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Introduction to AUSTRALIA

Despite its vast geographic territory, the Australian economy is relatively small, with GDP (USD 1.5 trillion in 2018) one fourteenth the size of the US. Over the past decade, the country has been among the best performing OECD members.

The economy, which is structurally supported by commodity trade, suffered from the 2011-2015 decline in world commodity prices, particularly coal, iron ore and liquefied natural gas. This led to a sharp drop in investment in the mining sector, which represented only 4% of GDP in 2016 compared with 8.4% in 2012.

Several factors have nevertheless helped to mitigate the various shocks recorded since the end of the mining boom, including the implementation of a monetary easing policy and the lack of currency controls. In August 2016, the Reserve Bank of Australia (RBA) lowered its policy interest rate to 1.5 percent. Similarly, the economy has become more diversified. To encourage the non-mining sector, the government has set a new program of reform (National Innovation and Science Agenda) to restore productivity growth and to boost innovation. The country is also enjoying strong population growth (+ 1.5% year on year in Q4 2016).

Finally, the economy has rebounded (GDP growth is near 3% in 2018) as commodity prices have recovered somewhat, and the balance of trade has turned positive. The RBA is expected to tighten monetary policy by the end of 2018, as growth and inflation rise. This measure will also ease pressure on property prices.

BNP Paribas presence

BNP Paribas has been present in Australia since 1881 with business centres in Sydney, Melbourne & Perth. With direct clearing system access and a strong partnership with the largest local bank, BNP Paribas offers comprehensive international cash management and trade finance solutions through multiple connectivity channels.

BNP Paribas is a major player in trade finance throughout Asia, offering a full suite of traditional trade (letters of credit, bankers’ guarantee, trade financing, standby letters of credit, etc.) and supply chain financing solutions (receivables purchase programmes, supplier financing etc.) products, including a unique inventory solution offered through our trade centres in Australia, China, Japan and Singapore, specifically for companies engaged in international trade, as part of a wider network of more than 100 trade centres globally. BNP Paribas has experienced trade finance advisors and personnel who deliver a range of customised trade solutions and advise on local market practices. These solutions are supported by the bank's ISO-certified trade services support team.

Working with BNP Paribas

As a direct member of the local clearing house, BNP Paribas provides comprehensive local and international payment and collection capabilities with full straight through processing. Through its strong local banking partnership, customers can access more than 800 branches, providing the local proximity combined with access to the bank's comprehensive global network that customers require.

BNP Paribas is a major player in trade finance, offering a full suite of traditional trade and supply chain financing (e.g. receivables purchase programs, supplier financing) products, including a unique inventory solution offered through its trade centres in Australia, China, Japan and Singapore, specifically for companies engaged in international trade. With a seamless network of more than 100 trade centres throughout the world, BNP Paribas has been repeatedly ranked amongst the top in league tables of the world's best trade finance banks.

BNP Paribas offers a variety of robust connectivity channels supporting both cash and trade, including Connexis and Connexis Trade (web-based platforms), Connexis Connect (host to host channel) as well as SWIFT. Through Connexis
Connect, customers can make payments not only through BNP Paribas Australia accounts but also accounts with our New Zealand partner bank, providing greater consistency and cohesion. BNP Paribas’ customers in Australia are typically large multinational corporations that are seeking comprehensive, integrated capabilities for both their domestic and international cash management requirements and trade finance solutions.

**Currency**

Australian Dollar (AUD)

**Exchange Rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate: AUD per USD</td>
<td>1.1094</td>
<td>1.3311</td>
<td>1.3452</td>
<td>1.3050</td>
<td>1.34</td>
</tr>
</tbody>
</table>


**Central Bank**

- The Australian central bank is the Reserve Bank of Australia (RBA - [www.rba.gov.au](http://www.rba.gov.au)).

**Bank supervision**

- Australian banks are supervised by the Australian Prudential Regulation Authority (APRA – [www.apra.gov.uk](http://www.apra.gov.uk)).

**Bank accounts**

**Resident / non-resident status**

- A company is resident in Australia if it is incorporated in the country, or if it carries on business in Australia, and either its central management and control are in Australia, or its voting power is controlled by shareholders who are residents of Australia.

**Bank accounts for resident entities**

<table>
<thead>
<tr>
<th></th>
<th>Within Australia</th>
<th>Outside Australia</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Local Currency</th>
<th>Foreign Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Currency</strong></td>
<td>Permitted without restriction,</td>
<td>Permitted without restriction,</td>
</tr>
<tr>
<td></td>
<td>fully convertible</td>
<td>fully convertible</td>
</tr>
<tr>
<td><strong>Foreign Currency</strong></td>
<td>Permitted without restriction,</td>
<td>Permitted without restriction,</td>
</tr>
<tr>
<td></td>
<td>fully convertible</td>
<td>fully convertible</td>
</tr>
</tbody>
</table>

**Bank accounts for non-resident entities**

<table>
<thead>
<tr>
<th></th>
<th>Within Australia</th>
<th>Outside Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Currency</strong></td>
<td>Permitted without restriction,</td>
<td>Permitted without restriction,</td>
</tr>
<tr>
<td></td>
<td>fully convertible</td>
<td>fully convertible</td>
</tr>
<tr>
<td><strong>Foreign Currency</strong></td>
<td>Permitted without restriction,</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>fully convertible</td>
<td></td>
</tr>
</tbody>
</table>

**Lifting fees**

- Per-item-based charges are applied on payments between resident and non-resident bank accounts.

**BNP Paribas insights**

- There are no specific complexities when opening accounts in Australia beyond standard KYC and compliance requirements.

**BNP Paribas Cash Management Capabilities**

**Liquidity Management**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical cash pooling</td>
<td>✓</td>
</tr>
<tr>
<td>Notional pooling</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Supported by BNP Paribas
- Not required / permitted in AUSTRALIA or not supported by BNP Paribas
## Collections

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash collections</td>
<td>✓</td>
</tr>
<tr>
<td>Cheque collections</td>
<td>✓</td>
</tr>
<tr>
<td>Direct debit collections</td>
<td>✓</td>
</tr>
<tr>
<td>Domestic incoming transfers</td>
<td>✓</td>
</tr>
<tr>
<td>International incoming transfers</td>
<td>✓</td>
</tr>
<tr>
<td>Card acquiring</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Not required / permitted in AUSTRALIA or not supported by BNP Paribas

## Payments

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash withdrawals</td>
<td>✓</td>
</tr>
<tr>
<td>Cheque payments</td>
<td>✓</td>
</tr>
<tr>
<td>Direct debit payments</td>
<td>✓</td>
</tr>
<tr>
<td>Domestic outgoing transfers</td>
<td>✓</td>
</tr>
<tr>
<td>International outgoing transfers</td>
<td>✓</td>
</tr>
<tr>
<td>Card issuing</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Not required / permitted in AUSTRALIA or not supported by BNP Paribas
Channels

<table>
<thead>
<tr>
<th>Channels</th>
<th>Supported by BNP Paribas</th>
<th>Not required / permitted in AUSTRALIA or not supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local e-Banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global e-Banking - Connexis</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>SWIFTNet / Global host to host</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Payments & Collections

Market overview

- Australia has an efficient, highly automated payments system, with a strong focus on electronic and card-based payments.

Payment systems

<table>
<thead>
<tr>
<th>RITS</th>
<th>Type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Real-time gross settlement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participants</td>
<td>• 167 participants.</td>
</tr>
<tr>
<td></td>
<td>Transaction types processed</td>
<td>• High-value and urgent interbank credit transfers.</td>
</tr>
<tr>
<td></td>
<td>Operating hours</td>
<td>• Net obligations from other payment systems.</td>
</tr>
<tr>
<td></td>
<td>• 07:30–23:00 AEDT, Monday to Friday.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clearing cycle details (e.g. cut-off times)</td>
<td>• Payments are cleared and settled in real time during three cycles daily: 07:30–08:45, 09:15–16:30, and 17:20–22:00 AEST/AEDT.</td>
</tr>
<tr>
<td></td>
<td>System holidays</td>
<td>• Settlement of payment obligations deriving from low-value clearing systems takes place on a deferred net settlement basis.</td>
</tr>
<tr>
<td></td>
<td>System holidays</td>
<td>• RITS is closed on all Australian bank holidays.</td>
</tr>
<tr>
<td></td>
<td>HVC</td>
<td>• Australia’s bank holidays are:</td>
</tr>
<tr>
<td></td>
<td>Type</td>
<td>• 2nd half 2019 — 5 August, 7 October, 25, 26 December.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 2020 — 1, 27 January, 10–13, 25 April, 8 June, 5 August, 5 October, 25, 28 December.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Multilateral net settlement.</td>
</tr>
<tr>
<td><strong>Participants</strong></td>
<td>49 direct.</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td><strong>Transaction types processed</strong></td>
<td>High-value and urgent AUD-denominated interbank transfers.</td>
<td></td>
</tr>
<tr>
<td><strong>Operating hours</strong></td>
<td>07:30-19:00/21:00 AEST/AEDT, Monday to Friday</td>
<td></td>
</tr>
<tr>
<td><strong>Clearing cycle details (e.g. cut-off times)</strong></td>
<td>Payments are cleared in real time. Cut-off time = 18:05/20:05 AEST/AEDT. Final settlement takes place via RITS.</td>
<td></td>
</tr>
<tr>
<td><strong>System holidays</strong></td>
<td>The HVCS is closed on all Australian holidays. (Dates as above)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>BECS</strong></th>
<th>Deferred net settlement system.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Participants</strong></td>
<td>71 direct.</td>
</tr>
<tr>
<td><strong>Transaction types processed</strong></td>
<td>Low-value and non-urgent electronic AUD-denominated payments (credit and debit payments).</td>
</tr>
<tr>
<td><strong>Operating hours</strong></td>
<td>08:30-17:30 AEST/AEDT, Monday to Friday.</td>
</tr>
<tr>
<td><strong>Clearing cycle details (e.g. cut-off times)</strong></td>
<td>Payments are settled on a same-day basis. BECS processes payments in batches. Final settlement takes place via RITS five times daily: 10:45–11:15 13:45–14:15 16:45–17:15 18:15–19:45 21:15–21:45 AEST/AEDT.</td>
</tr>
<tr>
<td><strong>System holidays</strong></td>
<td>BECS is closed on all Australian holidays (Dates as above)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>APCS</strong></th>
<th>Deferred net settlement.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Participants</strong></td>
<td>72 direct.</td>
</tr>
<tr>
<td><strong>Transaction types processed</strong></td>
<td>Cheques and paper-based instruments.</td>
</tr>
<tr>
<td><strong>Operating hours</strong></td>
<td>08:30-17:30 AEST/AEDT, Monday to Friday.</td>
</tr>
<tr>
<td><strong>Clearing cycle details (e.g. cut-off times)</strong></td>
<td>Cheques are usually cleared within a three-day cycle, although it can take up to 10 days. The APCS processes payments in batches. Final settlement takes place via RITS from 09:00 AEST/AEDT.</td>
</tr>
<tr>
<td><strong>System holidays</strong></td>
<td>The APCS is closed on all Australian holidays (Dates as above)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CECS</strong></th>
<th>Deferred net settlement.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Participants</strong></td>
<td>16 direct.</td>
</tr>
</tbody>
</table>
### Transaction types processed

- Proprietary debit card payments.

### Operating hours

- 08:30-17:30 AEST/AEDT, Monday to Friday.

### Clearing cycle details (e.g. cut-off times)

- Payments are cleared and settled in batches on a next-day basis.
- Cut-off time = 04:00 AEST/AEDT.
- Final settlement takes place via RITS from 09:00 AEST/AEDT.

### System holidays

- IAC is closed on all Australian holidays. (Dates as above)

### NPP Type

- Real time via the RITS Fast Settlement Service.

### Participants

- 65 direct.

### Transaction types processed

- Low-value payments via an online or mobile application.
- Osko is the first product to use the NPP infrastructure.

### Operating hours

- 24/7, 365 days a year.

### Clearing cycle details (e.g. cut-off times)

- Payments are cleared and settled in real time.

### System holidays

- The NPP operates 365 days a year.

## Transaction volumes by instrument

<table>
<thead>
<tr>
<th></th>
<th>Transactions (millions)</th>
<th>% change</th>
<th>Value (AUD billion)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheques</td>
<td>111.7</td>
<td>89.7</td>
<td>-19.7</td>
<td>1,154.9</td>
</tr>
<tr>
<td>Debit card payments</td>
<td>4,848.5</td>
<td>5,597.1</td>
<td>15.4</td>
<td>249.1</td>
</tr>
<tr>
<td>Credit card payments</td>
<td>2,485.8</td>
<td>2,690.4</td>
<td>8.2</td>
<td>302.8</td>
</tr>
<tr>
<td>Credit transfers</td>
<td>2,090.8</td>
<td>2,254.3</td>
<td>7.8</td>
<td>8,440.2</td>
</tr>
<tr>
<td>Direct debits</td>
<td>1,082.4</td>
<td>1,232.7</td>
<td>13.9</td>
<td>5,895.4</td>
</tr>
</tbody>
</table>
Credit transfers

- Credit transfers are available as both paper-based and electronic payment instruments.
- Credit transfers are used by companies to pay salaries and suppliers, and for treasury payments.
- High-value and urgent domestic AUD-denominated credit transfers can be settled in real time via the HVCS.
- Low-value, non-urgent and bulk AUD-denominated credit transfers are settled on a next-day basis via BECS.
- Low-value credit transfers can also be processed in real time via Osko, delivered by BPAY, which uses the NPP infrastructure.
- Paper-based credit transfers are processed via the APCS and manually exchanged on a next-day basis.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits are settled on a next-day basis via BECS.

Cheques

- The cheque is not a common cashless payment instrument, accounting for less than 1% of the total of non-cash payments, and are primarily used by both consumers and small companies.
- Cheques are cleared via the APCS. Final settlement takes place via RITS with funds available to beneficiaries within three days.
- Total cheque payments fell by 20% in 2017/18.

Card payments

- Card payments are the most frequently used payment method.
- In 2017/18, cardholders made 8.7 billion card payments worth AUD 591 billion.
- There were 37.8 million debit and 15.9 million credit and charge cards in circulation.
- Visa and MasterCard-branded cards are the most widely issued.
- American Express, Diners Club and JCB credit cards are also available.
- Most debit cards are proprietary cards operating via the national EFTPOS system. There are 44 million EFTPOS-enabled cards in circulation.
- Credit card payments are cleared via their respective international scheme.
- Proprietary debit card payments are cleared by the Issuers and Acquirers Community (IAC). Scheme debit card payments are cleared by Visa or MasterCard.
- All cards issued have EMV chips.

ATM/POS

- There were 29,510 ATMs in Australia at the end of 2018.
- There were 975,622 POS terminals in Australia at the end of 2018.
- Proprietary debit card payments are settled via IAC.
- Visa and MasterCard card payments are settled by the relevant card issuer.
- All POS terminals are EMV-compliant.
Electronic wallet

- The dominant electronic wallet schemes in Australia are pre-paid cards.
- Mobile wallet schemes are available, including Samsung Pay and Android Pay.

BNP Paribas capabilities

- As a direct member of the local clearing house, BNP Paribas provides comprehensive local and international payment and collection capabilities with full straight through processing.
- Through a strong local banking partnership, customers have access to more than 800 branches, providing the local proximity combined with access to the comprehensive global network that customers require.
- Through Connexis Connect, BNP Paribas customers can make payments not only through BNP Paribas Australia accounts but also accounts with the bank's New Zealand partner bank, providing greater consistency and cohesion.

Electronic banking

Market overview

- Electronic banking services are available from most banks.
- Bank-neutral standards for ATMs, EFTPOS terminals and telephone and internet banking have been developed by the Australian Bankers’ Association.
- Transaction and balance reporting, automated end-of-day sweeping, and some transaction initiation services are available.
- BPAY is the Australian electronic bill presentation and payment service. Over 23,000 billers, 23,000 sub-billers and over 299 financial institutions participate in BPAY. Over 92% of BPAY payments are made online.
- Online and mobile banking services are provided by the country’s leading banks.
- PayID, a function of the NPP, allows consumers to link financial accounts to phone numbers and email addresses. A PayID can only be used to transfer money into an account. Osko, delivered by BPAY, enables users to make and receive payments via email or mobile phone number using a PayID or BSB in real time. BPAY are developing ‘Osko Requests’, which will enable users to request a payment from within online banking. This functionality will be extended to allow businesses to use Osko Requests and include documents such as invoices.

BNP Paribas capabilities

- BNP Paribas’ full suite of connectivity solutions is available to customers in Australia.

Liquidity management

Domestic: notional pooling

- Domestic notional cash pools are widely available for single and multiple entities.
- Resident and non-resident bank accounts can participate in the same domestic notional cash pool structure.
- Domestic notional cash pools are available in AUD and foreign currency.
Domestic: cash concentration

- Domestic cash concentration structures are widely available for single and multiple entities.
- Resident and non-resident bank accounts can participate in the same cash concentration structure.
- Domestic cash concentration structures can be set up in AUD and foreign currencies.

Cross-border notional pooling

- Cross border notional cash pools are permitted but not widely used.

Cross-border cash concentration

- Cross border cash concentration is available.

BNP Paribas insights

- There are no particular local specificities with regards to setting up domestic or cross-border cash pools in Australia or New Zealand.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are available.

Demand deposits

- Demand deposits denominated in AUD or major foreign currencies are available for various terms.

Time deposits

- Time deposits are available in AUD or major foreign currencies for terms ranging from one week to over a year.

Certificates of deposit

- Domestic banks issue certificates of deposit, usually with terms between one day and 6 months. They can be issued paying fixed or floating interest.

Treasury (government) bills

- The Australian Office of Financial Management auctions treasury notes twice a week.

Commercial paper

- Domestic companies issue discounted promissory notes with maturities ranging from one week to six months. The minimum investment amount is AUD 1 million.
**Money market funds**
- Managed mutual funds are available.

**Repurchase agreements**
- Repurchase agreements are available in Australia. Terms of three weeks are most common, but longer terms are available.

**Bankers' acceptances**
- Bank bills are available in Australia with maturities of one week and one, three and six months.

**BNP Paribas insights**
- Please contact your BNP Paribas relationship manager for support and guidance on liquidity management.

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**BNP Paribas Trade Finance Capabilities**

**Trade payments**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary credits</td>
<td>✔</td>
</tr>
<tr>
<td>Documentary collections</td>
<td>✔</td>
</tr>
</tbody>
</table>

- Supported by BNP Paribas
- Not required / permitted in AUSTRALIA or not supported by BNP Paribas

**Guarantees**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantees</td>
<td>✔</td>
</tr>
<tr>
<td>Standby letters of credit</td>
<td>✔</td>
</tr>
</tbody>
</table>

- Supported by BNP Paribas
- Not required / permitted in AUSTRALIA or not supported by BNP Paribas
Supply chain management

| Receivables | ✔️ |
| Payables    | ✔️ |
| Inventory   | ✔️ |

- Supported by BNP Paribas
- Not required / permitted in AUSTRALIA or not supported by BNP Paribas

Trade channels

| Connexis Trade | ✔️ |
| Connexis Supply Chain | ✔️ |
| SWIFTNet Trade for Corporates | ✔️ |
| Connexis Connect | ✔️ |

- Supported by BNP Paribas
- Not required / permitted in AUSTRALIA or not supported by BNP Paribas

International trade

General trade rules

- As a signatory of Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA), Australia has agreed to standardise its trade and business regulations with New Zealand.
- As a member of the Asia-Pacific Economic Cooperation (APEC) forum, Australia has agreed to liberalise trade and investment rules between members.
Trade agreements

- Australia has signed free trade agreements with China, Chile, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand and the USA.
- Australia is a member of the ASEAN–Australia-New Zealand Free Trade Area (AANZFTA). ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.
- In 2018, Australia signed the Peru-Australia Free Trade Agreement (PAFTA), the Indonesia-Australia Closer Economic Partnership Agreement (IA-CEPA) and the Australia-Hong Kong Free Trade Agreement.
- Australia is conducting the following FTA negotiations: bilateral FTA negotiations with India; and plurilateral FTA negotiations with the Gulf Cooperation Council (GCC), the Regional Comprehensive Economic Partnership Agreement (RCEP), the Trade in Services Agreement (TiSA) and the European Union. The country is also holding prospective FTA negotiations with the UK.
- Australia and ten other Pacific Rim countries have signed the renamed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP entered into force on 31 December 2018.

Imports / exports

<table>
<thead>
<tr>
<th>Imports</th>
<th>Machinery and transport equipment</th>
<th>Computers and office machines</th>
<th>Electrical machinery and equipment</th>
<th>Crude oil and petroleum products</th>
<th>Gold</th>
<th>Medicaments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Import sources</td>
<td>China (22.9%)</td>
<td>USA (10.8%)</td>
<td>Japan (7.5%)</td>
<td>Thailand (5.1%)</td>
<td>Germany (4.9%)</td>
<td>South Korea (4.5%)</td>
</tr>
<tr>
<td>Exports</td>
<td>Coal</td>
<td>Iron ore</td>
<td>Gold</td>
<td>Meat</td>
<td>Wool</td>
<td>Alumina</td>
</tr>
<tr>
<td>Export markets</td>
<td>China (31.3%)</td>
<td>Japan (31.3%)</td>
<td>South Korea (6.6%)</td>
<td>India (5.0%)</td>
<td>Hong Kong (4.0%)</td>
<td></td>
</tr>
</tbody>
</table>

Import / export volumes

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports - goods USD m</td>
<td>240,701</td>
<td>188,337</td>
<td>192,910</td>
<td>231,562</td>
<td>257,653</td>
</tr>
<tr>
<td>Exports - services USD m</td>
<td>54,024</td>
<td>49,039</td>
<td>58,026</td>
<td>65,156</td>
<td>69,491</td>
</tr>
<tr>
<td>Imports - goods USD m</td>
<td>238,481</td>
<td>207,192</td>
<td>198,711</td>
<td>221,064</td>
<td>237,855</td>
</tr>
<tr>
<td>Imports - services USD m</td>
<td>64,216</td>
<td>57,671</td>
<td>62,468</td>
<td>68,500</td>
<td>72,856</td>
</tr>
<tr>
<td>Current account as % GDP</td>
<td>− 3.1</td>
<td>− 4.7</td>
<td>− 3.3</td>
<td>− 2.6</td>
<td>− 2.2</td>
</tr>
</tbody>
</table>

**Trade finance - imports**

**Documentation**

- The following documentation is required in order to import goods into Australia:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - packing declaration
  - release order
  - technical standard or health certificate.

**Import licences**

- Licences are required when importing certain primary commodities and dangerous items.

**Import taxes and tariffs**

- Tariffs vary according to the nature of the item.
- The maximum customs tariff for most manufactured goods is 5%.
- Most agricultural products are free from tariffs.
- Tariffs are not placed on imports from the world's least developed countries.

**Financing requirements**

- None.

**Risk mitigation**

- None.

**Prohibited imports**

- Prohibited imports are published on a negative list.

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**Trade finance - exports**

**Documentation**

- The following documentation is required in order to export goods from outside Australia:
  - customs declaration
  - commercial invoice
  - packing list
  - bill of lading
technical standard or health certificate.

Export licences

- Trade permits are required when exporting nuclear and nuclear-related items, radioactive materials, livestock and meat.

Export taxes and tariffs

- None.

Financing requirements

- None.

Risk mitigation

- The Export Finance and Insurance Corporation (EFIC), Australia's official export credit agency, provides state-supported export credit insurance.
- Export credit insurance and financing are available from private companies.

Prohibited exports

- Exports are prohibited in line with international treaty obligations.

Regulatory requirements

Reporting regulations

- Transactions between resident accounts and accounts held by non-residents must be reported to the Australian Bureau of Statistics (ABS) on either a quarterly or annual basis.

Reporting method

- Resident companies must complete surveys when contacted by the ABS.
- Companies with the highest volumes of reportable transactions are surveyed quarterly. The remainder are surveyed annually.
- Some companies must also complete surveys on trade in services on a monthly basis.
- Surveys must be completed by the 15th business day of the month after they are issued.

Exchange controls

- Australia does not apply exchange controls.
- Capital controls are applied. This usually involves the notification of any sale of securities to non-residents to the relevant Australian regulator.
- Restrictions apply to inward investment funds in specific areas (financial services, telecoms and media, aviation and shipping, for example).
Anti-money laundering / counter-terrorism financing

- Additional AML/CTF Rules and Regulations have been published by the Australian Transaction Report and Analysis Centre (AUSTRAC), e.g. new customer due diligence requirements took effect from 1 June 2014 through amendments to the AML/CTF Rules
- Australia is a Financial Action Task Force (FATF) member. Australia also permanently co-chairs the Asia/Pacific Group on Money Laundering (APG).
- Australia has established a financial intelligence unit, the Australian Transaction Report and Analysis Centre (AUSTRAC), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the account holder and beneficial owners.
- Financial institutions must apply a risk-based approach in verifying a customer's identity.
- Financial institutions must conduct ongoing due diligence assessments of the money laundering and terrorism financing risk posed by the customer.
- Financial institutions in the broadest sense are required to record and report suspicious transactions to AUSTRAC within 24 hours if the transaction relates to terrorism financing and three business days in all other cases.
- All cash transactions of AUD 10,000 or above, in a single or series of linked transactions, and all international funds transfers must be reported to AUSTRAC within 10 business days.
- All cross-border movements of currency above AUD 10,000 (or foreign currency equivalent) must be reported to AUSTRAC within 10 business days.
- All records must be kept for a minimum of seven years after the end of the business relationship.

* * Data as at June 2019.

Taxation

Resident / non-resident

- A company is resident in Australia for income tax purposes if it is incorporated there.
- It is also resident in Australia if it carries on business in Australia, and either its central management and control are in Australia, or its voting power is controlled by shareholders who are residents of Australia.

Tax authority

- Australian Taxation Office (ATO).
- States and Territories Revenue Offices.
- The Foreign Investment Review Board (FIRB) assists the Australian Treasurer in regulating foreign investment into Australia, including intra-group transactions. A transaction requiring FIRB approval can be unwound if such approval is not obtained.

Financial instruments

Interest and financing costs
Foreign exchange

Advance tax ruling availability

- The ATO can issue public and private rulings. Rulings generally are binding on the ATO where they apply to a taxpayer and the taxpayer relies on the ruling by acting in accordance with the ruling. Public rulings may apply to all entities or a class of entities, either generally or in relation to a particular arrangement. The ATO will issue a private ruling on the tax consequences of a specific scheme at a taxpayer's request. However, only the taxpayer requesting the private ruling can rely on it. The ATO also operates an advance pricing arrangement programme, under which taxpayers can obtain certainty on the application of the arm's length principle to their cross-border dealings with related parties.

Capital gains tax

- Assessable income includes any capital gains after offsetting capital losses. Net capital gains derived by companies are taxed at the 30% corporate rate. Australian tax residents (excluding temporary residents) are liable for tax on worldwide capital gains (subject to double tax relief). Where a company holds a direct voting interest of 10% or more in a foreign company for a certain period, any capital gain or loss on the sale of the shares in the foreign company may be reduced (see Participation exemption). Foreign investors include capital gains in assessable income only for assets that are ‘taxable Australian property’ (e.g. the business assets of Australian branches or non-residents and direct and indirect interests in Australian real property).

Withholding tax (subject to tax treaties)

<table>
<thead>
<tr>
<th>Payments to:</th>
<th>Interest</th>
<th>Dividends</th>
<th>Royalties</th>
<th>Other income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident entities</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Non-resident entities</td>
<td>10%</td>
<td>0%/30%* &amp; **</td>
<td>30% *</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Reduced to 15% for dividends and 10% for royalties under most tax treaties.
** Dividends are referred to as ‘fully franked’, ‘partially franked’ or ‘unfranked’ depending on the extent that a company has chosen to use its franking credits. Dividend payments are exempt from dividend withholding tax to the extent that they are franked, which may be reduced under a tax treaty.
  ○ Fund payments made to foreign residents by an MIT are subject to withholding at 15% when made to a foreign resident in a country which has an EOI agreement with Australia; otherwise, withholding is required at a rate of 30%.

Tax treaties / tax information exchange agreements (TIEAs)

- Australia has exchange of information relationships with 81 jurisdictions through 44 double tax treaties and 38 TIEAs (www.eoi-tax.org, June 2019).
- Australia, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries (“the MCAA”). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).
- With Country-by-Country reporting tax administrations of jurisdictions where a company operates will have
aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA will start in 2017-2018 on 2016 information. There are currently 92 signatory countries.

- Australia is a signatory of the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). The MLI entered into force on 1 January 2019.

**Thin capitalisation**

- Interest deductions claimed against Australian assessable income for both foreign-controlled Australian investments (inward investors) and Australian entities investing overseas (outward investors) are restricted where an entity’s debt exceeds a certain prescribed level. The maximum allowable debt generally is determined by applying one of the following tests:
  - For both inward and outward investors, under the safe harbour test, the prescribed debt-to-equity ratio is broadly 60% of total assets less non-debt liabilities and certain related party investments/receivables, as disclosed in the accounts. A separate test applies for financial institutions;
  - For both inward and outward investors, under the arm’s-length debt test, the prescribed level of debt is the maximum amount of debt the entity could reasonably have borrowed from commercial lending institutions; and
  - Separate worldwide gearing tests are available to inward and outward investors.

- The rules apply to total debt, rather than just related-party foreign debt, and cover Australian multinational companies, as well as foreign multinational investors. Taxpayers, who together with their associates, have interest deductions of less than AUD 2 million or outward investing entities with 90% or more of their total average value of assets consisting of Australian assets, are exempt from the rules.

**Transfer pricing**

- The transfer pricing rules may apply to any international transactions and do not necessarily require direct ownership between the two transacting parties (i.e. any connection between the parties is all that is required). The rules apply to international transactions/dealings between separate legal entities, as well as permanent establishments. Covered cross-border transactions include those involving tangible or intangible property, the provision of services and financing. The commonly accepted transfer pricing methods in Australia are the comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin methods, out of which the most appropriate and reliable method should be applied. The ATO has powers to adjust the pricing of transactions that are considered not to be at arm’s length. See also Disclosure requirements and Rulings.

- The government has enacted transfer pricing reforms into Australian law to ensure that the transfer pricing provisions in Australia’s tax treaties can be applied as a separate assessment power.

- Further reforms apply to situations where a party obtains a transfer pricing benefit and require the substitution of arm’s-length conditions for actual conditions.

**General anti-avoidance**

- Australia operates a general anti-avoidance rule (GAAR) that supplements other specific anti-avoidance rules. The GAAR is a provision of last resort and applies where there is a scheme, the sole or dominant purpose of which is to obtain a tax benefit.

- The Multinational Anti-Avoidance Law (MAAL) was enacted with effect from January 1, 2016, to target the avoidance of permanent establishment status in Australia by foreign entities. Broadly, the MAAL will apply where a foreign entity supplies goods or services to Australian customers, an Australian affiliate performs activities in Australia directly in connection with those supplies and there is a relevant ‘principle purpose’ to obtain a tax advantage.

- As of 1 July 2017, a 40% diverted profits tax (DPT) applies to SGEs, on profits transferred offshore through related-party transactions. All cross-border related party transactions where the relevant income is subject to foreign tax at a rate less than 24% potentially are within the scope of the DPT.
**Stamp duty**

- The states and territories impose stamp duty at rates of up to 5.75% on the transfer of real property and other business property. Rates vary depending on the state/territory and class of business property transferred.
- Stamp duty also is imposed on the indirect transfer of real property held by certain companies and unit trust schemes, at rates of up to 5.75%.
- A number of states have introduced foreign-purchaser duty surcharges in respect of direct and indirect acquisitions of residential land by foreign persons.

**Cash pooling**

- There are no specific tax rules that apply to cash pooling arrangements, but the following tax provisions may be relevant: interest-withholding tax, thin capitalisation, and goods and services tax. General transfer pricing principles apply to the allocation of intra-group interest.
- In relation to notional pooling or sweeping in Australia, an interest-withholding tax rate of 10% will apply to interest 'paid' by the Australian borrower to non-resident companies.
- The tax implications of cash concentration and zero/target/threshold balancing are similar to notional pooling.

**Financial transactions / banking services tax**

- There are no specific financial transactions/banking services taxes.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2019 (www.deloitte.com).

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