



AUSTRALIA
INVESTMENT CLIMATE STATEMENT
2015

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Executive Summary

Australia is generally welcoming to foreign investment, and Australia's investment climate is conducive to investment from the United States. In 2014, the United States was Australia's largest source of Foreign Direct Investment (FDI) stock, totaling USD159 billion of investment or approximately 24% of all FDI in Australia. Australia is the United States' 15th largest export market and third largest trading partner. U.S. direct investment in Australia is led by mining, finance and insurance, and manufacturing sectors.

The Commonwealth Government declared when it came into office in September 2013 that Australia was open for business. The Government pledged to reduce red and green tape that slowed investment projects and delayed environmental approvals. Since coming to office, the government has repealed a tax on carbon emissions and a tax on mining-company profits, sought to reduce the number of regulatory measures, and position Australia as an open and investment-friendly destination. The government has also embarked on wide-ranging reviews of national competition policy, labor market reform, taxation policy, and productivity.

In November 2013, however, the Commonwealth Treasurer rejected a proposal by U.S.-based Archer Daniels Midland to acquire Australian grain handler GrainCorp, citing the national interest. The decision was the first time a Treasurer had denied a U.S. investment into Australia. Nevertheless, Australia is generally an open environment to foreign investment.

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 a world 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. Australia's four leading banks are highly ranked in terms of financial security and international rankings.

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 mechanism that would allow individual investors to bring a case against the Australian government.

The 2015 Investment Climate Statement for Australia uses the exchange rate of AUD 1 = USD 0.77.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Australia is generally welcoming to foreign investment. In 2014, the United States was Australia's largest source of Foreign Direct Investment stock delivering USD 159 billion of investment or approximately 24% of all FDI in Australia. Australia is the United States' 15th largest export market and third largest trading partner. U.S. direct investment in Australia is led by the nonbank holding, mining, finance and insurance companies, and manufacturing sectors.

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.

Under the auspice 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 of 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 (USD 832 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 U.S. investments are generally approved, 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. It has not been subject to an UNCTAD or OECD IPR, and the most recent review of Australia's investment framework was a World Trade Organization (WTO) Trade Policy Review conducted in April 2011.

Laws/Regulations of Foreign Direct Investment

Please refer to: Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts.

Industrial Promotion

The Australian Government provides assistance to businesses for the development or expansion of export markets, and delivers business advice on exporting and financial grants through the Export Market Development Grants scheme and through activities of Austrade, Australia's export promotion agency. The Export Finance and Investment Corporation, a Government chartered agency, is tasked with providing export financing assistance to Australian businesses and sometimes overseas buyers.

Limits on Foreign Control

In addition to the activities of FIRB, on February 11, 2015, the Australian Government announced a number of initiatives that will impact the way in which international investments in Australian agricultural land are reviewed and monitored. 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. 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 USD 1.094 billion 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. The Government will establish a foreign ownership register of agricultural land to strengthen reporting requirements and provide a clearer picture of foreign investment in Australia's agricultural sector. Beginning July 1, 2015, the ATO will start collecting 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 overt privatization program per se. A central plank underpinning the government's policy framework and direction is to address Australia's fiscal balance, with intent by the government to return Australia's budget to surplus by 2019-20. A key feature of this approach is a new national Asset Recycling Initiative. As part of the initiative, the government offers financial incentives to Australia's states and territories to privatize mature government-owned assets and reinvest the returns into new, productivity-enhancing infrastructure. As a new policy initiative, the Asset Recycling Initiative is currently the focus of considerable national and state-level political debate. 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.

Screening of FDI

Information not available.

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.

ACCC participates in a number of international fora and groups on the subjects of competition, consumer protection, product safety and regulation. ACCC is a member of the International Competition Network (ICN), which provides an informal venue for competition authorities to address practical concerns and participate in working groups. ACCC participates in the ICN Cartel Working Group and Merger Working Group. ACCC also participates in a number of OECD committees and related working groups, including the OECD Competition Committee.

On March 31, 2015, a government-commissioned review of Australia's competition policy was released. This review serves as the first comprehensive assessment of Australia's competition policies, laws and institutions in more than 20 years. A key aim of the report was to inform on measures to enhance national competition. The government is considering the report's recommendations. A key recommendation identified in the review is to establish a new national competition body, the Australian Council for Competition, with a mandate to provide leadership and drive implementation of the evolving competition policy agenda.

Investment Trends

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	11 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	10 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	17 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 65,390	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

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

Remittance Policies

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

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. Australia assumed Presidency of the FATF in July 2014 for the period July 2014 - June 2015. Australia underwent the FATF's mutual evaluation process in 2014. The mutual evaluation report was considered and adopted at the FATF plenary meeting on 27 February 2015 and is tentatively scheduled for release in April 2015.

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. The traditional approach to commercial dispute resolution involves litigation or arbitration and other methods of alternative dispute resolution. 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 state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). 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

Information not available.

Investment Disputes

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

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

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

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

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

On March 26, 2015, the Australian Parliament passed the Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2015. The Bill requires telecommunications service providers to retain and secure, for two years, telecommunications data (not including content); to protect retained data through encryption; and 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', and restricts the agencies which can access this data.

6. Right to Private Ownership and Establishment

The common law system which forms the basis of Australian jurisprudence guarantees the right to private ownership and the establishment of private business enterprises.

7. Protection of Property Rights

Real Property

A strong rule of law protects property rights in Australia and operates against corruption. Both foreign and domestically owned businesses enjoy considerable flexibility in their licensing, regulation, and employment practices.

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 legislation 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.

In 2012-13, the Australian Customs and Border Protection Service made 2,572 seizures of counterfeit goods involving 513,814 items, with an estimated retail value of approximately AUD 43 million. While the Australian Customs and Border Protection Service actively tracks and records seizures of counterfeit goods, the reporting of such statistics is not publicly available.

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 breeder's 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.

Resources for Rights Holders

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/>.

Embassy Point of Contact: Fergus Murphy: MurphyF@state.gov

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

8. Transparency of the Regulatory System

Australia subscribes to the 1976 declaration of the Organization for Economic Cooperation and Development (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.

9. 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. As a key indicator of the health of Australian banks, asset performance has improved steadily over recent years and this trend continued in 2014. In the domestic loan portfolio of Australian banks, the ratio of non-performing assets to total loans was 0.9 per cent at December 2014, 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.

10. 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 SOEs 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 Government Solicitor, 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.

OECD Guidelines on Corporate Governance of SOEs

Information not available.

Sovereign Wealth Funds

Australia has one sovereign wealth fund, the Future Fund, established by the Future Fund Act 2006 to help future governments meet the cost of public sector superannuation (i.e. retirement pension) liabilities by delivering investment returns on contributions to the Fund. There is no regulation prescribing the proportion of the Future Fund's assets which must be invested in Australia or offshore. The Future Fund has indicated plans to increase its foreign exposure, including in the United States, but most funds are invested in Australia.

11. Corporate Social Responsibility

There is a general awareness of corporate social responsibility (CSR) in Australia among both producers and consumers. Both foreign and local enterprises tend to follow generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. Firms that pursue CSR are often rated highly in surveys of corporate behavior. CSR is still, however, an emerging concept and practice, and building institutional awareness and support for CSR remains an ongoing process. There is no formal approach to CSR at the national level. A number of independent NGOs and associations exist to promote and monitor CSR.

OECD Guidelines for Multinational Enterprises

Please reference, Corporate Social Responsibility.

12. 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.

13. 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 2014, Australia ranked 11th out of 175 countries on Transparency International's Corruption Perception Index, with a score of 80. This contrasts with a 2013 ranking of 9th out of 177 countries with a score of 81.

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 Organization for Economic Cooperation and Development 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% 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 transparent 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 to 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

Information not available.

14. 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, 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 and the agreement is expected to be signed in 2015.

Australia is currently engaged in six FTA negotiations - 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).

The Australia-United States FTA (AUSFTA) entered into force on January 1, 2005. This agreement includes a chapter on investment.

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% 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% 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% applies for other company shareholdings of 10% 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.

15. OPIC and Other Investment Insurance Programs

The Australian Government provides assistance to business for the development or expansion of export markets, and business advice on exporting and financial grants through the Export Market Development Grants scheme and the activities of Austrade, Australia’s export promotion agency. The Export Finance and Investment Corporation provides export financing assistance to Australian businesses and sometimes overseas buyers. The Overseas Private Investment Corporation excludes Australia, as it is not a developing country. In certain cases, the U.S. Export-Import Bank (Ex-Im) can support major resources and energy projects in Australia to support U.S. jobs and exports.

16. Labor

Australia has ratified seven of the International Labor Organization's eight Fundamental Conventions.

As of April 2015, the unemployment rate in Australia was 6.2%. Government forecasts and projections published in the December 2014 Mid-Year Economic and Fiscal Outlook (MYEFO) project total employment to increase by 1,166,400 (or 10 percent) through to November 2019. Full-time employment is projected to make the largest contribution to employment growth over this period (up by 669,000 or 8.3 per cent), although part-time employment is projected to increase at a faster rate (up by 494,400 or 14 percent). Employment among males is projected to increase by 622,700 (or 9.9 per cent) while female employment is projected to rise by 10.2 per cent. Employment is projected to increase in 17 of the 19 broad industries up to 2019, with declines in employment projected only for the mining and manufacturing sectors.

A number of laws and regulations exist to govern Australia’s workplaces, the most notable being the Fair Work Act 2009 and the Fair Work Regulations 2009. As the main legislation that

governs the employee-employer relationship in Australia, it provides a safety net of minimum entitlements, enables flexible working arrangements and fairness at work, and prevents discrimination against employees. The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES).

The Commonwealth Government is currently reviewing the performance of Australia's workplace relations framework, including the Fair Work Act 2009, to increase workplace flexibility and national productivity. In doing so, it is assessing the impact of the framework on matters including unemployment, underemployment, job creation, equitable pay and conditions, small businesses, business investment, the ability for employers to flexibly manage and engage with their employees, and barriers to bargaining. A Competition Policy Review final report released on March 31, 2015 highlighted a number of labor market issues under the Fair Work Act 2009 that place restrictions on the freedom of employers to engage contractors or source certain goods or non-labor services. The Commonwealth Government is currently reviewing the findings of the Competition Policy Review.

The number of industrial disputes is low by historical standards. There were 188 industrial disputes in 2014, 31 fewer than in 2013. The number of working days lost to industrial action has fallen dramatically over the last three years, falling from 273,000 in 2012, to 131,000 in 2013, to 71,400 in 2014.

The Australian Government provides assistance through a Fair Entitlements Guarantee scheme to people owed certain outstanding employee entitlements following the liquidation or bankruptcy of employers.

Immigration has always been an important source for skilled labor in Australia. The Immigration Department has a 'skilled occupations list' (SOL) which can be used by potential applicants seeking to nominate skilled occupations which are acceptable for permanent and temporary skilled migration to Australia under the General Skilled Migration program, and the Employer Nominated Scheme. Applicants must have a nominated occupation when they apply which is applicable to their circumstances.

From 1 July 2009, most Australian workplaces have been governed by a system created by the Fair Work Act 2009. Enterprise bargaining takes place through enterprise agreements, collective agreements made at an enterprise level between employers and employees about terms and conditions of employment. Such agreements are widely used in Australia. A Fair Work Ombudsman assists employees, employers, contractors and the community to understand and comply with the system. The ombudsman provides education, information and advice, and assistance to resolve workplace complaints, conduct investigations, and enforce relevant Commonwealth workplace laws. The Fair Work Act 2009 establishes a set of clear rules and obligations about how this process is to occur, including rules about bargaining, the content of enterprise agreements, and how an agreement is made and approved.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

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

Australia, as a WTO member, is party to the Agreement on Trade Facilitation (ATF) concluded at the WTO's Ninth Ministerial Conference in December 2013. Subject to domestic approval processes, Australia expects to formally accept the ATF in 2015.

18. 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)	2013	1,488	2013	1,583	https://www.dfat.gov.au/geo/fs/aust.pdf https://stats.oecd.org/index.aspx?queryid=60702
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)	2013	113,700	2014	158,996	
Host country's FDI in the United States (\$M USD, stock positions)	2013	44,742	2013	44,742	http://www.ofii.org/sites/default/files/FDIUS2014.pdf https://ustr.gov/countries-regions/southeast-asia-pacific/australia
Total inbound stock of FDI as % host GDP	2012	6.9	2012	8.8	http://www.bea.gov http://www.abs.gov.au/AUSSTATS/abs@.n.sf/DetailsPage/5352.02012?OpenDocument https://www.dfat.gov.au/geo/fs/aust.pdf

*Provide sources of host country statistical data used

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data (2013)					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	558,443	100%	Total Outward	438,679	100%
United States	158,996	24%	United States	107,879	25%
United Kingdom	76,827	14%	United Kingdom	44,820	10%
Japan	56,077	10%	New Zealand	40,665	9%
Netherlands	26,037	5%	Canada	25,544	6%
Singapore	22,319	4%	Papua New Guinea	15,821	4%

"0" reflects amounts rounded to +/- USD 500,000.
Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets, Australia, End of June, 2013 (latest data available)								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	21,765	100%	All Countries	12,800	100%	All Countries	8,965	100%
United States	20,427	94%	United States	11,803	92%	United States	8,642	96%
Luxembourg	682	3%	Luxembourg	682	5%	Brazil	294	3%
Brazil	397	2%	Spain	124	1%	Germany	39	0.44%
Spain	124	1%	Brazil	103	1%	Chile	4	0.05%
Germany	40	0.18%	China, P.R. Mainland	22	0.17%	Uruguay	3	0.03%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

For future contact on the Investment Climate Statement for Australia, please contact:

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