

WORLD TRADE
ORGANIZATION

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Trade in Services

AUSTRALIA

Schedule of Specific Commitments

Supplement 4

(This is authentic in English only)

This text replaces the Financial Services section contained in document
GATS/SC/6/Suppl.1/Rev.1.

AUSTRALIA
SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of na

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treat
<p>7. FINANCIAL SERVICES</p> <p>Australia undertakes its specific commitments on financial services in accordance with the "Understanding on Commitments referred to as the "Understanding").</p> <p>The obligations under the Understanding are addressed in this Schedule additionally to those covered by the provisions of P: Financial Services. The market access commitments with respect to "cross-border supply" and "consumption abroad" (as de Article I of the Agreement) bound in this Schedule are limited to the services indicated in paragraphs B.3 and B.4 of the Un</p> <p>These specific commitments on financial services are subject to the general limitations contained in the "Horizontal Commit Schedule.</p>		
<p>A. <u>Insurance and insurance-related services</u></p>	<p>3) Approval of non-resident life insurers is restricted to subsidiaries.</p> <p>3) Registered foreign life insurance companies are required to have a principal officer resident in Australia.</p> <p>1), 3) An authorised insurance company operating in Australia as a non-incorporated entity must appoint an Australian resident as agent of the insurer.</p>	
	<p>3) Most State and Territory Governments maintain restrictions, by way of monopolies or licensing provisions and associated controls on premiums and other terms of policies, in the following areas of insurance:</p> <p style="padding-left: 40px;">Compulsory Third Party Motor Vehicle Accident: VIC, WA, TAS, NT (monopolies); NSW, QLD, SA, ACT (licensing, premiums/ policy terms).</p> <p style="padding-left: 40px;">Workers Compensation: SA, VIC, QLD (monopolies); NSW, WA, TAS (licensing, premiums/ policy terms).</p> <p style="padding-left: 40px;">Comcare is the monopoly provider of workers' compensation insurance to Commonwealth Government employees.</p>	<p>3) Sub-national guarantees are pr some State and Territory Insur Offices.</p>

	<p>4) The temporary entry of specialists in the operation of an insurance service supplier established in Australia is permitted subject to the terms stipulated in the horizontal section.</p>	
<p>B. <u>Banking and Other Financial Services</u> (excluding insurance)</p>	<p>1) The investment at interest in Australia of official reserves by foreign central banks and foreign government monetary institutions is approved by the Reserve Bank provided that it obtains assurance from the investing authority that it will aim to be a stable holder of the Australian dollar and that it will consult with the Bank in the event of significant changes in its Australian dollar portfolio. Monetary institutions, responsible for both reserve assets and commercial investments, are permitted to invest in Australia up to a limit under the same conditions.</p> <p>1), 3) A foreign bank located overseas is able to offer its services to Australian enterprises, but is not allowed to raise deposit funds in Australia or undertake business within Australia unless it is an authorised bank (or establishes a money market corporation, subsidiary etc.). Foreign banks located overseas may, however, raise funds in Australia through the issue of debt securities provided that those securities are offered/traded in parcels of not less than \$A500,000 and the securities and any information memoranda clearly state the issuing bank is not authorised under the Banking Act in Australia.</p>	
	<p>1), 3) Dealings in foreign exchange in Australia must be carried out through a dealer authorised by the Reserve Bank. Only banks, including branches of overseas banks, and financial institutions incorporated in Australia with the required minimum capital base are eligible to seek authorization as a foreign exchange dealer.</p>	

	<p>3) Foreign banks satisfying prudential requirements and that are able to demonstrate their potential contribution to competition in Australia may conduct banking in Australia. Foreign banks may undertake banking operations in Australia through locally incorporated subsidiaries and/or an authorised branch. However, a branch may not accept "retail" deposits. A foreign bank wishing to accept "retail" deposits must seek authorization as a locally incorporated subsidiary for that purpose. Foreign bank branches may accept deposits (and other funds) in any amount from incorporated entities, non-residents and their own employees. Deposits (and other funds) may only be accepted from other sources where the initial deposit (or other funds) is greater than \$A250,000. Deposit-taking outside of this is considered to be "retail" banking business.</p>	<p>3) Commonwealth owned entities may conduct financial operations guaranteed by the Commonwealth Government. While the Commonwealth Bank of Australia sold its remaining shareholding on 19 July 1996, a transitional Commonwealth guarantee has provided to all of the liabilities of CBA. The length of time that a guarantee applies depends on the characteristic of the liability. Transitional guarantees also apply to former Commonwealth-owned Industry Development Corporations.</p>
	<p>1), 3) A number of State and Territory Governments operate central financing authorities through which the Government's wholly or partly-owned statutory authorities and business enterprises are obliged to borrow (and in some cases invest) their funds, or otherwise obtain certain financial services:</p> <p>SA - South Australian Government Financing Authority, Local Government Finance Authority of South Australia TAS - Tascorp NSW - NSW Treasury Corporation VIC - Treasury Corporation of Victoria QLD - Queensland Treasury Corporation, Queensland Investment Corporation NT - Northern Territory Treasury Corporation WA - Western Australian Treasury Corporation</p> <p>3) The provisions of the <i>Trust Bank (Corporatisation) Act 1997</i> dealing with the Trust Bank of Tasmania may require a joint venture arrangement.</p>	<p>1), 3) The financial operations of some Territory owned entities may be guaranteed by the State or Territory Governments. A number of State and Territory Governments have also provided transitional guarantees of the assets and liabilities of former State-owned or controlled banks.</p> <p>3) The provisions of the Act require at least a majority of the directors of the Trust Bank be resident in Tasmania and that policy and control of the Bank be exercised in Tasmania.</p>

	<p>3) The Australian Stock Exchange liquid capital requirements for stockbrokers may have the effect of favouring participation in the Exchange by subsidiaries rather than branches of foreign companies.</p> <p>An applicant must be a body corporate in order to obtain approval to conduct a stock exchange or a futures exchange.</p> <p>4) The temporary entry of specialists in the operation of a financial service supplier established in Australia is permitted subject to the terms stipulated in the horizontal section.</p>	<p>3) A majority of the directors of a stockbroking organisation part the Australian Stock Exchange Australian residents.</p>
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