflects reporting entities' increased awareness of events occurring overseas that are relevant to Australia.

In 2014, AUSTRAC completed Australia's first classified National Risk Assessment on terrorism financing. A sanitized report titled "Terrorism Financing in Australia 2014" notes that Australia's banking and remittance sectors are used more frequently than other channels to send funds to individuals engaged in foreign insurgencies and conflicts. Terrorism financing in Australia varies in scale and sophistication, ranging from organized fundraising by domestic cells which are part of a larger, organized international network, to funds raised by small, loosely organized, and self-directed groups. While AUSTRAC is not currently preparing an updated version of its 2014 report, AUSTRAC disclosed that terrorism-related "suspicious matter reports" had increased threefold from 118 in 2013-14 to 367 in 2014-15.

In May 2015, the Government of Australia announced the establishment of a Serious Financial Crimes Taskforce (SFCT) to replace Project Wickenby, the cross-agency task force that played a key role in the fight against tax evasion, avoidance, and crime from 2006 until its termination on June 30, 2015. With a broader remit, and operational from July 1, the SFCT is also a multi-agency taskforce that forms part of the Australian Federal Police-led Fraud and Anti-Corruption Center. Drawing together the Australian Taxation Office, Australian Crime Commission, Australian Federal Police, Attorney-General's Department, Australian Transaction Reports and Analysis Centre, Australian Securities and Investments Commission, Commonwealth Director of Public Prosecutions, and Australian Customs and Border Protection Services, SFCT's primary role is to focus on operational activities, collect and share intelligence, identify reform measures with the aim of removing wealth from criminal activity, prosecute facilitators and promoters of serious financial crime, and deploy deterrent and preventative enforcement strategies.

Australia should require real estate agents, solicitors, and accountants to report suspicious transactions.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Australia conforms with regard to all government legislation required to combat money laundering

EU White list of Equivalent Jurisdictions

Australia is not on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Australia is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2016 (introduction):

Australia is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Australia is primarily a destination country for women and girls subjected to sex trafficking and for women and men subjected to forced labor. A small number of children, primarily teenage Australian and foreign girls, are subjected to sex trafficking within the country. Some women from Asia and—to a lesser extent—Eastern Europe and Africa migrate to Australia to work legally or illegally in a number of sectors, including the sex trade. After their arrival, some of these women are coerced to enter or remain in prostitution. Some foreign women—and sometimes girls—are held in captivity, subjected to physical and sexual violence and intimidation, manipulated through illegal drugs, obliged to pay off unexpected or inflated debts to traffickers, or otherwise deceived about working arrangements. Some victims of sex trafficking and some women who migrate to Australia for arranged marriages are subjected to domestic servitude. Unscrupulous employers and labor agencies subject some men and women from Asia and several Pacific Islands, recruited to work temporarily in Australia, to forced labor in agriculture, construction, hospitality, and domestic service. Traffickers often operate independently or are part of small organized crime networks that frequently involve family and business connections between Australians and overseas contacts. Some identified victims are foreign citizens on student visas who pay significant placement and academic fees. Unscrupulous employers coerce students to work in excess of the terms of their visas, making them vulnerable to trafficking due to fears of deportation for immigration violations. Some foreign diplomats allegedly subject domestic workers to forced labor in Australia.

The Government of Australia fully meets the minimum standards for the elimination of trafficking. The government prosecuted a modest number of suspected traffickers, although it did not obtain any convictions under trafficking provisions for a second year. The government increased the number of victims it identified and referred to the government-funded support program, and it made changes to its visa policies intended to better address the needs of foreign trafficking victims. It prosecuted two and convicted one Australian child sex tourist for exploitation of children abroad. The government began implementation of a new five-year national action plan to combat human trafficking.

US State Dept Terrorism Report 2016

Overview: In 2016, Australia continued to strengthen counterterrorism laws; investigate and disrupt suspected terrorists; and maintain high levels of cooperation with the United States and international partners, including through the Global Coalition to Defeat ISIS. Australia plays a major role in the coalition as a leading contributor of military support, humanitarian assistance, and efforts to disrupt foreign terrorist fighters. Australia contributed more than 300 personnel, including a Special Operations Task Group, to provide training and advising capacities in Iraq; and provided strike operation capability in Syria and Iraq by contributing F/A-18 Hornet fighters, a tanker aircraft, and an airborne control aircraft. In July, Prime Minister Malcolm Turnbull announced that Australia would expand training to paramilitary police agencies, including Iraqi federal and local police and border guard forces. Additionally, Australia works with a number of partners in Southeast Asia to build capacities and strengthen the response to the foreign terrorist fighters and ISIS threats in the region. Michael Keenan, the Minister Assisting the Prime Minister for Counterterrorism, noted in November that the preeminent terrorist threat in Australia is from individuals or small groups who use simple attack methodologies. These lone offender threats were not exclusive to violent Islamist extremism; a right-wing violent extremist was also charged with terrorism-related offenses in Melbourne.

Legislation, Law Enforcement, and Border Security: The Australian government continued to apply its comprehensive counterterrorism legislation against domestic threats and passed additional legislation to strengthen national security protections. In December, the Australian Parliament passed the Criminal Code Amendment (High Risk Terrorist Offenders) Bill 2016, which allows for the ongoing detention of high-risk terrorist offenders, approaching the end of their custodial sentences, but who pose an unacceptable risk of committing a serious terrorism offense if released. Another amendment this year to the Commonwealth Criminal Code empowered the Australian military to target a broader range of ISIS operatives, consistent with international law.

In July, Australia launched the Australian Criminal Intelligence Commission (ACIC), which combined Australian law enforcement and criminal information agencies to provide a broader picture of imminent threats, and help identify links between organized crime and national security investigations, including foreign fighters, terrorists, extremists, and their supporters. The Australian Counterterrorism Center was restructured in 2016 to better coordinate Australia's counterterrorism efforts and to ensure that Commonwealth agencies work together on operations, policy challenges, and capability development. The U.S. and Australian law enforcement communities have excellent information sharing and counterterrorism collaboration. U.S. law enforcement agencies routinely coordinated investigations with their Australian counterparts, resulting in numerous arrests and convictions. Following the July terrorist attack in the French city of Nice, Australia completed a government review of soft targets to identify vulnerabilities and was in the process of finalizing a plan to address this issue by the end of 2016.

Australia's border security remains robust. Australia's lead agencies take a proactive stance and have increased security overall. Passport controls are in place using INTERPOL, biographic, and biometric methods. Approximately 190 Australian passports have been canceled or refused for citizens attempting to travel or who have traveled to Iraq or Syria.

Australia enjoys strong partnerships on information sharing with the United States and other Five Eye partners (Canada, New Zealand, and the United Kingdom). Australia created a Border Intelligence Fusion Center in 2016, which combines Australia's major intelligence agencies in a single location. Australia also shares port information with regional partners throughout Southeast Asia.

Countering the Financing of Terrorism: Australia continued its regional and global leadership in counterterrorist finance. As a member of the Financial Action Task Force (FATF) and a co-chair of the FATF's Risks, Trends, and Methods Group, Australia recently obtained observer status in the Middle East and North Africa's Financial Action Task Force, a FATF-style regional body. Australia is a founding member and co-chair of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body, and a co-chair of the APG Mutual Evaluation Working Group. Australia's financial intelligence unit, the Australian Transaction Reports and Analysis Centre (AUSTRAC), is a founding member of the Egmont Group of Financial Intelligence Units, and assisted Southeast Asian countries in developing a regional profile of financial characteristics of foreign terrorist fighters. Australia also serves as the chair of Egmont's Information Exchange Working Group and is a core member and major contributor to Egmont's multilateral ISIS project.

Australia faces a range of terrorist financing risks and counters the risks with a comprehensive legal and administrative framework. Australia can automatically freeze United Nations (UN) - designated terrorism-related assets and has made numerous domestic designations. Australia implements its obligations to restrict terrorist financing in accordance with the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime.

AUSTRAC, in partnership with law enforcement agencies, detects, prevents, and deters money laundering and financing of terrorist activities, and also regulates money transfers and remittance services. Regulated businesses include financial, gambling, remittance, and bullion services, which are subject to Know Your Customer requirements, transaction monitoring, and ongoing customer due diligence requirements. Australia is moving to regulate e-currencies, such as Bitcoin. Charities are not a regulated sector for the purposes of "suspicious matter reports" (SMRs).

In 2016, AUSTRAC reported a 201 percent increase in International Intelligence Exchanges with 1,262 incoming requests and 461 outgoing requests. During the 2015-2016 fiscal year, AUSTRAC received 78,846 SMRs, comparable to the previous year, but the number of SMRs related to suspected terrorist financing increased 7 percent. Applying rigorous detection and monitoring processes, AUSTRAC referred 390 SMRs amounting to US \$58.47 million in the 2016 fiscal year to the Australian Federal Police and the Australia Security Intelligence Organization on suspicion of terrorism-financing links. The 390 reports were linked primarily to Australians traveling to join terrorist groups in Syria and Iraq. Using an active alert system, AUSTRAC notified partner agencies of transactions relating to persons of interest, including more than 100 persons linked to counterterrorism matters.

In April, AUSTRAC co-hosted the Experts Symposium on Regional Risks of Terrorist Finance in Medan, Indonesia, which planned a regional risk assessment on terrorist financing. In June, AUSTRAC co-led the Regional Risk Assessment Workshop in Manila, Philippines, hosted by the Anti-Money Laundering Council, the Philippines' financial intelligence unit. In August, AUSTRAC established a cyber-team to identify online terrorist financing activities, money

laundering, and financial fraud. For the second consecutive year, Australia and Indonesia co-hosted the Counterterrorist Financing (CTF) Summit in Bali in August, attended by more than 200 specialists from more than 20 countries. During the Summit, Australia launched the world's first regional risk assessment, discussed earlier in Medan. In November, AUSTRAC announced a risk assessment of the non-profit sector in Australia to improve understanding of money laundering and terrorist financing risks in this sector. AUSTRAC also signed Memoranda of Understanding for the exchange of financial intelligence and other information with Cambodia, China, and Jordan.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	77
World Governance Indicator – Control of Corruption	93

Corruption is not an obstacle to business in Australia, which is known for its well-functioning and independent judiciary, transparent regulatory climate and overall low levels of corruption. However, corruption risks exist in relation to foreign bribery and the mining industry. The Criminal Code covers bribery of foreign and domestic public officials, while each of Australia's states and territories has its own anti-corruption provisions. Public sector and private sector bribery are addressed, and both individuals and companies can be targeted. Persons convicted of corruption can receive a maximum penalty of 10 years' imprisonment and/or a fine of up to AUD 1.1 million. For a business, the penalty is a fine of up to AUD 17 million, three times the value of the obtained undue benefit, or 10% of the annual turnover of the company during the period in question. Australian political parties commonly receive gifts and hospitality, but there is little information available on gifts and hospitality in the private sector. Provided they are recorded, facilitation payments are legal in Australia.

Information provided by GAN Integrity.

US State Department

Australia maintains a comprehensive system of laws and regulations designed to counter corruption. In addition, the government procurement system generally is transparent and well regulated, thereby minimizing opportunities for corrupt dealings. Corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services here. Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia. Australia is perceived internationally as having low corruption levels. Transparency International's Corruption Perception Index in December 2013 ranked Australia ninth, ahead of Korea, Japan, the United Kingdom and the United States.

Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department. Australia introduced federal public sector whistleblower protection legislation in mid-2013.

Corruption and Government Transparency - Report by Global Security

Political Climate

Australia, officially referred to as the Commonwealth of Australia, is a federal state with three tiers of government: commonwealth (federal), state/territory, and local government bodies. In August 2010, a federal election was held, where the incumbent Australian Labour Party (ALP), led by Prime Minister Julia Gillard, won her second term against the centre-right conservative coalition of the Liberal Party and the National party. However, neither of the two parties won a majority of seats in the parliament, resulting in the first balanced parliament since 1940. The next Australian federal election will be held by 30 November 2013.

Traditionally, political parties in Australia are sponsored by donations and financial gifts from the country's biggest corporations and trade unions. Members of the Parliament actively engage with various donors and businesses with the aim of raising funds for their political parties. According to a 2012 article by ABC News, the Australian public is vigorously concerned about the constantly increasing threshold for disclosure of political donations, which in 2011 reached AUD 12,000, meaning that disclosure of information about gifts and donations received by political parties is not required below this minimum threshold. Critics, such as the Australian Shareholder Association are concerned with the political donations, as many of the donor companies conduct business in an area affected by government policy and are likely to benefit from the government contracts, thus making the donations a form for bribery. The current legislative framework increases the possibility of corruption in the Australian political system, since there is no upper limit for donations and the influence of individual companies or persons can be ensured by a large donation, as reported by Democracy Watch. The current legislation has several major loopholes that make conflicts of interest of the elected politicians harder to track and detect.

The largest political corruption scandal to hit Australia in recent years involved the National Secretary of the Health Services Union (HSU), Craig Thomson. According to a 2012 article by The Telegraph, Thomson allegedly spent AUD 270, 000 of the HSU funds without authorisation, to sponsor his election campaign and win the seat of Dobell for the Australian Labour Party. Thomson was suspended from the ALP in April 2012 and the court proceedings began in October 2012. The case is still on-going. Australian citizens surveyed in Transparency International's Global Corruption Barometer 2010-2011, perceive political parties to be the most corrupt institution in the country. Furthermore, 21% of the surveyed households consider the current government's actions in the fight against corruption as ineffective and 54% believe that corruption has increased in the past three years. Nevertheless, Australia continues to remain one of the most corruption free countries in the world, supported by several international sources, including Freedom House 2012.

Business and Corruption

Corruption is ranked as one of the least problematic factors for doing business in Australia, as illustrated in the World Economic Forum Global Competitiveness Report 2012-2013. According to another survey conducted by Transparency International, Bribe Payers Index 2011, Australia ranks 6th out of the world's 28 largest economies, indicating that the perceived likelihood of Australian companies engaging in bribery abroad is relatively low. The results of the survey also demonstrate that Australia did not experience any change in ranking since 2008, when the last Bribe Payers Index was released. However, the surveyed Australian households in Transparency International's Global Corruption Barometer 2010-2011

perceive the private sector to be the second most corrupt institution in Australia, with 43% believing it to be 'corrupt' or 'extremely corrupt'.

Australian companies surveyed in Deloitte's Bribery and Corruption Survey 2012 have reported an increasing exposure to foreign bribery and corruption when performing offshore operations. Among the organisations that operate in high-risk industries, such as energy, manufacturing, and financial services, 21% have experienced a bribery and corruption incident in the past five years. Only 25% of the surveyed executives reported that their company has a comprehensive understanding of relevant legislation, and almost half of all companies do not have any formal policy or compliance program to manage corruption risk. Furthermore, only about 20% of the surveyed companies stated that they have a comprehensive knowledge of the Australian Criminal Code Act 1995 with regard to prohibiting foreign bribery and corruption.

Significant economic activity of the international companies across borders and the associated corruption risks have also become a concern for the OECD Working Group on Bribery in 2012. A growing part of Australian companies are exposed to risks of foreign bribery, as reported in the OECD 2012 report. The OECD Working Group criticised Australia for the lack of overall enforcement of the foreign bribery offence. According to the report, over the past 13 years, only one foreign bribery case has led to prosecution, while out of 28 reports of foreign bribery offences received by the Australian Federal Police (AFP), 21 were concluded without charges. Furthermore, the report also points out that the current anti-corruption legislation creates a substantial confusion about the scope of the facilitation payment defence, which makes the procedure of compliance with the record-keeping requirements problematic for companies operating in Australia. However, there are signs that Australia may be improving in this regard. In December 2012, Australia's first National Anti-Corruption Plan was adopted and the government made the foreign bribery offence its priority, raising the financial penalties against legal persons for foreign bribery and adopting guidance to clarify the value of payments considered as a facilitation payment. Companies that are planning to invest in or are already doing business in Australia are recommended to implement integrity systems and to conduct extensive due diligence when contracting agents to facilitate business transactions in the country.

Regulatory Environment

Australia's regulatory environment is one of the world's most transparent, efficient and open to foreign investors. Foreign investment is welcomed especially in the energy, manufacturing and the non-bank financial sector, as reported by the US Department of State 2013. According to the Heritage Foundation 2013, foreign and domestic investors receive equal treatment; however, legislation allows for foreign investments above a certain threshold to be screened. The Foreign Investment Review Board (FIRB) reviews the investment proposals from foreign companies and is entitled to make recommendations to the Australian Treasury Department about blocking or imposing conditions on investments that are not in the nation's interest. In the World Economic Forum Global Competitiveness Report 2012-2013, the surveyed companies cite restrictive labour regulations and the inefficient government bureaucracy as the most problematic factors for doing business in Australia. None of the business executives surveyed considered corruption to be a problem for doing business in Australia.

Australia's business environment is highly conducive to entrepreneurship. According to the World Bank & IFC Doing Business 2013, starting a company in Australia requires an entrepreneur to go through 2 procedures, taking an average of 2 days at a cost of only 0.7% of per capita income- which is much less time-consuming, less cumbersome and less costly than the regional and the OECD average. This makes Australia the second easiest country to start a business in, according to Doing Business 2013. Openness to foreign investment has secured Australia a fast rebound from the global recession and makes the country's business climate one of the most attractive in the world.

Property and contractual rights in Australia are generally secured and enforcement of them is reliable, thanks to Australia's independent and well-functioning judiciary. Moreover, both domestic and foreign companies enjoy the substantial flexibility in licencing, regulation and employment practices. The Australian court system is based on English Common Law, and the court system conducts and/or supervises litigation and arbitration, as well as alternative dispute processes. According to the US Department of State 2013, Australia excels in the development and provision of the court dispute resolution mechanisms, and organisations exist to provide international dispute resolution processes. Over the course of 2011, there were only a few investment disputes involving foreign companies, according to the same report. Australia is a member of the International Centre for the Settlement of Investment Disputes (ICSID). Access the Lexadin World Law Guide for a collection of laws in Australia.

Section 3 - Economy

Following two decades of continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system, Australia enters 2016 facing a range of growth constraints, principally driven by a sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China has stalled and sharp drops in current prices have impacted growth.

The services sector is the largest part of the Australian economy, accounting for about 70% of GDP and 75% of jobs. Australia was comparatively unaffected by the global financial crisis as the banking system has remained strong and inflation is under control.

Australia benefited from a dramatic surge in its terms of trade in recent years, although this trend has reversed due to falling global commodity prices. Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas project, will significantly expand the resources sector.

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the World Trade Organization, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with India and Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the ten ASEAN countries and China, Japan, Korea, New Zealand and India. Australia is also working on the Trans-Pacific Partnership Agreement with Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

Agriculture - products:

wheat, barley, sugarcane, fruits; cattle, sheep, poultry

Industries:

mining, industrial and transportation equipment, food processing, chemicals, steel

Exports - commodities:

coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment

Exports - partners:

China 32.2%, Japan 15.9%, South Korea 7.1%, US 5.4%, India 4.2% (2015)

Imports - commodities:

machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products

Imports - partners:

China 23%, US 11.2%, Japan 7.4%, South Korea 5.5%, Thailand 5.1%, Germany 4.6% (2015)

Banking

The four largest retail banks in Australia are Westpac Banking Corporation, Commonwealth Bank, Australian New Zealand Bank (ANZ), and National Australia Bank (NAB). These are four of the ten global banks that carry AA ratings. Nevertheless, trade finance liquidity is an issue here as in the rest of the world.

While the banking system in Australia is reliable and transparent, there are structural and operational differences from the American system. Historically, Australian banks have not operated under the restrictions that limited U.S. bank operations between 1933 and the repeal of the Glass-Steagall Act. In Australia, the distinction between retail banks and investment banks has become increasingly blurred.

The Australian banking system is undergoing progressive deregulation and privatization. Foreign banks are allowed to enter the financial market. Retail banks, in general, now provide a wider range of financial services, including: life and general insurance, stockbroking, and security underwriting to retail customers, in addition to making corporate and consumer loans. This places them in competition with brokerage houses and merchant banks.

The Australian Government permits non-Australian banks to operate as branches to serve the wholesale market. Banking regulations, however, only allow retail banking activities through a locally-incorporated subsidiary.

The Reserve Bank of Australia (RBA) sets monetary policy and regulates the payment system. The Australian Prudential Regulation Authority (APRA) oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies (co-ops), and most members of the superannuation industry. APRA currently supervises institutions holding approximately USD3.6 trillion in assets for 21 billion Australian depositors, policyholders, and superannuation fund members.

Stock Exchange

In 2009, the Australian Stock Exchange (ASX) was the 13th largest in the world and the market capitalization of shares of domestic companies on the ASX was about US\$1.3 trillion, the fourth largest in the Asia-Pacific region. With 2,050 listed companies, the Australian stock market is currently the second largest liquid stock market in the Asia-Pacific (behind only Japan) at US\$936 billion.

Executive Summary

Australia is generally welcoming to foreign investment and such investment is widely considered to be an essential contributor to Australia's economic growth and productivity. The United States is the dominant source of FDI in Australia and U.S. direct investment totaled USD180.3 billion in 2014, an increase of 6.1 percent from 2013. In 2014, 38 percent of Australia's total FDI was in the resources sector.

Australia has a well-established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute processes. The country is recognized internationally as a leader in the development and provision of non-court dispute resolution mechanisms, and is a signatory to all the major international dispute resolution conventions. There are few disputes that involve foreign investors.

Australia has an AAA international credit rating with a well-developed, deep and sophisticated financial market, regulated in accordance with international norms.

The Australian government supports the negotiation of comprehensive Free Trade Agreements (FTAs) that are consistent with the World Trade Organization investment rules and guidelines and which complement and reinforce the multilateral trading system. Australia's FTAs contain chapters on investment. The Australia-U.S. FTA (AUSFTA) establishes a dispute settlement mechanism for investment disputes arising under the Agreement. However, AUSFTA does not contain an investor-state dispute settlement (ISDS) mechanism that would allow individual investors to bring a case against the Australian government. Australia is one of 12 members in the Trans Pacific Partnership (TPP), which does include ISDS provisions.

Foreign investment in Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 and Australia's Foreign Investment Policy. The Foreign Investment Review Board (FIRB), a division of Australia's Treasury, is a non-statutory body established to advise the Treasurer and the Commonwealth Government on Australia's foreign investment policy and its administration. The FIRB screens potential foreign investments in Australia above threshold values, and based on advice from the FIRB, the Treasurer may deny or place conditions on the approval of particular investments above that threshold on national interest grounds. Following a number of recent investments made by foreign companies in key sectors of Australia's economy, the laws and regulations governing foreign direct investment have been subject to a wide ranging and on-going review.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	13 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2016	13 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	17 of 143	globalinnovationindex.org/content/page/data-analysis

U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 180.3 trillion	BEA
World Bank GNI per capita	2014	USD 64,540	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Australia is generally welcoming to foreign direct investment (FDI), with foreign investment widely considered to be an essential contributor to Australia's economic growth. FDI, which accounts for around one-quarter of Australia's total foreign investment, reached USD565 billion in 2014. The United States remains the dominant source of FDI in Australia and U.S. direct investment in Australia totaled USD180.3 billion in 2014, an increase of 6.1 percent from 2013. In 2014, 38 percent of Australia's total FDI was in the resources sector.

Australia remained one of the top 15 destinations for global FDI in 2014, with a 2.2 percent share of the global stock of FDI. Total inbound stock of FDI as a percentage of Australian GDP reached 39 per cent, supported by ongoing economic expansion and integration with trading partners, particularly in the Asian region. Recently completed free trade agreements with Japan, South Korea, and China, and Australia's participation in the Trans-Pacific Partnership Agreement, are intended to increase prospects for greater two-way investment between Australia and its trading partners.

Under the auspices of the Australia-United States Free Trade Agreement (AUSFTA), which came into effect on January 1, 2005, all U.S. greenfield investments are exempt from FIRB screening. AUSFTA also raised the threshold for screening most U.S. acquisition investments in Australia. U.S. investors require prior approval if acquiring a substantial interest in a primary production business valued above AUD 1.094 billion (USD791.6 million). All foreign persons, including U.S. investors, must notify the Australian government and receive prior approval to make investments of five percent or more in the media sector, regardless of the value of the investment.

While there are no laws or practices that U.S. investors allege discriminate against foreign investment, the Australian Treasurer intervened in November 2013 to block U.S. agribusiness Archer Daniels Midland's (ADM) proposed AUD 3.4 billion acquisition of Australian company GrainCorp Limited. The Treasurer determined that allowing a takeover to proceed could risk undermining public support for the foreign investment regime and ongoing foreign investment more generally, and that the ADM investment into Australia therefore would not be in the national interest.

Other Investment Policy Reviews

Australia has not conducted an investment policy review (IPR) in the last three years through either the OECD or UNCTAD system. A seventh WTO review of the trade policies and practices of Australia did take place however, in April 2015, and can be found at https://www.wto.org/english/tratop_e/tpr_e/tp412_e.htm. Members of the review commended Australia's commitment to the development and reinforcement of the rules-based multilateral trading system as well as for its coordinating and guiding role in several trade and investment liberalization activities within and outside the WTO (e.g. Information Technology Agreement, Environmental Goods Agreement, and Trade in Services Agreement). See concluding remarks by the Chair at https://www.wto.org/english/tratop_e/tpr_e/tp412_crc_e.htm

The Australian Trade Commission compiles an annual 'Why Australia Benchmark Report' that presents comparative data on investing in Australia in the areas of Growth, Innovation, Talent, Location and Business. The report also compares Australia's investment credentials with other countries and provides a general snapshot on Australia's investment climate. See <http://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report>.

Laws/Regulations on Foreign Direct Investment

Foreign investment in Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 and Australia's Foreign Investment Policy. The Foreign Investment Review Board (FIRB), a division of Australia's Treasury, is a non-statutory body established to advise the Treasurer and the Commonwealth Government on Australia's foreign investment policy and its administration. The FIRB screens potential foreign investments in Australia above threshold values, and based on advice from the FIRB, the Treasurer may deny or place conditions on the approval of particular investments above that threshold on national interest grounds. Following a number of recent investments made by foreign companies in key sectors of Australia's economy, the laws and regulations governing foreign direct investment have been subject to a wide ranging and ongoing review.

In December 2015, the Government enhanced the enforcement of rules governing foreign investment in Australia and introduced a 'national interest' consideration in reviewing foreign investment applications. Changes made in the Government's Foreign Acquisitions and Takeovers Legislation Amendment Bill 2015 provide for greater compliance powers to the Australian Taxation Office (ATO) and introduced strict new penalties for investors circumventing foreign investment rules. The Government also introduced a new agricultural land foreign ownership register to understand the nature of foreign ownership of Australian land. From July 1, 2015, the ATO began collecting information on the location and size of property and size of interest acquired on new foreign investment in agricultural land. The register will be expanded to include residential real estate in 2016. Lower screening thresholds for agricultural land and agribusiness will also mean that more agricultural investment is screened by the FIRB.

In February 2016, the Government announced its intent to implement a national register of foreign ownership of water access entitlements, which is intended to enhance transparency and assist in informing the Government and the community about emerging investment trends. The Government also announced new requirements on foreign investment applications to ensure that multinational companies investing in Australia pay tax on what they earn in Australia. In March 2016, the Government announced that it would amend the Foreign Acquisitions and Takeovers Regulation so that the FIRB could assess the potential sale of 'critical state-owned infrastructure assets' to private foreign investors. Starting March 31, 2016, the FIRB will formally review critical infrastructure assets sold by State and Territory governments.

Australian Trade Commission (Austrade):

<https://www.austrade.gov.au/International/Invest/Guide-to-investing/Investing-in-Australia>

The Australian Trade Commission Web site presents information on Australia's investment framework, investor obligations and approval processes, as well as details of international offices, events, Austrade services and investment publications.

Foreign Investment Review Board: <http://firb.gov.au/>

FIRB is the body that advises the Treasurer and the Government on Australia's Foreign Investment Policy and its administration. FIRB annual reports provide information on the operation of Australia's foreign investment review arrangements. The Web site also

announces key legislative developments and modifications to Australia's foreign investment policy as well as deliberations made by the Treasurer on investment applications.

Business Registration

Business registration in Australia is relatively straightforward and is facilitated through a number of Government Web sites. The Commonwealth Department of Industry, Innovation and Science's business.gov.au provides an online resource and is intended as a 'whole-of-government' service providing essential information on planning, starting and growing a business. Foreign entities intending to conduct business in Australia as a foreign company must be registered with the Australian Securities and Investments Commission (ASIC). As Australia's corporate, markets and financial services regulator, the ASIC Web site provides information and guides on starting and managing a business or company.

In registering a business, individuals and entities are required to register as a company with the ASIC, which then gives the company an Australian Company Number, registers the company, and issues a Certificate of Registration. According to the World Bank 'Starting a Business' indicator, registering a business in Australia takes 2.5 days.

A number of investment promotion agencies operate in Australia. The Australian Trade Commission (often referred to as Austrade) is the Commonwealth Government's national 'gateway' agency to support investment into Australia. Austrade provides coordinated government assistance to promote, attract and facilitate FDI, supports Australian companies to grow their business in international markets, and delivers advice to the Australian Government on its trade, tourism, international education and training, and investment policy agendas. Austrade operates through a number of international offices, with U.S. offices primarily focused on attracting foreign direct investment into Australia and promoting the Australian education sector in the United States. Austrade in the United States operates from offices in Chicago, Houston, New York, San Francisco, and Washington, DC.

A number of Australian state investment promotion agencies also support international investment at the state level and in key sectors. Investment Attraction South Australia aims to drive inward investment for South Australia while Invest in New South Wales similarly seeks to promote New South Wales as an investment location.

'Small business' is defined differently by regulators in Australia depending on the laws they administer. ASIC regulates 'small proprietary companies' which it defines as a company with two out of following characteristics:

- An annual revenue of less than AUS\$25 million;
- Fewer than 50 employees at the end of the financial year; and,
- Consolidated gross assets of less than AUS\$12.5 million at the end of the financial year.

The Australian Taxation Office defines a small business as one that has annual revenue turnover of less than AUS\$2 million, while Fair Work Australia defines a small business as one that has less than 15 employees. Despite these differences, many regulators adopt the definition of 'small business' used by the Australian Bureau of Statistics, which is a business that employs fewer than 20 people.

Industrial Promotion

Austrade promotes investment in five key sectors that have been jointly agreed by Australian and State and Territory Governments. These include agribusiness and food; major infrastructure; tourism infrastructure; resources and energy; and advanced manufacturing,

services and technology. Within advanced manufacturing, services and technology, Austrade focuses on highlighting growth opportunities for investment in Australian medical and materials sciences and technologies, and digital technologies. Further details and investment opportunities in these sectors are listed on the Austrade Web site.

Limits on Foreign Control and Right to Private Ownership and Establishment

Within Australia, the right exists for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity in accordance with national legislative and regulatory practices.

In addition to the activities of the FIRB, there are a number of initiatives that impact foreign investments in Australian agricultural land. The Government revised its scrutiny of foreign purchases of agricultural land by reducing the monetary screening threshold it applies to foreign investment acquisitions. Effective from March 1, 2015, the Government reduced the screening threshold from AUD 252 million to AUD 15 million (USD182 to 10.8 million). This threshold will apply to the cumulative value of agricultural land owned by the foreign investor, including the proposed purchase. The reduced screening threshold does not affect investments made under the Australia-U.S. Free Trade Agreement. The current threshold remains AUD 1.094 billion (USD791.6 million) for U.S. non-government investors. Future investments made by U.S. non-government investors will be subject to inclusion on the proposed foreign ownership register of agricultural land and will also be subject to Australian Tax Office (ATO) information gathering activities on new foreign investment. Since July 1, 2015, the ATO has collected information on all new foreign investment in agricultural land, regardless of value, and will commence a stock-take of existing agricultural land ownership by foreign interests.

Privatization Program

Australia does not have a formal and explicit national privatization program. A central plank underpinning the Coalition Government's policy framework is to address Australia's fiscal imbalance with the intent by government to return Australia's budget to surplus. A key feature of this approach is an Asset Recycling Initiative, an initiative offering financial incentives to Australia's States and Territory Government's to privatize government-owned assets and reinvest the returns into new, productivity-enhancing infrastructure. Launched in mid-2014 with a five year timeframe, the Asset Recycling Initiative is the focus of considerable national and state-level political scrutiny. To date, a number of state-level initiatives have been proposed and are currently being developed. Ports and electricity transmission facilities are key sectors being considered for asset disposal. Foreign investors are welcome to participate in this program.

Screening of FDI

See Laws/Regulations on Foreign Direct Investment above.

Competition Law

The Australian Competition and Consumer Commission (ACCC), an independent Commonwealth statutory authority whose role is to enforce the Competition and Consumer Act 2010 and a range of additional legislation, promotes competition and fair trading and regulates national infrastructure. The ACCC plays a key role in assessing mergers to determine whether they will lead to a substantial lessening of competition in any market. ACCC also engages in consumer protection enforcement.

2. Conversion and Transfer Policies

Foreign Exchange

The Commonwealth Government formulates exchange control policies with the advice of the Reserve Bank of Australia (RBA) and the Treasury. The RBA, charged with protecting the currency, has the authority to implement exchange controls, although there are currently none in place.

The Australian dollar is a fully convertible and floating currency. The Commonwealth Government does not maintain currency controls or limit remittances. Such payments are processed through standard commercial channels, without governmental interference or delay.

Remittance Policies

Australia does not engage in currency manipulation tactics.

Australia is a founding member of the Financial Action Task Force (FATF), and the Australian Government's Attorney-General's Department heads the delegation for Australia at all FATF meetings.

In April 2015, FATF concluded an assessment of Australia's anti-money laundering and counter-terrorist financing (AML/CFT) system. The assessment noted that Australia had a good understanding of its money laundering risks, coordinated domestically to address these risks, and had highly effective mechanisms for international cooperation. However, the authorities focus more on the disruption of predicate crimes, rather than on the laundering of the proceeds of these crimes and their confiscation. While the report recognized that Australia develops good quality financial intelligence which it shares with law enforcement bodies and other authorities, the report concluded that this information should lead to more ML/TF investigations.

Australia is also a member and permanent co-chair of the Asia/Pacific Group (APG) on Money Laundering, a FATF-style regional body hosted by the Australian Federal Police (AFP) in Sydney.

3. Expropriation and Compensation

The Australian legal system is firmly grounded on the principles of equal treatment before the law, procedural fairness, judicial precedent, and the independence of the judiciary. Strong safeguards exist to ensure that people are not treated arbitrarily or unfairly by governments or officials. Private property can be expropriated for public purposes in accordance with established principles of international law. Due process rights are well-established and respected, and prompt, adequate and effective compensation takes place.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Australia has an established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute resolutions. Australia is a leader in the development and provision of non-court dispute resolution mechanisms. It is a signatory to all the major international dispute resolution conventions and has organizations that provide international dispute resolution processes.

Property and contractual rights are enforced through the Australian court system, which is based on English Common Law. There are few investment disputes involving foreign companies. Australia is a member of the International Centre for the Settlement of Investment Disputes (ICSID Convention). The AUSFTA establishes a dispute settlement mechanism for disputes arising under the Agreement. In the first instance, disputes are to be settled through consultation between the parties. Where these consultations are not

effective in resolving the dispute, the Agreement provides for an arbitral panel to consider the matter.

The dispute settlement mechanism provides for compensation for breaches of the agreement, which may include requiring the breach to be corrected, trade compensation to be provided, or monetary compensation in lieu of trade compensation. The AUSFTA does not allow private investors to directly challenge government decisions, but individual investors are able to raise concerns about their treatment by the Australian government with the U.S. government.

Bankruptcy

Bankruptcy is a legal status conferred under the Bankruptcy Act 1966 and operates in all of Australia's States and Territories. Only individuals can be made bankrupt and not businesses or companies. Where there is a partnership or person trading under a business name, it is the individual or individuals who make up that firm that are made bankrupt. Companies cannot become bankrupt under the Act though similar provisions (called administration and winding up) exist under the Corporations Act 2001.

The Bankruptcy Act established the roles of Inspector-General in Bankruptcy and Official Receiver and Official Trustee in Bankruptcy, and the Australian Financial Security Authority (AFSA) oversees each of these roles. The relevant courts covering bankruptcy are the Federal Court of Australia, General Division, and the Federal Circuit Court. Creditors can apply to the court to make an individual bankrupt if they can satisfy the court that a debtor owes them money; however, when an individual enters bankruptcy, this limits the rights of unsecured creditors to recover their debts directly from the debtor.

Investment Disputes

In 2010, an Australian company with approximately 30 percent U.S. institutional investor ownership acquired an Australian mining company for the purpose of obtaining the latter company's primary asset, a coal exploration license. The New South Wales (NSW) government had legally approved the purchase. Subsequent to the purchase, however, the NSW Independent Commission Against Corruption (ICAC), a non-judicial anti-corruption entity with sweeping powers of investigation but no independent powers to prosecute, determined that the original Australian company had corruptly obtained the license. Based on the ICAC findings, the NSW government passed legislation and cancelled the license. The legislation also prevents the NSW government from having any liability for its past conduct. The result of these actions is the investors of the acquiring company, including the U.S. investors, have lost their entire investment.

International Arbitration

Please reference Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts.

ICSID Convention and New York Convention

Please reference Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts.

Duration of Dispute Resolution – Local Courts

Information not available.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Australia has been a World Trade Organization member since 1995 and does not have any measures that are inconsistent with Trade Related Investment Measures (TRIMS).

Investment Incentives

The Commonwealth Government and state and territory governments provide a range of measures to assist investors with setting up and running a business and undertaking investment. Types of assistance available vary by location, industry, and the nature of the business activity. Austrade provides coordinated government assistance to attracting FDI and is intended to serve as the national point-of-contact for investment inquiries. State and Territory Governments similarly offer a suite of financial and non-financial incentives. Australian and State and Territory Governments provide selected grants to businesses for establishing or expanding a business, or for specific activities such as research. The Commonwealth Government also provides incentives for companies engaging in research and development (R&D), and delivers a tax offset for expenditure on eligible R&D activities undertaken during the year. R&D activities conducted overseas are also eligible under certain circumstances, and the program is jointly administered by AusIndustry (Government agency) and the Australian Taxation Office (ATO).

Research and Development

U.S. firms and R&D entities are eligible to participate in Government-financed research and development programs.

Performance Requirements

As a general rule, foreign firms establishing themselves in Australia are not subject to performance requirements and incentives.

Data Storage

Under the Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2015, telecommunications service providers are required to retain and secure, for two years, telecommunications data (not including content); to protect retained data through encryption; and to prevent unauthorized interference and access. The Bill limits the range of agencies that are able to access telecommunications data and stored communications, establishes a "journalist information warrants regime."

6. Protection of Property Rights

Real Property

A strong rule of law protects property rights in Australia and operates against corruption.

Intellectual Property Rights

Australia generally provides strong intellectual property rights (IPR) protection and enforcement through legislation that, among other things, criminalizes copyright piracy and trademark counterfeiting. Under the AUSFTA, Australia must notify the holder of a pharmaceutical patent of a request for marketing approval by a third party for a product claimed by that patent. U.S. and Australian pharmaceutical companies have raised concerns that unnecessary delays in this notification process restrict their options for action against third parties that would infringe their patents if granted marketing approval by the Australian Therapeutic Goods Administration.

In April 2013, the Intellectual Property Laws Act was amended under the Raising the Bar Act which raised the quality of granted patents closer to international standards and gave innovators more certainty when applying in Australia and other jurisdictions. It also

introduced improved mechanisms for trademark and copyright enforcement, and greater penalties for trademark infringement, bringing them into line with penalties for copyright infringement.

The Raising the Bar Act also improved border enforcement measures by addressing the importation of counterfeit goods. The amendments, driven by IP Australia, simplified the customs seizure process and benefited brand owners by allowing more information to be released to the rights owner on the source of the goods as well as the importer.

Import provisions allow the Australian Customs and Border Protection Service to seize goods that infringe trademarks and copyright and which are covered by a valid Notice of Objection. A notice of objection can be lodged by a rights owner with Customs, together with a security deed of undertaking. The security deed is in place so that the trademark or copyright owner will pay the costs associated with seizing, storing and destroying goods.

Australia was an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations and signed ACTA in October 2011. It has not yet ratified the agreement. ACTA would establish an international framework to assist Parties in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy.

The Australian Parliament passed the Intellectual Property Laws Amendment Bill 2014 on February 9, 2015. The Bill amends the Patents Act 1990, Trade Marks Act 1995, Designs Act 2003, and the Plant Breeder's Rights Act 1994, and introduces a number of changes to Australia's IP regime. It implements the Protocol amending the WTO Agreement on Trade-Related Aspects of Intellectual Property, enabling Australian medicine producers to manufacture and export patented pharmaceuticals to countries experiencing health crises, under a compulsory license from the Federal Court. It extends the jurisdiction of the former Federal Magistrates Court, the Federal Circuit Court, to include plant breeders' rights matters. Significantly, it allows for a single trans-Tasman patent attorney regime and single patent application and examination processes for Australia and New Zealand as part of a broader Single Economic Market agenda.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Mission:
Michael Roberts
Deputy Economic Counselor
61 2 6214 5810
robertsmr@state.gov

Country resources:

Local attorneys list: <http://canberra.usembassy.gov/lawyers.html>

7. Transparency of the Regulatory System

The Commonwealth Government utilizes transparent policies and effective laws to foster national competition and develop competition policy, and is highly consultative in its policy making process. Australian accounting, legal, and regulatory procedures are transparent and consistent with international standards. Accounting standards are formulated by the Australian Accounting Standards Board, an Australian Government agency under the Australian Securities and Investments Commission Act 2001. Under that Act, the statutory functions of the AASB are to develop a conceptual framework for the purpose of evaluating

proposed standards; make accounting standards under section 334 of the Corporations Act 2001, and advance and promote the main objects of Part 12 of the ASIC Act, which include reducing the cost of capital, enabling Australian entities to compete effectively overseas and maintaining investor confidence in the Australian economy. The Commonwealth Government conducts regular reviews of proposed measures and legislative changes and holds public hearings into such matters.

Australia subscribes to the 1976 declaration of the OECD concerning International Investment and Multinational Enterprises. The instruments cover national treatment and investment incentives and disincentives, and spell out voluntary guidelines for the conduct of multinational enterprises in member countries. Australia also subscribes to two OECD codes of liberalization, one covering capital movements and the other invisible transactions.

8. Efficient Capital Markets and Portfolio Investment

Australian capital markets are generally efficient and are able to provide financing options to businesses. While the Australian equity market is one of the largest and most liquid in the world, non-financial firms do face a number of barriers in accessing the corporate bond market. Large firms are more likely to use public equity and smaller firms more likely to use retained earnings and debt from banks and intermediaries. Australia's corporate bond market is relatively small, particularly when compared to the government bond market, though this is showing signs of steady expansion.

Money and Banking System, Hostile Takeovers

Australia's banking system is robust, highly evolved, and international in focus. Bank profitability is strong and has been supported by further improvements in asset performance. In the domestic loan portfolio of Australian banks, the ratio of non-performing assets to total loans was 0.9 per cent at June 2015, down from a peak of 1.9 per cent in mid-2010. Funding costs have declined modestly as competition in domestic deposit markets has eased, and Australia's banks have continued to accumulate capital over recent quarters. Australia's banks appear well placed to adjust to any further increases in capital targets. From the beginning of 2015, Australian banks have been implementing the Liquidity Coverage Ratio requirement, and new liquidity rules have reinforced the need for Australia's banks to manage their liquidity risks effectively.

9. Competition from State-Owned Enterprises

In Australia, the term used for a Commonwealth Government State-Owned Enterprise (SOE) is government business enterprise (GBE), and a number of major GBEs operate at the national and state level; Australia has, however, steadily privatized most of its SOEs and few remain. Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions with respect to markets, credit, and other business operations, such as licenses and supplies. Public enterprises are not generally accorded material advantages in Australia. Remaining GBEs do not exercise power in a manner that discriminates against or unfairly burdens foreign investors or foreign-owned enterprises. Australian Commonwealth and state governments have followed policies of privatizing their remaining state-owned assets in areas such as electricity generation, transmission, distribution, and retailing to both domestic and foreign investors.

At the national level, a GBE is a Commonwealth entity or Commonwealth company that is prescribed by Section 8 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). Section 5 of the PGPA Rule 2014 prescribes seven types of GBEs, these being three corporate Commonwealth entities and four Commonwealth companies. The

Australian Government's relationship to its GBEs is similar to the relationship between a holding company and its subsidiaries.

GBEs provide a range of services, including communications, transport, employment and health services. The three characteristics that identify GBEs are that the government controls the body; the body is principally engaged in commercial activities; and the body has a legal personality separate to a department of government. Corporate Commonwealth entities prescribed as a GBE under Section 5(1) of the PGPA Rule 2014 include the Australian Postal Corporation and Defence Housing Australia. Commonwealth companies prescribed as GBEs by Section 5(2) of the PGPA Rule include the ASC Pty Limited, Australian Rail Track Corporation Limited, Moorebank Intermodal Company Limited, and NBN Co Limited.

In June 2015, the Commonwealth Government announced its intent to join the World Trade Organization (WTO) Agreement on Government Procurement (GPA).

OECD Guidelines on Corporate Governance of SOEs

Australian GBEs are governed by the PGPA Act and its rules and guidance, which provide guidance on board and corporate governance, financial governance, and planning and reporting.

Sovereign Wealth Funds

Australia's sovereign wealth fund, the Future Fund, is a financial asset investment fund owned by the Australian Government and established in 2006 under the Future Fund Act of 2006. Seeded by the Commonwealth Government with AUS\$60.5 billion from Budget surpluses and proceeds from the privatization of the nationalized telecommunications company Telstra, the Fund was established to enhance the ability of future Australian Government's to discharge unfunded superannuation liabilities expected after 2020, when an ageing population is likely to place significant pressures on Government finances. The Future Fund is managed by a Future Fund Management Agency that is responsible for the development of recommendations to the Board of Guardians on the most appropriate investment strategy for each fund and for the implementation of investment strategies. All administrative and operational functions associated with the management of the funds are undertaken by the Agency. As a founding member of the International Forum of Sovereign Wealth Fund (IFSWF), the Future Fund's structure, governance and investment approach is in full alignment with the Generally Accepted Principles and Practices for Sovereign Wealth Funds (the 'Santiago principles').

Since its creation, the Agency has been given responsibility for managing a number of 'nation-building funds', a Disability Care Fund, and a Medical Research Future Fund. A Building Australia Fund was established by the Nation-building Funds Act 2008, to enhance the Commonwealth's ability to make payments in relation to the creation or development of transport, communications, energy, and water infrastructure and in relation to eligible national broadband matters. An Education Investment Fund was established to make payments in relation to the creation or development of higher education infrastructure, research infrastructure, vocational education and training infrastructure, and eligible education infrastructure. A DisabilityCare Australia Fund was established by the DisabilityCare Australia Fund Act 2013, the aim being to reimburse States, Territories and the Commonwealth for expenditure incurred in relation to the National Disability Insurance Scheme Act 2013 and to fund implementation of that Act in its initial period of operation. A Medical Research Future Fund was established by the Medical Research Future Fund Act 2015 to provide grants of financial assistance to support medical research and medical innovation.

As of December 31, 2015, the value of the Future Fund totaled AUS\$118.4 billion. The value of the Education Investment Fund totaled AUS\$3.71 billion; the Building Australia Fund totaled AUS\$3.65 billion; the DisabilityCare Australia Fund totaled AUS\$4.29 billion, and the Medical Research Future Fund totaled AUS\$3.14 billion.

10. Responsible Business Conduct

There is general business awareness and promotion of responsible business conduct in Australia. The Commonwealth Government states that companies operating in Australia and Australian companies operating overseas are expected to act in accordance with the principles set out in the OECD Guidelines for Multinational Enterprises and to perform to the standards they suggest. In seeking to promote the OECD Guidelines, the Commonwealth Government maintains a National Contact Point (NCP), the current NCP being the General Manager of the Foreign Investment and Trade Policy Division at the Commonwealth Treasury, who is able to draw on expertise from other government agencies through an informal inter-governmental network. An ANCP Web site links to the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' noting that the objective is to help companies respect human rights and avoid contributing to conflict through their mineral sourcing practices. The Commonwealth Government's export credit agency, the Export Finance and Insurance Corporation, also promotes the OECD Guidelines as the key set of recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from adhering countries.

Australia does not currently participate in the Extractive Industries Transparency Initiative (EITI). Australia did however, complete an EITI pilot in 2014 and a decision on whether to proceed with implementation of the EITI is expected in early 2016.

Firms that pursue RBC are often rated highly in surveys of corporate behavior. RBC is still, however, an emerging concept and practice, and building institutional awareness and support for RBC remains an ongoing process. There is no formal approach to RBC at the national level. A number of independent NGOs and associations exist to promote and monitor RBC.

11. Political Violence

Political protests (e.g., rallies, demonstrations, marches, public conflicts between competing interests) form an integral, though generally minor, part of Australian cultural life. Such protests rarely degenerate into violence.

12. Corruption

Australia maintains a comprehensive system of laws and regulations designed to counter corruption. In addition, the government procurement system is generally transparent and well regulated. Corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services to Australia.

Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia, and Australia is perceived internationally as having low corruption levels.

In 2015, Australia ranked joint-13th out of 168 countries on Transparency International's Corruption Perception Index, with a score of 79, down from a 2014 ranking of 11th out of 175 countries with a score of 80. Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign

officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department.

The Attorney-General's Department plays an active role in combating corruption through developing domestic policy on anti-corruption and engagement in a range of international anti-corruption forums. These include the G20 Anti-Corruption Working Group, APEC Anti-Corruption and Transparency Working Group, and the United Nations Convention against Corruption Working Groups. Australia is a member of the OECD Working Group on Bribery and a party to the key international conventions concerned with combating foreign bribery, including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention).

Under Australian law, it is an offense to bribe a foreign public official, even if a bribe may be seen to be customary, necessary or required. The maximum penalty for an individual is 10 years imprisonment and/or a fine of USD 840,000. For a corporate entity, the maximum penalty is the greatest of either USD 8,403,000, three times the value of the benefits obtained, or 10 percent of the previous 12-month turnover of the company concerned.

A number of national and state-level agencies exist to combat corruption of public officials and ensure transparency and probity in government systems. In 2006, the Commonwealth Government established the Australian Commission for Law Enforcement Integrity (ACLEI), with a mandate to prevent, detect and investigate serious and systemic corruption issues in the Australian Crime Commission, the Australian Customs and Border Protection Service, the Australian Federal Police, the Australian Transaction Reports and Analysis Center, the CrimTrac Agency, and prescribed aspects of the Department of Agriculture.

An Independent Commission Against Corruption (ICAC) operates in New South Wales to investigate, expose and minimize corruption in the NSW public sector. Similarly, South Australia's Independent Commissioner Against Corruption Act 2012 (the ICAC Act) created the Office for Public Integrity and the Independent Commissioner Against Corruption (ICAC). The ICAC Commissioner is tasked with identifying corruption in public administration and investigating and referring for prosecution where appropriate. ICAC's jurisdiction extends to all South Australian public administration including state and local government agencies and officers, Members of Parliament, members of the judiciary, statutory authorities, and the police.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Australia has signed and ratified the United Nations Convention against Corruption, and is a signatory to the OECD Anti-Bribery Convention.

Resources to Report Corruption

Corruption and Crime Commission

86 St Georges Terrace
Perth, Western Australia
Tel. (08) 9215 4888
info@ccc.wa.gov.au
Independent Commission against Corruption NSW
Level 7, 255 Elizabeth Street
Sydney NSW 2000
Australia
02 8281 5999 (Australia)
icac@icac.nsw.gov.au

13. Bilateral Investment Agreements

Australia is a party to bilateral investment treaties with 21 countries, including Argentina, China, Czech Republic, Egypt, Hong Kong, Hungary, India, Indonesia, Laos, Lithuania, Mexico, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Romania, Sri Lanka, Turkey, Uruguay and Vietnam.

Australia has comprehensive Free Trade Agreements (FTAs) with the United States, Thailand, Singapore, Korea, Japan, China, Chile, Malaysia, and a multilateral FTA with New Zealand and the countries of the Association of Southeast Asian States (ASEAN), all of which contain chapters on investment. The countries covered by these FTAs account for 28 percent of total trade. Australia has concluded negotiations on an FTA with China.

Australia is currently engaged in two bilateral FTA negotiations with India and Indonesia, and four plurilateral FTA negotiations: the Trans-Pacific Partnership Agreement (TPP), the Regional Comprehensive Economic Partnership (RCEP, consisting of the ASEAN + Six group of nations), the Gulf Cooperation Council (GCC), and a Pacific trade and economic agreement (PACER Plus).

Bilateral Taxation Treaties

Australia has a long established tax treaty with the United States. The 'Convention' between Australia and the U.S. for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed in 1982. This convention was amended by a 2001 Protocol. The Protocol provides for a number of broad exceptions to the general rate limit of 15 percent for source country taxation on dividends. No tax is chargeable in the 'source country' on dividends where a beneficially entitled company resident in the other country holds 80 percent or more of the voting power of the company paying the dividends and satisfies certain conditions, including the public listing requirements under the Limitation on Benefits Article. A limit of 5 percent applies for other company shareholdings of 10 percent or greater.

On April 28, 2014, Australia signed an Intergovernmental Agreement with the United States to implement the Foreign Account Tax Compliance Act (FATCA) and improve tax cooperation. Under FATCA, Australian financial institutions will be required to submit information on accounts held by U.S. citizens. The Intergovernmental Agreement will allow financial institutions to report the information via the Australian Tax Office under the existing Australia-US tax treaty arrangements.

In November 2015, Australia and Germany signed a new tax treaty to replace a previous double taxation agreement between Australia and Germany signed in 1972.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Australia does not have any free trade zones or free ports.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	

Host Country Gross Domestic Product (GDP) (\$M USD)	2015	USD1.172 trillion	2014	USD1.455 trillion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD118 billion	2014	USD180.3 billion	BEA data available at http://bea.gov/international/direct_investment_-_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)			2014	USD47.3 billion	BEA data available at http://bea.gov/international/direct_investment_-_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014	USD565 billion/39%	N/A	N/A	Austrade: https://www.austrade.gov.au/ArticleDocuments/3823/Australia-Benchmark-Report.pdf.aspx

* GDP Host Country Data from <http://www.abs.gov.au/>

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data (2014)						
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)						
Inward Direct Investment				Outward Direct Investment		
Total Inward		564,606	100%	Total Outward	443,517	100%
United States		134,029	24%	United States	111,751	25%
United Kingdom		71,664	13%	New Zealand	50,546	11%
Japan		54,235	10%	United Kingdom	45,238	10%
Netherlands		31,527	6%	Singapore	10,704	2%
China		24,581	4%	China	9,903	2%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	621,521	100%	All Countries	405,299	100%	All Countries	216,223	100%
United States	269,917	43%	United States	187,565	46%	United States	82,352	38%
United Kingdom	55,422	9%	United Kingdom	39,652	10%	Germany	25,256	12%
Germany	33,385	5%	Cayman Islands	21,065	5%	United Kingdom	15,770	7%
Cayman Islands	23,727	4%	Japan	8,447	2%	Uruguay	9,678	4%
Japan	21,452	3%	China, P.R. Hong Kong	8,447	2%	Uruguay	9,678	4%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

common law system based on the English model

International organization participation:

ADB, ANZUS, APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, C, CD, CP, EAS, EBRD, EITI (implementing country), FAO, FATF, G-20, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NEA, NSG, OECD, OPCW, OSCE (partner), Paris Club, PCA, PIF, SAARC (observer), SICA (observer), Sparteca, SPC, UN, UN Security Council (temporary), UNCTAD, UNESCO, UNHCR, UNMISS, UNMIT, UNRWA, UNTSO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

Where more than AUD \$10,000 of Australian currency is physically taken out of Australia, the departing individual must report this to an Australian Customs Officer or to the Australian Transaction Reports and Analysis Centre (AUSTRAC). Equivalent amounts of foreign currency that are brought into Australia must also be reported.

Treaty and non-treaty withholding tax rates

Australia has signed **82 agreements** (45 DTC and 37 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Andorra	TIEA	24 Sep 2011	not yet in force	Yes	Yes	
Anguilla	TIEA	19 Mar 2010	17 Feb 2011	Yes	Yes	
Antigua and Barbuda	TIEA	30 Jan 2007	14 Dec 2009	Yes	Yes	
Argentina	DTC	27 Aug 1999	31 Dec 1999	Yes	No	
Aruba	TIEA	16 Dec 2009	17 Aug 2011	Yes	Yes	
Austria	DTC	8 Jul 1986	1 Sep 1988	No	No	
Bahamas, The	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	
Bahrain	TIEA	15 Dec 2011	15 Dec 2012	Yes	Yes	
Belgium	DTC	13 Oct 1977	1 Nov 1979	Yes	No	
Belgium	DTC Protocol	24 Jun 2009	not yet in force	Yes	Yes	
Belize	TIEA	31 Mar 2010	1 Jul 2010	Yes	Yes	
Bermuda	TIEA	10 Nov 2005	20 Sep 2007	Yes	Yes	
Brunei Darussalam	TIEA	6 Aug 2013	not yet in force	Unreviewed	Yes	
Canada	DTC	21 May 1980	29 Apr 1981	Yes	No	
Cayman Islands	TIEA	30 Mar 2010	14 Feb 2011	Yes	Yes	
Chile	DTC	10 Mar 2010	8 Feb 2013	Yes	Yes	
China	DTC	17 Nov 1988	28 Dec 1990	Yes	No	
Cook Islands	TIEA	27 Oct 2009	2 Sep 2011	Yes	Yes	
Costa Rica	TIEA	1 Jul 2011	13 Dec 2012	Yes	Yes	
Curaçao	TIEA	1 Mar 2007	4 Apr 2008	Yes	Yes	
Czech Republic	DTC	28 Mar 1995	27 Nov 1995	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Czech Republic	DTC Protocol	9 Mar 2012	not yet in force	Yes	Yes	
Denmark	DTC	1 Apr 1981	27 Oct 1981	Yes	No	
Dominica	TIEA	31 Mar 2010	8 Dec 2011	No	Yes	
Fiji	DTC	15 Oct 1990	28 Dec 1990	Unreviewed	No	
Finland	DTC	20 Nov 2006	10 Nov 2007	Yes	Yes	
France	DTC	20 Jun 2006	1 Jun 2009	Yes	Yes	
Germany	DTC	24 Nov 1972	15 Feb 1975	Yes	No	
Gibraltar	TIEA	26 Aug 2009	26 Jul 2010	Yes	Yes	
Grenada	TIEA	30 Mar 2010	9 Jan 2012	Yes	Yes	
Guatemala	TIEA	26 Sep 2013	not yet in force	Unreviewed	Yes	
Guernsey	TIEA	7 Oct 2009	27 Jul 2010	Yes	Yes	
Hungary	DTC	29 Nov 1990	10 Apr 1992	Yes	No	
India	DTC	25 Jul 1991	30 Dec 1991	Yes	Yes	
Indonesia	DTC	22 Apr 1992	14 Dec 1992	Yes	No	
Ireland	DTC	31 May 1983	21 Dec 1983	Yes	No	
Isle of Man	TIEA	29 Jan 2009	5 Jan 2010	Yes	Yes	
Italy	DTC	14 Dec 1982	5 Nov 1985	Yes	No	
Japan	DTC	31 Jan 2008	3 Dec 2008	Yes	Yes	
Jersey	TIEA	10 Jun 2009	5 Jan 2011	Yes	Yes	
Kiribati	DTC	23 Mar 1991	28 Jun 1991	Unreviewed	No	
Korea, Republic of	DTC	12 Jul 1982	1 Jan 1984	Yes	No	
Liberia	TIEA	11 Aug 2011	23 May 2012	Yes	Yes	
Liechtenstein	TIEA	21 Jun 2011	21 Jun 2012	Yes	Yes	
Macao, China	TIEA	12 Jul 2011	20 Jun 2012	Yes	Yes	
Malaysia	DTC	20 Aug 1980	26 Jun 1981	Yes	Yes	
Malta	DTC	9 May 1984	20 May 1985	Yes	No	
Marshall Islands	TIEA	12 May 2010	25 Nov 2011	Yes	Yes	
Mauritius	TIEA	8 Dec 2010	1 Jan 2011	Yes	Yes	
Mexico	DTC	9 Sep 2002	31 Dec 2003	Yes	No	
Monaco	TIEA	1 Apr 2010	13 Jan 2011	Yes	Yes	
Montserrat	TIEA	22 Nov 2010	25 Nov 2011	Yes	Yes	
Netherlands	DTC	17 Mar 1976	27 Sep 1976	Yes	No	
New Zealand	DTC	26 Jun 2009	19 Mar 2010	Yes	Yes	
Norway	DTC	8 Aug 2006	12 Sep 2007	Yes	Yes	
Papua New Guinea	DTC	24 May 1989	29 Dec 1989	Unreviewed	No	
Philippines	DTC	11 May 1979	17 Jun 1980	Yes	No	
Poland	DTC	7 May 1991	4 Mar 1992	Yes	No	
Romania	DTC	2 Feb 2000	11 Apr 2001	Unreviewed	No	
Russian Federation	DTC	7 Sep 2000	17 Dec 2003	Yes	No	
Saint Kitts and Nevis	TIEA	5 Mar 2010	11 Jan 2011	Yes	Yes	
Saint Lucia	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Saint Vincent and the Grenadines	TIEA	5 Mar 2010	11 Jan 2011	Yes	Yes	
Samoa	TIEA	20 Mar 2010	24 Feb 2012	Yes	Yes	
San Marino	TIEA	4 Mar 2010	11 Jan 2011	Yes	Yes	
Singapore	DTC	11 Feb 1969	4 Jun 1969	Yes	Yes	
Sint Maarten	TIEA	1 Mar 2007	4 Apr 2008	Yes	Yes	
Slovakia	DTC	24 Aug 1999	22 Dec 1999	Yes	No	
South Africa	DTC	1 Jul 1999	21 Dec 1999	Yes	Yes	
Spain	DTC	24 Mar 1992	10 Dec 1992	Yes	No	
Sri Lanka	DTC	18 Dec 1989	21 Oct 1991	Unreviewed	No	
Sweden	DTC	14 Jan 1981	4 Sep 1981	Yes	No	
Switzerland	DTC	30 Jul 2013	not yet in force	Unreviewed	Yes	
Switzerland	DTC	28 Feb 1980	13 Feb 1981	No	No	
Thailand	DTC	31 Aug 1989	27 Dec 1989	Unreviewed	No	
Timor-Leste	DTC	20 May 2002	20 May 2002	Unreviewed	No	
Turkey	DTC	29 Apr 2010	5 Jun 2013	Yes	Yes	
Turks and Caicos Islands	TIEA	30 Mar 2010	1 Jul 2010	Yes	Yes	
United Kingdom	DTC	21 Aug 2003	17 Dec 2003	Yes	No	
United States	DTC	6 Aug 1982	1 Dec 1983	Yes	No	
Uruguay	TIEA	10 Dec 2012	not yet in force	Yes	Yes	
Vanuatu	TIEA	21 Apr 2010	1 Sep 2011	No	Yes	
Viet nam	DTC	13 Apr 1992	10 Dec 1992	Unreviewed	No	
Virgin Islands, British	TIEA	27 Oct 2008	12 Apr 2010	Yes	Yes	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD](#) [PKF International](#))

DISCLAIMER

Part of this report contains material sourced from third party websites. This material could include technical inaccuracies or typographical errors. The materials in this report are provided "as is" and without warranties of any kind either expressed or implied, to the fullest extent permissible pursuant to applicable law. Neither are any warranties or representations made regarding the use of or the result of the use of the material in the report in terms of their correctness, accuracy, reliability, or otherwise. Materials in this report do not constitute financial or other professional advice.

We disclaim any responsibility for the content available on any other site reached by links to or from the website.

RESTRICTION OF LIABILITY

Although full endeavours are made to ensure that the material in this report is correct, no liability will be accepted for any damages or injury caused by, including but not limited to, inaccuracies or typographical errors within the material, Neither will liability be accepted for any damages or injury, including but not limited to, special or consequential damages that result from the use of, or the inability to use, the materials in this report. Total liability to you for all losses, damages, and causes of action (in contract, tort (including without limitation, negligence), or otherwise) will not be greater than the amount you paid for the report.

RESTRICTIONS ON USE

All Country Reports accessed and/or downloaded and/or printed from the website may not be distributed, republished, uploaded, posted, or transmitted in any way outside of your organization, without our prior consent. Restrictions in force by the websites of source information will also apply.

We prohibit caching and the framing of any Content available on the website without prior written consent.

Any questions or queries should be addressed to: -

Gary Youinou

Via our [Contact Page](#) at KnowYourCountry.com