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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

AUSTRALIA

This report, prepared for the ninth Trade Policy Review of Australia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Australia on its trade policies and practices.

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Document [WT/TPR/G/468](#) contains the policy statement submitted by Australia.

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## SUMMARY

1. Australia maintained an open and diverse economy over the review period, 2020-24, despite being severely impacted by the COVID-19 pandemic, with GDP recovering and averaging 2.2% over the period. The post-pandemic recovery was quicker than many other economies in part due to prompt policy responses and high international commodity prices. Like similar economies, services remained the prominent contributor to GDP but growth of the mining sector, particularly during 2022 and 2023, was significant. Trade emerged to be of growing importance as the ratio of total merchandise and services trade to GDP increased from 39.8% in FY2020/21 to 46.6% in FY2023/24.

2. Australia's merchandise export growth remained strong and increased substantially over the period largely on account of higher prices and increased output, thus outpacing import growth and leading to a larger merchandise trade surplus every year until 2023. Services' trade remained significantly smaller than merchandise trade and exhibited a small trade deficit over most of the period. Merchandise exports continued to be dominated by iron ore, coal, and LNG, with mineral products overall increasing from 62.2% of total merchandise exports in 2020 to 69% in 2022 and settling at 66.4% in 2023. Imports, on the other hand, were more diverse with machinery and equipment and transport equipment having the largest shares at 24.6% and 17.2% respectively in 2023. Thus, Australia remained a major exporter of raw materials and an importer of finished products. Australia's merchandise trade is also highly concentrated in terms of markets, with the Asia-Pacific region accounting for 86% of exports and 64.3% of imports in 2023. China was Australia's main trading partner for imports and exports of goods, followed by Japan and the Republic of Korea.

3. While the increase in commodity prices had an important impact on export earnings and growth of certain sectors, it also contributed to high inflation which reached a 30-year peak of 7.8% in 2022 (Q4). Rising prices also resulted in a tightening of monetary policy, the imposition of price controls for gas and coal, and tax cuts/deferrals during the period. Inflation has since declined from the peak but remains above the Reserve Bank of Australia's target range (2-3%) and still has an impact on real disposable income.

4. With the significant contribution trade has on its economy, Australia was quick to adapt its trade and related policies over the period to alleviate the impact of the COVID-19 pandemic and adjust to other trade realities around the world. Initial concerns about supply chains resulted in policy actions to make these more resilient with a number of international initiatives concluded with trading partners. Temporary measures to remove tariffs on goods used in response to the pandemic were made permanent in 2022, and several fiscal support measures and temporary tax incentives were also initiated by the Government.

5. Despite the impact of the pandemic and other externalities, Australia's key trade priorities remained relatively constant, such as supporting a rules-based approach, improving access to global markets, and promoting strong labour and environmental standards. In addition to its unwavering support for the WTO, Australia was also engaged in APEC, OECD and the G20 on trade-related matters. The Government made progress on its internal trade initiative, the Simplified Trade System (STS), to simplify trade processes and improve the experience for businesses during the review period. Estimates based on ESCAP-World Bank's Trade Cost Database calculations indicate that during 2017-22 trade costs were about 1.2 times (or around 20%) higher in Australia compared to the world's largest economies.

6. Opening new markets through RTAs remained a key trade policy objective for Australia over the period. Thus, there was a significant increase in the number and scope of Australia's regional trade agreements (RTAs) from 12 in 2020 to 19 in 2024, covering 31 trading partners. The new agreements that entered into force were bilateral agreements with Hong Kong, China; India; Indonesia; Peru; and the United Kingdom; and the multiparty agreements – PACER Plus and the RCEP. As a result, trade entering under RTA preferences increased to 27.5% of the total value of imports in 2023<sup>1</sup> and is expected to further increase as these agreements reach full implementation.

7. Australia's inclusive trade agenda has increasingly been emphasized during the review period. On gender, Australia became a participant to the Global Trade and Gender Arrangement in 2024 and Standards Australia has joined the UNECE Declaration on Gender Responsive Standards and

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<sup>1</sup> Excludes MFN duty-free lines.

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Standards Development in 2023. Australia's First Nations agenda includes new policies and infrastructure to address inclusion, such as the establishment of the Office for First Nations International Engagement and new stakeholder trade advisory groups. The First Nations Expert Working Group on Indigenous Cultural and Intellectual Property was also in the process of being established. Australia has joined the Indigenous Peoples Economic and Trade Cooperation Arrangement and was exploring possibilities regarding the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization.

8. Australia's trade policy developments were often driven or influenced by other government policies during the period, in particular the commitment to address climate change. The Climate Change Act 2022 legislation has set Australia on its path to net zero emissions by 2050, with an interim national emissions reduction target of 43% below 2005 levels by 2030. At least two new arrangements or agreements have been signed to promote a green economy or unlock green trade, and other government initiatives include the greening of export finance and implementation of the Environmentally Sustainable Procurement Policy. To reach net-zero by 2050, the transportation and energy sectors are particularly impacted as together they account for 56% of Australia's emissions.

9. In the transport sector, the Transport and Infrastructure Net Zero Roadmap and Action Plan set out net zero targets including a policy move towards uptake of battery electric vehicles and hydrogen fuel cell vehicles. Australia has put in place its first fuel efficiency standards on vehicles with carbon dioxide limits that will enter into force on 1 January 2025. Other developments include, in 2022, an announcement on the establishment of the Australian shipping fleet, in part to strengthen resilience of supply chains as well as enhance sovereignty in maritime transport. Australia's rail sector was also being further developed to support greater freight capabilities and policy direction is provided through the National Rail Manufacturing Plan and its related Strategy.

10. The Australian energy sector remains a significant producer of fossil fuels, i.e. petroleum, gas, and coal, including for export, but there were several commitments towards increasing renewables during the review period, in particular through the Renewable Energy Target. New oil and gas projects continued but the promotion of renewable hydrogen and offshore electricity generation, in particular wind, through new laws or policies were an important development. The establishment of a certification scheme for hydrogen and renewable energy was also underway. As a result of movements in energy prices and the impact on the domestic energy market, Australia introduced a number of measures during the review period including the Energy Price Relief Plan, the Gas Market Code, the Australian Domestic Gas Security Mechanism, and price caps on coal and gas.

11. In response to perceived increases in risks to its national interest, Australia made changes to its foreign direct investment regime that resulted in the most significant reforms in over 50 years. The policy measures shift towards a more restrictive environment and consequently resulted in a decline in FDI inflows during the period. The reform measures were instituted including a zero-dollar threshold for the screening of foreign investment, enhanced compliance measures, registration of foreign ownership and a rise in fees. Additional amendments were undertaken in 2024 to enhance the risk-based approach with extra scrutiny in sensitive sectors such as critical minerals, infrastructure, and technologies but less examination of low-risk investments.

12. A declining productivity growth rate has been an issue across several sectors of the Australian economy, notably in respect of the agriculture, wild-catch fishing, critical minerals, financial services, freight, maritime logistics, and the national railways sectors. Key elements identified to address this decline include competition, technology, and a skilled workforce, among others. As part of these efforts, the Government launched the Competition Review to modernise competition laws which was advanced, but still on-going in 2024. Work continued on merger reform, non-compete clauses and other restraints, competition in the aviation sector, and the National Competition Policy with possible new legislation forthcoming. Separately, discussions were on-going on revising Part X of the Competition and Consumer Act 2010 as it pertains to certain maritime transport competition exemptions. To address the labour skills issue, initiatives were undertaken to improve vocational training and expand university capacity.

13. State enterprises in Australia, known as government business enterprises (GBEs) have not changed significantly over the review period and there are nine in place mainly involved in infrastructure development. They are expected to abide by the Government's competitive neutrality principle in their operations. During the review period, there was a rise in formal complaints regarding Australia's competitive neutrality rules as they apply to GBEs when competing with private

sector enterprises, thus possible breaches are being addressed through investigations and recommended outcomes. Australia's only notified state trading enterprise, the Rice Marketing Board (RMB) for the State of New South Wales, remained in operation during the review period but is expected to be phased out by July 2026.

14. On imports, a significant development was the autonomous elimination in tariffs across several product categories, but most notably on white goods (i.e. refrigerator/freezers, washing machines, vacuum cleaners), which was expected to liberalize about 2% of Australia's total imports. As of 1 July 2024, customs duties on 457 tariff lines were eliminated as so-called 'nuisance tariffs' to reduce compliance costs to traders. New measures were introduced on rules of origin to reduce paperwork burdens for claiming preferential treatment under certain RTAs. Australia ratified the Minamata Convention on Mercury in 2021 and now prohibits the importation of these products pursuant to the convention. On trade remedies, there have been no major changes in policy although as a historically significant user, Australia had a decline in new initiations through most of the review period.

15. The Export Control Act 2020, the Recycling and Waste Reduction Charges (Customs) Act 2020, and amendments to the Defence and Strategic Goods List and related legislation were all important developments that impacted exports during the period. The Recycling and Waste Reduction Charges (Customs) Act 2020 gradually introduced new restrictions, licensing requirements and fees on the export of wastes; this now applies to plastics, glass, waste tyres, and paper and cardboard. In 2024, amendments to the Defence and Strategic Goods List resulted in 278 changes of the list, and amendments to the Defence Trade Controls (DTC) Act 2012 expanded export permit requirements to certain goods or technologies. At the same time certain licensing and permit requirements for trade with the United Kingdom and the United States through the partnership known as AUKUS were removed.

16. Australia's IP sector remained important and had a high correlation with economic growth and international trade. Australia's IP policy continues to support innovation, facilitate diffusion, and foster efficient trade. There have been fluctuations in most IP filings over the review period, in part due to the impact of the COVID-19 pandemic. Main legislative developments over the period were in respect of compulsory licensing, Design Act amendments, Therapeutic Goods Act 1989 amendments, extension of certain copyright protections, and on resale royalty rights.

17. The mining sector grew in prominence over the review period accounting for 11.4% of GDP in FY2023/24, up from 10.7% in FY2020/21. Australia benefited from higher world prices for many of its main mineral commodities, mainly coal and iron ore. Lithium also increased significantly in terms of production and export earnings, albeit from a small base, up until 2023 whereafter a reversal occurred. Australia's Critical Minerals Strategy 2023–2030 was launched in 2023 to further develop the sector and has elements to strengthen R&D, develop downstream processing, promote resilient supply chains, and provide financial incentives. In addition to the Strategy's incentives, a number of other incentives were introduced or remained in place to support the sector during the review period.

18. Australia's agricultural sector was the second largest export sector after mining during the review period with significant exports across a range of agricultural products, e.g. grains, meat, oilseeds, cotton, wool, and wine. Its contribution to GDP remained relatively constant over the review period and was 2.2% in FY2023/24. The value of production increased 33% since FY2019/20 and exports by 52%, largely due to record crop output and high world prices, particularly for wheat. Despite this growth, there are longer-term concerns about productivity of the sector and insufficient competition in certain sub-sectors due to concentration of supply chains. Australia's biosecurity measures continued to be important for the trade of agricultural products as a number of border procedures, approvals, and/or inspections remain in place. A new biosecurity funding model was under consideration as of 2024.

19. Australia remained heavily reliant on imported manufacturing goods over the period as there were further declines in the manufactured goods' trade balance over the period. "Manufactures elaborately transformed" accounted for 70% of imports in 2023 and the manufactured goods' trade balance reached AUD -250 billion. The shutdown of full-scale motor vehicle production as well as the decline of other long-standing manufacturing sectors such as wool/textiles and newsprint contributed to this trend. To address this growing imbalance, the Government launched the Future Made in Australia agenda as well as the National Reconstruction Fund. The two programmes have a combined funding of AUD 37.7 billion over several years to support industry transformation and other

priorities. As part of this, the National Interest Framework sets out the Net Zero Transformation Stream and the Economic Resilience and Security Stream to support public investment in certain industries such as critical minerals processing, green metals, and battery and solar panel supply chains.

20. A number of initiatives have advanced digital trade over the period including the policy direction provided by the Digital Trade Strategy which has identified digital trade liberalisation, negotiation of digital trade rules, and support for implementation as priority areas; and the Digital Economy Strategy which sets Australia on a path towards digital growth. New policy initiatives include a tax offset for the digital gaming sector; test pilots on digital supply chain compliance for conformity assessment and accreditation processes; and the News Media Bargaining Code. Work was under way to address domestic content requirements in broadcasting as they apply to online streaming platforms. The Indo-Pacific Digital Trade Standardization Initiative and the ASEAN-Australian Digital Trade Standards Initiative were also initiatives Australia supported during the review period.

21. In sum, Australia's trade remained strong and its economic recovery from the COVID-19 pandemic was aided by strong commodity prices for some of its key exports. Australia remained a key supporter of the multilateral trading system with engagement in all major areas of WTO work. Progress was made on opening new markets through several new free trade agreements, eliminating MFN tariffs on a range of goods, and promoting resilient supply chains. Key challenges remain in respect of productivity, promoting foreign investment while implementing reforms, and encouraging industrial production through various policy measures. Many of Australia's trade and related developments over the review period were driven by its commitment to addressing climate change through its emissions reduction commitments.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Main features of the economy

1.1. After growing for nearly three decades, the Australian economy contracted in FY2019/20<sup>1</sup> due to the COVID-19 pandemic. However, Australia was able to return to a growth trajectory relatively quickly compared to other advanced economies. The reversal can be attributed to the open and diverse nature of the Australian economy, flexible exchange rate regime, liberalized capital account, and flexible labour and product markets, all of which promoted allocative efficiency. Furthermore, prudent and timely health and macroeconomic policy interventions by the authorities also went a long way in weathering the storm and supporting a quick recovery.

1.2. The review period (2020-24) saw the ratio of total merchandise and services trade (sum of exports and imports) to GDP decline from 44.2% in FY2019/20 to less than 40% in FY2020/21 before rising again to 46.6% in FY2023/24. The decline was mainly due to supply chain disruptions and lower demand for travel services, which have since bounced back reflecting improved terms of trade and the removal of COVID-19-related restrictions.

1.3. The Australian economy continues to be dominated by the services sector, which accounted for around 70% of nominal GDP in FY2023/24. However, the share of services declined during the review period, due to the resurgent mining sector, buoyed by higher commodity prices (Table 1.1).

**Table 1.1 Selected economic indicators, FY2019/20-FY2023/24**

	2019/20	2020/21	2021/22	2022/23	2023/24
GDP (current AUD million)	1,981,663	2,085,822	2,330,329	2,567,513	2,672,659
GDP (current USD million)	1,330,092	1,558,735	1,691,411	1,729,092	1,752,797
Real GDP growth (% change)	-0.1	2.1	4.2	3.4	1.4
GDP per capita (USD)	52,128	60,826	65,644	65,719	65,011
<b>GVA by economic sector (% of current GDP)</b>					
Agriculture, forestry, and fishing	2.0	2.3	2.7	2.6	2.2
Mining	10.3	10.7	13.6	13.7	11.4
Manufacturing	5.6	5.5	5.4	5.4	5.5
Electricity, gas, water, and waste services	2.4	2.2	1.9	1.9	2.0
Construction	7.1	6.9	6.6	6.7	7.0
Wholesale trade	3.7	3.9	3.6	3.9	3.8
Retail trade	4.1	4.3	4.0	4.2	4.2
Accommodation and food services	2.0	1.9	1.9	2.2	2.2
Transport, postal and warehousing	4.5	4.1	4.1	4.3	4.4
Information media and telecommunications	2.3	2.2	2.2	2.0	2.1
Financial and insurance services	7.4	7.4	6.9	6.9	7.0
Rental, hiring and real estate services	2.8	2.8	2.7	2.5	2.5
Professional, scientific, and technical services	7.0	7.1	7.1	7.1	7.3
Administrative and support services	3.4	3.2	3.2	3.3	3.3
Public administration and safety	5.4	5.4	5.1	4.9	5.1
Education and training	4.9	4.8	4.5	4.4	4.6
Health care and social assistance	7.3	7.6	7.6	7.5	7.9
Arts and recreation services	0.7	0.7	0.7	0.7	0.8
Other services	1.6	1.5	1.5	1.5	1.6
Ownership of dwellings	9.1	8.9	8.3	8.1	8.8
All industries	93.6	93.5	93.4	93.8	93.7
Taxes less subsidies on products	6.4	6.5	6.6	6.2	6.2
Statistical discrepancy	0.0	0.0	0.0	0.0	0.1
<b>Real GDP by expenditure (% change, based on chained AUD million)</b>					
Final consumption expenditure	-0.4	2.6	5.1	4.9	1.9
General government	7.4	6.6	6.9	1.7	3.7
Households	-3.3	0.9	4.3	6.3	1.1
Gross fixed capital formation	-2.2	4.0	7.0	2.5	4.5
Private	-2.7	3.9	7.4	1.7	3.8
Public	-0.3	4.3	5.4	5.6	7.0
Domestic final demand	-0.8	2.9	5.5	4.3	2.5
Gross national expenditure	-1.2	3.6	5.9	4.4	1.9
Exports of goods and services	-1.7	-8.5	-0.4	6.7	3.9
Imports of goods and services	-6.6	-3.1	7.3	12.2	6.4
<b>Employment by sector (% of total employment)<sup>a</sup></b>					
Agriculture, forestry, and fishing	2.7	2.5	2.2	2.2	..
Mining	2.1	2.2	2.2	2.2	..

<sup>1</sup> Australia's financial year runs from 1 July to 30 June.

	2019/20	2020/21	2021/22	2022/23	2023/24
Manufacturing	6.8	6.9	6.2	6.4	..
Electricity, gas, water, and waste services	1.2	1.1	1.2	1.2	..
Construction	9.3	8.8	9.0	9.3	..
Services	77.8	78.5	79.1	78.7	..
Wholesale trade	3.1	2.8	2.6	2.7	..
Retail trade	9.7	9.8	9.6	9.5	..
Accommodation and food services	6.3	6.5	6.7	6.6	..
Transport, postal and warehousing	5.0	5.0	5.1	5.1	..
Information media and telecommunications	1.5	1.4	1.4	1.4	..
Financial and insurance services	3.8	3.8	4.0	3.9	..
Rental, hiring and real estate services	1.7	1.7	1.7	1.5	..
Professional, scientific, and technical services	8.9	9.1	9.3	9.3	..
Administrative and support services	3.3	3.2	3.2	3.0	..
Public administration and safety	6.8	6.8	6.5	6.5	..
Education and training	8.6	8.5	8.4	8.4	..
Health care and social assistance	13.9	14.1	15.0	15.4	..
Arts and recreation services	1.7	1.8	1.7	1.8	..
Other services	3.6	4.0	3.8	3.7	..
Unemployment rate (%)	5.6	6.2	4.3	3.6	3.9
Labour participation rate (%)	65.1	65.5	65.8	66.6	66.7
<b>Productivity</b>					
Labour productivity (% change)	1.6	1.8	2.3	-3.4	1.1
Capital productivity (% change)	-2.2	-0.2	2.5	1.9	-1.1
Multifactor productivity (% change)	-0.1	0.9	2.4	-0.9	0.1
<b>Prices and interest rates</b>					
Inflation (CPI end of period, % change)	-0.3	3.8	6.1	6.0	3.8
Inflation (CPI period average, % change)	1.3	1.6	4.4	7.0	4.2
90-day bank bill (end of period)	0.10	0.03	1.60	4.25	4.39
90-day bank bill (period average)	0.70	0.05	0.29	3.21	4.31
<b>Memorandum:</b>					
Exports of Goods and services/GDP (%) (at current market prices)	24.0	22.0	25.5	26.7	24.6
Imports of Goods and services/GDP (%) (at current market prices)	20.2	17.8	19.7	21.9	22.0
Exchange rate (AUD/USD, fiscal year average)	1.490	1.338	1.378	1.485	1.525
Real effective exchange rate (% change)	-4.8	7.5	-0.3	1.0	0.4
Net foreign debt (USD million)	802,005	927,961	863,057	800,642	830,621

.. Not available.

a Based on calendar year; 2019/20 should read 2020, etc.

Source: Australian Bureau of Statistics, National accounts (5206.0), Labour force (6202.0 and 6291.0.55.001), Productivity (5204.0), Prices (6401.0), Balance of payments (5302.0), and Exchange rate (5302.0); Reserve Bank of Australia. Viewed at: <https://www.rba.gov.au/statistics/tables/>; and IMF data. Viewed at: <https://data.imf.org/>.

## 1.2 Recent economic developments

1.4. Between FY2019/20 and FY2023/24, real GDP growth averaged nearly 2.2% annually. Both the Reserve Bank of Australia (RBA) and the International Monetary Fund (IMF) expect a deceleration in 2024 before growth picks up in 2025 on the back of an uptick in both household and public demand (the IMF expects real GDP growth to be 1.4% in 2024 before rising to 2.0% in 2025, while the RBA forecasts growth to be 1.2% in 2024 and 2.2% in 2025).<sup>2</sup> According to the RBA, real disposable incomes have declined sharply over the past 18 months but have stabilized recently due to declining inflation (due to lower fuel and electricity prices) and the slowing pace of interest rate and tax payment increases.

1.5. In response to the COVID-19 pandemic, Australia put in place social distancing, quarantine, and lock-down measures beginning in March 2020, resulting in a precipitous decline in economic activity. The authorities were quick to implement a large fiscal stimulus package (20% of GDP through FY2024/25)<sup>3</sup> coupled with a monetary stimulus to shore up domestic demand and mitigate the adverse economic impact of the pandemic. Recovery was also aided by the earlier-than-expected arrival of vaccines, which allowed normal business activity to resume. Consequently, the economy recovered quickly. The recovery was also supported to a lesser extent by rising international

<sup>2</sup> IMF (2024), *Australia: Staff Report for the Article IV Consultation*, IMF Country Report No. 24/11; and RBA (2024), *Statement on Monetary Policy*, November 2024.

<sup>3</sup> IMF (2021), *Australia: Staff Report for the Article IV Consultation*, IMF Country Report No. 21/255.

commodity prices. However, a tight labour market, supply chain disruptions, and rising global energy prices pushed inflation to a 30-year peak.

1.6. Rising prices necessitated a tightening of monetary policy by the RBA, which in turn has contributed to the easing in aggregate CPI inflation. Furthermore, as COVID-19 restrictions were eased around the world, supply chain disruptions lessened, resulting in alleviating inflationary pressures. However, inflation remains above the RBA target range.

1.7. According to the IMF, risks to the outlook stem from a number of factors. Considering Australia's reliance on commodity exports to China, an economic downturn in China and/or a decline in international commodity prices would likely have an adverse impact on Australia's economic growth prospects.<sup>4</sup>

1.8. If inflation persists, financial conditions are likely to remain tighter than implied by market expectations for the path of interest rates and continue to weigh on growth. This may cause more households to experience a strain on their finances.

### 1.2.1 Monetary and exchange rate policy

1.9. The RBA is responsible for the conduct and implementation of monetary policy. The Reserve Bank Board has historically set monetary policy to achieve both low and stable inflation and full employment. During the review period, the RBA made its full employment mandate more explicit in an updated Statement on the Conduct of Monetary Policy that was agreed between the Reserve Bank Board and the Treasurer in December 2023. It now reads, "The Reserve Bank Board and Government agree that the goal of economic prosperity and welfare of the Australian people is an overarching objective for monetary policy. The Reserve Bank Board can best fulfil this mandate by conducting monetary policy in a way that will best contribute to both price stability and full employment".<sup>5</sup> To achieve these statutory objectives, the Reserve Bank Board sets monetary policy such that inflation is expected to return to the midpoint of its 2%-3 % target, while full employment is defined as "the current maximum level of employment that is consistent with low and stable inflation".<sup>6</sup>

1.10. In the wake of the COVID-19 pandemic, the RBA significantly eased monetary policy to try to mitigate the decline in economic activity and to also support the recovery.

1.11. Between March 2020 and November 2020, the cash rate<sup>7</sup> target was cut from 0.75% to 0.1%; furthermore, with a view towards reducing borrowing costs for households and businesses, a three-year government target yield was introduced and AUD 188 billion was lent to banks in the form of a three-year term funding facility (TFF). The associated interest rates under the TFF were 0.25% between March and November 2020, and reduced to 0.1% for funds borrowed between then and June 2021. To provide further liquidity and thus reduce interest rates, the RBA purchased AUD 280 billion worth of bonds between November 2020 and February 2022. To anchor medium-term inflation expectations, the RBA provided forward guidance that the cash rate will not be increased until the inflation rate was sustainably within the 2%-3% range and progress was being made towards full employment.

1.12. The above measures coupled with the fiscal stimulus (Section 1.2.2 ) were successful in restoring confidence and supporting domestic demand.

1.13. With the economic recovery well in place, no new monetary stimulus measures were introduced. The TFF was closed to new drawdowns in June 2021, the yield target was discontinued in November 2021, and the RBA stopped purchases as part of the bond purchase scheme in February 2022.

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<sup>4</sup> IMF (2024), *Australia: Staff Report for the Article IV Consultation*, IMF Country Report No. 24/11; and RBA (2024), *Statement on Monetary Policy*, November 2024.

<sup>5</sup> RBA (2023), *Statement on the Conduct of Monetary Policy*. Viewed at: <https://www.rba.gov.au/monetary-policy/framework/stmt-conduct-mp-8-2023-12-08.html>.

<sup>6</sup> RBA (2023), *Statement on the Conduct of Monetary Policy*. Viewed at: <https://www.rba.gov.au/monetary-policy/framework/stmt-conduct-mp-8-2023-12-08.html>.

<sup>7</sup> The cash rate is the interest rate on unsecured overnight loans between banks.

1.14. The increase in aggregate demand, coupled with increases in international food and energy prices and supply chain and shipping disruptions, resulted in rising prices. These inflationary pressures prompted a reversal in monetary policy, and the RBA raised the cash rate target in May 2022. Since then, inflation has been in excess of the RBA's target range resulting in the continued tightening of monetary policy. Cumulatively, the cash rate has been raised by 425 basis points since May 2022, and now stands at 4.35%.<sup>8</sup>

1.15. The higher interest rates have been transmitted to households, which now have higher debt payments as well as an increased cost of living; this has resulted in weak demand. Higher interest rates have also served as an incentive to save. The combination of weaker demand and higher savings has resulted in bringing down inflation from its peak. However, inflation remains above target, reflecting the positive output gap coupled with a tight labour market.

1.16. As the economy opened in FY2021/22 after the pandemic, domestic demand picked up, which exerted upward price pressure. This was further compounded by higher energy, food, and transport costs, which pushed inflation up to a peak of 7.8% in 2022 (Q4). Inflation has since eased but remains above target. This is in part due to the measures implemented by the RBA, which have helped to bring domestic demand into better balance with supply. Additionally, the resolution of supply chain disruptions and moderation of costs also helped bring down the consumer price index (CPI). Inflation stood at 2.85% in September 2024. However, services inflation remains high due to higher insurance and financial service fees, and higher unit labour costs, which feed into many labour-intensive services. Higher housing rents, due to a tight rental market, have also contributed to sustaining inflationary pressures.

1.17. Australia has a freely floating exchange rate.<sup>9</sup> Since the end of 2019, the real Australian dollar (AUD) trade-weighted index (TWI) has appreciated by 16.5%, while the Australian dollar has depreciated by around 5% against the US dollar in nominal terms. The appreciation of the real TWI is broadly consistent with the increase in interest rate differentials between Australia and other major advanced economies and a rise in commodity prices over the same period.

### 1.2.2 Fiscal policy

1.18. In response to the COVID-19 pandemic, the authorities pursued an accommodative fiscal policy in tandem with an accommodative monetary policy (Section 1.2.1 ). They announced a large-scale fiscal stimulus in March 2020, which was supplemented by further support announced in subsequent economic updates. Cumulatively, these fiscal measures account for 20% of GDP.<sup>10</sup>

1.19. Expenditure measures implemented include the JobSeekers wage subsidy programme, cash flow support for businesses, a Coronavirus supplement and Economic Support Payments for certain welfare recipients, and increased subsidized childcare. On the revenue front, businesses were allowed payroll tax deferrals and temporary full expensing and loss carry-back, accelerated depreciation deductions, enhancement of the eligibility criteria for asset write-offs, and tax and fee waivers. The JobMaker Plan announced in October 2020 included a personal income tax cut, while in May 2021 further tax cuts for low- and middle-income earners were announced.

1.20. The amount that fiscal stimulus, the operation of automatic stabilizers, and the impact of health measures contributed to revenue as a percentage of GDP declined from 26.1% in FY2018/19 to 25.3% in FY2019/20, while expenses rose from 25.9% of GDP to 30.2% of GDP over the same period. Consequently, Australia registered a fiscal balance deficit of 5.4% of GDP in FY2019/20. Continued health and economic support in FY2020/21 saw the fiscal balance deficit rise to 6.7% of GDP in FY2020/21 (Table 1.2).

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<sup>8</sup> In its latest Statement on Monetary Policy, released on 6 November 2024, the RBA kept the cash rate target unchanged at 4.35%.

<sup>9</sup> The authorities reiterated in their comments, "Flexible exchange rates effectively absorb periods of trade shocks to improve economic stability and reduce volatility. Australia's flexible exchange rate, that responds to the market rather than being set by government, enables our economy greater resilience to crises of financial markets and banking systems".

<sup>10</sup> IMF (2021), IMF Country Report No. 21/255.

**Table 1.2 Australian government fiscal balance, FY2019/20–FY2023/24**

(% of current GDP)

	2019/20	2020/21	2021/22	2022/23	2023/24 <sup>a</sup>
<b>Revenue</b>	<b>25.3</b>	<b>25.9</b>	<b>26.5</b>	<b>26.9</b>	<b>26.4</b>
Taxation revenue	22.6	23.0	23.6	24.0	24.5
Sales of goods and services	1.6	1.6	1.6	1.5	0.8
Interest income	0.2	0.3	0.3	0.5	0.4
Dividend income	0.3	0.4	0.4	0.2	0.2
Other	0.6	0.6	0.6	0.6	0.5
<b>Expenses</b>	<b>30.2</b>	<b>32.2</b>	<b>27.3</b>	<b>25.9</b>	<b>25.9</b>
Gross operating expenses	10.1	10.3	10.2	9.6	9.5
Wages and salaries	1.3	1.3	1.2	1.1	1.0
Superannuation	0.6	0.6	0.6	0.4	0.3
Depreciation and amortization	0.8	0.8	0.7	0.7	0.5
Supply of goods and services	6.8	7.2	7.4	7.0	7.3
Other operating expenses	0.5	0.4	0.4	0.4	0.3
Superannuation interest expense	0.4	0.3	0.4	0.5	0.5
Interest expenses	1.0	1.0	0.6	1.3	1.0
Current transfers	18.3	19.8	15.3	13.7	14.1
Current grants	7.6	8.0	7.9	7.4	7.6
Subsidy expenses	3.4	4.1	0.7	0.7	0.7
Personal benefits	7.3	7.7	6.6	5.6	5.7
Capital transfers	0.6	0.8	0.8	0.8	0.8
<b>Net operating balance</b>	<b>-5.0</b>	<b>-6.3</b>	<b>-0.9</b>	<b>1.0</b>	<b>0.6</b>
<b>Net acquisition of non-financial assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>0.3</b>
<b>Fiscal balance (net lending/borrowing)</b>	<b>-5.4</b>	<b>-6.7</b>	<b>-1.4</b>	<b>0.4</b>	<b>0.3</b>

a Estimates.

Note: Figures in the table include the General Government, public non-financial corporations, public financial corporations, and the elimination of inter-sector transactions and the netting of gains and losses across sectors.

Source: Department of Finance, *Commonwealth Consolidated Financial Statements* and *Commonwealth Monthly Financial Statements*, various editions. Viewed at: <https://www.finance.gov.au/publications>.

1.21. There was significant fiscal consolidation in FY2021/22, which has continued into FY2023/24. Revenue rose to 26.4% of GDP in FY2023/24 mainly due to a strong labour market and increased commodity prices. On the expenditure front, the majority of measures put in place on account of COVID-19 had run their course; as such, subsidy expenses and personal benefits declined sharply, resulting in expenses declining to 25.9% of GDP in FY2023/24 and the Government registering a fiscal surplus of 0.3% of GDP.

1.22. In the medium term, the authorities intend to use fiscal policy to increase productivity, successfully transition to a net zero economy by 2050, and deal with the increase in expenditure due to an ageing population.

1.23. To achieve the above, the authorities are prioritizing infrastructure projects that would support productivity gains and the transition to net zero. In this respect, acting on the recommendations of a strategic review, the Government has made changes to the Infrastructure Investment Program (IIP). As such, the Government has removed projects that do not meet its national investment priorities, which enables greater capacity to allocate funding for merit-based projects and to relieve some of the estimated cost pressures on current projects. Furthermore, jurisdictions will also provide the Government with annual infrastructure plans demonstrating how funding will be sequenced and how jurisdictions will manage cost pressures and other related impacts (e.g. population growth, carbon emissions, regional development, and housing). According to the authorities, this advice will inform government decisions on managing project cost pressures.

1.24. Furthermore, in an effort to increase revenues, the authorities aim to strengthen tax integrity for multinational corporations, improve the targeting of superannuation tax concessions, and increase revenue under the Petroleum Resource Rent Tax. The increase in revenue is expected to fund the increase in NDIS expenditures and other government projects targeted at increasing productivity and transitioning to net zero.

### 1.2.3 Structural issues

1.25. To be able to achieve and sustain longer-term growth, the Australian economy would need to undergo structural reforms. Structural challenges such as declining productivity growth, an ageing population, and a transition to a green economy are not unique to Australia. The authorities are cognizant of these issues and are trying to address them.

1.26. Multifactor productivity growth and investment have been declining, which has caused labour costs to rise, thus reducing Australia's competitiveness. To address low productivity, the Productivity Commission issued a five-year inquiry report in 2023, which stressed the role of competition, technology, a skilled workforce, delivery of quality care, and the transition to net zero in promoting productivity growth. Since the report, actions have been taken to advance Australia's productivity agenda. The Government has enhanced merger rules and removed nearly 500 nuisance tariffs to reduce compliance costs for businesses. Through the National Skills Agreement, jurisdictions are working to deliver a high-quality, responsive vocational education and training system. Competition in the financial sector is being strengthened by modernizing payments and expanding clearing and settlement services. The authorities state that the Government will continue to drive reforms by boosting investment, innovation, and technology diffusion, and improving resource reallocation.

1.27. To address the labour force and skills shortage issues, the Government held a jobs and skills summit in 2022. The Employment White Paper, published in 2023, further built on the findings from the summit. Some of the recommendations of the white paper are already being implemented; these include 500,000 places for free vocational training over three years from 2023 and expansion of university capacity.<sup>11</sup> The Government also released a Migration Strategy in December 2023 outlining an ambitious, phased policy roadmap, which includes better targeting skilled migration, improving employment outcomes for international students, and taking steps to reduce migrant worker exploitation. Furthermore, with a view to increasing female labour force participation and addressing labour shortages, the Government announced an increase in childcare subsidies, while also expanding Paid Parental Leave.

1.28. To achieve its announced objective of reaching net zero by 2050, the Government plans to put in detailed emissions reduction plans for various sectors. Sectors identified include electricity and energy, transport, industry and waste, agriculture and land, resources, and built environment. The above-stated plans are to be underpinned by competition. Towards this end, the Government has commenced a two-year review of competition policy (Section 3.3.4 ).

1.29. The authorities recognize that comprehensive tax reforms are integral for fiscal sustainability and improving productivity and efficiency in the economy. At the time of the last Review, the Government had initiated tax reforms, which included personal income tax cuts and company tax reforms; these reforms continued during the current review period. Additionally, to address the increase in the cost of living, the authorities announced further personal income tax cuts and increases in thresholds, which came into effect in July 2024. However, according to the IMF, "high reliance on direct taxation is amplifying the challenges of financing health and aged care as population aging lowers the share of workers and declining productivity growth puts a drag on wages".<sup>12</sup> Furthermore, Australia relies more heavily on direct taxes than do other OECD members, and these are seen as more distortionary than indirect taxes and also place a burden on a workforce that is declining as a share of population. Thus, both the OECD and the IMF recommend that to raise revenue in the future, the focus should be on indirect taxes rather than on direct taxes.<sup>13</sup>

### 1.2.4 Balance of payments

1.30. For the first time since 1975, Australia recorded a current account surplus in FY2019/20 (Table 1.3). The surplus represents the positive difference between gross national savings and gross investment, whereby domestic savings are in excess of investment needs.

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<sup>11</sup> The Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*. Viewed at: <https://treasury.gov.au/employment-whitepaper/final-report>.

<sup>12</sup> IMF (2024), IMF Country Report No. 24/11, p. 15.

<sup>13</sup> IMF (2021), IMF Country Report No. 24/11; and OECD (2023), *OECD Economic Surveys: Australia 2023*. Viewed at: [https://www.oecd.org/en/publications/oecd-economic-surveys-australia-2023\\_1794a7c9-en.html](https://www.oecd.org/en/publications/oecd-economic-surveys-australia-2023_1794a7c9-en.html).

1.31. The turnaround in the current account came about due to a large goods surplus, which was underpinned by favourable terms of trade, particularly due to high commodity prices, especially for iron ore, liquified natural gas (LNG), and coal, as well as an increase in their production.

**Table 1.3 Balance of payments, FY2019/20–FY2023/24**

(AUD million)

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Current account</b>	<b>29,210</b>	<b>62,462</b>	<b>42,083</b>	<b>13,336</b>	<b>-18,794</b>
Goods and services balance	75,250	88,805	133,402	124,447	69,828
Credits	475,656	459,074	593,271	686,043	657,209
Debits	400,406	370,269	459,869	561,596	587,381
Goods balance	70,975	74,427	143,901	150,634	92,077
Credits	383,049	395,835	532,044	590,561	536,077
Debits	312,074	321,408	388,143	439,927	444,000
Services balance	4,275	14,378	-10,499	-26,187	-22,249
Credits	92,607	63,239	61,227	95,482	121,132
Debits	88,332	48,861	71,726	121,669	143,381
Primary income	-44,821	-23,004	-87,842	-109,561	-87,033
Credits	64,775	61,331	80,047	93,816	101,809
Debits	109,596	84,335	167,889	203,377	188,842
Secondary income	-1,220	-3,338	-3,477	-1,551	-1,590
Credits	10,457	9,257	10,790	13,109	13,517
Debits	11,677	12,595	14,267	14,660	15,107
<b>Capital and financial account</b>	<b>-29,352</b>	<b>-62,045</b>	<b>-36,428</b>	<b>-5,362</b>	<b>19,141</b>
<b>Capital account</b>	<b>-1,115</b>	<b>-513</b>	<b>-402</b>	<b>-644</b>	<b>-376</b>
Acquisitions/disposals of non-produced non-financial assets	-364	-13	198	-102	165
Credits	7	44	221	0	282
Debits	-371	-57	-23	-102	-117
Capital transfers	-751	-500	-600	-542	-541
Credits	0	0	0	0	0
Debits	-751	-500	-600	-542	-541
<b>Financial account</b>	<b>-28,237</b>	<b>-61,532</b>	<b>-36,026</b>	<b>-4,718</b>	<b>19,517</b>
Direct investment	30,534	20,428	-45,025	-15,393	57,019
Assets	-8,231	5,008	-153,119	-52,876	-18,886
Liabilities	38,765	15,419	108,094	37,484	75,905
Portfolio investment	-131	-72,368	55,206	5,545	46,704
Assets	813	-172,373	-127,779	-39,763	-122,861
Liabilities	-944	100,004	182,985	45,308	169,566
Financial derivatives	-8,156	-26,123	-14,046	15,502	-69,025
Assets	174,093	188,264	204,070	385,187	553,211
Liabilities	-182,249	-214,387	-218,116	-369,685	-622,235
Other investment	-69,006	19,955	-12,005	-5,007	-12,088
Assets	-94,493	26,131	-77,202	38,014	-12,767
Liabilities	25,486	-6,176	65,197	-43,021	680
Reserve assets	18,522	-3,423	-20,156	-5,365	-3,094
<b>Net errors and omissions</b>	<b>142</b>	<b>-418</b>	<b>-5,655</b>	<b>-7,973</b>	<b>-347</b>

Source: Australian Bureau of Statistics, Balance of payments and international investment position (5302.0).

1.32. The services balance also turned from a deficit in FY2018/19 to a surplus in FY2019/20 and FY2020/21. The change was due mainly to a stark decline in travel- and transport-related services on account of COVID-19-related measures; these have since reversed, pushing the services balance into a deficit in subsequent years (Table 1.4).

**Table 1.4 Trade in services, FY2019/20–FY2023/24**

(AUD million)

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Services credits</b>	<b>92,607</b>	<b>63,239</b>	<b>61,227</b>	<b>95,482</b>	<b>121,132</b>
Manufacturing services on physical inputs owned by others	0	15	14	0	0
Maintenance and repair services n.i.e.	33	35	39	52	33
Transport	6,884	3,739	4,112	6,743	7,625
Passenger	2,460	58	325	2,270	2,748
Freight	283	248	344	410	361
Other	2,608	1,908	2,005	2,491	2,908
Postal and courier	1,533	1,525	1,438	1,572	1,608
Travel	55,665	28,109	22,991	53,496	75,991
Business travel	1,984	192	397	2,804	4,151
Personal travel	53,681	27,917	22,594	50,692	71,840

	2019/20	2020/21	2021/22	2022/23	2023/24
Construction	694	684	421	470	355
Insurance and pension services	667	743	960	1,083	970
Financial services	5,253	4,476	4,069	4,425	4,350
Charges for the use of intellectual property n.i.e.	3,423	3,996	5,182	7,076	8,721
Telecommunications, computer, and information services	3,158	2,914	3,166	3,219	3,850
Telecommunications	333	294	213	211	248
Computer and information services	2,825	2,620	2,953	3,008	3,602
Other business services	12,641	11,408	13,231	13,937	14,749
Personal, cultural, and recreational services	3,335	6,257	6,137	4,011	3,478
Government goods and services n.i.e.	854	863	905	970	1,010
<b>Memorandum item</b>					
Gross inward insurance premiums receivable	1,911	2,149	2,997	3,189	2,835
Gross inward insurance claims payable	-1,382	-1,442	-1,980	-1,961	-372
Tourism related services	58,125	28,167	23,316	55,766	78,739
<b>Services debits</b>	<b>88,332</b>	<b>48,861</b>	<b>71,726</b>	<b>121,669</b>	<b>143,381</b>
Manufacturing services on physical inputs owned by others	0	0	0	0	0
Maintenance and repair services n.i.e.	912	473	529	586	867
Transport	16,483	13,877	26,277	31,688	26,687
Passenger	5,371	725	2,842	8,042	9,020
Freight	10,377	12,848	22,939	22,830	16,812
Other	618	158	317	615	579
Postal and courier	117	146	179	201	276
Travel	37,370	1,082	8,293	47,565	69,672
Business travel	3,457	219	960	4,243	6,170
Personal travel	33,913	863	7,333	43,322	63,502
Construction	0	0	0	0	0
Insurance and pension services	1,202	1,204	1,358	1,424	1,381
Financial services	2,602	2,334	2,414	2,768	2,574
Charges for the use of intellectual property n.i.e.	4,911	5,244	5,671	6,105	6,689
Telecommunications, computer, and information services	5,669	5,426	5,834	6,955	7,559
Telecommunication	995	998	844	924	890
Computer and information services	4,674	4,428	4,990	6,031	6,669
Other business services	15,142	15,523	17,048	19,911	23,005
Personal, cultural, and recreational services	2,160	1,956	2,489	2,661	2,846
Government goods and services n.i.e.	1,881	1,742	1,813	2,006	2,101
<b>Memorandum item</b>					
Gross inward insurance premiums receivable	1,724	1,606	1,585	1,713	1,718
Gross inward insurance claims payable	-1,077	-981	-1,005	-1,078	-358
Tourism related services	42,741	1,807	11,135	55,607	78,692

Source: Australian Bureau of Statistics, International trade in goods and services (5368.0).

1.33. The net income deficit contracted between FY2018/19 and FY2020/21, due mainly to COVID-19-related reasons and a lull in commodity prices. Between December 2021 and April 2022, bulk commodity prices rose by 55%<sup>14</sup>, which resulted in increased profitability of the mining sector and hence higher dividend payments. These higher dividend payments are reflected in the net income deficit rising significantly since FY2021/22. The authorities also stated that another potential driver of the rise in the net income deficit could be the rise in compensation of employees (COE) debits, reflecting a recovery in the number of temporary visa holders (such as international students) living in Australia and earning labour income following the lift of COVID-19-related restrictions.

1.34. Historically, the capital and financial account has been in surplus, implying that Australia has been a net recipient of capital flows from the rest of the world. However, in recent years (since FY2019/20) there has been a net outflow of capital from Australia as depicted in the capital account deficit and the current account surplus. The main driver of this change has been the net outflow of direct investment, as well as the increased investment of Australian superannuation funds in overseas assets. Similarly, other investments also followed the same trend during the review period.

<sup>14</sup> OECD (2023), *OECD Economic Surveys: Australia 2023*.

### **1.3 Developments in trade and investment**

#### **1.3.1 Trends and patterns in merchandise and services trade**

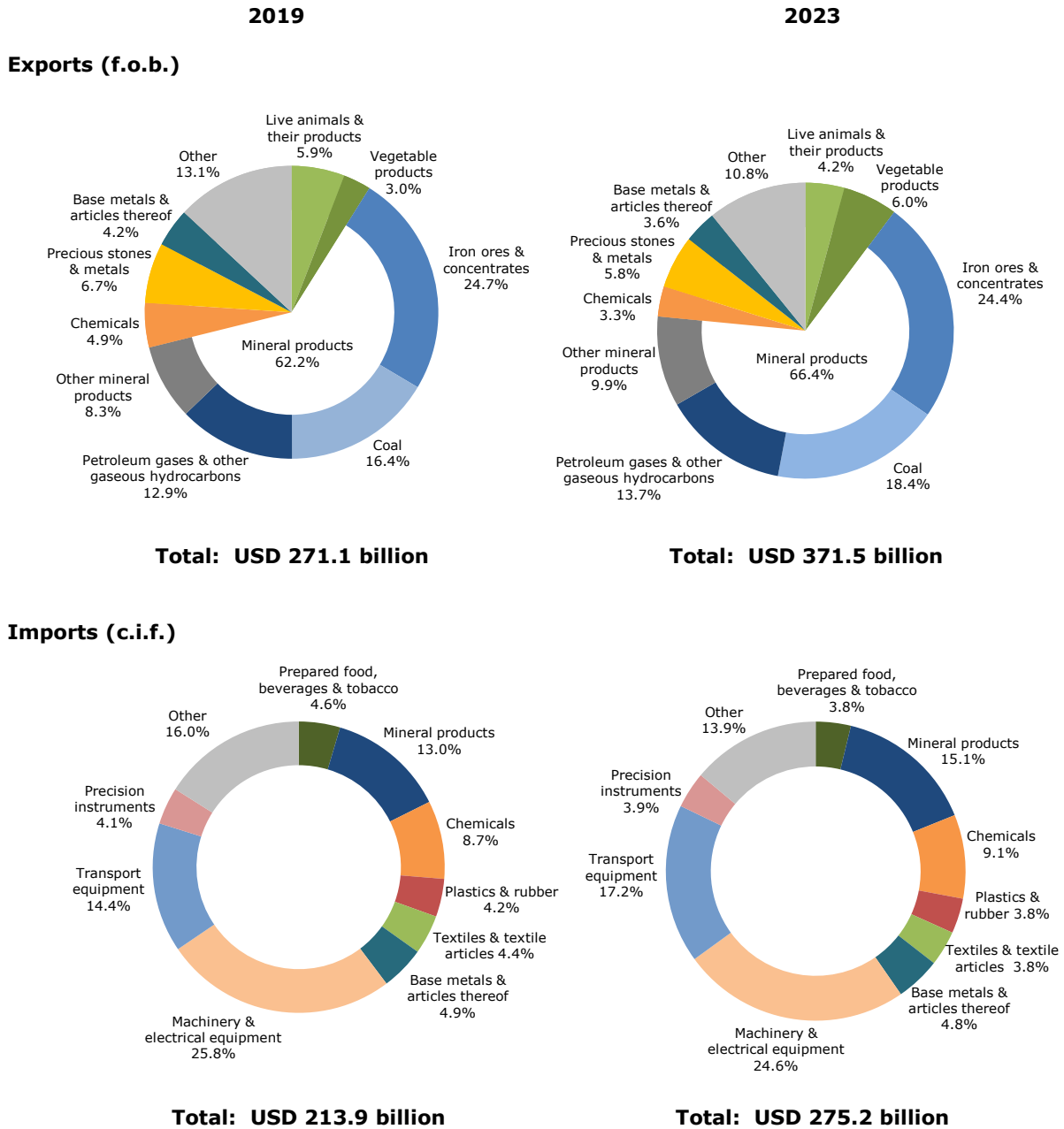
1.35. The adverse economic impact of COVID-19 and the subsequent recovery are also mirrored in the trade data. Both merchandise exports and imports declined in 2020, reflecting weak demand both globally and in Australia. As the recovery took hold, sustained by improved terms of trade and firmer domestic demand, merchandise exports and imports both rose. They have since subsided due to the increase in the cost of living, which has manifested itself in lower demand.

1.36. Trade in services has followed the same trajectory as merchandise trade. Between FY2019/20 and FY2021/22, services exports declined from AUD 92.7 billion to AUD 61.2 billion, before recovering to AUD 121.1 billion in FY2023/24. Services imports mirrored the same trend as exports, declining from AUD 88.3 billion in FY2019/20 to AUD 48.9 billion in FY2020/21 before recovering to AUD 143.4 billion in FY2023/24.

1.37. Australia continues to have a highly concentrated export base, which became even more concentrated during the review period. The share of mineral products in total exports rose from 62.2% in 2019 to nearly 70% in 2022 before declining to 66.4% in 2023 (Chart 1.1 and Table A1.1). The increase came about due to stronger terms of trade on account of higher commodity prices; additionally, mineral production also increased. The share of vegetable products (essentially grains) also doubled during the review period.

1.38. Australia's import basket is diversified, with machinery and electrical equipment being the largest import category, followed by transport equipment and mineral products (Chart 1.1 and Table A1.2). During the period under review, the share of machinery and electrical equipment declined. In contrast, the shares of both transport equipment and mineral products rose.

**Chart 1.1 Merchandise trade by major product category (HS section), 2019 and 2023**

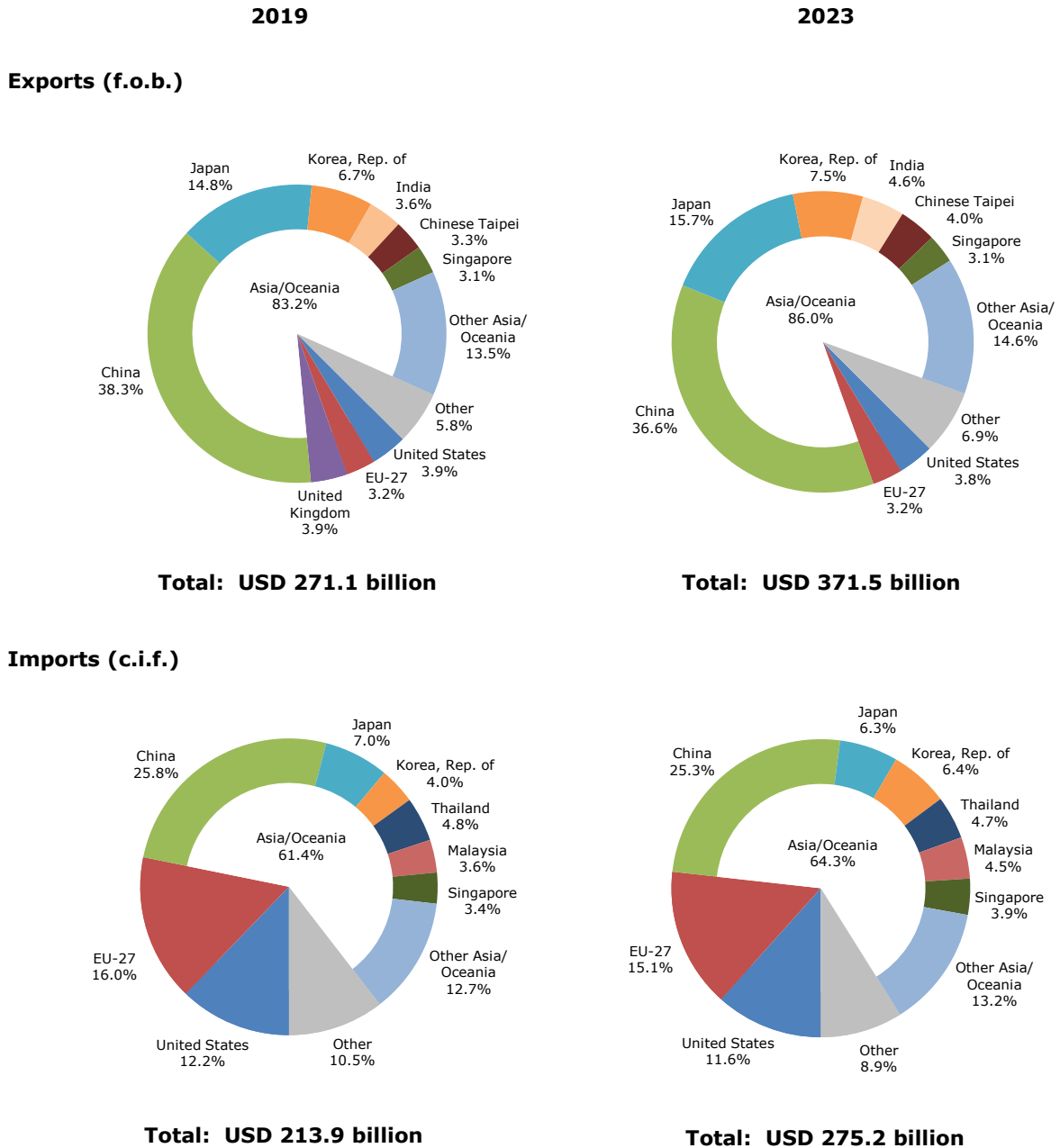


Note: Subcategories of "mineral products" are at the HS 4-digit level.

Source: WTO Secretariat calculations, based on data from the Department of Foreign Affairs and Trade.

1.39. Australia is highly reliant on the Asia Pacific region for trade, which accounts for over 85% of Australia's exports and over 64% of imports (Chart 1.2 and Table A1.3 and Table A1.4). Within Asia Pacific, China is by far Australia's largest two-way trading partner, responsible for nearly 37% of Australia's exports and the origin of over 26% of Australian imports. According to the OECD, trade in value added indicators showed that China was the final destination for 94% of Australia's exports.<sup>15</sup>

<sup>15</sup> OECD (2023), *OECD Economic Surveys: Australia 2023*.

**Chart 1.2 Direction of merchandise trade, 2019 and 2023**

Source: WTO Secretariat calculations, based on data from the Department of Foreign Affairs and Trade.

1.40. Trade tensions between Australia and China resulted in import restrictions by China on certain Australian commodities such as coal, barley, wine, beef, and cotton, which prompted Australia to try to diversify its export markets. This is reflected in the increased share of exports to India and other export destinations in the Asia Pacific region.

1.41. Other than China, the European Union (EU-27) and the United States are the largest sources of Australia's imports. During the period under review, the shares of both declined slightly, as did that of China, as imports from other Asia Pacific countries rose as regional trade agreements deepened economic integration.

### 1.3.2 Trends and patterns in FDI

1.42. Traditionally, Australia has been an attractive destination for FDI, as it has a relatively liberal investment regime, abundance of natural resources, and competitive markets. During the previous

review period (2013-18), FDI inflows averaged around AUD 60 billion annually; these have come down markedly during the current review period to average around AUD 38 billion annually (Table 1.5). As a result, the stock of inward FDI rose from nearly AUD 1 trillion in 2018 to around AUD 1.2 trillion in 2023. However, during the review period, FDI saw an outflow in 2020 and only rose moderately in 2021. The decline in 2020, as well as the lower annual average during the review period, can be attributed to COVID-19 measures affecting foreign investment and policy changes. These included a zero-dollar threshold for screening of all foreign investment, enhanced compliance measures, the Register of Foreign Ownership of Australian Assets, and increases in fees for filing and approvals (Section 2.4 ).

**Table 1.5 Foreign investment by economic sector, 2019-23**

(AUD million)

	2019	2020	2021	2022	2023
<b>In Australia</b>					
<b>Total</b>	<b>1,036,424</b>	<b>1,017,685</b>	<b>1,052,327</b>	<b>1,146,516</b>	<b>1,180,448</b>
Agriculture, forestry, and fishing	3,388	3,709	3,613	4,067	4,064
Mining and quarrying	375,971	362,137	362,343	369,638	392,164
Manufacturing	126,000	120,191	111,034	116,254	114,498
Electricity, gas, steam, and air conditioning supply; water supply, sewerage, waste management and remediation activities	23,580	26,759	29,045	27,869	28,174
Construction	21,656	19,532	19,035	20,052	19,465
Wholesale and retail trade; repair of motor vehicles and motorcycles	59,661	61,014	63,453	73,042	76,261
Accommodation and food service activities	9,323	8,867	9,358	10,658	11,197
Transportation and storage	26,584	26,219	26,182	28,592	31,735
Information and communication	31,046	31,951	32,144	30,215	30,322
Financial and insurance activities	108,884	113,039	124,495	144,806	148,985
Real estate	116,176	122,980	137,375	146,557	138,930
Professional, scientific, and technical activities	10,228	11,880	12,791	14,411	15,142
Administrative and support service activities	np	9,671	6,660	6,047	6,142
Public administration; activities of households and extraterritorial organizations	np	np	np	162	131
Education	2,772	np	np	np	np
Human health and social work activities	5,362	5,026	5,209	7,018	7,121
Arts, entertainment, and recreation	np	np	np	np	np
Other service activities	np	np	np	np	np
Unallocated	107,672	90,944	105,760	134,954	144,014
<b>Abroad</b>					
<b>Total</b>	<b>-827,040</b>	<b>-785,083</b>	<b>-861,190</b>	<b>-967,297</b>	<b>-1,038,945</b>
Agriculture, forestry, and fishing	np	np	np	np	np
Mining and quarrying	-167,438	-163,844	-156,622	-178,258	-195,037
Manufacturing	-199,318	-196,578	-196,142	-210,770	-215,555
Electricity, gas, steam, and air conditioning supply; water supply, sewerage, waste management and remediation activities	-5,214	-5,336	-5,779	-5,206	-5,311
Construction	-11,639	-10,798	-9,603	-6,510	-5,993
Wholesale and retail trade; repair of motor vehicles and motorcycles	-8,454	-8,455	-6,494	-5,932	-7,481
Accommodation and food service activities	-224	-358	-208	-204	-195
Transportation and storage	-4,431	-4,321	-5,199	-4,684	-5,348
Information and communication	np	-18,178	-21,837	-28,166	np
Financial and insurance activities	-176,835	-135,532	-196,086	-203,620	-214,093
Real estate	-20,378	-17,400	-18,661	-20,833	-20,946
Professional, scientific, and technical activities	np	-11,982	-13,230	-13,737	-14,060
Administrative and support service activities	-6,070	-6,112	-6,149	-6,459	-6,822
Public administration; activities of households and of extraterritorial organizations	-	-	-	np	np
Education	np	np	np	np	np
Human health and social work activities	-9,918	-9,436	-8,621	-10,323	-10,563
Arts, entertainment, and recreation	np	np	np	np	np
Other service activities	-	-	-	-	-
Unallocated	np	np	np	np	np

np Not available for publication.

- Nil or rounded to zero.

Note: Economic sectors are defined according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

Source: Australian Bureau of Statistics, *International Investment Position, Australia: Supplementary Statistics*. Viewed at: <https://www.abs.gov.au/statistics/economy/international-trade/international-investment-position-australia-supplementary-statistics/latest-release#data-downloads>.

1.43. During the review period, foreign investment in financial and insurance activities and real estate rose considerably including in 2020 and 2021. The mining and quarrying sector is the largest recipient of FDI, accounting for around a third of the FDI stock, followed by financial and insurance activities and real estate.

1.44. Since 2019, the stock of FDI attributed to the European Union has more than halved.<sup>16</sup> Consequently, the United States has now become the largest foreign investor, followed by the United Kingdom and Japan (Table 1.6).

**Table 1.6 Direct investment by main partners, 2019-23**

(AUD million)

	2019	2020	2021	2022	2023
<b>Inward stock</b>					
<b>All countries</b>	<b>1,036,424</b>	<b>1,017,686</b>	<b>1,052,327</b>	<b>1,146,516</b>	<b>1,180,448</b>
United States	219,478	194,805	187,604	186,760	210,072
United Kingdom	128,497	124,976	129,955	135,612	149,912
Japan	115,674	130,070	130,230	133,710	141,052
European Union	248,205	118,758	123,591	132,283	120,631
Netherlands	56,668	53,391	57,220	59,899	45,844
Germany	22,805	21,472	19,952	21,200	21,757
France	12,738	12,168	11,865	11,918	14,444
Sweden	2,828	2,742	4,999	7,325	7,861
Ireland	3,982	6,149	6,658	8,225	7,560
Canada	45,667	45,204	57,173	82,960	81,631
China	47,727	47,277	48,653	46,817	46,566
Bermuda	41,909	40,054	42,584	45,746	45,480
Singapore	34,444	39,039	45,831	40,046	39,332
British Virgin Islands	22,156	22,320	22,216	21,730	21,615
Hong Kong, China	16,266	15,588	16,074	17,591	16,573
Malaysia	14,601	np	13,479	13,132	14,971
Switzerland	12,348	13,793	15,949	14,032	13,952
<i>Memorandum:</i>					
OECD	654,482	640,889	657,712	700,268	731,513
APEC	511,730	503,831	518,111	541,874	570,852
ASEAN	53,767	57,424	64,860	59,320	60,696
<b>Outward stock</b>					
<b>All countries</b>	<b>-827,040</b>	<b>-785,083</b>	<b>-861,190</b>	<b>-967,297</b>	<b>-1,038,945</b>
United States	-143,783	-164,935	-177,786	-194,088	-205,784
United Kingdom	-145,329	-131,176	-129,794	-181,861	-177,257
New Zealand	-84,757	-54,734	-52,162	-92,979	-108,081
European Union	-205,256	-67,122	-83,414	-72,221	-84,783
Germany	np	np	np	np	-30,974
Netherlands	-5,220	-7,102	-4,543	-8,466	-9,427
France	-3,722	-4,634	-1,621	-2,396	-3,578
Canada	-34,230	-34,351	-25,804	-38,122	-36,051
Papua New Guinea	np	np	-24,145	-25,183	-25,769
Singapore	-29,056	-17,706	-14,712	-18,759	-18,186
Hong Kong, China	np	-9,327	-10,887	-10,103	-9,248
Malaysia	-6,812	-5,927	-5,389	-4,997	-5,181
China	-15,545	-8,490	-4,996	-3,701	-2,240
India	-1,909	-1,311	-1,294	-1,578	-1,878
Japan	np	-1,462	np	-1,371	-1,476
Mexico	-1,261	-1,162	-1,124	-1,334	-1,319
Chile	-1,573	-976	-1,023	-990	-1,079
<i>Memorandum:</i>					
OECD	-475,185	-458,209	-474,890	-585,481	-618,514
APEC	-352,677	-319,858	-327,036	-395,897	-416,441
ASEAN	-46,157	-28,542	-26,055	-27,170	-24,663

np Not available for publication but included in totals where applicable.

Source: Australian Bureau of Statistics, *International Investment Position, Australia: Supplementary Statistics*. Viewed at: <https://www.abs.gov.au/statistics/economy/international-trade/international-investment-position-australia-supplementary-statistics/latest-release#data-downloads>.

<sup>16</sup> The decline can be attributed to UK numbers being excluded from EU numbers due to the withdrawal of the United Kingdom from the European Union (Brexit).

1.45. During the review period, the average annual overseas investment by Australia was nearly AUD 67 billion, which resulted in the stock of outward investment rising to over AUD 1 trillion. Outward investment mirrored the trend of inward FDI, with the stock declining in 2020, before rising again.

1.46. Overseas investment is concentrated in manufacturing, financial and insurance activities, mining, and quarrying. These sectors cumulatively account for over 60% of outward FDI stock.

1.47. As with inward FDI, the stock of outward investment in the European Union has more than halved.<sup>17</sup> As a result, the largest recipient of Australian investment is the United States, followed by the United Kingdom and New Zealand.

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<sup>17</sup> The change can again be attributed to Brexit.

## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General framework

2.1. Australia's basic legal and institutional framework has remained largely unchanged since the previous Review. However, at lower functional levels of the Executive Government, there have been, for example, changes in responsibilities and modifications to Department names (Box 2.1). The Constitution of Australia remains the overarching law for Australia. There have not been many formal changes to the Constitution (only changing on eight occasions), and these may only be brought about by referendum. During the review period, there was a proposed constitutional referendum in 2023, but it was not successful.<sup>1</sup>

2.2. As also enumerated in the Constitution, the Commonwealth is composed of territories in addition to states.<sup>2</sup> The 10 territories are either internal or external, and there are specific Acts of Parliament that outline the legal position of external territories *vis-a-vis* the Commonwealth. In general, laws of the Commonwealth apply to the external territories unless otherwise designated in the specific Act.<sup>3</sup> As a large island continent, Australia also has a vast maritime boundary that includes 3 nautical miles of coastal waters, 12 nautical miles of territorial sea, and the 200 nautical mile Exclusive Economic Zone (EEZ).<sup>4</sup>

2.3. As a federation, Australia has three levels of government: federal, state/territory, and local. At the state level (including the two self-governing territories, the Australian Capital Territory (ACT) and the Northern Territory (NT)), there are also constitutions, parliaments, executive governments, and judiciaries, thus they have a certain degree of independence or self-governance. Competencies or powers are designated to a level of government and sometimes there are shared responsibilities. Foreign policy, international and intra-Australian trade, taxation, and currency matter law-making are exclusive powers of the federal government. Matters such as health, environment, and education are shared competencies between federal and state. The Offshore Constitutional Settlement (OCS) sets out the separation of responsibilities for the maritime boundary with states and NT governments responsible for coastal waters and the Commonwealth government responsible for the territory beyond, i.e. territorial sea and the EEZ. If a state law is inconsistent with a law of the Commonwealth, Section 109 of the Constitution states that Commonwealth law takes precedence over state law, to the extent of the inconsistency.

2.4. As set out in Chapter IV of the Constitution, the power to impose customs and excise duties is exclusive to the federal Parliament, and trade within the Commonwealth is to be free. Federal exclusive responsibility for trade and commerce activities also extends to navigation, shipping, and state railways. Furthermore, with respect to international trade agreements, the federal Parliament makes and ratifies the agreements, but the state and territory parliaments must also ratify those agreements that are applicable.<sup>5</sup>

2.5. From 1992 until 2020, the Council of Australian Governments was the primary intergovernmental forum where the Prime Minister, state and NT and ACT First Ministers, and the President of the Australian Local Government Association worked together on policy reforms of national significance. In March 2020 it was replaced by the National Cabinet, which was established to respond to the urgent health and economic impacts of the COVID-19 pandemic.<sup>6</sup> The National Cabinet comprises the Prime Minister, the State Premiers, and the ACT and NT Chief Ministers. Now

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<sup>1</sup> Australian Electoral Commission, *2023 Referendum Results*. Viewed at: <https://results.aec.gov.au/29581/Website/ReferendumNationalResults-29581.htm>.

<sup>2</sup> The states are New South Wales, Queensland, South Australia, Tasmania, Victoria, and Western Australia. The internal territories are Australian Capital Territory, Jervis Bay Territory, and Northern Territory, and the external are Ashmore and Cartier Islands, Australian Antarctic Territory, Christmas Island, Cocos (Keeling) Islands, Coral Sea Islands, Heard Island and McDonald Islands, and Norfolk Island.

<sup>3</sup> This applies to Christmas and Cocos (Keeling) Islands but not to the other external territories, which are excluded from the definition of Australia or the Commonwealth by the Acts Interpretation Act 1901.

<sup>4</sup> Geoscience Australia, *Australia's Jurisdiction*. Viewed at: <https://www.ga.gov.au/scientific-topics/marine/jurisdiction/australia>.

<sup>5</sup> Parliamentary Education Office, *Three Levels of Government: Governing Australia*. Viewed at: <https://peo.gov.au/understand-our-parliament/how-parliament-works/three-levels-of-government/three-levels-of-government-governing-australia>.

<sup>6</sup> *Statement of the Prime Minister*, 13 March 2020. Viewed at: <https://web.archive.org/web/20200408045851/https://www.pm.gov.au/media/advice-coronavirus>.

that the crisis of the pandemic has lessened, First Ministers utilize the National Cabinet to address issues of national significance such as firearms reform, addressing gender-based violence, disability reform, and health reform.<sup>7</sup>

2.6. After the elections and the establishment of a new Commonwealth government in 2022, certain changes were made to Commonwealth government executive bodies and/or their responsibilities (Box 2.1). Many of these reflect a new direction in policy or priorities.

### Box 2.1 Overview of changes to executive Commonwealth government bodies, 2022

Departments	Responsibilities	New departments or agencies
<ul style="list-style-type: none"> <li>• Department of Health → Department of Health and Aged Care</li> <li>• Department of Industry, Science, Energy and Resources → Department of Industry, Science and Resources</li> <li>• Department of Infrastructure, Transport, Regional Development and Communications → Department of Infrastructure, Transport, Regional Development, Communications and the Arts</li> <li>• Department of Agriculture, Water and the Environment → Department of Agriculture, Fisheries and Forestry</li> <li>• Department of Education, Skills and Employment → Department of Education</li> </ul>	<ul style="list-style-type: none"> <li>• Department of Finance gained responsibility for data policy and de-regulation</li> <li>• Department of Home Affairs gained responsibility for natural disaster response and mitigation</li> <li>• Attorney-General's Department gained responsibility for criminal law enforcement and policy; copyright policy; and national child protection policy</li> <li>• New Department of Employment and Workplace Relations gained responsibility for workplace relations functions and skills policy</li> <li>• New Department of Climate Change, Energy, the Environment and Water gained responsibility for climate change and energy policy functions; climate adaptation and resilience, and environment and water policy and functions</li> </ul>	<ul style="list-style-type: none"> <li>• Department of Climate Change, Energy, the Environment and Water</li> <li>• Department of Employment and Workplace Relations</li> </ul>

Source: Information provided by the authorities.

## 2.2 Trade policy formulation and objectives

2.7. The Minister for Trade and Tourism and the Minister for Foreign Affairs administer the Department of Foreign Affairs and Trade (DFAT). The Minister for Trade and Tourism's portfolio also includes the Australian Trade and Investment Commission (Austrade), Tourism Australia, Export Finance Australia, and the Australian Centre for International Agricultural Research. DFAT works with international partners and other countries to increase trade and investment opportunities for Australia and also has responsibility for Australian development policy. It plays a key role in negotiations on trade and investment agreements and represents Australia in international bodies such as the WTO, the Asia-Pacific Economic Cooperation (APEC), and the OECD.

2.8. Internal trade and investment policy coordination among different levels of government was enhanced during the review period with the establishment of the Ministerial Council on Trade and Investment in April 2023. In establishing the Council, the importance of free, fair, and open trade and investment was emphasized, and priorities included trade and investment diversification, supply chain resilience, facilitation of trade behind the border, coordination of trade advocacy, improving FDI attractiveness, and clean energy transition.<sup>8</sup> As of mid-2024, the Council had met three times and the discussions, as announced in its last communique, summarized 11 key points including the importance of an open rules-based multilateral trading system, progress under "Invested: Australia's

<sup>7</sup> Department of the Prime Minister and Cabinet, *National Cabinet*. Viewed at: <https://federation.gov.au/national-cabinet>.

<sup>8</sup> Minister for Trade and Tourism, Special Minister of State (2023), "Communique – Inaugural Meeting of the Ministerial Council on Trade and Investment", 12 April. Viewed at: <https://www.trademinister.gov.au/minister/don-farrell/media-release/communique-inaugural-meeting-ministerial-council-trade-and-investment>.

Southeast Asia Economic Strategy to 2040", coordination on critical minerals, and support for inclusive economic growth, in particular for First Nations participation.<sup>9</sup>

### 2.2.1 Trade and related policy objectives and key developments

2.9. DFAT's 2024–25 Corporate Plan states that Australia supports a rules-based approach to trade that provides a level playing field for businesses and improved access to global markets, as well as promotes stronger labour and environmental standards. Per the Plan, DFAT's priority is to negotiate new free trade agreements (FTAs) and benefit from existing ones.<sup>10</sup> It also supports a range of international partnerships to promote Australian trade policy objectives. DFAT works closely with Austrade to promote foreign investment in Australian industry. In the review period, Australia was not only active at the WTO but also engaged in the work of international organizations such as APEC, the OECD, and the G20 on trade-related matters. Australia continued to work towards its trade diversification agenda.

2.10. Broader Australian government priorities are also connected with trade. This includes Australia's national emissions reduction target of 43% below 2005 levels by 2030 and net zero emissions by 2050 as outlined in the Climate Change Act 2022, as well as policies on First Nations peoples and gender equality.<sup>11</sup> Select initiatives and examples are outlined in Box 2.2. Trade policy objectives also incorporated digital trade and supported the net zero transition.

#### Box 2.2 Selected policy initiatives and programmes, 2020-24

<p><b>Environment/green initiatives</b></p> <ul style="list-style-type: none"> <li>– Sustainable Finance Strategy</li> <li>– Emissions reduction target of 43% below 2005 levels by 2030 and a net zero emissions by 2050</li> <li>– Safeguard Mechanism</li> <li>– Carbon Leakage Review</li> <li>– Energy and Climate Change Ministerial Council</li> <li>– Guarantee of Origin (GO) scheme</li> </ul>	<p><b>First Nations</b></p> <ul style="list-style-type: none"> <li>– Indigenous diplomacy agenda</li> <li>– National Agreement on Closing the Gap</li> <li>– Establishment of the Office for First Nations International Engagement</li> <li>– First Nations Trade and Investment Reference Group</li> <li>– First Nations Trade and Investment Advisory Group</li> </ul>
<p><b>Gender</b></p> <ul style="list-style-type: none"> <li>– National Plan to End Violence against Women and Children 2022-2023 <ul style="list-style-type: none"> <li>– National Cabinet agreed to further policy initiatives in September 2024</li> </ul> </li> <li>– Working for Women: A Strategy for Gender Equality</li> <li>– Gender responsive budgeting: policy to include gender analysis in government budget proposals</li> <li>– DFAT's International Gender Equality Strategy</li> </ul>	<p><b>Digital</b></p> <ul style="list-style-type: none"> <li>– Digital Trade Strategy</li> <li>– Digital Economy Strategy</li> </ul>

Source: Information provided by the authorities.

2.11. A new government-wide policy initiative on trade was launched in 2020 through the Simplified Trade System (STS) Implementation Taskforce to simplify trade and improve the experience for Australian businesses while strengthening border and biosecurity protections. Total funding for STS reforms across various government bodies to 30 June 2024 was AUD 497.9 million for improving cross-border trade, and for ICT and improved procedures. The STS Implementation Taskforce, having completed its funded work on 30 June 2024, handed over its responsibilities to the STS Unit in Austrade to support a coordinated approach to cross-border trade reforms, working with agencies to continue delivering incremental improvements. Through the Taskforce's efforts and with input

<sup>9</sup> Minister for Trade and Tourism, Special Minister of State (2024), "Communique – Third Meeting of the Ministerial Council on Trade and Investment", 11 April. Viewed at: [https://www.trademinister.gov.au/minister/don-farrell/media-release/communique-third-meeting-ministerial-council-trade-and-investment?\\_gl=1\\*746sfi\\*\\_qa\\*NzQ5ODQyMzk5LjE3MjY4ODQ0MzU.\\*\\_qa\\_8Z18QMQG8V\\*MTcyNDA2MTk0Ni4xNi4xLjE3MjY4ODQ0MzU.\\*](https://www.trademinister.gov.au/minister/don-farrell/media-release/communique-third-meeting-ministerial-council-trade-and-investment?_gl=1*746sfi*_qa*NzQ5ODQyMzk5LjE3MjY4ODQ0MzU.*_qa_8Z18QMQG8V*MTcyNDA2MTk0Ni4xNi4xLjE3MjY4ODQ0MzU.*)

<sup>10</sup> DFAT (2024), *Corporate Plan 2024-25*. Viewed at: <https://www.dfat.gov.au/about-us/publications/corporate/dfat-corporate-plan>.

<sup>11</sup> Federal Register of Legislation, *Climate Change Act 2022*. Viewed at: <https://www.legislation.gov.au/C2022A00037/latest/text>.

from the business community, a number of reform measures have been implemented and others are ongoing (Box 2.3).

### Box 2.3 Simplified Trade System outcomes, 2024

#### Implemented

- Establishment of the Customs Regulatory Sandbox
- Creation of the Go Global Toolkit
- Establishment of the 24/7 Biosecurity Portal
- Improvements to the Integrated Cargo System (ICS) for real-time functions

#### Ongoing

- Establishment of the Digital Trade Accelerator Program (DTAP)
- Development of a cross-border trade data-sharing framework
- Further modernization of the Integrated Cargo System (ICS)
- Amendments to the Customs Act 1901
- Harmonization of agricultural traceability
- Creation of a Digital Verification Platform (DVP)
- Creation of the Simplified Targeting and Enhanced Processing System (STEPS)
- Initiatives for digital agriculture export services
- Possible alignment of laws with the Model Law on Electronic Transferable Records (MLETR)
- Strengthening supply chains through Streamlining the Cargo Intervention Model (SCIM)

Source: Austrade, *Simplified Trade Reforms*. Viewed at: <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/simplified-trade-system/trade-reforms>.

### 2.2.2 Policy response to the COVID-19 pandemic

2.12. Like other countries, Australia invoked a number of temporary trade measures in response to the COVID-19 pandemic. The measures included temporary tariff reductions, export restrictions on goods, support measures to various services sectors, in particular aviation, and certain flexibilities on intellectual property (Box 2.4). Furthermore, numerous economy-wide financial support measures were introduced (Section 3.3.1). The measures were notified at the WTO and have largely been withdrawn, although several trade-facilitative measures have been retained. For example, tariff concessions for medical and hygiene products used in combatting COVID-19 were made permanent (Section 3.1.3).

### Box 2.4 Summary of main trade actions taken in response to the COVID-19 pandemic

#### Goods

- Temporary tariff concessions on medical or hygiene products that are capable of use in combatting the novel coronavirus that causes COVID-19
- Temporary restrictions on the non-commercial export of personal protective equipment and sanitizer products, essential to combatting the COVID-19 pandemic
- Temporary restrictions on the export of COVID-19 rapid antigen test kits

#### Services

- On financial services, support for the use of capital buffers to promote ongoing lending to the economy
- Pandemic event visa concessions
- A tax rebate support was provided to commercial radio and television broadcasters
- For aviation services, 16 financial and non-financial supports were provided, including for the support of regional airports, regional airlines, domestic airlines, and aviation services
- Short-term measures to support the tourism industry including zoos and aquariums, business events, travel support, and a regional tourism fund
- Temporary reduction of monetary thresholds to zero for increased foreign investment screening

#### Intellectual property

- Certain IP fees were exempted
- Streamlined time extensions were granted when compliance with due dates was disrupted
- A new act allowed inventions to be exploited under an emergency
- A dedicated helpline for trademark support was established

Note: Support measures are numerous and not included (Section 3.3.1).

Source: Information provided by the authorities; and WTO, *COVID-19 and Trade – Australia*. Viewed at: [https://www.wto.org/english/tratop\\_e/covid19\\_e/covid\\_details\\_by\\_country\\_e.htm?country=AUS](https://www.wto.org/english/tratop_e/covid19_e/covid_details_by_country_e.htm?country=AUS).

### 2.2.3 Formulation of trade policy with the private sector

2.13. Australia has broad and well-established processes for engagement with stakeholders on trade and related policy matters. During trade negotiations, DFAT engages with the public and private sectors directly on trade matters that affect them, including calls for submissions and consultations for negotiations. An online "Peak Bodies Deep Dive" forum supported outreach during the period, providing briefings on priority trade matters between DFAT, other government bodies, and stakeholders.<sup>12</sup> As of October 2024, there were no formal statutory consultation bodies.

2.14. In addition to existing stakeholder processes, DFAT was progressing with new platforms for stakeholder engagement. Four new pilot advisory groups representing industry, civil society, First Nations groups, and labour unions were to be established for consultation on trade and investment policy matters.<sup>13</sup> DFAT continued to review the effectiveness of its consultation mechanisms. In response to the Australian Public Service reform agenda, DFAT continued to place people and businesses at the centre of policy and services, thus requiring government engagement with members of the community including businesses, the not-for-profit sector, universities, and others.

2.15. Another new development during the review period was the establishment of the Trade 2040 Taskforce as a forum for government, industry, unions, and community representatives to inform and consult on trade policy matters. The main function of the taskforce is to advise the Minister for Trade and Tourism on trade and investment policy, trade objectives for international fora, trade advocacy strategies, and trade and investment promotion.<sup>14</sup>

## 2.3 Trade agreements and arrangements

### 2.3.1 WTO

2.16. Australia continues to be a strong supporter of the multilateral trading system, as evidenced by its continued participation in all major areas of WTO work, including regular committees, dispute settlement, negotiations, and transparency functions. Furthermore, Australia has engaged and worked together with other Members in the WTO reform effort and participates in many new trade initiatives, sometimes acting as a co-coordinator or co-convenor. A fully functional dispute settlement system has also been a priority for Australia, and it has contributed to proposals and work in the area in addition to becoming a party to the Multi-Party Interim Appeal Arbitration Arrangement (MPIA). Australia has submitted a range of proposals including on agriculture, fisheries subsidies, and Investment Facilitation for Development negotiations (Table 2.1). Australia has worked with other trading partners to help secure outcomes, including in ministerial conferences, fisheries subsidies negotiations, and JSIs.

2.17. Australia's direct participation in dispute settlement during the review period was comparable to the previous review period: three disputes, including two as complainant and one as respondent. However, as a third party, Australia's participation declined by about half from 20 to 11 cases during this review period.<sup>15</sup> Australia has also supported the MPIA and, as a party, has invoked Article 25 of the DSU, together with the other party, in the three cases during the review period. It has not proceeded to use this process.

2.18. Australia has been commendable in meeting its notification requirements and submitted 534 notifications during the review period. The majority of notifications concerned anti-dumping, subsidies and countervailing measures, SPS, TBT, and TRIPS (Table A2.1). Outstanding notifications have been identified with respect to GATT, Article XXIV:7(a) and GATS, Article V:7(a) on regional trade agreements regarding the Regional Comprehensive Economic Partnership (RCEP) and related preferential rules of origin for the same agreement, which remain outstanding for all RCEP parties.

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<sup>12</sup> Includes industry, unions, civil society, and First Nations businesses.

<sup>13</sup> Information provided by the authorities.

<sup>14</sup> DFAT, *Trade 2040 Taskforce Terms of Reference*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment/trade-2040-taskforce/trade-2040-taskforce-terms-reference>.

<sup>15</sup> Reflecting a similar decline in the number of dispute settlement cases during the period.

According to the WTO's Notification Portal, notifications on agriculture domestic support (DS:1) and export subsidies remained pending as of October 2024.<sup>16</sup>

2.19. Following the conclusion of the negotiations on Services Domestic Regulation, Australia is committed to implementing the outcome as outlined in the Declaration following the WTO procedures outlined therein.<sup>17</sup> On 17 November 2023, the draft schedule incorporating the outcome for certification through the procedures for modifications to schedules of specific commitments was circulated.<sup>18</sup> As of October 2024, the certification of the schedule remains pending as it has proceeded to arbitration.<sup>19</sup>

**Table 2.1 Snapshot of WTO activities, 2020-24 (31 October)**

Subject	Number or description
<b>Notifications</b>	
All notifications including revisions and addenda <sup>a</sup>	534
<b>Disputes</b>	
Initiated, as complainant	2
Initiated, as respondent	1
Participation as third party	12
<b>Proposals</b>	
Proposals in regular bodies	DSB, SPS, TBT
Proposals in other bodies	Agriculture in Special Session, Investment Facilitation for Development, JSI on E-commerce, Council for Trade in Services Special Session, Negotiating Group on Rules-Fisheries Subsidies
<b>Agreements and initiatives</b>	
New agreements ratified	Agreement on Fisheries Subsidies
Plurilateral agreements	Government Procurement Agreement, observer to the Agreement on Trade in Civil Aircraft
Participation in other plurilateral initiatives, e.g. JSIs, working groups, etc.	Services Domestic Regulation, Investment Facilitation for development, Trade and Environmental Sustainability Structured Discussions, Informal Working Group on MSMEs, Informal Working Group on Trade and Gender, Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade, JSI on E-commerce, Information Technology Agreement, Multi-Party Interim Appeal Arbitration Arrangement

a As reported from "notifications" in WTO Documents Online.

Source: Compiled by the Secretariat from WTO Documents Online and the WTO website.

### 2.3.2 Reciprocal and unilateral preferential agreements

2.20. Australia continued to be active in pursuing reciprocal trade agreements (RTAs) during the review period, with seven new agreements entering into force during 2020-24 and one agreement undergoing amendment and modernization. There was also a significant number of other new agreements or arrangements to promote trade, investment (Section 2.4 ), or other subjects such as gender, Indigenous peoples, and supply chains (Section 2.3.3 ). Trade entering under FTA preferences was significant, over one-fourth of total imports, and increased slightly, i.e. from 27.1% of total imports in 2020 to 27.5% in 2023 (Chart 2.1).<sup>20</sup> This aligns with a report from the Productivity Commission that indicates a high utilization rate for RTAs but there is still potential for improvement.<sup>21</sup> Unilateral preference imports were very small by comparison, accounting for less than 1% of all imports in 2020 and 2023.

<sup>16</sup> WTO Notification Portal, *Member Profile: Australia*. Viewed at: <https://notifications.wto.org/en/status-by-member/australia>.

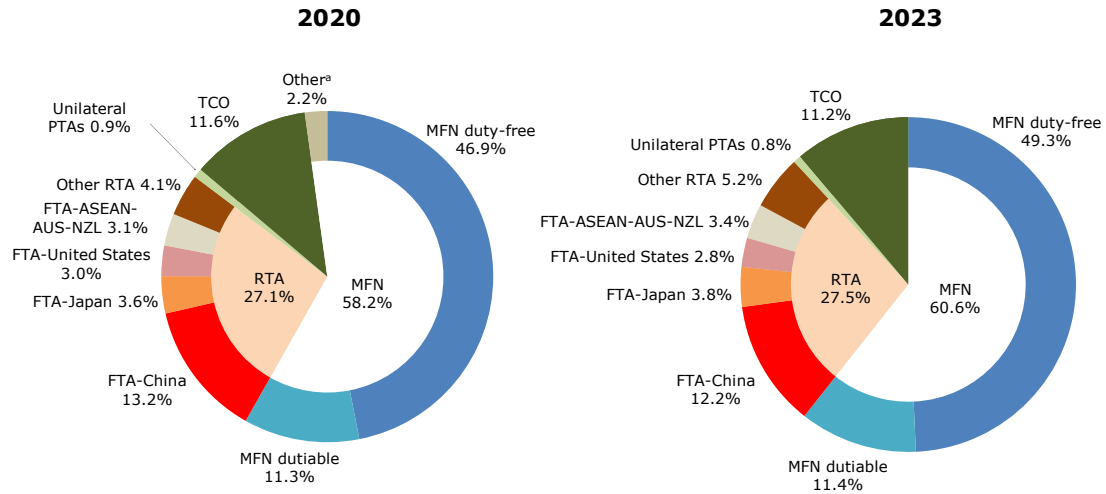
<sup>17</sup> According to the authorities, no legislative changes were necessary to implement the outcome.

<sup>18</sup> WTO document [S/SECRET/13](#), 17 November 2023.

<sup>19</sup> WTO document [S/SECRET/13/ARB/1](#), 3 June 2024.

<sup>20</sup> This excludes MFN duty-free trade, which is presented as a separate category, although most FTAs would also cover these tariff lines as well. MFN duty-free imports increased from 46.9% of imports in 2020 to 49.3% in 2023, thus likely mitigated the potential increase in FTA imports.

<sup>21</sup> One of the cited reasons for non-utilization of preferences was complexities, particularly those arising from rules of origin. Productivity Commission (2024), *Inquiry into the Understanding and Utilization of Benefits under Free Trade Agreements*. Viewed at: <https://www.pc.gov.au/research/supporting/understanding-free-trade-agreements/understanding-free-trade-agreements.pdf>.

**Chart 2.1 Merchandise imports by type of import regime, 2020 and 2023**

a Including e.g. confidential data.

Note: TCO: Tariff Concession Orders (Section 3.1.3.4). Tariff lines in HS Chapters 01-97 are taken into account in the calculations. The category "MFN dutiable" may contain items eligible for preferential rates that have not been utilized.

Source: WTO Secretariat calculations, based on the Integrated Database.

### 2.3.2.1 Reciprocal trade agreements

2.21. Australia's RTAs continue to be regionally concentrated with the majority in the Asia Pacific region, although there has been a move to multi-party agreements in recent years, such as the RCEP.<sup>22</sup> Important developments in trade coverage were achieved with the new agreements increasing duty-free trade with major trading partners such as Hong Kong, China; India; and the United Kingdom. There have also been increasingly overlapping agreements with the same partner in different regional or bilateral agreements.<sup>23</sup> For example, RCEP, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) have involved interlinking partners and coverage, although typically different concessions or provisions apply. In the case of trade with New Zealand, there are now five FTAs that may apply, and it is up to traders to determine which agreement offers the optimal benefits, taking varying rules of origin into consideration, for example.<sup>24</sup>

2.22. Compared to other WTO Members, Australia ranks 11<sup>th</sup> in terms of the number of RTAs in force, as of October 2024, with agreements among 31 partners, including 27 WTO Members.<sup>25</sup> In addition to the seven new agreements that entered into force during the review period, an

<sup>22</sup> Australia's FTAs include Australia-New Zealand (ANZCERTA or CER), Singapore-Australia (SAFTA), Australia-United States (AUSFTA), Thailand-Australia (TAFTA), Australia-Chile (ACIFTA), ASEAN-Australia-New Zealand (AANZFTA), Malaysia-Australia (MAFTA), Korea-Australia (KAFTA), Japan-Australia (JAPEA), China-Australia (ChAFTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Australia-Hong Kong (A-HKFTA), Australia-Papua New Guinea (PATCRA), Peru-Australia (PAFTA), Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), Pacific Agreement on Closer Economic Relations Plus (PACER Plus), Regional Comprehensive Economic Partnership (RCEP), Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), and Australia-United Kingdom Free Trade Agreement (A-UKFTA). The authorities note that PATCRA should not be included, as it is a unilateral preference regime, although it has been notified under Article XXIV of GATT 1994. WTO, RTA Database.

<sup>23</sup> The ABF has produced an interactive guide for importers in order to determine the preferences that may apply to a given trade partner. ABF, *Free Trade Agreements by Location*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/fta/overview/free-trade-agreements-by-location>.

<sup>24</sup> DFAT, *Regional Comprehensive Economic Partnership Agreement (RCEP)*. Viewed at: <https://www.dfat.gov.au/trade/agreements/in-force/rcep>.

<sup>25</sup> Nineteen RTAs have been notified with respect to goods and 17 with respect to services, including SPARTECA under the Enabling Clause, which is discussed in the unilateral preferences section. The RCEP remains non-notified. The PACER Plus agreement also includes non-WTO Member parties. WTO, *Regional Trade Agreements Notified to the GATT/WTO and in Force*. Viewed at: <https://rtais.wto.org/UI/publicPreDefRepByCountry.aspx>.

amendment or new protocol was agreed under the existing AANZFTA in August 2023 known as the 2<sup>nd</sup> Protocol, which has been described as modernizing existing commitments and adding new provisions, thus making it more comprehensive.<sup>26</sup> As of October 2024, the Protocol had not yet entered into force. In September 2024, Australia announced the conclusion of negotiations with the United Arab Emirates on a Comprehensive Economic Partnership Agreement.<sup>27</sup> Australia was also in the process of negotiating two new FTAs with the European Union and India.

2.23. The entry into force of the seven new agreements expands the number of FTAs from 12 to 19, and potentially significantly increases the amount of merchandise exports of Australia with partners, i.e. from AUD 289,867 million in 2020 to AUD 484,875 million in 2023 (equivalent to about 87% of Australia's total exports).<sup>28</sup> During the period 2020-23, merchandise imports from FTA partners grew more rapidly at a 13.1% compounded annual growth rate (CAGR), compared to a 9.8% CAGR for imports from non-FTA partners (Box 2.5).

### Box 2.5 Overview of reciprocal RTAs, 2020 and 2024

2020	→	2024
12	Number	19
19	Number of partners	31
	Merchandise trade:	
207,866	Imports from RTA partners	318,870
75,280	RTA imports <sup>a</sup>	114,127
289,867	Exports to RTA partners	484,875
	Services trade:	
27,527	Imports from RTA partners	76,616
37,929	Exports to RTA partners	78,805
Merchandise trade growth 2020-2023 <sup>b</sup> :		
	RTA partners	Non-RTA partners
Imports	13.1%	9.8%
Exports	15.2%	15.8%

a RTA imports include trade entering under the preferences offered by the RTAs. The 2020 column shows 2019 data.

b Compound annual growth rates. Only the 19 partners for 2020 were used in these calculations.

Note: Data for 2020 comprise all trade from the 19 partners and data for 2024 from the 31 partners. The 2024 column shows merchandise and services trade data for 2023. All trade data are in AUD million. The authorities note that PATCRA should not be included, as it is a unilateral preference regime, although it has been notified under Article XXIV of GATT 1994.

Source: WTO Secretariat calculations, based on data from DFAT, *Trade Statistics*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-time-series-data>.

2.24. Services trade increased from 2020 to 2023 for RTA partners, but there were year-to-year variations. Services trade was impacted by the COVID-19 pandemic in 2020 and also by the inclusion in 2023 of the United Kingdom and India, as both are significant services providers and/or markets for Australia.

2.25. The seven new RTAs are diverse in that four are new bilateral agreements with Hong Kong, China; India; Peru; and the United Kingdom, while two others are multi-party agreements building on prior agreements, i.e. Pacific Agreement on Closer Economic Relations Plus

<sup>26</sup> Thirteen chapters have been amended and three new chapters (on government procurement, MSMEs, and trade and sustainable development) were added, as well as new commitments on education services. ASEAN (2023), "Signing of the Second Protocol to Amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)", 21 August. Viewed at: <https://asean.org/signing-of-the-second-protocol-to-amend-the-agreement-establishing-the-asean-australia-new-zealand-free-trade-area-aanzfta/>.

<sup>27</sup> DFAT (2024), "Trade Deal Secured with the United Arab Emirates", 17 September. Viewed at: <https://www.trademinister.gov.au/minister/don-farrell/media-release/trade-deal-secured-uae-2024>.

<sup>28</sup> This is an overestimate and indicates potential, as not 100% of trade is liberalized under all the FTAs.

(PACER Plus) and RCEP. The bilateral agreement with Indonesia also builds on the previous agreements. All the Agreements have commitments for the liberalization, or further liberalization, of goods and services (Box 2.6). The PACER Plus agreement is also unique in that it is described as a development-centred FTA as it aims to improve many of the development challenges faced by the Pacific Island Country Members and help them benefit more from international and regional trade. Many of the Agreements incorporate new trade topics such as gender, the environment, and digital trade.

2.26. Australia notified six of its new RTAs during the review period; however, the notification of RCEP has not been notified by any of the parties.

### Box 2.6 Overview of new RTAs, 2020-24

#### **Australia-Hong Kong Free Trade Agreement (A-HKFTA)**

Entry into force: 17 January 2020

Partner: Hong Kong, China

Outcome on goods: locks in existing duty-free access for Australian exports; Australia eliminated all tariffs upon entry into force.

Outcome on services: financial; professional; education; transport; and movement of business persons.

#### **Peru-Australia Free Trade Agreement (PAFTA)**

Entry into force: 11 February 2020

Partner: Peru

Outcome on goods: Peru eliminated tariffs on 93.4% of tariff lines upon entry into force and will eliminate them on 99.4% of tariff lines in 2029; Australia eliminated tariffs on 96% of tariff lines upon entry into force and on 99.8% of lines in 2023.

Outcome on services: education services; financial services; professional, technical and other business services; mining and energy-related services; e-commerce and telecommunications; temporary entry of business persons.

#### **Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)**

Entry into force: 5 July 2020

Partner: Indonesia

Outcome on goods: Indonesia eliminated tariffs on 94.7% of tariff lines upon entry into force and will eliminate on 94.9% of tariff lines in 2040; Australia eliminated all tariffs upon entry into force.

Outcome on services: education; mining; energy; tourism; communications; legal; financial; infrastructure and transport; health and aged care; and architecture, engineering and construction.

#### **Pacific Agreement on Closer Economic Relations (PACER Plus)**

Entry into force: 13 December 2020

Partners: Cook Islands, Kiribati, New Zealand, Niue, Nauru (not in force)<sup>a</sup>, Samoa, Solomon Islands, Tuvalu, Tonga, and Vanuatu

Outcome on goods: Parties will eliminate tariffs, as a percentage of all tariff lines, as follows after full implementation (mainly by 2044): Cook Islands-96.6%, Kiribati-all upon entry into force, Niue-97.4%, Samoa-85.4%, Solomon Islands-92.9%, Tuvalu-98.3%, Tonga-98.3%, and Vanuatu-81.6%; Australia and New Zealand eliminated all tariffs upon entry into force.

Outcome on services: professional; financial; telecommunications; tourism; education; environmental; and transport.

#### **Regional Comprehensive Economic Partnership (RCEP)**

Entry into force: 1 January 2022

Partners: Brunei Darussalam, Cambodia, China, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, and Viet Nam

Outcome on services: education; professional; healthcare; other business services; tourism; transport; wholesale trade; retailing and franchising; and construction and related engineering services.

#### **Australia-India Economic Cooperation and Trade Agreement (AI-ECTA)**

Entry into force: 29 December 2022

Partner: India

Outcome on services: financial; professional; telecommunications; education; business; research and development; hospital; audio-visual; tourism; construction and engineering; mobility of service suppliers.

#### **Australia-United Kingdom Free Trade Agreement (A-UKFTA)**

Entry into force: 31 May 2023

Partner: United Kingdom

Outcome on goods: the United Kingdom eliminated tariffs on 94% of tariff lines upon entry into force and will eliminate 98.9% of tariff lines in 2033; Australia eliminated tariffs on 98.6% of tariff lines upon entry into force and will eliminate all tariffs in 2028.

Outcome on services: education; mining; energy; tourism; communications; legal; financial; infrastructure and transport; health and aged care; and architecture, engineering and construction.

a As set out in WTO document [WT/REG451/N/2](#), [S/C/N/1052/Add.1](#), 14 October 2022.

Source: Compiled by the Secretariat from DFAT, *Free Trade Agreements in Force*. Viewed at: <https://www.dfat.gov.au/trade/agreements/in-force>; and WTO, RTA database, Factual Presentations for the respective RTAs. Viewed at: <https://rtais.wto.org/UI/PublicAllRTAList.aspx>.

### 2.3.2.2 Unilateral tariff preferences

2.27. Australia offers unilateral preferences mainly pursuant to its GSP regime, known as the Australian System of Tariff Preferences (ASTP), and historically, the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) for South Pacific Forum members. The PACER Plus agreement provisions will prevail over SPARTECA as it gradually enters into force for those parties who are members of both.

2.28. Under ASTP, Australia designates four categories: least-developed countries (LDCs), developing countries, developing countries subject to Developing Country Status (DCS) rates of duty, and Developing Country Category T (DCT).<sup>29</sup> Different levels of preferences are given, depending on the category (Table 2.2). LDCs have the most benefits with duty-free, quota-free preferential rates for all products, and developing countries have reduced or duty-free tariffs on the majority of tariff lines with the exception of 55 lines mainly on textile products. The DCS category applies to partners that were previously afforded margins of preference under the ASTP but were removed from any additional benefits in 1993, and there are fewer benefits as only 25% of dutiable tariff lines have a lower or duty-free status. For the DCT category, benefits are similar to DCS but they apply to an even fewer number of tariff lines, i.e. 5% of dutiable tariff lines.

**Table 2.2 ASTP beneficiaries and preferences, 2024**

Number	Number of tariff lines	MFN rate	Preferential rate
<b>Least-developed countries</b>			
50	2,927	5%	Free
	12	4%	Free
	5	AUD 1.22 per kg	Free
	4	5%, or, if lower, AUD 0.45/kg TSS	Free
<b>Developing countries</b>			
69	2,872	5%	Free
	12	4%	Free
	5	AUD 1.22 per kg	5% reduction of MFN rate
	4	5%, or, if lower, AUD 0.45/kg TSS	Free
	55	No reduction (mainly textiles)	
<b>Developing countries subject to Developing Country Status (DCS)</b>			
106	147	5%	Free
	11	4%	Free
	1	5%	2.5%
	16	5%	3%
	570	5%	4%
<b>Developing countries subject to Developing Country Category T (DCT)</b>			
4	122	5%	Free
	11	4%	Free
	1	5%	2.5%
	16	5%	3%
	1	5%	4%

Note: The grouping names refer to "countries", but that term includes "places" per Australian legislation. Excludes the 3,804 MFN duty-free lines.

Source: WTO Secretariat calculations, based on data provided by the authorities.

### 2.3.3 Other agreements and arrangements

2.29. In addition to FTAs, Australia entered into several new trade-related agreements or arrangements during the review period. The main ones are outlined below.

#### 2.3.3.1 Indo-Pacific Economic Framework (IPEF)

2.30. IPEF is a regional arrangement to build cooperation and economic integration in the Indo-Pacific. It seeks to tackle contemporary economic challenges, strengthen regional supply chains, unlock green trade and investment to support the net zero transition, and enhance anti-corruption efforts. Australia ratified the IPEF Framework for Prosperity Agreement relating to Supply Chain Resilience (IPEF Supply Chain Agreement) on 24 September 2024. Australia intends to work closely with IPEF members to implement the IPEF Supply Chain Agreement, including

<sup>29</sup> The designation is "countries", but Australia includes both "countries" and "places" in that term.

through work under the Supply Chain Council to improve regional supply chain resilience, and the Crisis Response Network to coordinate regional solutions to supply chain disruptions.

2.31. A further three agreements under the IPEF on Clean Economy, Fair Economy, and the Council and Commission for the Indo-Pacific Framework for Prosperity were signed in June 2024. Australia has commenced domestic processes to ratify these agreements, although as of October 2024 they were not yet approved. The agreements are expected to enter into force for Australia in 2025.

### **2.3.3.2 Australia-Singapore Digital Economy Agreement**

2.32. Australia and Singapore negotiated a Digital Economy Agreement (DEA), which came into force in December 2020. The aim of the DEA is to set new benchmarks for digital trade, including reducing trade barriers.<sup>30</sup> It builds on the digital trade frameworks in the CPTPP and a bilateral FTA between the parties in order to improve commitments and modernize rules. Some of the key DEA provisions include the prohibition of customs duties on electronic transmissions, non-discriminatory treatment of digital products, rules on encryption, facilitation of electronic invoicing and electronic payments, promotion of paperless trade, cooperation on competition policy, personal information protections, and activities related to submarine telecommunications cable systems.

2.33. The Agreement also contains nine Memoranda of Understanding (MoUs) on data innovation, artificial intelligence (AI), trade facilitation, electronic invoicing, electronic certification, personal data protection, digital identity, fintech, and unsolicited communications. The MoU on trade facilitation, for example, provides for technology collaboration between the respective customs authorities and for interconnectivity of the parties' single window platforms.<sup>31</sup> During the 2023-24 period, developments occurred per the AI cooperation and electronic certification MoUs. There was no interconnectivity of single window platforms as at October 2024.

### **2.3.3.3 Singapore-Australia Green Economy Agreement**

2.34. The agreement was signed by the parties in October 2022 with the aim of addressing trade, economic, and climate matters in a new way. It contains 17 specific initiatives on matters such as environmental goods and services, green government procurement, green shipping, ecolabelling, and cross-border electricity trade.<sup>32</sup> As of March 2024, progress was achieved in several areas such as signing an MoU on the Green and Digital Shipping Corridor (GDSC), launching the Go-Green Co-Innovation Program, and consultations with industry regarding environmental goods and services lists.<sup>33</sup>

### **2.3.3.4 Access Agreement between Australia and Japan**

2.35. The reciprocal Access Agreement between Australia and Japan Concerning the Facilitation of Reciprocal Access and Cooperation between the Australian Defence Force and the Self Defence Forces of Japan (Access Agreement) also has trade and customs provisions. The agreement entered into force on 13 August 2023 and removes duties on goods for members of a Japan Visiting Force and also exempts these products from Goods and Services Tax (GST) and the import processing charge, under certain conditions.<sup>34</sup>

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<sup>30</sup> DFAT, *Australia-Singapore Digital Economy Agreement*. Viewed at: <https://www.dfat.gov.au/trade/services-and-digital-trade/australia-and-singapore-digital-economy-agreement>.

<sup>31</sup> DFAT, *Memorandum of Understanding on Trade Facilitation*. Viewed at: <https://www.dfat.gov.au/sites/default/files/australia-singapore-mou-on-trade-facilitation.pdf>.

<sup>32</sup> DFAT, *Singapore-Australia Green Economy Agreement Fact Sheet*. Viewed at: <https://www.dfat.gov.au/geo/singapore/singapore-australia-green-economy-agreement/singapore-australia-green-economy-agreement-facts>.

<sup>33</sup> DFAT, *Singapore-Australia Green Economy Agreement Progress on Implementation (March 2024)*. Viewed at: <https://www.dfat.gov.au/geo/singapore/singapore-australia-green-economy-agreement/singapore-australia-green-economy-agreement-progress-implementation>.

<sup>34</sup> ABF (2023), Australian Customs Notice No. 2023/37, *Agreement between Australia and Japan concerning the Facilitation of Reciprocal Access and Cooperation between the Australian Defence Force and the Self-Defense Forces of Japan*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2023-37.pdf>.

### 2.3.3.5 Wine Agreement between Australia and the United Kingdom

2.36. An Agreement on Trade in Wine between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland (Wine Agreement) was negotiated in 2019 to guarantee Australia's continued market access to the UK market post-Brexit.<sup>35</sup> The agreement entered into force on 1 January 2021 after the end of the transition period, and essentially provides for the continuation of the EC-Australia Wine Agreement. The Wine Agreement remains in force following the conclusion of the A-UKFTA.

### 2.3.3.6 Indigenous Peoples Economic and Trade Cooperation Arrangement

2.37. As part of Australia's First Nations Approach to foreign policy and international engagement on Indigenous Peoples, it has entered into a non-binding arrangement (Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA)) to promote trade and investment with, between, and among, Indigenous Peoples. Australia, Canada, New Zealand, and Chinese Taipei are participants in the arrangement, with the United States granted observer status in April 2024. Provisions of the arrangement include promoting international trade policies that are supportive of Indigenous Peoples, encouraging responsible business conduct, promoting cooperation, and maintaining and protecting cultural heritage, traditional knowledge, and traditional cultural expressions.<sup>36</sup> As an Indigenous-led, government-enabled initiative, the Arrangement establishes the IPETCA Partnership Council, a governing body comprising Indigenous and government representatives who jointly implement and oversee the Arrangement, and an Informal APEC Caucus on Indigenous Trade and Investment.

### 2.3.3.7 Global Trade and Gender Arrangement

2.38. In February 2024, Australia joined 10 other participants in the Global Trade and Gender Arrangement (GTAGA), which grew out of the initiatives of the Inclusive Trade Action Group (ITAG), of which Australia became a member at the same time. As a non-binding arrangement, GTAGA supports trade and gender policies that improve women's participation and further their economic empowerment. It provides for non-discrimination in licensing procedures for the supply of services, gender equality in the workplace, transparency, and cooperation.<sup>37</sup>

### 2.3.3.8 Trilateral Supply Chain Resilience Initiative with India and Japan

2.39. The Supply Chain Resilience Initiative (SCRI) enables trilateral collaboration between Australia, India, and Japan to promote best-practice national supply chain policy and principles. It was established on 27 April 2021 with a joint Ministerial statement. The SCRI is designed to facilitate government-to-government policy cooperation and convene investment promotion and buyer-seller matching events to support private-sector stakeholder diversification of supply chains.

### 2.3.3.9 Initiatives between Australia, the United Kingdom, and the United States on Supply Chain Resilience

2.40. Between 2021 and 2023, Australia and the United Kingdom worked together to deliver the Supply Chain Resilience Initiative, which involved sharing best-practice approaches to identifying supply chain vulnerabilities and risks with developing countries in the Indo-Pacific, as well as promoting solutions to achieving supply chain resilience. This work concluded in 2023, and in September 2024 Australia signed a trilateral MoU on supply chain resilience with the United Kingdom and the United States. This MoU provides a platform for strategic cooperation on critical supply

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<sup>35</sup> Parliament of Australia, *Agreement on Trade in Wine between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland*. Viewed at: [https://www.aph.gov.au/-/media/02\\_Parliamentary\\_Business/24\\_Committees/244\\_Joint\\_Committees/JRCT/2019/Trade\\_in\\_Wine\\_-\\_UK/Treaty\\_text\\_-\\_UK\\_Wine.pdf?la=en&hash=415E250A4804058BE77CAD9AFB1E5F19D5167D5E](https://www.aph.gov.au/-/media/02_Parliamentary_Business/24_Committees/244_Joint_Committees/JRCT/2019/Trade_in_Wine_-_UK/Treaty_text_-_UK_Wine.pdf?la=en&hash=415E250A4804058BE77CAD9AFB1E5F19D5167D5E).

<sup>36</sup> DFAT, *Indigenous Peoples Economic and Trade Cooperation Arrangement*. Viewed at: <https://www.dfat.gov.au/sites/default/files/indigenous-peoples-economic-trade-cooperation-arrangement.pdf>.

<sup>37</sup> DFAT, *Global Trade and Gender Arrangement*. Viewed at: <https://www.dfat.gov.au/trade/organisations/wto-g20-oecd-apec/inclusive-trade-action-group-and-global-trade-and-gender-arrangement/global-trade-and-gender-arrangement>.

chains, which aims to improve the parties' ability to identify vulnerabilities, share information, and address joint supply chain challenges.

### 2.3.3.10 Canada-Australia Trade Agreement

2.41. Australia maintains a long-standing preferential trading relationship with Canada that dates from 1960.<sup>38</sup> The Canada-Australia Trade Agreement (CANATA) essentially provides lower or duty-free entry to Canadian products, i.e. grown, produced, or manufactured in Canada, as outlined in Part I of Schedule B of the agreement. Over time, many of these preferential tariffs have been eroded due to reductions in MFN duties (Section 3.1.3.1). Certain anti-dumping provisions were added in a 1973 amendment. The agreement remains non-notified, and there is no WTO waiver in place.

## 2.4 Investment regime

2.42. For many years, Australia's investment policy has taken a balanced approach between encouraging and screening investment; it acknowledges the importance foreign investment plays as a facilitator of growth and economic development, while at the same time imposes a regulatory regime to ensure its national interests, particularly regarding security issues. There have been several important developments or policy shifts during the period with a number of legislative changes incorporating stricter screening procedures, changes to screening thresholds, and an increase in fees. Taken together, these policy changes have shifted Australia's investment regime towards being more restrictive and resulted in the most significant reforms in over 50 years.<sup>39</sup> Nevertheless, Australia aims to maintain its FDI attractiveness while managing risks to its national interest.

2.43. During the review period, several temporary and permanent rules were introduced, with the aim to improve the regulatory environment for foreign investment. At the time of the COVID-19 pandemic, Australia put in place a temporary zero dollar threshold for all screenings of foreign investment. This had the impact of significantly increasing the scope of foreign investment subject to scrutiny, and the number of screenings increased by an additional 1,255 despite a general downward trend in the number of investment proposals at the time.<sup>40</sup> The temporary measure remained in place from 29 March 2020 until 1 January 2021 when it expired and was replaced by the permanent reforms.

2.44. In January 2021, Australia introduced a major package of foreign investment legislative reforms in response to growing risks from foreign investment to its national interest, including national security. The 2021 reforms provided new national security powers and actions, expanded compliance measures, and created the Register of Foreign Ownership of Australian Assets (RFOAA), among others. These reforms have made it mandatory to notify investments in sensitive areas that may give rise to national security risk.<sup>41</sup> There was also the change of the fee schedule in July 2022 whereby fees for filing and getting approvals were doubled. The introduction of the RFOAA widens the registration requirement to foreign owners investing in land, water, business interests, and mining, production, or exploration tenements.<sup>42</sup> As part of these reforms, AUD 86.3 million was

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<sup>38</sup> Australian Treaty Series, *Trade Agreement between the Government of the Commonwealth of Australia and the Government of Canada*. Viewed at: <https://www.austlii.edu.au/au/other/dfat/treaties/ATS/1960/5.html>.

<sup>39</sup> Productivity Commission (2022), *Trade and Assistance Review 2020-21*. Viewed at: <https://pc.gov.au/ongoing/trade-assistance/2020-21>; and The Treasury (2022), *Regulator Performance Framework, Administration of Australia's Foreign Investment Framework, Report 2020-21*. Viewed at: <https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-06/2020-21-RPF-Report.pdf>.

<sup>40</sup> The Treasury (2022), *Regulator Performance Framework, Administration of Australia's Foreign Investment Framework, Report 2020-21*.

<sup>41</sup> National security notifications are required for acquiring an interest in national security land, acquiring interests in exploration tenements over national security land, acquiring a direct interest in a national security business or entity that carries on a national security business, and starting a national security business. "National security business", "national security land", and how they are defined in relation to the Security of Critical Infrastructure Act 2018 are further elaborated in The Treasury (2023), *Guidance Note 8: National Security*, Version 2. Viewed at: [https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-07/guidance\\_note\\_8\\_national\\_security.pdf](https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-07/guidance_note_8_national_security.pdf).

<sup>42</sup> ATO, *Register of Foreign Ownership of Australian Assets*. Viewed at: <https://www.ato.gov.au/individuals-and-families/investments-and-assets/foreign-investment-in-australia/register-of-foreign-ownership-of-australian-assets>.

provided to The Treasury and Australian Taxation Office (ATO) over four years to strengthen digital transformation initiatives, including implementing a case management system and improving the Register.

2.45. Further changes to Australia's investment framework were made in May 2024 so as to strengthen rules but also streamline some aspects of investment approvals. The new initiatives enhanced the risk-based approach whereby high-risk investments will face the most attention and low-risk ones will be expedited. Enhanced scrutiny is expected in sensitive sectors, including critical infrastructure, critical minerals, critical technology, investments in proximity to sensitive government facilities, and investments involving sensitive data. More efforts will also be dedicated to monitoring, enforcement, and compliance. The Government has committed to improvements in processing times and to refund fees where an investor is unsuccessful in a bid process. A possible exemption from notification and fees for "interfunding transactions" was also being examined and was progressing towards implementation. Notwithstanding the 2021 and 2024 reforms and greater scrutiny of investments, Australia's foreign investment framework remains mature and one in which the majority of applications are approved.

#### 2.4.1 Framework

2.46. Australia's foreign investment regime continues to be guided by the Foreign Acquisitions and Takeovers Act 1975 (FATA) and its related regulations, the Foreign Acquisitions and Takeovers Regulation 2015, as amended. Together they provide the framework for the notification, review, and approval of foreign investments. Both underwent amendment during the review period, mainly to implement the reforms undertaken in 2021 and 2024 (Table 2.3). Other related acts, such as the Security of Critical Infrastructure (SOCI) Act 2018, are an important part of the enhanced security examination as terminology such as "critical infrastructure" and "national security business" are determined by the SOCI Act. Recent amendments to the Act widened the scope of critical infrastructure<sup>43</sup>, thus having a direct impact on investment screening as this simultaneously increases the scope of investments subject to mandatory national security notification.

**Table 2.3 Main changes to Australia's foreign investment laws, 2020-24**

Instrument	Overview of changes
Foreign Acquisitions and Takeovers Fees Imposition Amendment Act 2020	Provides for indexation of fees and a fee cap
Foreign Investment Reform (Protecting Australia's National Security) Act 2020	Creates the Register of Foreign Ownership of Australian Assets (RFOAA); inclusion of national security business or national security land as notifiable national security actions; doubles penalties for residential land; defines concepts; and gives powers to The Treasury
Foreign Acquisitions and Takeovers Fees Imposition Regulation 2020	Sets out the various fees
Foreign Acquisitions and Takeovers Act 1975	Amended by the provisions of the Foreign Investment Reform (Protecting Australia's National Security) Act 2020
Foreign Acquisitions and Takeovers Regulation 2015	Amendments to adjust monetary thresholds for the entry into force of FTAs; for operation the RFOAA; redefining moneylending agreements
Foreign Relations (State and Territory Arrangements) Act 2020	Provides for notification and approval by the Ministry for Foreign Affairs for states and territories (and either entities) when they enter into arrangements with foreign entities

Source: Australian Government, Federal Register of Legislation.

2.47. The Department of the Treasury, Foreign Investment Division, continues to be the main government body overseeing foreign investment regulation as well as policy. The Treasurer is the decision-maker on foreign investment applications. The ATO has held responsibility for administering the RFOAA since it was established on 1 July 2023. The RFOAA replaces the existing Water Entitlements Register and Agricultural Land Register administered by the ATO and amalgamates these registers while expanding the scope to include additional assets such as residential land, business- and entity-related interests, and mining, production, and exploration tenements. The Foreign Investment Review Board (FIRB) continues as the main advisory body on foreign investment. DFAT has responsibilities regarding investment agreements.

<sup>43</sup> Originally these comprised electricity, gas, water, and ports. Amendments in 2021 expanded critical infrastructure sectors to include communications, data storage or processing, financial services and markets, water and sewerage, energy, health care and medical, higher education and research, food and grocery, transport, space technology, and defence industry.

2.48. To foster foreign investment, Australia maintains a framework of Investment Protection and Promotion Agreements (IPPAs)<sup>44</sup>, FTAs with investment chapters, and other investment agreements (Table A2.2). During the review period, the number of IPPAs decreased to 15 as several, i.e. those with Hong Kong, China; Indonesia; and Peru, were replaced by other agreements. The IPPA with Uruguay was renegotiated.

2.49. In July 2020, Australia commenced a review of IPPAs, as many were outdated and lacked certain modern provisions. There was also concern about a lack of safeguards and whether the agreements should contain Investor-State Dispute Settlement (ISDS) provisions.<sup>45</sup> DFAT was considering various policy options for IPPAs and was seeking stakeholder input while progressing with the IPPA reform project. Some of the options for consideration were renegotiation of an IPPA, replacing it with an FTA chapter, or continuation with the IPPA. In November 2023, the Government announced that Australia would no longer include ISDS in future trade agreements and would seek to modernize ISDS provisions in existing investment agreements if appropriate.

2.50. As part of the work on ISDS reform, Australia has been working with the International Centre for the Settlement of Investment Disputes (ICSID) and the United Nations Commission on International Trade Law (UNCITRAL) on matters in this area. In 2020 Australia joined the United Nations Convention on Transparency in Treaty-based Investor-State Arbitration, which entered into force in 2021, and in 2022 Australia adopted the new ICSID Arbitration Rules.<sup>46</sup> As such, transparency rules under the Convention would apply to Australia's older BITs that do not have modern ISDS protections.<sup>47</sup>

#### 2.4.2 Screening and approvals

2.51. Pursuant to Australia's screening rules, foreign investments may be subject to the national interest test or the national security test, or possibly both.<sup>48</sup> The national interest test is more comprehensive, but investments may or may not be subject to it based on the monetary threshold. As there is no monetary threshold for the national security test, it potentially captures the remainder of investments; however, it has a much narrower set of criteria and is assessed only on national security grounds. Under both tests, the Treasurer may prohibit an investment if it is found to be contrary to national interest or to national security, or may also impose conditions for its approval to mitigate risks.

2.52. Australia's screening thresholds vary depending on the type of investment and also the type of investor. In essence, investments in residential and vacant commercial land, and areas considered to be national security business and national security land, have a zero threshold for all investors as they are the most sensitive and are subject to screening without exception. The same high level of scrutiny applies to all investments from foreign government investors. Certain preferential FTA partners are granted higher thresholds for certain investments per the parameters set out in their agreement. Chile, New Zealand, and the United States have the highest threshold at AUD 1.4 billion for agriculture and mining investments whereas other partners have lower thresholds, and their investments face more screening (Box 2.7).

#### Box 2.7 Monetary thresholds, 2024

(AUD)

All investors	National security businesses	0
	Australian media businesses	0
	National security land	0
	Residential land	0
	Vacant commercial land	0

<sup>44</sup> IPPAs can also be referred to as bilateral investment treaties (BITs).

<sup>45</sup> DFAT (2020), *Review of Australia's Bilateral Investment Treaties*. Viewed at: <https://www.dfat.gov.au/sites/default/files/review-australia-bilateral-investment-treaties.pdf>.

<sup>46</sup> DFAT (2020), *Review of Australia's Bilateral Investment Treaties*.

<sup>47</sup> Australia is also actively engaged in the OECD's Future of Investment Treaties programme, which considers options to align older investment treaties with modern practices.

<sup>48</sup> In the case of foreign investments being subject to both, examination will take place under the national interest test.

Private investors from FTA partners <sup>a</sup>	Non-sensitive businesses	1,427 million
	Sensitive businesses <sup>b</sup>	330 million
	Agribusinesses	1,427 million: Chile, New Zealand, and the United States 71 million: others
	Agricultural land	1,427 million: Chile, New Zealand, and the United States 15 million: others
	Developed commercial land	1,427 million <sup>c</sup>
	Mining and production tenements	1,427 million: Chile, New Zealand, and the United States 0: others
Other private investors	Businesses (sensitive and non-sensitive)	330 million
	Agribusinesses	71 million
	Service businesses (non-sensitive)	533 million: India
	Agricultural land	50 million: Thailand, 15 million: others
	Developed commercial land	330 million or 71 million when sensitive <sup>d</sup> 533 million: India for non-sensitive land for the supply of services
	Mining and production tenements	0
Foreign government investors	All	0

a FTA partners include Canada; Chile; China; Hong Kong, China; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; Singapore; the United States; the United Kingdom; and Viet Nam.

b Sensitive business include media, telecommunications, transport, defence and military-related industries and activities, encryption and securities technologies and communications systems, extraction of uranium or plutonium, and the operation of nuclear facilities.

c A different threshold of AUD 71 million may apply to Hong Kong, China and Peru under certain situations.

d Sensitive developed commercial land includes mines and critical infrastructure.

Source: The Treasury, *Monetary Thresholds*. Viewed at: [https://foreigninvestment.gov.au/guidance/general/monetary-thresholds#\\_ftn1](https://foreigninvestment.gov.au/guidance/general/monetary-thresholds#_ftn1).

2.53. There was a general decline in the number of approved commercial investment proposals between 2020 and 2024, while the opposite trend occurred with respect to residential real estate, which increased over the same period with the exception of FY2023/24, which had a small decline (Table 2.4 and Table 2.5). The decline follows similar trends in the decline of approved national security investment proposals (in value)<sup>49</sup> and in the decline in overall FDI in recent years (Section 1.3.2 ). For commercial investment approval, prohibition orders were minimal over the review period, but disposal orders increased from zero to 5 (Table 2.4).

**Table 2.4 Overview of foreign investment approvals, commercial, FY2020/21- FY2023/24**

(No. and AUD billion)

Outcome	FY2020/21		FY2021/22		FY2022/23		FY2023/24	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Total approvals <sup>a</sup>	2,325	227.2	1,461	327.5	1,315	173.1	1,224	186.9
- with conditions	821	163.5	737	268.7	547	132.5	472	133.8

<sup>49</sup> This declined from AUD 10.1 billion in FY2021/22 to AUD 2.7 billion in FY2023/24. The Treasury (2024), *Annual Report 2023-24*. Viewed at: <https://treasury.gov.au/sites/default/files/2024-10/p2024-590845-ar.pdf>.

Outcome	FY2020/21		FY2021/22		FY2022/23		FY2023/24	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
- without conditions	1,504	63.7	724	58.8	768	40.6	752	53.2
Withdrawn	436	..	195	..	149	..	249	..
Prohibition orders	..	..	0	..	1	..	1	..
Disposal orders	..	..	0	..	0	..	5	..

.. Not available.

a For the value of total approvals, anomalous values or values that could identify specific transactions have been removed.

Source: The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/department-treasury/department-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>; and The Treasury (2024), *Annual Report 2023-24*. Viewed at: <https://treasury.gov.au/sites/default/files/2024-10/p2024-590845-ar.pdf>.

**Table 2.5 Overview of foreign investment approvals, residential, FY2020/21-FY2023/24**

(No. and AUD billion)

Outcome	FY2020/21		FY2021/22		FY2022/23		FY2023/24	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Total approvals <sup>a</sup>	4,327	5.7	5,433	7.6	6,576	7.9	5,581	6.6
- with conditions	2,560	2.2	3,667	5.9	4,768	6.1	4,042	4.8
- without conditions	1,767	3.5	1,766	1.6	1,808	1.8	1,539	1.8
Withdrawn	455	..	144	..	74	..	139	..

.. Not available.

a For the value of total approvals, anomalous values or values that could identify specific transactions have been removed.

Source: The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/department-treasury/department-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>; and The Treasury (2024), *Annual Report 2023-24*. Viewed at: <https://treasury.gov.au/sites/default/files/2024-10/p2024-590845-ar.pdf>.

2.54. During the review period, the top partners for approved commercial investments were the United States, Singapore, Japan, Canada, France, Germany, and China. There was some fluctuation in their rank over the period; however, China exhibited a significant decline after ranking fourth in FY2020/21 but then fell to eighth place in FY2023/24. In terms of residential real estate, China has been the main source of investment by value over the period. The main sectors for approved investment proposals during the period were services, commercial real estate, finance and insurance, and mineral exploration and development. These were the dominant sectors over the period, accounting for over 70% of the total value of all approved investments.<sup>50</sup>

2.55. With the entry into force of the 2021 reforms, the private sector has raised concerns regarding processing times.<sup>51</sup> In FY2020/21 and FY2021/22, the median processing time for commercial investments were 51 and 52 days, respectively. It has since improved to 41 days during FY2022/23 and 42 days in FY2023/24; however, the median rate was at a historical high during FY2020/22.<sup>52</sup> In FY2020/21, there was also a record percentage (28%) of approvals that took 91 days or more to process.<sup>53</sup> The 2024 reforms highlighted that the Government would streamline consultation and

<sup>50</sup> The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/department-treasury/department-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>.

<sup>51</sup> There is a statutory processing time of 30 days but the authorities advise that in practice it can often be extended by up to 90 days by the Treasurer. The Treasury (2021), *Evaluation of the 2021 Foreign Investment Reforms*. Viewed at: <https://treasury.gov.au/sites/default/files/2022-02/p2022-244363.pdf>.

<sup>52</sup> The median processing time was 41 days in 2018-19 before the reforms were initiated. FIRB (2021), *Foreign Investment Board Annual Report 2019-20*. Viewed at: <https://web.archive.org/awa/20230628002703mp> / <https://firb.gov.au/sites/firb.gov.au/files/2021-06/FIRB2019-20AnnualReport.pdf>; and The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/department-treasury/department-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>.

<sup>53</sup> The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/department-treasury/department-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>.

assessment processes for foreign investment proposals. A new performance target was adopted for processing 50% of investment proposals within the 30-day statutory decision period as from 1 January 2025.

2.56. As a result of the 2021 reforms, two new actions were adopted with respect to national security, i.e. the notifiable national security action, which is mandatory, and the reviewable national security action, which is voluntary. Together these actions provide a level of scrutiny of investments that may lead to national security concerns but do not meet the thresholds of the national interest test. There has been an increasing number of investment approvals subject to national security reviews, both mandatory and voluntary, over the period, from 32 in FY2020/21 to 79 in FY2023/24 with higher levels for the fiscal years in between (Table 2.6). These accounted for about 9% of total commercial foreign investment proposals in FY2022/23.

**Table 2.6 Approved national security investment proposals, FY2020/21–FY2023/24**

(No.)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Mandatory</b>				
Approved with conditions	1	15	15	12
Approved without conditions	14	44	68	41
Subtotal	15	59	83	53
<b>Voluntary</b>				
Approved with conditions	3	19	3	1
Approved without conditions	12	15	26	25
Subtotal	15	34	29	26
<b>Both</b>				
Approved with conditions	0	5	0	0
Approved without conditions	2	8	3	0
Subtotal	2	13	3	0
<b>Totals</b>				
Approved with conditions	4	39	18	13
Approved without conditions	28	67	97	66
Total	32	106	115	79

Source: The Treasury, *Foreign Investment*. Viewed at: <https://www.transparency.gov.au/publications/treasury/departement-treasury/departement-of-the-treasury-annual-report-2022-23/part-5---appendices/foreign-investment>; and The Treasury (2024), *Annual Report 2023-24*. Viewed at: <https://treasury.gov.au/sites/default/files/2024-10/p2024-590845-ar.pdf>.

### 2.4.3 Investment promotion

2.57. Australia's investment promotion activities are undertaken by Austrade at the level of the Commonwealth. In addition to trade promotion, Austrade's investment promotion activities are part of its core work to attract inward foreign investment. Austrade advisers and industry specialists help foreign investors with opportunities and contacts. The Austrade website is informative and identifies key sectors, and grant and incentive information, as well as links to investment specialists. During the review period, Austrade contributed to an increasing number of investment outcomes, from 131 in FY2020/21 to 159 in FY2023/24 with the value also increasing similarly from AUD 4.8 billion to AUD 11.5 billion over the same period.<sup>54</sup> In the context of total investment flows, Austrade facilitated approximately 10% of Australia's inward FDI. In addition to Austrade, Australia's state and territory governments also conduct investment promotion activities.

### 2.4.4 Investment restrictions

2.58. With the exception of the screening processes noted above, there are few formal barriers to investment in Australia. There are no equity restrictions in general although certain sector-specific legislation in the banking, transport, critical infrastructure, and telecommunications sectors impose limitations. These mainly concern maximum foreign ownership percentages.<sup>55</sup> For example, certain

<sup>54</sup> Austrade (2021), *Annual Report 2020-21*. Viewed at: <https://www.transparency.gov.au/publications/foreign-affairs-and-trade/austrade-australian-trade-and-investment-commission-austrade-australian-trade-and-investment-commission-annual-report-2020-21>; and Austrade (2024), *Annual Report 2023-24*. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2023-24.pdf>.

<sup>55</sup> The Treasury (2023), *Guidance Note 2: Key Concepts, Version 2*. Viewed at: [https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-07/guidance\\_note\\_2\\_key\\_concepts.pdf](https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-07/guidance_note_2_key_concepts.pdf).

Australian international air carrier ownership is limited to a maximum of 49% and ships registered in Australia are limited to minority foreign ownership with limited exceptions. In telecommunications, the foreign ownership of Telstra is limited to 35% overall or 5% per investor, and the provisions under the SOCI Act 2018 may impose restrictions, especially as they pertain to unincorporated foreign companies. According to the OECD's Foreign Direct Investment Regulatory Restrictiveness Index, Australia ranks in the top quarter of countries with relatively high restrictiveness. The index indicates it is mostly attributed to screening and approval processes, but there are also certain barriers on equity.<sup>56</sup>

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<sup>56</sup> OECD, *Foreign Direct Investment Regulatory Restrictiveness Index*. Viewed at: <https://goingdigital.oecd.org/en/indicator/74>.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures directly affecting imports

##### 3.1.1 Customs procedures, valuation, and requirements

3.1. The Australian Border Force (ABF) is Australia's operational entity under the Department of Home Affairs for managing the movement of persons and goods across the border. It was established in 2015 to coordinate the customs functions and services. The ABF aims to facilitate legitimate trade while also acting as an enforcer and monitoring compliance. As customs procedures are increasingly performed by importers through self-declarations and electronic systems, the ABF has expanded its role in education, training, and supporting voluntary compliance. The ABF is active in more than 60 international seaports and 7 major (13 restricted) international airports, and it patrols over 2.3 million square nautical miles of coastline.<sup>1</sup>

3.2. In addition to the role of the ABF, a reported 32 Australian government agencies are involved in some way with import or export processes, involving approximately 200 regulations.<sup>2</sup> This has led to the government-wide Simplified Trade System (STS) initiative in July 2021 to improve systems and regulations that support trade across the Government (Section 2.2.1 and Box 2.3). However, many of the STS reforms have a direct impact on customs functions.<sup>3</sup> The Customs Regulatory Sandbox is one such initiative that has been established to allow the ABF to test new customs practices or technologies in a controlled regulatory space. The Customs Legislation Amendment (Controlled Trials and Other Measures) Act 2023 was passed and entered into force in March 2024, allowing for Phase 1 of the initiative to commence with low-complexity trials. A number of other customs reforms or improvements have been explored or undertaken by the ABF during the 2020-24 period (Box 3.1).

3.3. Other legislative changes to customs were introduced through the Offshore Electricity Infrastructure Legislation Amendment Act 2022, which amended the Customs Act 1901 to bring offshore establishments related to electricity infrastructure under Customs' control. These installations in Australia's territorial sea or EEZ were previously outside Australia's customs jurisdiction and therefore not subject to anti-dumping or countervailing measures, for example. It also clarifies when offshore electricity installations are imported to or exported from Australia. The Modern Slavery Act 2018 has provisions on mandatory reporting of activities by enterprises but yet does not have prohibitions on the importation of goods produced by forced labour.

#### Box 3.1 Developments in customs, 2020-24

##### **Digital Verification Platform (DVP)**

The platform is being trialled to allow the use of digitally verifiable trade documents. A trial was conducted with one partner on certificates of origin with a further trial planned for late 2024. Work to determine how this technology could be operationalized is ongoing, informed by trials.

##### **Secure Trade Lane (STL) initiative**

A trilateral trial with the customs authorities of New Zealand and Singapore, it aimed at streamlining supply chains through Authorized Economic Operator (AEO) entities. The STL is currently under review, with no decision to continue the initiative beyond a trial at this stage.

##### **Foundations to Enable a Single Trade Environment Project**

Pilots to modernize core capability of the Integrated Cargo System (ICS) including industry trials of a secure cloud-based environment.

<sup>1</sup> ABF, *Key Statistics*. Viewed at: <https://www.abf.gov.au/about-us/what-we-do/key-statistics>.

<sup>2</sup> Department of Agriculture, Fisheries and Forestry (DAFF) also has a number of responsibilities for trade, including regulating imports of agricultural goods and responsibilities for imported food safety. DAFF, *What We Do*. Viewed at: <https://www.agriculture.gov.au/about/what-we-do>; and Austrade, *Simplifying Australia's Trade System*. Viewed at: <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/simplified-trade-system>.

<sup>3</sup> These include the Digital Trade Accelerator Program (DTAP), modernization of the Integrated Cargo System (ICS), amendments to the Customs Act 1901 for licensing and a digitization process for seized goods, Digital Verification Platform (DVP), Simplified Targeting and Enhanced Processing System (STEPS), and Streamlining the Cargo Intervention Model (SCIM). Austrade, *Reform Progress*. Viewed at: <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/simplified-trade-system/trade-reforms>.

**Operation Hangfire**

Stabilized the supply chain for certain essential goods during the COVID-19 pandemic by expediting the importation process.

**Trade Enforcement Pilot Program (TEPP)**

Improved trade enforcement measures.

Source: Information provided by the authorities and ABF.

3.4. The ABF continued to be important to Australia's revenue collection, by collecting customs duties, levies, AD and CVD duties, and excise-equivalent duties on imports. The collection of customs duties has remained relatively static over the review period between AUD 17 billion and AUD 18 billion, although falling to AUD 13.8 billion in FY2023/24, and accounted for approximately 3% of Commonwealth revenues.<sup>4</sup> The collection of excise is more significant than customs duties, ranging between AUD 22.5 billion and AUD 29.7 billion over the review period, and in FY2023/24, excise was more than double the customs duty revenues. There was an increasing number of air cargo consignments and a decreasing number of sea cargo consignments over the period, although the value of these consignments gradually increased with the exception of the latest financial year (Table 3.1).

3.5. Australia's import process requires traders to submit an import declaration or a Self-Assessed Clearance (SAC) Declaration; however, shipments by post below the threshold (AUD 1,000) do not have such documentary requirements. A formal import declaration is required for goods over AUD 1,000 whereas a SAC declaration is for low-value goods. These low-value goods are exempt from customs duty but have been subject to the Goods and Services Tax (GST) since July 2018. Various import processing fees are generally applied (Section 3.1.4.3). A report of cargo is also required to be filed with the ABF upon importation. The Integrated Cargo System (ICS) is Australia's interface for traders to submit import/export declarations and complete other customs procedures.

**Table 3.1 Selected border statistics, FY2020/21-FY2023/24**

(AUD million, USD million, no., and percentage)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Revenue collection (AUD million)</b>				
Customs duty	18,120	16,944	17,078	13,830
Import processing charge	439	454	450	451
Excise	24,462	22,539	26,022	29,761
<b>Air cargo</b>				
Consignments (no.)	72,647,869	84,855,855	86,085,638	119,239,487
Consignments (value USD million)	53,386	59,362	64,064	58,913
Cargo cleared within 24 hours	93.42%	94.83%	96.15%	96.43%
Cargo cleared within 48 hours	96.71%	96.95%	98.13%	98.51%
<b>Sea cargo</b>				
Consignments (no.)	8,936,309	6,248,466	6,255,435	5,908,390
Consignments (value USD million)	154,861	198,534	241,513	226,291
Cargo cleared within 3 days	92.44%	88.84%	90.23%	91.18%
Cargo cleared within 5 days	94.60%	92.09%	93.06%	94.04%

Source: Department of Home Affairs (2024), *2023-24 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2023-24.pdf>; Department of Home Affairs (2023), *2022-23 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2022-23.pdf>; Department of Home Affairs (2022), *2021-22 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2021-22.pdf>; The Treasury, *Final Budget Outcomes*, various editions, 2020-24; and information provided by the authorities.

3.6. Australia continues to operate a system for licensed customs brokers whereby all brokers must be licensed by the ABF pursuant to the rules outlined in Division 3 Part XI of the Customs Act 1901. There are "corporate customs broker" licences for those who operate a customs broker business; "nominee customs broker" for those who are employees of a customs brokerage, and "sole trader customs brokers" for those who operate a sole proprietor business. In late 2023, most licences (over 1,600) were for nominee customs brokers, followed by licensed customs brokerages with over

<sup>4</sup> Australian Bureau of Statistics (ABS), *Taxation Revenue, Australia*. Viewed at: <https://www.abs.gov.au/statistics/economy/government/taxation-revenue-australia/latest-release>.

450 licences issued.<sup>5</sup> In order to obtain a licence, a candidate must have completed an approved study course and have acquired experience. Passing a national exam is not a requirement but may count as experience. Furthermore, in July 2024, additional obligations were imposed on customs brokers for continuing professional development and for compliance with fit and proper persons checks by the ABF. There was also a new obligation for customs brokers to file import declarations while physically present in Australia.<sup>6</sup>

3.7. Regarding international cooperation, the ABF concluded several Memoranda of Understanding (MoUs), mutual recognition arrangements (MRAs), or agreements on customs matters during the review period. An MRA with Thailand on their respective Authorized Economic Operator (AEO) programmes was signed and entered into force in 2021 and a recommitment to the MRA on AEOs from 2017 with China was also concluded and entered into force in December 2023. Two MoUs on Customs and Mutual Assistance were concluded with Indonesia and Singapore in 2020 and 2021, respectively, and entered into force; for Singapore, an additional MoU on Trade Facilitation was signed in 2020. As part of its work within the Indo-Pacific Economic Partnership (IPEF), Australia promotes customs cooperation as part of the Customs Administration and Trade Facilitation Chapter of the Pillar I negotiations.

### 3.1.1.1 Trade facilitation

3.8. Since ratifying the WTO Trade Facilitation Agreement (TFA) in 2015, Australia has moved ahead with implementing a number of trade-facilitating measures. It has met the transparency requirements of the agreement by making the necessary notifications and publishing information on the ABF's website. Australia has also joined a group proposal made to the Committee on Trade Facilitation with respect to accelerating implementation of certain TFA provisions.<sup>7</sup> Australia has made regular notifications pursuant to Article 22 of the TFA on its technical assistance and capacity-building commitments. Australia supported nine trade facilitation programmes and contributed over AUD 16 million in FY2020/21 and a similar number of programmes with an amount of AUD 18.5 million in FY2021/22.<sup>8</sup>

3.9. The National Committee on Trade Facilitation (NCTF) has been in place since 2015 to help with internal coordination and implementation of the TFA. Australia's Trade Facilitation Initiatives Working Group (TFIWG) was established as part of the NCTF to work towards further reforms with the input of the private sector. The Trade Technology Working Group (TTWG) is another body that also interacts with the private sector but has a focus on technology initiatives to facilitate trade.

3.10. As part of its initiatives to increase regulatory reforms and promote border modernization, Australia has regularly undertaken time release studies since 2007 using the WCO methodology. The latest study covered the period 2017-21 and reported a regular improvement in release times, although there was some deterioration during the COVID-19 period.<sup>9</sup> For sea cargo, in 2020 and 2021 there was clearance of the goods before the arrival of the vessel, based on averages. This was largely facilitated by the early submission of documentation by industry, on average 12 days prior to arrival. For shipments by air, the average clearance times from arrival decreased from 5.7 hours in 2017 to 3.1 hours in 2021.<sup>10</sup>

3.11. The Trade Single Window (TSW) is another important part of Australia's commitment to trade facilitation reforms under the TFA. There is currently no TSW that comprehensively covers import or export processes. Under the STS reforms, the Government is implementing priority and incremental regulatory and digital reforms and has completed planning to support future implementation of a TSW. Since work commenced on the STS in July 2021, Australia's private sector has been vocal in

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<sup>5</sup> ABF, *Goods Compliance Update*. Viewed at: <https://www.abf.gov.au/trade-and-goods-compliance-subsite/ComplianceNewsletters/goods-compliance-december-2023.pdf>.

<sup>6</sup> ABF (2024), *ACN No. 2024/21: New Obligations on Customs Broker Licences*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2024-21.pdf>.

<sup>7</sup> This pertains to Articles 1, 7.1, 7.3, 7.8, 8, 10.1, 10.2, and 10.4. WTO document [G/TFA/W/25/Rev.9](#), 8 April 2022 and earlier versions.

<sup>8</sup> WTO documents [G/TFA/N/AUS/6](#), 30 May 2023; and [G/TFA/N/AUS/7](#), 30 May 2023.

<sup>9</sup> ABF (2024), *Time Release Study of Goods Imported to Australia 2017-2021*. Viewed at: <https://www.homeaffairs.gov.au/research-and-stats/files/time-release-study-2017-2021.pdf>.

<sup>10</sup> ABF (2024), *Time Release Study of Goods Imported to Australia 2017-2021*. Viewed at: <https://www.homeaffairs.gov.au/research-and-stats/files/time-release-study-2017-2021.pdf>.

advocating for a committed outcome by the Government on the TSW.<sup>11</sup> One consultation submission by an industry association noted that by standing still Australia had moved backwards in terms of competitiveness as a result of the lack of progress on the single window.<sup>12</sup>

3.12. At present, the ABF operates the Integrated Cargo System (ICS) as the single system to facilitate processes for importation and exportation.<sup>13</sup> Traders use the ICS to make import and export declarations electronically, enter details on import/export permits for validation, and transmit information related to cargo movement. The ICS has the ability to interface with the Department of Agriculture, Fisheries and Forestry's (DAFF) computer system and to validate permits and permit requirements of government departments.<sup>14</sup> STS reform efforts have included projects such as Foundations to Enable a Single Trade Environment, which piloted a number of initiatives to modernize the ICS.

3.13. Australia provides advance rulings, also called "Advices" on tariff classification, valuation, and origin determination. Advices on classification and valuation are through an electronic platform, but origin Advices must be submitted in paper format. The ABF specifies that Advices will be provided within 30 days of receipt of all information, but that complex cases may exceed 30 days. Advices are valid for five years and are binding on both parties. The majority of Advices are for tariff classification, with relatively few for valuation and origin (Table 3.2). The ABF does not publish its advance rulings, nor does it make them available to the general public. However, it does publish a "List of Precedents", which compiles certain Tariff Advices without confidential information.<sup>15</sup> The latest list, from January 2022, lists 344 precedents. There are also eight tariff classification guides that give advice on classifying certain goods, such as cases and covers for electronic devices, incomplete vehicles, tractors, and functional units.<sup>16</sup> However, there are no published Advices or guides for origin or valuation.

3.14. Australia's authorized operator (AO) programme, known as the Australian Trusted Trader (ATT), continued to be an important trade facilitation initiative for Australia, and it reportedly met its objective of further facilitating legitimate trade while not compromising on security.<sup>17</sup> The ATT allows eligible businesses<sup>18</sup> to complete an accreditation processes and thereafter obtain a number of benefits, such as priority treatment at the border, special compensations for advance rulings on origin<sup>19</sup>, and consolidated cargo clearances.<sup>20</sup> A new benefit that became available in July 2021 was the Duty Deferral Plus benefit, allowing payment of customs duties and other charges to be delayed and invoiced in one monthly statement after importation. There was also expansion of the origin waiver benefit under preferential rules of origin (RoO) regimes (Section 3.1.2.1 ) during the review period. The ABF had 11 MRAs in place as of September 2024 to give reciprocal benefits to its traders

<sup>11</sup> Australian Chamber of Commerce and Industry (2023), *Simplified Trade System Public Consultation, ACCI Submission*. Viewed at: <https://www.australianchamber.com.au/wp-content/uploads/2023/08/ACCI-submission-Simplified-Trade-System.pdf>; and Export Council of Australia, *Submission to Simplified Trade System (STS) Consultation Paper*. Viewed at: <https://export.org.au/wp-content/uploads/2022/04/Submission-to-Simplified-Trade-System-Export-Council-of-Australia.pdf>.

<sup>12</sup> Business Council of Australia (2023), *Simplified Trade System Consultation Paper 2023*. Viewed at: [https://assets.nationbuilder.com/bca/pages/7303/attachments/original/1691654692/Submission\\_-\\_Simplified\\_Trade\\_System\\_Consultation\\_Paper\\_2023\\_FINAL.pdf?1691654692](https://assets.nationbuilder.com/bca/pages/7303/attachments/original/1691654692/Submission_-_Simplified_Trade_System_Consultation_Paper_2023_FINAL.pdf?1691654692).

<sup>13</sup> ABF, *ICS Context*. Viewed at: [https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-\(ics\)/software-developers/introductory-materials/integrated-cargo-system-overview](https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-(ics)/software-developers/introductory-materials/integrated-cargo-system-overview).

<sup>14</sup> ABF, *ICS Context*. Viewed at: [https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-\(ics\)/software-developers/introductory-materials/integrated-cargo-system-overview](https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-(ics)/software-developers/introductory-materials/integrated-cargo-system-overview).

<sup>15</sup> ABF, *List of Current Precedents – as at 11/01/2022*. Viewed at: <https://www.abf.gov.au/tariff-classification-subsite/files/list-current-precedents.pdf>.

<sup>16</sup> ABF, *Tariff Public Advice Products*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/tariff-public-advice-products>.

<sup>17</sup> Department of Home Affairs (2023), *2022-23 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2022-23.pdf>.

<sup>18</sup> Applies to importers, exporters, and service providers such as logistics and customs brokerage. The requirements include having an Australian Business Number, being financially solvent, and having been active in international trade for two years. ABF, *Australian Trusted Trader*. Viewed at: <https://www.abf.gov.au/about-us/what-we-do/trustedtrader>.

<sup>19</sup> This allows for several tariff classifications and/or several origin criteria to be consolidated into one advance ruling.

<sup>20</sup> A complete list of benefits is in the ABF's *Australian Trusted Trader Benefits Booklet*. Viewed at: <https://www.abf.gov.au/att/files/att-benefits-booklet.pdf>.

in partner countries and separate customs territories.<sup>21</sup> New MRA negotiations with other trading partners were ongoing.<sup>22</sup> During the review period, there was a general increase in the number of ATTs from 828 in FY2020/21 to 923 in FY2022/23, although a slight decline to 904 in FY2023/24. A corresponding increase in the percentage of trade (volume) covered by ATTs, from 10.48% to 12.39%, was also exhibited over the period (Table 3.2).

3.15. Regarding special provisions for perishable goods, Section 70 of the Customs Act 1901 contains rules on "special clearance goods", indicating "perishable food" is eligible under these conditions. Importers must make a request in advance for the special clearance permission, and it is subject to the condition that the goods would be of "little or no commercial value" if there was a delay until the normal hours of business resumed. Australia's customs rules do not have a provision for expedited shipments, although there are certain rules contained in some of its free trade agreements (FTAs) for faster clearance of these goods (e.g. clearance to be given within six hours). Thus, there is no separate track or procedures for expedited shipments; rather, the authorities advise that customs legislation is designed to facilitate pre-arrival processing and pre-arrival clearance of all goods.

**Table 3.2 Statistics on trade facilitation measures, FY2020/21-FY2023/24**

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Advance rulings (Advices)</b>				
Tariff classification (no.)	1,970	1,565	1,259	..
Provided within service standard (%)	86.3	94.1	75.6	..
Valuation (no.)	98	94	123	..
Provided within service standard (%)	91.0 <sup>a</sup>	92.9	100	..
Rules of origin (no.)	113	48	33	..
Provided within service standard (%)	91.0 <sup>a</sup>	100	97.7	..
<b>Australian Trusted Trader (ATT)</b>				
Number of ATTs	828	903	923	904
Newly accredited	76	75	57	34
Cancelled ATT status	13	25	27	49
ATT status refused	4	7	8	6
Volume of two-way trade covered by ATTs (%)	10.48	11.0	11.74	12.39
Value of two-way trade covered by ATTs (%)	19.26	17.95	17.60	17.95

.. Not available.

a Includes both valuation and rules of origin advice.

Note: "Service standard" refers to 30 days from provision of all documentation except for rules of origin advice pursuant to the China-Australia Free Trade Agreement (ChAFTA), in which it is 60 days.

Source: Department of Home Affairs (2024), *2023-24 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2023-24.pdf>; Department of Home Affairs (2023), *2022-23 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2022-23.pdf>; Department of Home Affairs (2022), *2021-22 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2021-22.pdf>; and information provided by the authorities.

3.16. Australia does not have any free zones or ports.<sup>23</sup> Estimates based on ESCAP-World Bank's Trade Cost Database calculations indicate that during 2017–22 trade costs were about 1.2 times (or around 20%) higher in Australia compared to the world's largest economies.

### 3.1.1.2 Customs valuation

3.17. The valuation methodology for goods upon importation continues to be provided for in Volume 2, Part VIII, Division 2 (Sections 154 to 161L) of the Customs Act 1901 without amendment. The Act outlines similar provisions for valuation, including the hierarchical value methods and definitions as in the Agreement on Implementation of Article VII of GATT 1994. Transaction value was the dominant valuation method, accounting for between 96% and 98% of all imports by customs

<sup>21</sup> With Canada; China; Hong Kong, China; India; Indonesia; Japan; the Republic of Korea; New Zealand; Singapore; Chinese Taipei; and Thailand.

<sup>22</sup> With Malaysia, the United Kingdom, and the United States.

<sup>23</sup> Information provided by the authorities.

value (CVAL) over the period. The next most significant methods were the fall-back and deductive value methods (Table 3.3).

**Table 3.3 Imports by valuation method, 2020-24**

(AUD million, customs value)

Method	2020	2021	2022	2023	2024 <sup>a</sup>
Computed	442	395	418	474	392
Deductive	1,621	2,043	2,221	2,143	90
Fall-back	10,221	13,933	7,384	11,738	2,575
Identical goods	264	385	628	1,793	244
Similar goods	30	71	106	77	27
Transaction value	375,326	434,423	502,163	516,673	170,964
Total	387,904	451,250	512,920	532,899	174,292

a Until 30 April.

Source: Information provided by the authorities.

3.18. Although there have been no formal changes in legislation, the ABF has published guidance on two matters relating to valuation-clarification on exchange rates and on cryptocurrency conversion. The Australian Customs Notice (ACN) on exchange rates specifies that the day of exportation is used to convert other currencies to Australian dollars, and this day is further clarified to be when the goods left the place of export.<sup>24</sup> Regarding cryptocurrencies, the guidance reiterates that, like other currencies, cryptocurrencies must be converted to Australian dollars using the exchange rate on the date of exportation for valuation purposes. As there are no cryptocurrencies listed in the exchange rates published by the Reserve Bank of Australia, the guidance informs importers to use an exchange rate of a reputable cryptocurrency exchange.<sup>25</sup>

3.19. To help importers determine CVAL, the ABF publishes guidelines, e.g. Customs Valuation, September 2011, and information on transfer pricing.<sup>26</sup> For advance rulings on valuation, the ABF published Valuation Advices, July 2012.<sup>27</sup> In terms of compliance, the CVAL continues to be a key focus area of the ABF so as to counter undervalued imports.<sup>28</sup> According to the ABF, this has risen, particularly as cases of split consignments have increased and led to additional monitoring and enforcement measures.<sup>29</sup>

3.20. Australia did not make new WTO notifications on customs valuation during the review period. With the exception of some minor amendments of terminology notified in 2002, the operative notifications on customs valuation remain as notified under the Tokyo Round Customs Valuation Code for legislation, the treatment of interest charges, and the valuation of carrier media bearing software for data processing equipment.<sup>30</sup>

### 3.1.1.3 Appeals and enforcement

3.21. Certain ABF procedures or decisions are subject to internal review upon the request of the importer; this concerns Tariff Concession Orders and advance rulings whereby the ABF may review

<sup>24</sup> Depending on the mode of transport, the day of exportation can be the day the container left where it was packed, the day the vessel departed the port, or the day of posting. ABF (2020), *ACN No. 2020/08: Rates of Exchange and the Day of Exportation*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-08.pdf>.

<sup>25</sup> ABF (2022), *ACN No. 2022/42: Conversion of Cryptocurrencies into Australian Dollars – Customs Valuation*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2022-42.pdf>.

<sup>26</sup> ABF (2011), *Customs Valuation, September 2011*. Viewed at: <https://www.abf.gov.au/imports/files/iq-valuation.pdf>; and ABF (2013), *Practice Statement: Valuation – Transfer Pricing Policy*. Viewed at: <https://www.abf.gov.au/imports/files/fact-sheets/valuation-transfer-pricing-policy.pdf>.

<sup>27</sup> ABF (2012), *Instruction and Guidelines, Valuation Advices, July 2012*. Viewed at: [https://www.abf.gov.au/imports/files/iq-valuation\\_advices.pdf](https://www.abf.gov.au/imports/files/iq-valuation_advices.pdf).

<sup>28</sup> ABF, *Trade in Goods Compliance*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/trade-and-goods-compliance>.

<sup>29</sup> ABF (2020), *ACN No. 2021/01: Definition of 'Consignment' for the Purposes of Section 68 of the Customs Act 1901*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2021-01.pdf>.

<sup>30</sup> GATT documents [VAL/1/Add.14](#), 12 April 1983; [VAL/9](#), 10 October 1984; and [VAL/11](#), 7 November 1984.

its own actions, although the review would be conducted by an independent decision maker. For external appeals, most decisions of the ABF are subject to review through the Administrative Appeals Tribunal (AAT) pursuant to Section 273GA of the Customs Act 1901. The ATT will be replaced by the Administrative Review Tribunal but would operate in the same way in terms of these appeals. Traders may also have recourse through the Australian courts, where matters may be brought directly without having prior review through the ATT. Statistics during the 2020–24 period indicate a very small percentage of advance rulings were submitted for internal review, and in the majority of cases the decision was maintained, except in FY2022/23, where a majority were overturned (Table 3.4). There were 19 appeals of ABF decisions taken to the courts during the 2020–24 period.<sup>31</sup>

**Table 3.4 Internal review of advance rulings, FY2020/21–FY2023/24**

(No.)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24 <sup>a</sup>
Received	62	33	43	17
Finalized	64	42	41	25
Maintained	40	12	17	11
Rejected	0	0	0	0
Varied	5	8	6	5
Overturned	12	9	21	4
Withdrawn	0	1	1	1

a As at April 2024.

Source: Information provided by the authorities.

3.22. The ABF has a range of activities or mechanisms in place that it uses for compliance or enforcement. Self-regulation is the first level, whereby the ABF invests in education and outreach to improve voluntary compliance by the private sector. Direct regulation and enforced regulation are at the other end of the spectrum, whereby the ABF has the power to, *inter alia*, detain goods, cancel licences, conduct seizures, and prosecute. Regular Compliance activities are undertaken by the ABF by the Trade Compliance programme. These activities are in the form of cargo assessments pre-border, at the border, and post-border. In addition, the Compliance Monitoring Program is used to estimate revenue leakage, providing assurance regarding the accuracy of the CVAL, Customs Duty, and the GST as reported on import declarations. During the review period, there was a steady increase in non-compliance, with the error rate on import declarations increasing from 20% in FY2020/21 to 26.8% in FY2022/23, before falling slightly in FY2023/24. Revenue understatements<sup>32</sup> increased significantly from AUD 188 million in FY2020/21 to AUD 310 million in FY2023/24. The majority of the compliance issues identified on import declarations concerned the CVAL (Table 3.5).

3.23. Certain mechanisms are in place to aid in enforcement measures of the ABF. The Trade and Goods Compliance Advisory Group (CAG) was established in 2016 to coordinate compliance activities between the ABF and the private sector. Its main focus is to improve voluntary trade compliance. As a multi-Department strategy led by the ABF, the Illicit Tobacco Taskforce (ITTF) was established to counter the illegal trade of tobacco products. The ITTF is also implementing measures such as import permits and introducing new procedures to reduce excise tax evasion for tobacco.

3.24. The ABF also has the right to enforce certain intellectual property rights, i.e. trademark and copyright infringement, at the border through the provisions of the Trade Marks Act 1995, Copyright Act 1968, Olympic Insignia Protection Act 1987, and the Major Sporting Events (Indicia and Images) Protection Act 2014. Provisions in these Acts allow the ABF to seize imports that are infringing when the copyright/trademark holder files a Notice of Objection. The procedures for filing Notices of Objection and a list of existing Notices in force are available on the ABF website.<sup>33</sup>

<sup>31</sup> Information provided by the authorities.

<sup>32</sup> In addition to valuation, this can include errors corrected through voluntary disclosures, misclassification, origin fraud, and misuse of concessions.

<sup>33</sup> ABF, *Intellectual Property (IP)*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/importing/how-to-import/types-of-imports/intellectual-property>.

**Table 3.5 Overview of compliance and enforcement activities, FY2020/21-FY2023/24**

(No., AUD '000, or %)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Infringements (top 3)</b>				
False and misleading statements, not resulting in a loss of duty	5	33	27	17
Directs movement or interference of goods under customs control without authority	39	27	13	22
Breach of condition of depot licence	16	17	32	46
<b>Revenue understatements (AUD '000)</b>	188,715	204,426	257,030	310,158
<b>Revenue understatements on trade remedies (AUD '000)</b>	3,224	8,260	4,971	..
<b>Compliance Monitoring Program</b>				
Import declarations				
Number of lines checked	6,190	6,223	6,343	6,077
Number of lines detected to have errors	1,252	1,377	1,703	1,949
Error rate (%)	20%	22.1%	26.8%	25.4%
Top 5 errors on import declarations (No.)				
Incorrect delivery address	171	206	199	254
Valuation invoice terms	182	120	218	254
Valuation price	111	146	111	132
Valuation date	n.a.	194	230	208
Tariff classification	125	124	117	208

.. Not available.

n.a. Not applicable.

Source: ABF, *Goods Compliance Update*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/trade-and-goods-compliance/goods-compliance-update>; and information provided by the authorities.

### 3.1.2 Rules of origin

3.25. Australia maintains a set of non-preferential RoO and preferential RoO that are unique to each of its preferential trade agreements. Non-preferential RoO have not changed in many years and remain as enacted in their legislation. With the completion of seven new FTAs during the review period, new preferential rules came into force. There have also been new policies initiated on RoO that signal a shift towards greater facilitation by adding more flexibility on RoO for importers.

3.26. The Customs Act 1901 has been amended to incorporate the preferential RoO of the new FTAs. Upon importation when making an import declaration, there is usually the requirement to present a Certificate of Origin (CoO) or Declaration of Origin (DoO) to claim benefits under a preferential trade agreement. The ABF publishes guidance to help importers understand RoO and aid in the process of making the requisite declaration and provides information on filing advance rulings for origin determination.<sup>34</sup>

#### 3.1.2.1 New policies on origin

3.27. In June 2019, Australia implemented a waiver to remove the necessity to present a CoO or DoO for ATT importers when making a claim under certain FTAs.<sup>35</sup> Nevertheless, ATT importers were still required to keep evidence of their compliance with the RoO. Further, this waiver was extended in 2020 to other preferential receiving groups, i.e. all those LDCs and developing countries receiving unilateral preferences under the Australian System of Tariff Preferences (ASTP) and Pacific Forum Island Countries per the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).<sup>36</sup> The waiver programme continued to be extended to other preferential regimes during

<sup>34</sup> ABF (2024), *Preferential Rules of Origin*. Viewed at: <https://www.abf.gov.au/free-trade-agreements/files/instructions-guidelines-preferential-rules-origin.pdf>; ABF guidance on individual RoO under FTAs, *Free Trade Agreements*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/fta/free-trade-agreements>; and ABF, *Origin Advice*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/fta/origin-advice>.

<sup>35</sup> These included the FTAs with Chile, Japan, the Republic of Korea, Malaysia, Singapore, and Thailand. ABF (2019), *Department of Home Affairs Notice No. 2019/23: Origin Waiver Benefit for Australian Trusted Traders*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2019-23.pdf>.

<sup>36</sup> ABF (2020), *ACN No. 2020/18: Extension of Origin Waiver Benefit for Australian Trusted Traders*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-18.pdf>.

the review period and as of October 2024 covered 13 FTAs, the ASTP, and SPARTECA.<sup>37</sup> There are not any plans to extend it to other preferential partners.

3.28. The FTA with the United Kingdom makes a new and alternative pathway for goods to claim the FTA's benefits without a formal DoO. The importer can claim the preferences based on "importer's knowledge". Under these novel procedures, a DoO is not a requirement *per se*, and importers can claim preferences when they have documentation or reasonable supporting information by others that the good is originating.

3.29. Another initiative to facilitate trade was introduced by an ABF notice on minor discrepancies between the CoO and other import documentation. More lenient alternatives are offered by the ABF to importers when discrepancies are minor and certain compliance measures, such as retaining the necessary documentation or making a voluntary disclosure, are followed. This allows importers more possibilities to address a discrepancy with a CoO and reduces compliance costs.<sup>38</sup>

3.30. The Customs Amendment (Product Specific Rule Modernisation) Act 2021 entered into force in April 2021 to amend the Customs Act 1901 in respect of product-specific rules (PSRs) of origin in FTAs.<sup>39</sup> The new legislation makes it easier to refer to the PSRs in the Customs Act without the necessity to make new regulations, thus improving legal processes.

### 3.1.2.2 Non-preferential rules of origin

3.31. There is not a uniform set of non-preferential RoO for imports. Different sections of the Customs Act 1901 or other related legislation, i.e. the Commerce (Trade Descriptions) Act 1905 for labelling, have different origin rules that apply according to their purpose (Box 3.2).

#### Box 3.2 Non-preferential rules of origin

Trade remedies (Customs Act 1901, Section 269T)	<ul style="list-style-type: none"> <li>- In the case of unmanufactured raw products, the country of which they are products; or</li> <li>- In any other case, the country in which the last significant process in the manufacture or production of the goods was performed</li> </ul>
Marking or labelling (Commerce (Trade Descriptions) Act 1905 (Parts I-IV))	<ul style="list-style-type: none"> <li>- The country in which the goods were made or produced</li> </ul>
Duties (Customs Act 1901, Section 153H and 153Q)	<ul style="list-style-type: none"> <li>- Goods claimed to be the produce of a country are the produce of that country if they are its unmanufactured raw products;</li> <li>- For manufactured goods, those that satisfy the wholly manufactured in a country rule, last processed in a country rule, or specified percentage of total factory costs rule</li> </ul>
Trade statistics (Customs Act 1901, Section 71K and Section 71L)	<p>The code for the country in which the goods were made, produced, manufactured, or otherwise originated:</p> <ul style="list-style-type: none"> <li>- the ISO Country Code for that country; or</li> <li>- where there is no ISO Country Code available, another code for that country as provided by the Department</li> </ul>

Source: WTO document [G/RO/N/1/Add.1](#), 22 June 1995; the Customs Act 1901; and the Commerce (Trade Descriptions) Act 1905.

### 3.1.2.3 Preferential rules of origin

3.32. The seven FTAs concluded during the review period (Section 2.3.2.1 ) generally have a similar framework for origin determination. They each incorporate the terms "wholly obtained", "produced

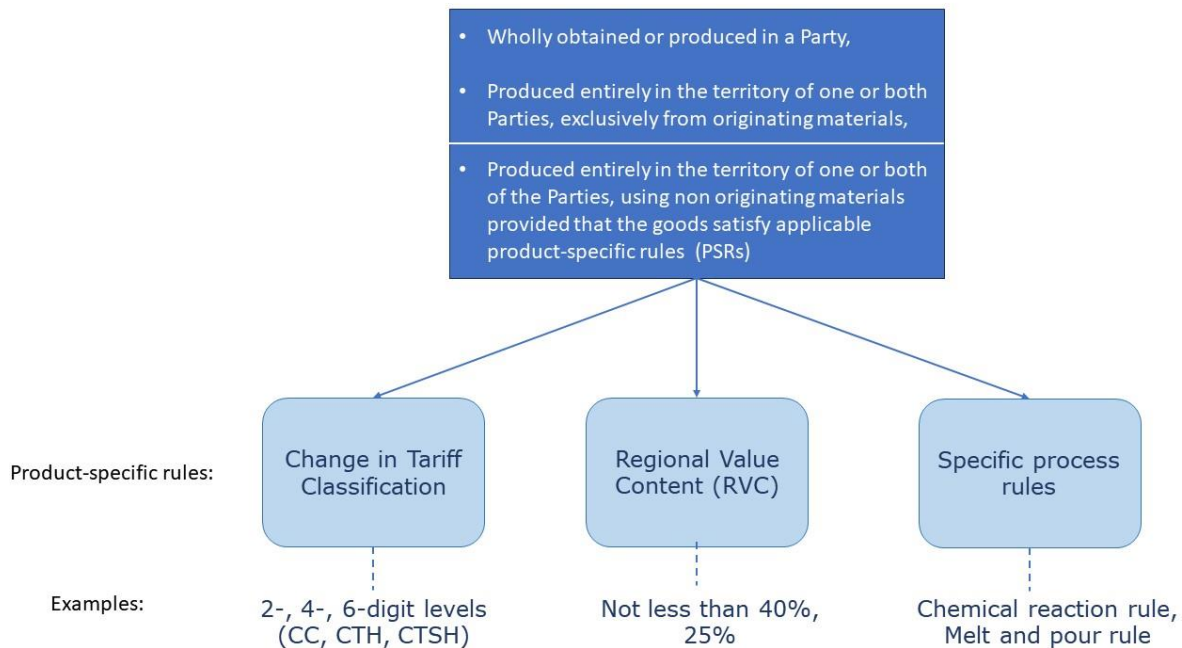
<sup>37</sup> ABF, *Origin Waiver Benefit*. Viewed at: <https://www.abf.gov.au/about-us/what-we-do/trustedtrader/benefits/origin-waiver-benefit>.

<sup>38</sup> ABF (2023), *ACN No. 2023/43: HS Codes, Origin Criteria and Other Information on Certificates of Origin under Australia's FTAs*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2023-43.pdf>.

<sup>39</sup> Parliament of Australia, *Customs Amendment (Product Specific Rule Modernisation) Bill 2018*. Viewed at: [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bId=r6182](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6182).

in the territory with originating materials", and "produced in the territory with non-originating materials", with the exception of the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), which does not have "produced in the territory with originating materials". However, once to the level of using non-originating materials, the various agreements deviate in the use of PSRs to confer origin. The agreements use a mix of PSRs such as change in tariff classification, regional value content, or specific process rules. The specific elements of each of these is variable across the FTAs as well. An example of the overall framework generally used and various options under the PSRs is outlined in Box 3.3.

### Box 3.3 Overview of preferential rules of origin framework used in recent FTAs, 2020-24



Note: The PSRs listed are indicative and not exhaustive. For the AI-ECTA, produced in the territory with originating materials is not applicable. CC means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 2-digit level; CTH means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 4-digit level; and CTSH means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 6-digit level.

Source: Australia-Hong Kong Free Trade Agreement (A-HKFTA), Peru-Australia Free Trade Agreement (PAFTA), Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), Pacific Agreement on Closer Economic Relations Plus (PACER Plus), Regional Comprehensive Economic Partnership (RCEP), Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), and Australia-United Kingdom Free Trade Agreement (A-UKFTA).

3.33. During the review period, Australia made nine notifications to the Committee on Rules of Origin pursuant to paragraph 4, Annex II on preferential RoO for the new FTAs that came into force during the review period and certain others that entered into force previously.<sup>40</sup> Notification of preferential RoO for the RCEP remains outstanding.

#### 3.1.2.4 Rules of origin labelling requirements upon importation

3.34. The Commerce (Trade Descriptions) Act 1905 and the Commerce (Trade Descriptions) Regulations 2016 continue to provide the rules for labelling of certain goods with the country of origin in which it was produced or grown, in addition to requiring a true description of the goods.<sup>41</sup>

<sup>40</sup> WTO documents [G/RO/N/264](#), 28 September 2023; [G/RO/N/260](#), 28 September 2023; [G/RO/N/252](#), 4 May 2023; [G/RO/N/251](#), 4 May 2023; [G/RO/N/248](#), 4 May 2023; [G/RO/N/224](#), 29 April 2021; [G/RO/N/220](#), 29 April 2021; [G/RO/N/200](#), 21 July 2020; and [G/RO/N/193](#), 18 February 2020.

<sup>41</sup> ACCC (2019), *Country of Origin Claims and the Australian Consumer Law*. Viewed at: [https://www.accc.gov.au/system/files/Country%20of%20origin%20claims%20and%20the%20ACL\\_2022.pdf](https://www.accc.gov.au/system/files/Country%20of%20origin%20claims%20and%20the%20ACL_2022.pdf).

The labelling requirement applies to two categories of goods: (i) general goods; and (ii) goods at least half clad in leather, fibre, vulcanite, or plastic.<sup>42</sup> The ABF enforces the Act's rules at the border and has the right to confiscate goods not properly labelled and also apply penalties. The terms "grown in", "produced in", and "made in" used on the labels are further defined in the Australian Consumer Law. In the case of "made in", it requires a substantial transformation test. In addition, the Act incorporates the Country of Origin Food Labelling Information Standard 2016, which governs origin labelling for the retail sale of food (Section 3.3.2).

### 3.1.3 Tariffs

3.35. The Customs Tariff Act 1995 (the Tariff) sets out the legal basis for Australia's tariffs. For imports, Australia has the Combined Australian Customs Tariff Nomenclature and Statistical Classification (Working Tariff) as its tariff nomenclature, which is kept updated on the ABF's website.<sup>43</sup> It is aligned to the WCO's Harmonized System and contains tariff lines at the HS 8-digit level. Schedule 3 of the Tariff gives the MFN tariffs by 21 HS sections, 97 chapters, and at the tariff line level. Schedule 2 provides the general rules of interpretation for classifying goods in the Tariff. The remaining Schedules concern exceptions to duty-free treatment for FTA partners.

3.36. Australia implemented a number of new policy measures on tariffs during the review period, both temporary and permanent. The most significant measure was the autonomous duty elimination of 457 tariff lines (Section 3.1.3.1). Temporary duty reductions have been put in place for Ukraine, while temporary increases in tariffs, i.e. an additional 35%, have been added for all imports from the Russian Federation and Belarus (Table 3.6).

3.37. Another policy measure was the elimination of tariffs on certain electric vehicles in order to make electric vehicles cheaper and encourage their uptake to help meet Australia's emission reduction targets. The initiative covers electric vehicles, plug-in hybrid vehicles, and hydrogen fuel-cell vehicles<sup>44</sup> and eliminates the duties permanently as from 1 July 2022.

3.38. During the COVID-19 pandemic, Australia put in force a temporary exemption of customs duties on goods used in response to the pandemic. This included medical and hygiene products, as well as goods capable of combatting COVID-19, e.g. face masks, protective equipment, and disinfectants. The exemption applied from 1 February 2020 to 30 June 2022, and thereafter was made permanent through a new concessional instrument in Schedule 4 of the Customs Tariff Act.<sup>45</sup>

**Table 3.6 Summary of new tariff policy instruments, 2020-24**

New initiative	Summary	Dates	Instrument
Tariff reform, removal of "nuisance tariffs" <sup>a</sup>	Removal of MFN tariffs on 457 tariff lines.	1 July 2024-no expiry	Amendments to the Customs Tariff Act 1995, and ACN No. 2024/17
Tariff reduction for goods from Ukraine	Provides duty-free treatment for goods from Ukraine. However, excise-equivalent customs duties on products such as alcohol and tobacco continue to apply.	4 July 2022-3 July 2026	Customs Tariff Proposal (No. 4) 2022, ACN No. 2023/29, and ACN No. 2024/17
Imposition of additional tariffs on goods from the Russian Federation and Belarus	Provides for additional duties of 35% on goods from the Russian Federation and Belarus. Goods are also not eligible for tariff concessions.	25 April 2022-24 October 2025	Customs Tariff Proposal (No. 6) 2022, and ACN No. 2023/42

<sup>42</sup> General goods include, among others, food, textile products, toys, and tobacco products. Goods clad in certain materials include belts, briefcases, gloves, and handbags. For a full list, see ABF, *How to Import: Labelling*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/importing/how-to-import/requirements/labelling>.

<sup>43</sup> ABF, *Current Tariff Classification*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff>.

<sup>44</sup> For vehicles whose customs value is below the Luxury Car Tax threshold.

<sup>45</sup> ABF (2020), *ACN No. 2020/20: New Concessional Item 57 and By-law No. 2019608 to Schedule 4 of the Customs Tariff Act 1995*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-20.pdf>.

New initiative	Summary	Dates	Instrument
Tariff elimination on electric vehicles	Removes the 5% tariff on eligible electric, hydrogen fuel cell, and plug-in hybrid vehicles that are below the Luxury Car Tax threshold.	1 July 2022–no expiry	Customs Tariff Proposal (No. 5) 2022, and ACN No. 2022/34
Tariff reduction for medical and hygiene products	During the COVID-19 pandemic, the Government put in place an exemption in customs duties on these products to combat the pandemic. It was extended several times before being made permanent in 2022.	1 February 2020-30 June 2022; 1 July 2022–no expiry	ACN No. 2020/20 and No. 2022/28

a The term "nuisance tariffs" used here by Australia should not be confused with the WTO terminology of "nuisance rates".

Source: Compiled by the Secretariat from the instruments in the table and information from the authorities.

### 3.1.3.1 Bound and applied rates

3.39. The main changes to the applied tariff during the period were the implementation of the new HS nomenclature through the Customs Tariff Amendment (2022 Harmonized System Changes) Act 2021 and the autonomous tariff elimination initiative. The only change to Australia's bound tariff schedule was the certification of HS12 changes in April 2023.<sup>46</sup> Australia remains under waiver for the implementation of its HS17 and HS22 nomenclature changes.<sup>47</sup>

3.40. In March 2024, the Government announced the elimination of so-called "nuisance tariffs"<sup>48</sup> to reduce compliance costs, as many of the products were already subject to tariff concessions (Section 3.1.3.4). According to the authorities, this initiative was the most significant unilateral reform of tariffs in 20 years.<sup>49</sup> After a period of consultation with stakeholders, the statutory reductions on 457 tariffs were implemented on 1 July 2024 through the Customs Tariff. Nearly all tariffs were reduced from 5% to zero.

3.41. The main products subject to elimination were wood and paper products; textiles and apparel, in particular cotton yarn and knitted fabrics; and machinery and electrical goods, including machine-tools, agricultural equipment, white goods, moulding equipment, and electric motors and generators (Table A3.). Together these products accounted for AUD 8 billion in imports in 2023, or about 2% of Australia's total imports. The largest category of products by value was machinery and appliances with over AUD 3.6 billion of imports, comprising mostly vacuum cleaners, refrigerator/freezers, washing machines, and dishwashers. Other categories with significant imports were toys, sports equipment, and fairground equipment, as well as miscellaneous manufactured articles.

**Table 3.7 Overview of July 2024 tariff elimination**

HS section or general description	Number of tariff lines	Range of MFN tariffs before removal	2023 trade value ('000 AUD)
Agriculture	25	4%-5%	98,384
Minerals	3	5%	63
Chemicals, incl. pharmaceuticals and rubber	25	5%	211,192
Hides, skins, and furskins	16	5%	54,765
Wood, cork, paper, and paperboard	121	5%	628,189
Textiles (mainly cotton), knitted fabrics, and apparel	101	5%	491,833
Footwear and umbrellas	4	5%	189,680
Stones, ceramic, and glass	13	5%	70,627
Tools and articles of base metals and cutlery	15	5%	266,972
Machinery and mechanical appliances, electrical equipment, etc.	86	5%	3,638,701
Vehicles	8	5%	93,785
Optical, musical instruments	4	5%	182,357

<sup>46</sup> WTO document [WT/Let/1605](#), 16 June 2023.

<sup>47</sup> WTO documents [WT/L/1184](#), 19 December 2023; and [WT/L/1185](#), 19 December 2023.

<sup>48</sup> The term "nuisance tariffs" used here by Australia should not be confused with the WTO terminology of "nuisance rates".

<sup>49</sup> The Treasury, *Tariff Reform: Removal of Nuisance Tariffs*. Viewed at: <https://treasury.gov.au/consultation/c2024-506306>.

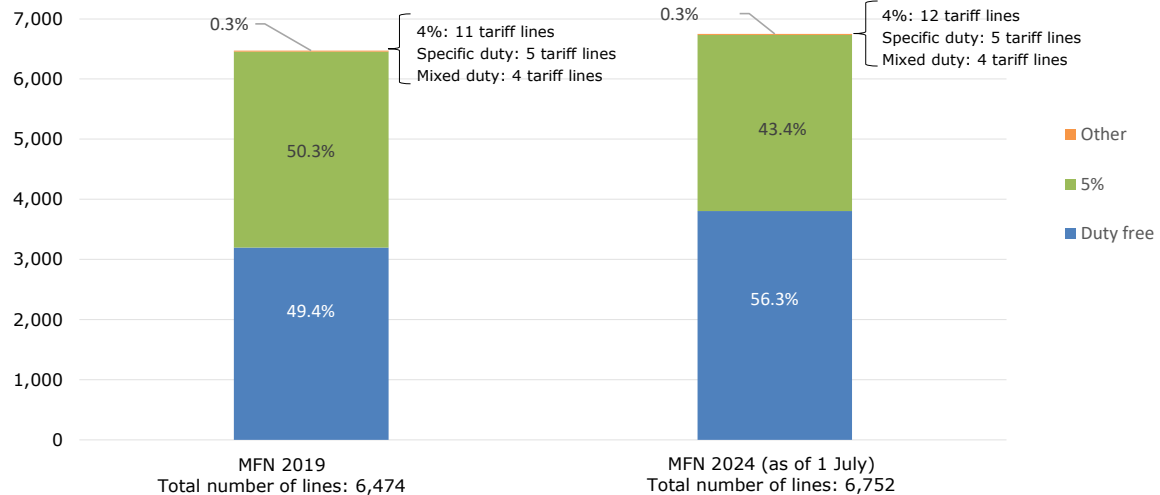
HS section or general description	Number of tariff lines	Range of MFN tariffs before removal	2023 trade value ('000 AUD)
Furniture	7	5%	109,357
Toys, sports equipment, fairground equipment	16	5%	1,147,589
Miscellaneous manufactured articles	13	5%	836,695

Source: WTO Secretariat calculations based on data provided by the authorities; and ABF (2024), *ACN No. 2024/17: Removal of "Nuisance Tariffs" and Extension of Duty Reduction for Ukrainian Goods*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2024-17.pdf>.

3.42. The elimination of duties on 457 tariff lines also had an impact on Australia's tariff profile, with the number of MFN duty-free lines increasing from 49.4% of total lines in 2019 to 56.3% in 2024. The elimination of tariffs on electric vehicles also contributed to this outcome. Nearly all remaining applied duties are at 5% (Chart 3.1). Thus, Australia maintains a simple and straightforward tariff, with about half duty-free and half at 5%.<sup>50</sup>

**Chart 3.1 Distribution of applied rates, 2019 and 2024**

(Number of tariff lines)



Source: WTO Secretariat calculations, based on data provided by the authorities.

3.43. With the gradual elimination and reduction of tariffs over the years, Australia's binding overhang, i.e. the gap between applied and bound rates, has widened, which gives considerable policy space. The simple average of applied rates is less than one-fourth of the simple average of bound rates, and this is more prominent for non-agricultural products. Additional flexibility is also given by the 205 tariff lines, or parts thereof, that remain unbound (Table 3.8).

3.44. Agricultural products (WTO definition), on average, have lower tariffs than non-agricultural goods, i.e. 1.3% vs. 2.3%, but both remain very low. Compared to other WTO Members, Australia ranks fourth in terms of having the lowest simple average rate on agricultural products.<sup>51</sup> However, agriculture is the only place with a tariff peak, i.e. 22.8%, but this is attributed to *ad valorem* equivalents (AVEs) of specific duties on cheese. Most agricultural subsectors have a majority of tariffs at zero, the only exception is for beverages and tobacco, where the majority of tariffs are at 5%. For non-agricultural products, there are no tariff peaks and most subsectors have low tariff averages. The highest tariff averages, indicating a higher percentage of tariffs at 5%, are in the textiles, clothing, transport equipment, and rubber products categories (Table A3.1).

<sup>50</sup> The only exceptions are the 0.3% of tariff lines that comprise 12 lines at 4% and 9 lines with specific or mixed duties.

<sup>51</sup> WTO, ITC, and UNCTAD (2023), *World Tariff Profiles 2023*. Viewed at: [https://www.wto.org/english/res\\_e/booksp\\_e/world\\_tariff\\_profiles23\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/world_tariff_profiles23_e.pdf).

**Table 3.8 Australia's tariff structure, 2019 and July 2024**

	2019	MFN applied 2024 (up to 30 June)	2024 (as of 1 July)	Final bound <sup>a</sup>
Bound tariff lines (% of all tariff lines)	96.9	97.0	97.0	97.0
Simple average rate	2.5	2.5	2.2	9.4
WTO agricultural products	1.4	1.4	1.3	3.9
WTO non-agricultural products	2.7	2.7	2.3	10.3
Duty-free tariff lines (% of all tariff lines)	49.4	49.6	56.3	23.4
Simple average rate of dutiable lines only	5.0	5.0	5.0	12.4
Tariff quotas (% of all tariff lines)	0.1	0.1	0.1	0.1
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.1	0.1	0.1	0.9
Domestic tariff "peaks" (% of all tariff lines) <sup>b</sup>	0.1	0.1	0.1	5.1
International tariff "peaks" (% of all tariff lines) <sup>c</sup>	0.1	0.04	0.04	11.8
Overall standard deviation of tariff rates	2.5	2.5	2.5	10.7
Coefficient of variation of tariff rates	1.0	1.0	1.1	1.1
Nuisance applied rates (% of all tariff lines) <sup>d</sup>	0.0	0.0	0.0	8.5
<b>Number of lines</b>	<b>6,474</b>	<b>6,752</b>	<b>6,752</b>	<b>6,752</b>
<i>Ad valorem</i> rates (>0%)	3,268	3,396	2,939	4,909
Duty-free rates	3,197	3,347	3,804	1,579
Specific rates	5	5	5	59
Alternate/mixed rates	4	4	4	0
Unbound	0	0	0	205

a Bound rates are based on the 2023 tariff schedule. The latest certified binding schedule being in HS12 nomenclature, the concordance to HS22 is done as best as possible. Calculations are based on 6,547 bound tariff rates, including 32 partially bound tariff lines.

b Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: Calculations are based on national tariff line level (8-digit), excluding in-quota rates and including AVEs for specific and alternate rates.

Source: WTO Secretariat calculations, based on data provided by the authorities.

### 3.1.3.2 Tariff rate quotas

3.45. As per its WTO bound commitments, Australia has MFN tariff rate quotas (TRQs) on cheese with an annual quota ceiling of 11,500 mt and on unmanufactured tobacco of 11,184 mt. Upon entry into force of the Uruguay Round, Australia notified its MFN tariff on unmanufactured tobacco as duty-free, essentially rendering the quota obsolete, although it is noted that Australia applies an excise-equivalent customs duty on tobacco (Section 3.1.4).<sup>52</sup> No changes were made to the cheese quota or the allocation methods during the review period.

3.46. The ABF administers the TRQ and makes the allocations under the cheese quota on a financial year basis. Quota allocation is made based on the historical imports over the previous 23-month period. WTO notifications during the period indicate quota fill rates of between 99% and 100% during FY2020/21-FY2022/23.<sup>53</sup>

### 3.1.3.3 Tariff concessions

3.47. Australia continued its practice of applying concessional duties to goods during the review period under its Tariff Concession System. The tariff concessions are put in place by a Tariff Concession Order (TCO), as outlined in Part XVA of the Customs Act 1901 and the Customs Regulation 2015. Importers may apply for a TCO under certain criteria, but essentially must substantiate that there are no substitutable goods produced in Australia. Australian manufacturers are given the opportunity to contest a TCO application by raising an objection in writing within 50 days of a proposed TCO being published in the Tariff Concessions Gazette. Importers who would like to verify if a TCO is applicable to their goods may request tariff advice through an advance ruling. Tariff concessions are generally available for all goods, but the Act and Regulation prohibit TCOs on excise-equivalent goods (with limited exceptions) and two lists of goods. The first list

<sup>52</sup> WTO document [G/AG/N/AUS/1](#), 23 March 1995. Australia has continued to notify imports under the quota in MA:2, although these in recent years have indicated that the quota has not been opened. Earlier notifications included the notification of all MFN imports of unmanufactured tobacco.

<sup>53</sup> WTO documents [G/AG/N/AUS/144](#), 10 March 2022; [G/AG/N/AUS/149](#), 21 March 2023; and [G/AG/N/AUS/160](#), 29 April 2024.

prohibits TCOs on 25 categories, mostly in the agriculture, clothing, and furniture sectors; the second list contains partial exclusions on 44 categories, mainly fish, vegetable oils, clothing, vehicles, and furniture.<sup>54</sup>

3.48. As of August 2024, there were over 16,500 TCOs in place. On average, about 650 TCOs were issued each year during the review period, but a significant peak was reached in 2022 with 869 TCOs issued (Table 3.9). A large percentage (40%) of TCOs are in the machinery sector (HS Chapter 84), followed by plastics (HS Chapter 39) with 9% and electrical machinery (HS Chapter 85) with 8%. A similar trend was experienced during the review period, with most new TCOs in the machinery sector. TCOs are only removed upon request and after an investigation, otherwise there is no expiry. There was an increasing amount of imports benefiting from TCO concessions in recent years, with 11.2% of all imports, or AUD 46 billion, entering duty-free under this regime in 2023 (Chart 2.1). While TCOs are open to goods from all sources, the European Union was the most significant utilizer of TCOs (31%) in 2023, followed by China (20%) and the United States (13%). TCOs continue to be heavily used by partners with FTAs, as the ease of using TCOs is likely preferable to proving origin.

**Table 3.9 Overview of TCOs, 2020-24**

	2020	2021	2022	2023	2024 (until August)
Number issued	611	498	869	621	173
<b>Main sectors (HS chapter)</b>					
First rank	84-Machinery	84-Machinery	84-Machinery	84-Machinery	84-Machinery
Second rank	39-Plastics	73-Iron and steel articles	94-Furniture	73-Iron and steel articles	73-Iron and steel articles
Third rank	73-Iron and steel articles	85-Electrical machinery	38-Chemical products	85-Electrical machinery	85-Electrical machinery

Source: Compiled by the Secretariat from ABF, *Tariff Concessions System: List of TCOs*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-concessions-system/list-of-tcos>.

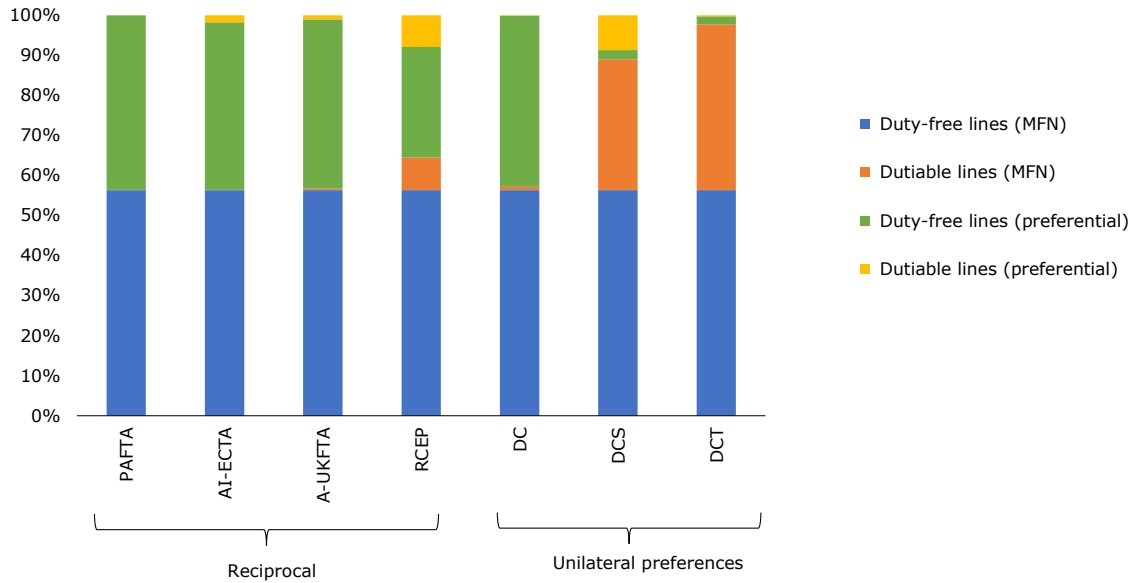
3.49. In addition to TCOs, Australia offers other concessional tariffs in Schedule 4 of the Customs Tariff.<sup>55</sup> These typically apply to goods or special circumstances such as returned goods, samples, and goods of foreign governments. But there are also concessions on goods for persons with disabilities; robots and prototypes; certain textiles, clothing and footwear; and those exempt from the Product Stewardship Oil Levy. Most recently, the concession for certain medical and hygiene products was added. The Certain Inputs to Manufacture (CIM) customs concession scheme is discussed in Section 4.3.3.

### 3.1.3.4 Preferential tariffs

3.50. The majority of Australia's 19 reciprocal FTAs have reached full implementation with all duties eliminated. The remaining four (PAFTA, AI-EFTA, A-UKFTA, and RCEP) still have a number of lines that are dutiable and/or undergoing staged reductions to reach full implementation. RCEP stands out compared to the other FTAs as 10% of tariff lines are not scheduled for elimination under the agreement. Unilateral preference regimes, i.e. the various developing country categories (DC, DCS, and DCT) under the ASTP (Section 2.3.2.2), likewise do not offer full duty elimination (Chart 3.2).

<sup>54</sup> Federal Register of Legislation, *Customs Regulation 2015, Schedule 9*. Viewed at: <https://www.legislation.gov.au/F2015L00375/latest/text>.

<sup>55</sup> ABF, *Current Tariff Classification, Schedule 4*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff/schedule-4>.

**Chart 3.2 Distribution of preferential tariffs by regime, 2024**

Note: As of 1 July 2024. Preferential tariff regimes, being fully duty-free, are not presented in the chart.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.51. Australia's long-standing trade agreement with Canada (CANATA) provides preferential tariffs on 586 tariffs lines, in which the majority (91%) are duty-free. The remaining rates are at 2%, 3%, or 4%. These preferential tariffs are mainly in the machinery and vehicles sectors; other significant concentrations are in the plastics, paper and paperboard, wood, and furniture sectors.<sup>56</sup>

3.52. Australia also provides duty-free imports from Norfolk Island, Christmas Island, and Cocos (Keeling) Island pursuant to various Acts.<sup>57</sup> For these three territories, duty-free status applies to all goods produced or manufactured in those territories and those shipped for export to other parts of Australia, but excludes goods that would be subject to excise duties.

### 3.1.4 Other charges affecting imports

#### 3.1.4.1 Goods and Services Tax

3.53. The GST continues to be applied to imported and domestic goods, at a standard rate of 10%; exports remain exempt.<sup>58</sup> The ABF calculates and collects GST on imports based the value of the taxable importation, including any Wine Equalisation Tax payable (Section 3.1.4.2). It also does not apply on goods returned, unaltered, without a change in ownership. The export of services is exempt if the recipient is outside of Australia. GST is not charged on some basic foods; precious metals; water; sewerage; farmland; and certain medical aids, health care services, medicines, childcare services, and education courses.<sup>59</sup> GST applies domestically on taxable supplies whereby businesses need to register and pay GST if they have a turnover of AUD 75,000 or more. No significant changes were made to GST policy during the review period.

#### 3.1.4.2 Excise, excise-equivalent customs duties, and Wine Equalisation Tax

3.54. The Excise Tariff Act 1921, as amended, continues to be the main instrument for excise duties on certain products (e.g. alcohol, tobacco, and fuel) manufactured or produced in Australia. For imported products, Australia does not charge an excise duty *per se* but rather an equivalent rate of

<sup>56</sup> Calculated from Australia's IDB notification, 2024.

<sup>57</sup> Cocos (Keeling) Islands Act 1955, Christmas Island Act 1958, and Norfolk Island Act 1979.

<sup>58</sup> To qualify for the export exemption, the goods need to be exported within 60 days of the supplier receiving payment or issuing an invoice.

<sup>59</sup> Australian Tax Office (ATO), *GST-free Sales*. Viewed at: <https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/gst/when-to-charge-gst-and-when-not-to/gst-free-sales>.

customs duty, with the exception of certain biofuels/biofuel blends<sup>60</sup>, upon importation added to the customs duty. The excise tax rate was amended a number of times during the review period, mainly due to indexing (Table A3.). For the tobacco excise, in addition to normal indexing, an extra increase of 5% per year for three years commenced on 1 September 2023 as a policy measure to increase the price of smoking products. During the COVID-19 pandemic, the Government temporarily halved the excise on all fuels and petroleum-based products, excluding aviation fuels, for six months commencing from March 2022. In 2023, the Government initiated consultations on streamlining the administration of fuel and alcohol excise system through improving licensing requirements and removing regulatory barriers. The Government has since legislated changes through the Treasury Laws Amendment (Refining and Improving Our Tax System) Act 2023 and Excise and Customs Legislation Amendment (Streamlining Administration) Act 2024.

3.55. The Product Stewardship for Oil (PSO) Scheme continues to charge an excise levy on manufactured and imported oil-based lubricants for the purpose of encouraging recycling of used oil. It provides an incentive to the sector by dispersing the excise revenues in the form of benefits to used oil recyclers. Since 2018, the programme has operated in deficit whereby benefits paid out have exceeded the revenues collected. In 2023 the rate was increased to AUD 0.142/litre. The recyclers also benefited from AUD 7.8 million in COVID-19 support in 2020.<sup>61</sup>

3.56. The Wine Equalisation Tax charges a tax of 29% at the wholesale level on wine from grapes, fruit wine, cider, mead, and saké. Domestically, the tax is charged at the last wholesale sale by producers or wholesalers, and in the case of imports it is collected at the border by the ABF.

**Table 3.10 Excise and excise-equivalent customs duties, September 2024**

Name	Rate (AUD)
Alcohol <sup>a</sup>	
Beer	10.53-61.32 per litre <sup>b</sup>
Spirits and other excisable beverages	97.02-103.89 per litre <sup>c</sup>
Tobacco	
- in stick form not exceeding in weight 0.8 grams per stick	1.36623 per stick
- other	2,101.89 per kg of tobacco content
Fuel	
Fuel rates	
Gasoline or kerosene used for fuel for aircraft	0.03556 per litre
Liquified petroleum gas (LPG)	0.165 per litre
Liquified natural gas (LNG) and compressed natural gas (CNG)	0.347 per kg
Denatured ethanol	0.166 per litre
Biodiesel	0.152 per litre
Blends	Calculated using a particular formula
Others	0.506
Petroleum-based products	
Petroleum-based oils	0.142 per litre
Petroleum-based greases and petroleum-based oils recycled for use as greases	0.142 per kg

a Excludes wine.

b Excludes beer produced for non-commercial purposes, which has lower rates of AUD 3.63-AUD 4.18 per litre.

c Excludes certain excepted spirits that have no excise, e.g. for particular groups or professions; for fortifying Australian wine or grape must; and for certain manufacturing, industrial, and scientific purposes.

Source Australian Tax Office, *GST, Excise, LCT, WET and PRRT*. Viewed at: <https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes>.

### 3.1.4.3 Primary commodity levies and other fees on imports

3.57. A number of levies are charged on primary commodities pursuant to the Primary Industries (Customs) Charges Act 1999 and its regulations, the Primary Industries (Customs) Charges Regulations 2000. The majority of these are collected at the level of production or upon export, but

<sup>60</sup> Rates of excise for certain biofuels or biofuel blends (E10 and B20 fuels) are lower for domestically produced products compared to the rates on imported fuels. Productivity Commission (2022), *Trade and Assistance Review 2020-21*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2020-21/trade-assistance-review-2020-21.pdf>.

<sup>61</sup> Deloitte (2020), *Fourth Product Stewardship (Oil) Act 2000 Review – Final Report*. Viewed at: <https://www.dcceew.gov.au/sites/default/files/documents/fourth-product-stewardship-oil-act-review.pdf>.

two are charged on imports (Section 4.1.1.4 for more on the levy system). The import levy on wood products is between AUD 0.08 and AUD 0.29 per m<sup>3</sup>, depending on the product, but it mostly applies to woodchips. The ABF collects the fee upon importation. As of October 2024, Australia was in the process of updating legislation to support the agricultural levy system. This legislation is expected to commence on 1 January 2025.

3.58. Australia continues to charge fees for import processing and biosecurity. Import processing fees, based on the Import Processing Charges Act 2001, have remained unchanged since the last Review and are for processing an import declaration (there are different charges depending on whether the declaration is electronic or documentary) and for warehousing. Regarding biosecurity fees, the ABF collects fees for SPS controls and remits the monies collected to DAFF. The fee levels are indexed and result in periodic increases. As of October 2024, the fees amounted to AUD 45 per full import declaration by air and AUD 66 by sea.<sup>62</sup>

3.59. The Luxury Car Tax (LCT), imposed on imports by the ABF and also collected on domestic sales, continues to be applied without change at the rate of 33% above the indexed threshold. The thresholds are currently AUD 91,387 for fuel-efficient vehicles and AUD 80,587 for other vehicles.<sup>63</sup>

### 3.1.5 Import prohibitions, restrictions, and licensing

3.60. Import prohibitions, restrictions, or licensing requirements continue to be applied by Australia to a number of products, mainly to protect the environment (e.g. for public health and safety, security, etc.) and to fulfil obligations under international agreements. There were several developments over the review period, with new conventions, legislation, or amendments entering into force. The Customs (Prohibited Imports) Regulations 1956 continues to implement many of the restrictions, but there are specific acts that apply as well. Australia has products where prohibitions or restrictions apply (Table A3.2), and where an import licence is required (Table A3.).

3.61. During the review period, Australia introduced changes to the Therapeutic Goods Act 1989 and the Customs (Prohibited Imports) Regulations 1956, restricting the importation, manufacture, and supply of vaping products on health grounds in order to protect the population from vaping and nicotine dependence. Border controls commenced on 1 January 2024 for disposable vaping goods, and on 1 March 2024 for the import of other vaping goods, including devices, accessories, and substances.

3.62. The Customs (Prohibited Imports) Amendment (Firearms and Weapons) Regulations 2021 were enacted in order to make certain changes to the Customs (Prohibited Imports) Regulations 1956. The authorities indicate these were largely administrative changes; however, there were changes that removed or added measures to the importation of these goods. Another change introduced was the Customs (Prohibited Imports) Amendment (Electromagnetic Weapons) Regulations 2022, which restricts the importation of such weapons by imposing an official purposes test or a national interest test.

3.63. Regarding CITES, Australia is a party to the Convention and implements the import/export measures as outlined in the respective Appendices. However, per its implementing legislation, the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), Australia imposes stricter measures than CITES for some species, including cetaceans, elephants, lions, rhinoceros, and certain declared specimens.<sup>64</sup> Australia has implemented the 18<sup>th</sup> CITES Conference of the Parties amendments in full, and the last amendments from the 19<sup>th</sup> Conference are expected to take effect from 25 November 2024.

3.64. Australia ratified the Minamata Convention on Mercury on 7 December 2021, with the Convention entering into force on 7 March 2022. Several laws give effect to Australia's obligations under the Convention, including the Customs (Prohibited Imports) Regulations 1956 and Customs

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<sup>62</sup> ABF, *Cost of Importing Goods: Import Processing Charges*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/importing/cost-of-importing-goods/charges/import-processing-charge>.

<sup>63</sup> ATO, *Luxury Car Tax Rate and Thresholds*. Viewed at: <https://www.ato.gov.au/tax-rates-and-codes/luxury-car-tax-rate-and-thresholds>.

<sup>64</sup> These include Ramin (*Gonystylus* spp), Beluga sturgeon (*Huso huso*) originating from the Caspian Sea, South African ghaap (*Hoodia gordonii*), and all specimens originating from countries not a party to CITES.

(Prohibited Exports) Regulations 1958, and in relation to therapeutic goods, Chapter 2A of the Therapeutic Goods Act 1989 and Part 2CA of the Therapeutic Goods Regulations 1990.<sup>65</sup> Thus, Australia now prohibits or controls the import (and export) of elemental mercury and certain mercury products, including therapeutic goods containing mercury, pursuant to the Convention.<sup>66</sup>

3.65. A ban on engineered stone was announced for 1 July 2024.<sup>67</sup> The domestic prohibition on the manufacture, supply, processing, and installation of engineered stone benchtops, slabs, and panels under work health and safety laws, commenced in Australia on 1 July 2024. The Government intends to implement a complementary prohibition on the importation of engineered stone benchtops, slabs, and panels from 1 January 2025.<sup>68</sup>

### 3.1.6 Anti-dumping, countervailing, and safeguard measures

#### 3.1.6.1 Anti-dumping and countervailing measures

3.66. The Customs Act 1901, the Customs Tariff (Anti-Dumping) Act 1975, and the Customs Tariff (Anti-Dumping) Regulation 2013 remain the main legislation governing the conduct of dumping and countervailing investigations. The Anti-Dumping Commission continues to be Australia's body for investigating allegations of dumped and subsidized imports. The Commission is within the Department of Industry, Science and Resources (DISR) but is led by an independent Commissioner who makes recommendations to the Minister on anti-dumping matters. The DISR has responsibility for anti-dumping legislation and policy.

3.67. The Anti-Dumping Review Panel is an independent body that can review decisions of the Minister or the Commissioner as provided in Part XV B of the Customs Act 1901.

3.68. Independent of the Commission, the International Trade Remedies Advisory Service (ITRA) is available to provide guidance on the trade remedy process to Australian registered SMEs. The International Trade Remedies Forum (ITRF), established by legislation in 2013, is an advisory body that provides key users of the anti-dumping system with the opportunity to advise the Government on how to improve the anti-dumping system. It is composed of representatives from Australian manufacturers and producers, importers, unions, and government agencies to provide advice to the Minister on the functioning of the anti-dumping system.

3.69. The main legislation governing anti-dumping and countervailing investigations has not undergone significant revision in recent years, although two Determinations were enacted during the review period that have an impact on trade remedy processes. The Customs (Definition of "Small-Medium Enterprise") Determination 2023 and the Customs (Definition of "Compliance Period") Determination 2023 replaced the 2013 Determinations of the same name that were about to sunset. The first Determination defines which enterprises can be considered SMEs and the second defines the method used to calculate a compliance period. There were no material changes in the substantive aspects of the Determinations compared to the ones they replace. The Commission maintains the Dumping and Subsidy Manual, which is available on its website and is periodically updated, most recently in December 2021. It provides information on processes and procedures followed in investigations, as well as definitions, and conveys established practices to potential applicants.<sup>69</sup>

3.70. No significant policy changes were taken on trade remedies during the review period.

<sup>65</sup> Other amendments were to the Agricultural and Veterinary Chemicals (Administration) Regulations 1995, Therapeutic Goods Regulations 1990, the Industrial Chemicals (General) Rules 2019, and the Recycling and Waste Reduction (Mandatory Product Stewardship – Mercury-added Products) Rules 2021.

<sup>66</sup> The Therapeutic Goods Act and Regulations further specify the rules for importation and exportation as they relate to therapeutic goods, including permissions or exceptions.

<sup>67</sup> AIHA (2024), "Australia's New Engineered Stone Ban to Begin in July", 4 January. Viewed at: <https://www.aiha.org/news/240104-australias-new-engineered-stone-ban-to-begin-in-july>.

<sup>68</sup> Ministers of the Employment and Workforce Relations Portfolio (2024), "Engineered Stone Importation Ban to Start January 1", 18 September. Viewed at: <https://ministers.dewr.gov.au/burke/engineered-stone-importation-ban-start-january-1>.

<sup>69</sup> Department of Industry, Science and Resources (2021), *Dumping and Subsidy Manual*. Viewed at: <https://www.industry.gov.au/publications/dumping-and-subsidy-manual>.

### 3.1.6.1.1 Overview of activity

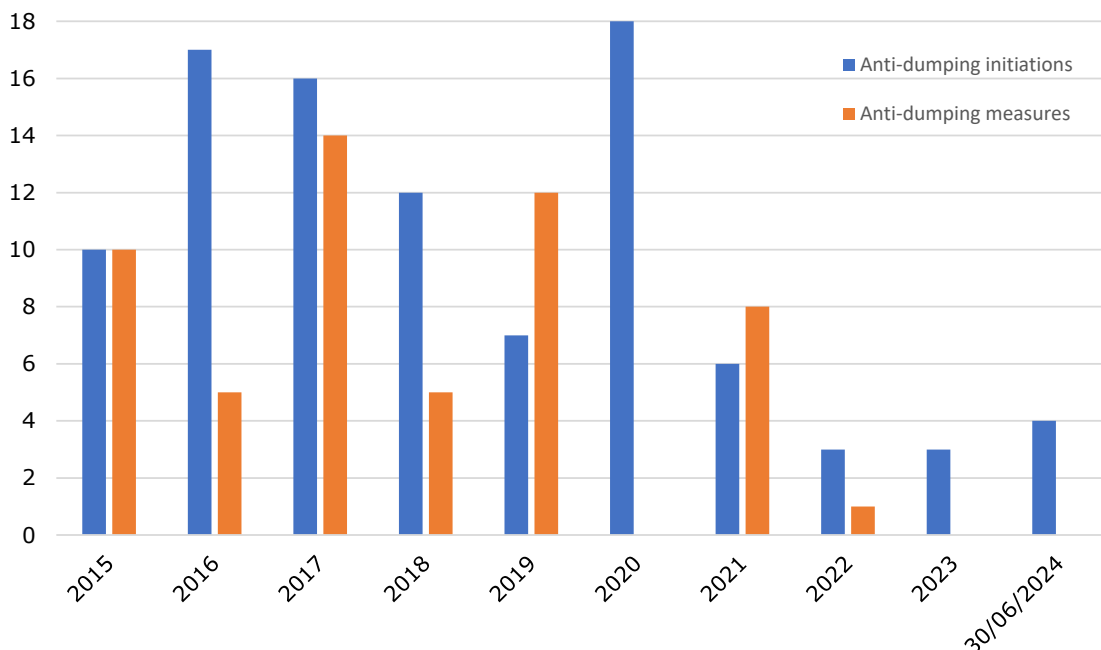
3.71. Australia has historically been a significant user of anti-dumping and countervailing measures. Since 1995, Australia ranks as the ninth-highest user of anti-dumping measures among WTO Members, having put in place 177 measures.<sup>70</sup> In terms of countervailing measures, Australia ranks as the fifth-highest user.<sup>71</sup> As shown in Charts 3.3 and 3.4, Australia's use of anti-dumping and countervailing measures, both initiations and measures, declined in the years following 2020, coinciding with the COVID-19 pandemic and the resulting interruption to international supply chains. However, in first six months of 2024, Australia initiated four anti-dumping and three countervailing initiations.

3.72. The Commission's workload consists of a mixture of cases. In the period from 1 January 2020 to 30 June 2024, there were 34 anti-dumping initiations and 9 anti-dumping measures, as well as 11 countervailing initiations and 2 countervailing measures. Australia also terminated (i.e. revoked or expired) 30 anti-dumping measures and 3 countervailing measures. The nine new anti-dumping measures involved the metals sector, except for one on paper products and one on plastic products, and all concerned neighbouring trading partners in Asia (Table 3.11). The two countervailing measures put in place in 2021 involved steel products from China (Table 3.12).

3.73. A key feature of the Commission's work is that it is prompted by applications from stakeholders. Thus, the nature of the caseload can vary considerably from year to year. Since the COVID-19 pandemic, the profile of the Commission's work has increasingly arisen from anti-dumping or countervailing measures already in place rather than applications for new measures. For example, in the period from 1 July 2023 to 30 June 2024, 1 anti-dumping initiation, 5 reviews of measures, 5 exemption inquiries, 4 sunset reviews, 4 accelerated reviews, and 16 duty assessments were completed.

3.74. There has also been an increase in the complexity of cases, as the Australian system has matured. For example, users of the system have submitted increasingly complex and lengthy submissions, often providing multiple submissions within one case.

**Chart 3.3 Anti-dumping initiations and measures, 1 January 2015-30 June 2024**



Source: WTO, *Trade Remedies Data Portal*. Viewed at: <https://trade-remedies.wto.org/en>.

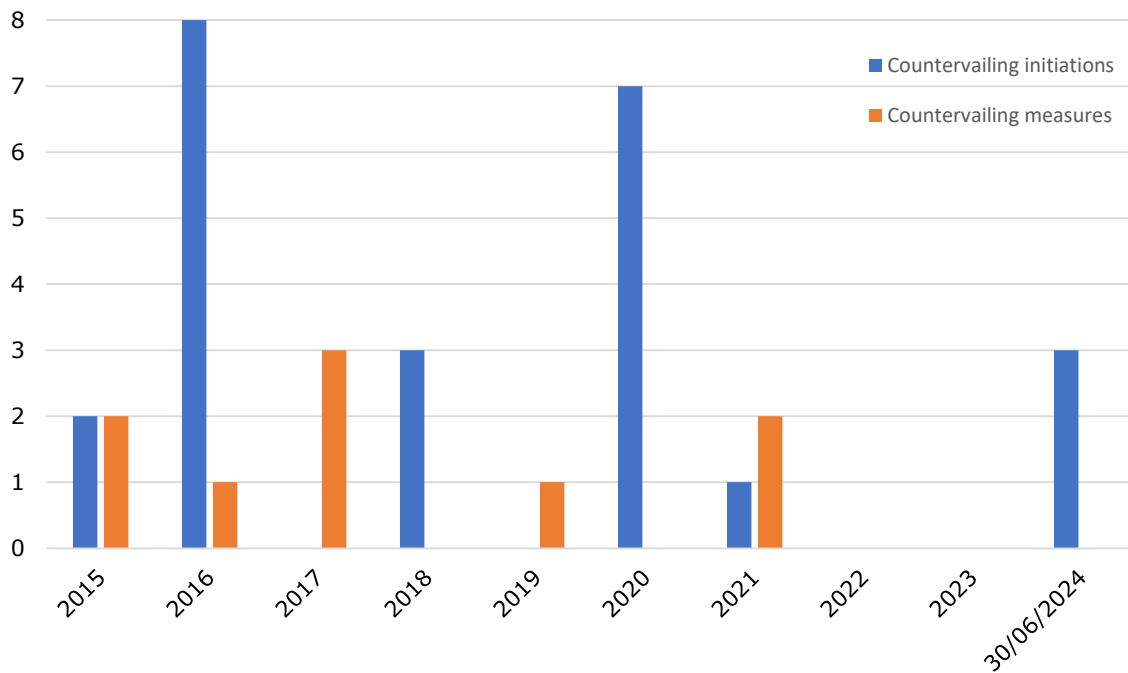
<sup>70</sup> WTO, *Anti-dumping Measures by Reporting Member 01/01/1995-30/06/2024*. Viewed at: [https://www.wto.org/english/tratop\\_e/adp\\_e/AD\\_MeasuresByRepMem.pdf](https://www.wto.org/english/tratop_e/adp_e/AD_MeasuresByRepMem.pdf).

<sup>71</sup> WTO, *Countervailing Measures by Reporting Member 01/01/1995-30/06/2024*. Viewed at: [https://www.wto.org/english/tratop\\_e/scm\\_e/CV\\_MeasuresByRepMem.pdf](https://www.wto.org/english/tratop_e/scm_e/CV_MeasuresByRepMem.pdf).

**Table 3.11 Anti-dumping duties imposed, 1 January 2020-30 June 2024**

Subject product	HS section	Exporter	Date of measure
Aluminium extrusions (mill finish)	XV-Base metals	Malaysia	02/06/2021
Aluminium extrusions (surface finished)	XV-Base metals	Malaysia	02/06/2021
Precision pipe and tube steel	XV-Base metals	China	28/09/2021
Precision pipe and tube steel	XV-Base metals	Korea, Rep. of	28/09/2021
Painted steel strapping	XV-Base metals	China	26/11/2021
Concrete underlay film	VII-Plastics, rubber, art. thereof	Malaysia	17/12/2021
Aluminium zinc coated steel (≥600 mm)	XV-Base metals	Korea, Rep. of	24/12/2021
Aluminium zinc coated steel (≥600 mm)	XV-Base metals	Viet Nam	24/12/2021
A4 copy paper	X-Pulp of wood or of other fibrous cellulosic material	Indonesia	20/10/2022

Source: WTO, *Trade Remedies Data Portal*. Viewed at: <https://trade-remedies.wto.org/en>.

**Chart 3.4 Countervailing duty, initiations and measures, 1 January 2015-30 June 2024**

Source: WTO, *Trade Remedies Data Portal*. Viewed at: <https://trade-remedies.wto.org/en>.

**Table 3.12 Countervailing duties imposed, 1 January 2020-30 June 2024**

Subject product	HS section	Exporter	Date of measure
Painted steel strapping	XV-Base metals	China	26/11/2021
Precision pipe and tube steel	XV-Base metals	China	28/09/2021

Source: WTO, *Trade Remedies Data Portal*. Viewed at: <https://trade-remedies.wto.org/en>.

### 3.1.6.2 Safeguards

3.75. Australia's provisions for global safeguards pursuant to the WTO Agreement on Safeguards and Article XIX of GATT 1994 are provided for in the Productivity Commission Act 1998 and the Commonwealth of Australia Special Gazette No. S 297 of 25 June 1998, as amended.<sup>72</sup> No amendments or changes were made during the review period. The procedures, as outlined in the Gazette, provide that safeguard measures apply to products imported from all sources except for specific exemptions that may apply for products originating in New Zealand, Singapore, Thailand, or

<sup>72</sup> Amended by Commonwealth of Australia Gazette No. GN39 of 5 October 2005.

the United States under conditions outlined in their respective RTAs, and developing country Members of the WTO if their imports are under certain thresholds.<sup>73</sup>

3.76. Australia has provisions for bilateral safeguards in many of its RTAs, i.e. with ASEAN, China, India, Japan, the Republic of Korea, Malaysia, New Zealand, Peru, Thailand, the United Kingdom, and the United States, and in the CPTPP, the Pacific Agreement on Closer Economic Relations Plus (PACER Plus), and RCEP. In most cases, these bilateral safeguards are transitional and can be applied only during a certain time period.

3.77. Australia did not initiate any safeguard investigations during the review period, and there are currently no measures in place. Since the commencement of the WTO, Australia has initiated safeguard investigations four times and has never put in place a definitive safeguard measure, thus has made very little use of WTO safeguard provisions.<sup>74</sup> This may be a reflection of Australia's policy position as indicated in two recent meetings of the Committee on Safeguards in which Australia stressed its concern about the frequent use of safeguards, as they were intended as an emergency measure subject to strict conditions and would also inadvertently affect goods from all sources.<sup>75</sup>

### 3.1.7 Other measures affecting imports (and exports)

#### 3.1.7.1 Sanctions

3.78. Australia sanctions goods, services, and economic activities pursuant to UN Security Council (UNSC) sanctions and its own autonomous sanctions, which are provided for in the Autonomous Sanctions Act 2011 and the Autonomous Sanctions Regulations 2011.<sup>76</sup> Sanctions are possible through both pathways and sometimes there is overlap, i.e. Australia might impose additional measures through autonomous sanctions on top of UNSC sanctions.<sup>77</sup> The Department of Foreign Affairs and Trade's (DFAT) Australian Sanctions Office (ASO) is the main body overseeing sanctions and operating as Australia's sanctions regulator. The ASO publishes a Consolidated List of all persons and entities that are sanctioned, in addition to providing information on sanctions regimes and public guidance on how to comply with Australian sanctions obligations.<sup>78</sup>

3.79. In order not to contravene sanction measures, a sanctions permit system is in place to help traders who may be able to still conduct certain business irrespective of there being a sanction in place. The Australian Sanctions Portal (Pax) provides traders with the possibility to apply for a sanction permit. Between July 2023 and June 2024, 20 permits were issued.<sup>79</sup>

3.80. In January 2023, Australia launched a consultative process on reforming its sanctions laws. As part of this initiative, some issues were identified, including improving the legal framework, clarifying the scope of sanction measures, and making a humanitarian exemption.<sup>80</sup> As of October 2024, the legislation reform was ongoing.

3.81. During the review period, Australia notified sanction measures it had taken in its quantitative restrictions notifications.<sup>81</sup> These included measures against the Russian Federation on a number of

<sup>73</sup> The authorities advise that goods from the Republic of Korea, New Zealand, Singapore, Thailand, and the United States may be exempted from global safeguard measures, although they may not be covered in the Gazette.

<sup>74</sup> WTO, *Safeguard Initiations: By Reporting Member and Safeguard Measures: By Reporting Member*. Viewed at: [https://www.wto.org/english/tratop\\_e/safeg\\_e/safeg\\_e.htm](https://www.wto.org/english/tratop_e/safeg_e/safeg_e.htm).

<sup>75</sup> WTO documents [G/SG/M/63](#), 29 November 2023; and [G/SG/M/64](#), 24 May 2024.

<sup>76</sup> UNSC sanctions are implemented through the Charter of the United Nations Act 1945 and its regulations.

<sup>77</sup> Australia imposed autonomous sanctions on eight countries and one former country. DFAT, *Issues Paper: Review of Australia's Autonomous Sanctions Framework*. Viewed at: <https://www.dfat.gov.au/sites/default/files/issues-paper-review-of-australias-autonomous-sanctions-framework.pdf>.

<sup>78</sup> DFAT, *Australia and Sanctions: Consolidated List*. Viewed at: <https://www.dfat.gov.au/international-relations/security/sanctions/consolidated-list>; and DFAT, *Sanctions Regimes*. Viewed at: <https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes>.

<sup>79</sup> Information provided by the authorities.

<sup>80</sup> DFAT, *Issues Paper: Review of Australia's Autonomous Sanctions Framework*. Viewed at: <https://www.dfat.gov.au/sites/default/files/issues-paper-review-of-australias-autonomous-sanctions-framework.pdf>.

<sup>81</sup> WTO document [G/MA/QR/N/AUS/6](#), 30 September 2022 and its addenda.

matters, such as the import prohibition on energy products, the prohibition on the supply of luxury goods, and the prohibition on the supply of alumina and related products.

### 3.1.7.2 Local content requirements

3.82. According to Australia's Productivity Commission (PC), local content rules were researched as part of its examination into industry assistance whereby it noted these restrictions are set up to assist the domestic economy and businesses, which could have an impact on competition between domestic and international businesses.<sup>82</sup> Local content policies have existed in Australia for many years but there is a renewed focus, in part due to proposals suggesting new local content rules and also due to policy shifts, both in Australia and abroad.<sup>83</sup>

3.83. The report from the PC outlines several areas where local content rules exist in Australia. According to the report, there are long-standing local content requirements in the procurement sector, both for general and defence procurement, at both federal and state levels. The other long-standing restrictions are in the broadcasting sector, where Australian programmes must be given a certain quota of broadcasting time, both for television and films, as per the Broadcasting Services Act (BSA) 1992.<sup>84</sup> The same Act is also used as justification for the telecommunications regulator, the Australian Communications and Media Authority (ACMA), to impose local content requirements as part of its licensing conditions for regional commercial radio.<sup>85</sup> As of October 2024, these licensing conditions were under review and were being reconsidered.<sup>86</sup>

3.84. More recently, in 2021, local content conditions were imposed on certain data through the Government's Hosting Certification Framework whereby domestic hosting and storage are required.<sup>87</sup> As part of Australia's Cultural Policy, a proposal was put forward in 2023 to impose local content requirements for streaming platforms, akin to the measures already in the BSA for broadcasters. The next steps involve consultations with industry.

## 3.2 Measures directly affecting exports

### 3.2.1 Customs procedures and requirements

3.85. The exportation process is similar to that for imports in that traders may need to file a formal export declaration for goods under certain circumstances. In the case of exports, an export declaration is necessary if goods are valued at more AUD 2,000. An export declaration may also be necessary when the goods are subject to an export permit or duty drawback, or where duty or excise has not been paid. Export declarations may be filed electronically through the ICS or in paper form through an ABF counter.

3.86. For tariff classification on export documents, traders use the Australian Harmonized Export Commodity Classification (AHECC), which is an extension of the WCO Harmonized System at the 8-digit level.<sup>88</sup> However, the AHECC does not align with the import tariff (Working Tariff) beyond

<sup>82</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>83</sup> A proposal of the Australasian Railway Association advocates for a national approach to local content policy. Australasian Railway Association (2022), *National Local Content Policy*. Viewed at: [https://ara.net.au/wp-content/uploads/National-Local-Content-Policy-Fact-Sheet\\_Final.pdf](https://ara.net.au/wp-content/uploads/National-Local-Content-Policy-Fact-Sheet_Final.pdf); and Weld Australia (2024), "Governments Must Prioritise Local Content Requirements in the Transition to Net Zero", 7 February. Viewed at: <https://weldaustralia.com.au/news-views/governments-must-prioritise-local-content-requirements-in-the-transition-to-net-zero/>.

<sup>84</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>85</sup> ACMA, *Local Content on Regional Commercial Radio*. Viewed at: <https://www.acma.gov.au/local-content-regional-commercial-radio>.

<sup>86</sup> ACMA, *Remaking Regional Commercial Radio Licence Conditions*. Viewed at: <https://www.acma.gov.au/consultations/2024-07/remaking-regional-commercial-radio-licence-conditions>.

<sup>87</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>88</sup> ABS, *Australian Harmonized Export Commodity Classification (AHECC)*. Viewed at: <https://www.abs.gov.au/statistics/classifications/australian-harmonized-export-commodity-classification-ahecc/latest-release>.

the international 6-digit harmonized level. Similar to its import nomenclature, the AHECC had its last major update on 1 January 2022 to incorporate the WCO HS22 nomenclature.

3.87. The Export Control Act 2020 and its related legislation, the Export Control Rules 2021, are new pieces of legislation that entered into force on 28 March 2021 and replaced the previous Export Control Act 1982, related provisions in other acts such as the Australian Meat and Live-stock Industry Act 1997, and related regulations, which had similar provisions.<sup>89</sup> With the overall goal of strengthening Australia's agricultural exports, they were put in place to list requirements that must be met by exporters before prescribed goods can be exported from Australia, meet importing country requirements and are fit for purpose, to comply with standards, improve traceability, ensure integrity, and give effect to Australia's obligations under international agreements. Although the Act refers to agricultural exports, the coverage goes beyond the WTO definition of agricultural products and also includes fish and fish products, wood and wood chips, and fibre materials.

3.88. The Act lists "prescribed goods" that are controlled for export and must meet the requirements set out in the Act and receive a certificate for export. For each sector or commodity of prescribed goods, a specific Export Control Rule is issued. Non-prescribed goods do not face the same scrutiny as prescribed goods and have no mandatory export conditions under Australian export laws, and therefore do not require a certificate for export in most instances.<sup>90</sup> For prescribed goods, the exporter must obtain a certificate from DAFF and pay the requisite fees.

3.89. Amendments were made to the Export Control Act in 2023 through the Export Control (Streamlining Administrative Processes) Act to improve administrative matters under the Act, such as provisions allowing for variable conditions for an export certificate. In 2024, another amendment was made on information-sharing provisions. The Department launched a review of the Export Control Act in 2024 with the input of industry in order to make further amendments. Improvements came into effect on 1 February 2024. These changes clarify the way that information is used and shared under Australia's Export Control Act. The amendments are designed to make processes simpler for those involved in the export supply chain.

3.90. For certain Australian products subject to TRQs of trading partners under FTAs and WTO TRQs, there is generally an export certificate requirement. Australia has put in place such a system in order to facilitate exports when filling quotas and to comply with importing country requirements. The Export Control Act 2020 and its related rules govern the issuance of export certificates on agricultural goods for TRQs (Section 4.1.1.3 ).

3.91. The only other export certificates are on steel products pursuant to the IA-CEPA, whereby the DISR is the competent authority.<sup>91</sup> It manages and issues the certificates on a first-come, first-served basis and has the authority to cancel certificates and conduct audits. The certificates are not transferable.

### 3.2.2 Taxes, charges, and levies

3.92. Australia's Recycling and Waste Reduction Charges (Customs) Act 2020 and the Recycling and Waste Reduction Charges (Excise) Act 2020 entered into force in December 2020 and provide for the levy of an export tax and excise duty, respectively, on the export of regulated wastes.<sup>92</sup> They were passed with a view to imposing such charges, but as of October 2024 no tax was in force. However, a fee for the cost recovery of the administration was put in place from 1 July 2024.

<sup>89</sup> Federal Register of Legislation, *Export Control Act 2020*. Viewed at: <https://www.legislation.gov.au/C2020A00012/latest/text>; and *Export Control Rules 2021*. Viewed at: [https://www.legislation.gov.au/search/text\(%22export%20control%20rules%202021%22,name,all\)/status\(InForce\)/pointintime\(Latest\)/collection\(LegislativeInstrument\)](https://www.legislation.gov.au/search/text(%22export%20control%20rules%202021%22,name,all)/status(InForce)/pointintime(Latest)/collection(LegislativeInstrument)).

<sup>90</sup> DAFF, *Step-by-Step Guide to Exporting Non-Prescribed Goods*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/export/controlled-goods/non-prescribed-goods/step-by-step>.

<sup>91</sup> Department of Industry, Science, Energy and Resources (now DISR), *Guidelines for Steel Tariff Rate Quotas*. Viewed at: <https://www.industry.gov.au/sites/default/files/2020-06/ia-cepa-guidelines-for-steel-tariff-rate-quotas.pdf>.

<sup>92</sup> The regulations cover plastics, glass, tyres, hazardous waste, paper, and cardboard.

3.93. Certain fees or charges may also be incurred for export certificates (Section 3.2.1 ) and biosecurity and inspection (Section 3.3.3 ). Furthermore, an exporter may require their establishment be registered, which attracts a fee, as well as for audits and replacement certificates.

3.94. Australia charges a levy on a number of primary products as provided for by the levy system that operates for certain sectors including crops, animal products, wine, forestry, and fisheries.<sup>93</sup> The fees can be charged at the border on imports or exports, and also at the level of production. The amount of the levy varies by product, and the fees collected are circulated back to the industry sector to be used for various purposes, e.g. R&D, biosecurity, and marketing (Section 4.1.1.4 ).

### 3.2.3 Export prohibitions, restrictions, and licensing

#### 3.2.3.1 Prohibitions, restrictions, and licensing

3.95. Australia prohibits, restricts, or otherwise requires licensing on a number of categories of products for export. Many of these pertain to its commitments under international agreements such as CITES, the Kimberley Process, the Montreal Protocol, the Rotterdam Convention, and the Wassenaar Arrangement. The main legislation that prohibits exports is the Customs (Prohibited Exports) Regulations 1958, as amended. Australia has made regular notifications to the WTO on its export measures through the quantitative restriction notification requirement, and there were minimal changes during the review period. Goods subject to export prohibition or restriction, or to licensing requirements, are outlined in Tables A3.4 and A3.5.

3.96. During the COVID-19 pandemic, Australia put in force certain temporary export prohibitions on goods used to control and prevent the spread of COVID-19.<sup>94</sup> This applied to non-commercial exports of personal protective equipment, alcohol wipes, and hand sanitizers whereby certain exports, i.e. those sent by post, were not allowed. Use of other export means and exportation under excepted circumstances were generally allowable. These measures were repealed from 11 December 2020.

3.97. New legislation entered into force during the review period on the prohibition or restriction of export of certain wastes, i.e. plastics and glass. The Recycling and Waste Reduction Act 2020 and its related rules implemented these measures as of 1 January 2021.<sup>95</sup> Thus, waste glass and plastic are prohibited for export unless the exporter obtains an export licence. Licences are under the purview of the Department of Climate Change, Energy, the Environment and Water and are issued in accordance with the requirements set out in the rules for each waste type. Licences are granted for a maximum of three years, but licence holders can apply for a renewal. In very limited circumstances, exporters may be eligible for an exemption from holding a licence.

3.98. In the case of waste glass, export rules require that it be in the form of cullet or fines. For plastic waste, as from July 2022, only sorted plastics of one polymer type in a processed form, such as flakes or processed with other materials into engineered fuel, are allowed for export under licence. Waste tyres were added to the scheme on 1 December 2021, with export rules requiring that tyres be processed to meet certain criteria.<sup>96</sup> Waste paper and cardboard were added to the scheme on 1 July 2024, with a requirement from 1 October 2024 that a licence must be in place to export mixed or unsorted paper and cardboard that have certain specifications.<sup>97</sup>

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<sup>93</sup> For a full list, see DAFF, *Levy and Charge Rates*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/rates#other-rural-industries>.

<sup>94</sup> ABF (2020), ACN No. 2020/15: *Export Control on Goods Essential to Controlling and Preventing the Spread of COVID-19*. Viewed at: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-15.pdf>.

<sup>95</sup> Recycling and Waste Reduction (Export-Waste Glass) Rules 2020; and Recycling and Waste Reduction (Export-Waste Plastics) Rules 2021 (Rules).

<sup>96</sup> The requirements specify that tyres be processed into shreds or crumb of not more than 150 mm for use as tyre-derived fuel, tyres for retread are exported to an appropriate retreading facility, tyres are exported by an appropriate importer for reuse as a second-hand tyre on a vehicle, or tyres have been processed into shreds, crumbs (when the shred or crumb are not for use as tyre-derived fuel), buffings, or granules.

<sup>97</sup> This includes mixed or unsorted paper and cardboard that is discarded, rejected, or left over from an industrial, commercial, domestic, or other activity; or mixed or unsorted paper and cardboard that is surplus to, or a by-product of, an industrial, commercial, domestic, or other activity.

3.99. Cost recovery for the waste export programme also commenced on 1 July 2024. Waste exporters are required to pay upfront application fees for the assessment of new licences (AUD 19,090), licence variations (AUD 13,540), licence renewals (AUD 13,540), and exemptions (AUD 13,960). Since 15 December 2020, 142 licences for the export of waste have been granted (4 for glass exports, 3 for glass and plastic, 67 for plastic, 59 for tyres, and 9 for paper and cardboard). A total of 34 exemptions have been granted from licence requirements, and 4 licences and 1 exemption have been revoked.

3.100. In the case of liquified natural gas (LNG), the Australian Domestic Gas Security Mechanism (ADGSM) is a regulatory tool from 2017 to ensure the sufficient supply of gas for domestic needs. The ADGSM has the ability to prohibit exports of LNG, but it has never done so. In 2023, amendments were made to the ADGSM to reduce the time period for monitoring, add protections for long-term international contracts, and enable the trading of export permits. In addition, the Western Australia Domestic Gas Policy has provisions that may restrain the export of LNG by reserving a domestic gas equivalent (Section 3.3.4.2 ).

3.101. A number of changes were implemented in respect of military and/or dual-use goods (Section 3.2.3.2 ).

### **3.2.3.2 Export controls of defence and dual-use goods**

3.102. As a member of a number of international conventions and agreements for export control, Australia has an export control framework that verifies and permits, or prohibits, the exportation of certain goods, software, and technologies used mainly for military purposes but also those of a "dual-use" nature. The four major multilateral export control regimes of which Australia is a member are the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement. Australia is also a signatory to other agreements and UN resolutions that may impact trade of these goods.<sup>98</sup>

3.103. Australia's Defence and Strategic Goods List (DSGL), Customs (Prohibited Exports) Regulations 1958, and Defence Trade Controls (DTC) Act 2012 are the primary instruments for regulating the export of controlled defence-related goods and technologies. The DTC Act 2012 regulates the supply, publication, and brokering of tangible and intangible goods and technology on the DSGL. The DTC Act 2012, its related instruments, and the Customs (Prohibited Exports) Regulations 1958 were amended as of 1 September 2024 to introduce permit requirements for the supply of controlled technology to a non-exempt foreign person within Australia, the supply of certain controlled goods and technology previously exported or supplied from Australia, and the provision of services related to certain controlled technology and goods to foreign nationals outside of Australia. Several exemptions to permit requirements were also introduced.

3.104. The DSGL is a legislative instrument made under the Customs Act 1901 that specifies goods, technology, and software regulated under Australian export control laws.<sup>99</sup> It consists of two parts: Part 1 – military goods and technologies and non-military lethal goods and technologies; and Part 2 – dual-use goods and technologies.

3.105. The DSGL has 23 categories in Part 1 and 10 categories in Part 2 containing goods and technologies. The two parts contain over 2,000 unique item codes. The DSGL was most recently updated in September 2024 with 278 amendments. The majority of amendments involved clarifications and editorial changes that did change the scope of existing controls; however, 13 amendments reduced or removed the requirement to obtain an approval prior to export and 19 were new controls or changes to existing controls that resulted in an expanded scope.

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<sup>98</sup> These include the Arms Trade Treaty; Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and on their Destruction (Biological Weapons Convention); Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention); United Nations Conventional Arms Register; United Nations Security Council Resolution 1540 – Non-proliferation of weapons of mass destruction; and United Nations Security Council Resolution 1673 – Non-proliferation of weapons of mass destruction.

<sup>99</sup> The Customs Act 1901 (Customs Act) – via Regulations 13(E-EK) of the Customs (Prohibited Exports) Regulations 1958 (Customs Regulations) – controls the export from Australia of tangible military and dual-use goods and technology on the DSGL.

3.106. The Minister for Defence has discretionary powers to regulate activities that do not involve DSGL goods or technology (i.e. involves uncontrolled goods or technology) and would not normally require a permit. Section 112BA of the Customs Act 1901 allows for the prohibition of certain military goods beyond those listed in the DSGL. The criterion used by the Minister is that the exports "would or may be for a military end-use that would prejudice the security, defence or international relations of Australia" (Customs Act 1901, section 112BA). The Weapons of Mass Destruction (Prevention of Proliferation) Act 1995 provides the Minister for Defence with a discretionary power to prohibit the supply or export of non-DSGL goods and/or the provision of services (including the provision of technology electronically) that may be used in or assist a Weapons of Mass Destruction programme.

3.107. Defence Export Controls (DEC), as part of the Department of Defence, is responsible for administering Australia's defence export control framework. The legislative framework allows Defence to grant, or recommend that the Minister for Defence refuse to grant, permits for the export, supply, publication, brokering, and provision of services of controlled goods, software, and technology listed in the DSGL. The majority of applications received fall within the regulatory scope of the Customs (Prohibited Exports) Regulations 1958 (for physical goods). During the review period, permit applications under both the DTC Act and the Customs (Prohibited Exports) Regulations 1958 increased steadily. A significant development was the very large increase in the reported value of goods/technologies for export in FY2023/24. The estimated value of exports reported by exporters increased from AUD 2.69 billion in FY2020/21 to AUD 103 billion in FY2023/24 (Table 3.13). However, DEC does not verify these estimates, which are provided as part of permit applications.

3.108. Australia, the United Kingdom, and the United States formed a trilateral security partnership known as AUKUS in September 2021. Through the work of this group, the participants have undertaken a wide range of activities and have recently committed to reforming the trilateral trade of military and dual-use goods and technologies. As part of this initiative, the participants agreed to remove some licensing and permit requirements for certain exports and supplies among themselves. As of 1 September 2024, Australia had updated its export control framework to give effect to these exemptions. In addition, related amendments established new exceptions from offences and exemptions, as well as modified certain provisions relating to ministerial decision-making criteria, reporting requirements, and delegation of ministerial power.

**Table 3.13 Defence and dual-use goods subject to export control, FY2020/21-FY2023/24**

(No., %, AUD '000)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Submissions</b>				
Export applications received	3,653	3,365	3,788	4,067
Export applications finalized	3,597	3,316	3,723	4,055
Non-sensitive (%)	85	85	95	96
Sensitive (%)	15	15	5	4
<b>Outcomes</b>				
Export applications approved	3,353	3,092	3,480	3,733
Permits under the Customs Act	2,117	1,942	2,357	2,488
Permits under the DTC	437	388	438	507
In-principle applications	74	47	48	72
Export control assessments	516	583	440	479
Advice to government agencies	209	132	197	187
Denials	7	5	17	1
In-principle applications not supported	23	8	5	6
Prohibition orders/notices	4	9	19	16
Withdrawn or inactive	204	194	185	289
<b>Value of permits issued<sup>a</sup></b>				
Permits with values	..	..	2,658	2,885
% with values	93	95	97	97
Value (AUD '000)	2,691,076	5,771,575	15,889,107	103,083,990

.. Not available.

a Applicants include their estimation of the total value of their exports over the life of the permit. Some permits extend over multiple years. Year-to-year comparisons of export values could therefore be misleading. DEC does not verify the estimated value information supplied by applicants/exporters. Issued permits do not mean that an export has taken place.

Source: Defence, *Export Permit Statistics*. Viewed at: <https://www.defence.gov.au/business-industry/export/controls/about/performance>.

### 3.2.4 Export support and promotion

3.109. Australia continued to have a number of programmes or support measures for exporters during the review period. The majority of these programmes are under the Australian Trade and Investment Commission (Austrade), which is the Government's main body for trade promotion activities. Austrade supports Australian exporters by providing information, advice, and other services, such as guidelines on branding and the Go Global Toolkit. It also has a role in Australia's tourism policy and strategy, promotion of education services, and approval of tax exemptions for overseas projects.<sup>100</sup> Specific programmes under Austrade that support exporters include the Agribusiness Expansion Initiative, Export Supply Chain Service, the Australia-Southeast Asia Business Exchange, the Australia-India Business Exchange, TradeStart, Export Market Development Grants, and Landing Pads. During the review period, there was a significant increase in services provided by Austrade to exporters (Table 3.14), and in outcomes achieved with Austrade's assistance.

**Table 3.14 Austrade trade activities, FY2020/21-FY2023/24**

(No., AUD million)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Number of trade outcomes facilitated	520	912	1,402	2,099
Value of trade outcomes facilitated (AUD million)	762	1,100	3,800	4,500
Trade services provided (No.)	..	..	18,500	35,000
Australian exporter participants (No.)	..	..	4,546	6,878
Go Global digital services provided (No.)	..	..	77,319	103,363
<b>Main sectors facilitated (No.)</b>				
Agribusiness	..	478	674	780
Education	..	..	304	788
Technology and health	..	..	165	204
<b>Main sectors facilitated (AUD million)</b>				
Agribusiness	..	337	1,100	1,100
Education	..	..	322	730
Technology and health	..	..	598	410

.. Not available.

Source: Austrade (2023), *Annual Report 2022-23*. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2022-23.pdf>; and (2022), *Annual Report 2021-22*. Viewed at: <https://www.transparency.gov.au/publications/foreign-affairs-and-trade/austrade-austrade-investment-commission-austrade/austrade-austrade-investment-commission-annual-report-2021-22>; and information provided by the authorities.

3.110. During the review period, Austrade provided export support to the defence, advanced manufacturing, and space sectors. Austrade supported Australian exporters to participate in trade shows, investment promotion, business matching, and other promotional activities for these sectors. On advanced manufacturing, Austrade helped facilitate 91 outcomes in export sales valued at AUD 216 million during FY2022/23.<sup>101</sup> Fintech was another area where Austrade expanded its work with the Fintech Trade and Investment Program, which worked to secure inward FDI as well as help Australian fintech companies expand their markets abroad.<sup>102</sup>

3.111. In addition to Austrade at the central government level, a number of states have export promotion activities. For example, New South Wales has the Going Global Export Program (GGEP) for business export development. Global Victoria offers assistance for trade missions to its businesses to build connections and foster business matching, and the Northwest Territory has a Global Trade Scheme to help businesses expand their exports.

<sup>100</sup> Austrade authorizes certain tax exemptions for international projects that compete for bids in overseas markets. If approved, the income tax exemption is for individuals working on overseas projects for more than 90 days.

<sup>101</sup> Austrade (2023), *Annual Report 2022-23*. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2022-23.pdf>.

<sup>102</sup> Supported by government funding of AUD 9.6 million over four years to the fintech sector.

### 3.2.4.1 Export support programmes

3.112. One of the long-standing and key programmes of Austrade is the Export Market Development Grants (EMDG) programme, administered under the Export Market Development Grants Act 1997. In 2021, new rules were put in place through the EMDG Rules 2021 to make several changes, although the focus of the programme remains unchanged. One of the most significant reforms was the transformation from a reimbursement scheme to a grant programme. Other amendments included a streamlined application process and the possibility to receive grants for more than one year without making another application. As of mid-2023, the EMDG programme was undergoing consultations on its strategic refocus due to significant demand. In March 2024, the Export Market Development Grants Amendment Rules took effect, and they will apply to the next round of the programme.

3.113. The EMDG focuses on SMEs<sup>103</sup> and their representative bodies, providing grants to assist in the marketing and promoting of their goods, services, intellectual property, events, and software abroad. Under the EMDG, there are four categories of applicants for grants: tier 1 (ready to export), tier 2 (exporting within existing markets), tier 3 (exporting to new key markets), and representative bodies. Applicants must meet eligibility requirements for each tier and be able to match the grant funding with their own money.<sup>104</sup> Grants vary based on the tiers, but amounts for the programme's next round will range between AUD 20,000 and AUD 80,000 per financial year and per enterprise. For FY2024/25, the EMDG funding level is set at AUD 157.9 million.<sup>105</sup>

3.114. Since the EMDG was modified in 2021, it has opened for three rounds of applications over the period 2021-24. The first round resulted in the largest number of applicants (5,384) and since that time the number of applicants has steadily declined due to grants being offered over multiple years in the first round, removing the need for existing grantees to reapply annually. Over 9,600 grants were awarded across the three rounds including 5,032 in 2021, 2,542 in 2022, and 2,055 in 2023 (Table 3.15). The applicants' business operations have mainly concerned goods, services, and software, and their interest in the top three markets of the United States, the United Kingdom, and Canada remained unchanged during the three rounds. An assessment of the EMDG concluded that larger businesses, i.e. with a turnover of over AUD 250,000, and those involved in exporting goods, had better outcomes in achieving export success under the programme.<sup>106</sup>

**Table 3.15 Key EMDG statistics, 2021-23**

(No. unless otherwise indicated)

	<b>Round 1</b> 16 August- 30 November 2021	<b>Round 2</b> 6 July- 17 August 2022	<b>Round 3</b> 15 March- 14 April 2023
<b>Applications</b>	5,384	2,758	2,184
Tier 1	890	809	666
Tier 2	2,040	852	641
Tier 3	2,243	1,055	847
Representative body	80	42	30
Top 3 product categories	Goods, services, software	Goods, services, software	Goods, services, software
Top 3 markets	US, UK, Canada	US, UK, Canada	US, UK, Canada
<b>Grants awarded</b>	5,032	2,542	2,055
Tier 1	840	758	637
Tier 2	1,929	775	642
Tier 3	2,164	975	752
Representative body	80	30	23
Total grants paid (AUD million)	123.8	34.6	..

.. Not available.

Source: Austrade, *Reviews, Research, Data and Analysis: Round 1, Round 2, Round 3 Key Statistics*. Viewed at: <https://www.austrade.gov.au/en/how-we-can-help-you/grants/export-market-development-grants/about/reviews-research-data-and-analysis>; and Austrade (2023), *Annual*

<sup>103</sup> Those with an annual turnover of less than AUD 20 million per financial year.

<sup>104</sup> There are different requirements for representative bodies.

<sup>105</sup> Information provided by the authorities.

<sup>106</sup> Austrade, *Assessment on the Value of EMDG*. Viewed at: <https://www.austrade.gov.au/en/news-and-analysis/publications-and-reports/assessment-on-the-value-of-emdg>.

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Report 2022-23. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2022-23.pdf>.

3.115. In response to the COVID-19 pandemic, the Government established two temporary programmes to support exports during the 2020-23 period. The Agribusiness Expansion Initiative (ABEI) was set up as a diversification initiative to help the agribusiness sector to expand into new markets. Austrade's work under the ABEI included organizing trade fairs and providing market analysis, among others. Over the life of the programme, ABEI helped 2,990 agribusinesses expand their markets.<sup>107</sup> The other initiative was the International Freight Assistance Mechanism (IFAM), which helped maintain air service supply networks during the pandemic. When IFAM came to an end, the Export Supply Chain Service (ESCS) commenced in 2022. The ESCS has been primarily involved in providing intelligence to help agribusinesses navigate export supply chains and logistics matters. As programmes designed to help businesses during the pandemic, they came to an end on 30 June 2022 (IFAM) and 2023 (ABEI).

3.116. TradeStart, as operated through an advisers network, is delivered by Austrade in partnership with state, territory, and local governments and business chambers to help facilitate exports from SMEs. In FY2022/23, the network had 40 advisers to coordinate efforts that helped businesses with export planning and government funding, among others. During FY2022/23, TradeStart offered export advice to 1,634 exporters.<sup>108</sup>

3.117. The Landing Pads programme established seven locations<sup>109</sup> to support Australian technology businesses in business development and partnerships to scale up their activities. Businesses need to apply through the programme and have available funding for expansion as well as an established product.

#### **3.2.4.2 Duty concession schemes**

3.118. Two main programmes continue to provide for the refund of duties. Under the duty drawback scheme, exporters can claim back customs duties on products that remain unused since importation or have been incorporated in the exported products. Drawbacks can be claimed for up to four years from the date of export, except for tobacco/tobacco products whereby the period is one year.<sup>110</sup> GST refunds are not possible under drawback, but the importer may be able to claim an input tax credit on GST. However, excise-equivalent customs duties are also eligible for drawback. The number of drawbacks claimed slightly declined over the period, from 2,191 claims in FY2020/21 to 1,755 in FY2022/23. The monetary value of drawbacks exhibited a similar decline, from AUD 533 million in FY2020/21 to AUD 468 million in FY2022/23.

3.119. The Trade and Export Concession Scheme (Tradex) was established pursuant to the Tradex Scheme Act 1999 and Tradex Scheme Regulations 2018 to offer a scheme similar to drawback but with the advantage of receiving the exemption upfront to aid in business cash flow. Unlike duty drawback, it also applies to exemptions of GST but not to excise-equivalent customs duties. Similar conditions apply to the goods as drawback in that they should be in the same condition as imported or processed/incorporated into other goods. The goods must be exported within one year, unless an extension has been granted, and the importer must keep be able to track the goods through proper recordkeeping.<sup>111</sup> There were no changes to the scheme during the review period.

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<sup>107</sup> Austrade (2023), *Annual Report 2022-23*. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2022-23.pdf>.

<sup>108</sup> Austrade (2023), *Annual Report 2022-23*. Viewed at: <https://www.austrade.gov.au/content/dam/austrade-assets/global/wip/austrade/documents-about-us/austrade-annual-report-2022-23.pdf>.

<sup>109</sup> Bengaluru, India; Ho Chi Minh City, Viet Nam; Jakarta, Indonesia; London, United Kingdom; San Francisco, California, United States; Shanghai, China; and Singapore.

<sup>110</sup> Additional criteria, such as filing a pre-export notification, are also required for tobacco and tobacco products.

<sup>111</sup> Business.gov.au, *Tradex Scheme*. Viewed at: <https://business.gov.au/Grants-and-Programs/Tradex-Scheme#eligibility>.

### 3.2.5 Export finance, insurance, and guarantees

3.120. Export Finance Australia (EFA) remains the Government's export credit agency, offering financing for exports of Australian goods and services as well as overseas infrastructure development through loans, bonds, guarantees, and insurance. Its mandate is contained in the Export Finance and Insurance Corporation (EFIC) Act 1991 and its Statement of Expectations, which were issued by the Government. One of the main developments over the period was that EFA was given a broader mandate to engage in equity financing but only when it operates in the national interest (see below).<sup>112</sup> This was first used in April 2024 with the backing of PsiQuantum, a frontier technology company.<sup>113</sup>

3.121. As a Corporate Commonwealth Entity (CCE), EFA abides by Australia's international commitments, including on issues such as climate change, trade agreements, human rights, and corruption. In this respect, the EFIC Act was amended by the Climate Change (Consequential Amendments) Act 2022 to incorporate the Government's emissions reduction targets in its operations. As such, EFA has moved towards supporting more climate policies, including green infrastructure projects, for example. EFA is also bound by the Government's commitment to the Statement on International Public Support for the Clean Energy Transition (CETP) at the UN Climate Change Conference (COP28), and thus will end new direct support for the international fossil fuel energy sector, except in limited circumstances.

3.122. For the first time, EFA reported on its financed emissions in its FY2023/24 Annual Report. This reporting allows EFA to align itself with international industry best practices and prepare for future disclosure obligations to be established under the Commonwealth Climate Disclosure initiative. EFA reports are in accordance with the Partnership for Carbon Accounting Financials (PCAF) methodology.

3.123. EFA has a strong commitment to working with SMEs and supported a record AUD 314 million in SME funding in FY2023. As part of its ongoing work, EFA was revising its Small Business Export Loan products in 2023. Other areas of focus during the period were to support critical minerals and defence exports and also infrastructure development in the Indo-Pacific region. A commitment to Indigenous Australians was demonstrated in an MoU with Indigenous Business Australia (IBA) to help support their economic development.

3.124. In supporting exports, EFA can conduct operations through its Commercial Account (CA) or the Government's National Interest Account (NIA). Under the CA, EFA acts in its own capacity as lender and can benefit from gains but also assumes risks, including losses. When acting under the NIA, EFA operates in the national interest at the direction of the Minister for Trade and Tourism. EFA may refer transactions to the Minister for NIA considerations. Thus under the NIA, risks (as well as any financial gains or losses) are borne by the Commonwealth Government. As of October 2024, the NIA included a growing number of facilities, e.g. the Critical Minerals Facility, the Defence Export Facility, the Southeast Asia Investment Financing Facility, and lending for the Australian Infrastructure Financing Facility for the Pacific (AIFFP). In response to the COVID-19 pandemic, a COVID-19 Facility was established under the NIA from 2020 to 2021.<sup>114</sup>

3.125. Pursuant to Section 9 of the EFIC Act, the Minister can give direction to EFA regarding its functions if the Minister finds that it is in the public interest. During the review period, the Minister directed the EFA on four occasions, on which the EFA complied:

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<sup>112</sup> EFA (2021), "Export Finance Australia's Equity Power Will Enable Better Support for Overseas Infrastructure Development and Export-Related Australian Businesses", 24 June. Viewed at: <https://www.exportfinance.gov.au/newsroom/export-finance-australias-equity-power-will-enable-better-support-for-overseas-infrastructure-development-and-export-related-australian-businesses/>; and Federal Register of Legislation, *Export Finance and Insurance Corporation Amendment (Equity Investments and Other Measures) Act 2021*. Viewed at: <https://www.legislation.gov.au/C2021A00114/latest/text>.

<sup>113</sup> Minister for Industry and Science (2024), "Delivering a Future Made in Australia with 400 New Technology Jobs in Brisbane", 30 April. Viewed at: <https://www.minister.industry.gov.au/ministers/husic/media-releases/delivering-future-made-australia-400-new-technology-jobs-brisbane>.

<sup>114</sup> This concerned providing financial accommodation under the COVID-19 Facility. EFA (2023), *Annual Report 2022–2023*. Viewed at: [https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia\\_2022-2023\\_annualreport\\_accessibleprintfile.pdf](https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia_2022-2023_annualreport_accessibleprintfile.pdf).

- Provide debt relief to Papua New Guinea in line with the G20 Paris Club Agreement;
- Refrain from engaging in transactions that support trade or investment in the Russian Federation or Belarus;
- Support and take necessary actions with respect to the agreement between Cuba and the Group of Creditors to Cuba; and
- Assist in the establishment of the National Reconstruction Fund Corporation, including in financial arrangements.<sup>115</sup>

3.126. During the review period, EFA had significant growth in its CA operations, reaching AUD 888 million in FY2023, the highest in over 10 years, which also supported significant profits of AUD 17 million. The NIA's operations were variable over the period, with AUD 8.7 billion in export contracts and investments supported in FY2022 (the highest in the last 10 years) but otherwise a relatively low level of new signings in FY2021 and FY2023 (Table 3.16). In FY2023, EFA reported a paper loss on the NIA due to accounting treatment. This transaction's underlying asset is reportedly performing well. Most of EFA's exposure in the NIA was in the Pacific region and supported development of telecom infrastructure.

**Table 3.16 Overview of EFA activities, FY2020-23**

(AUD million, FY ending 30 June)

	FY2020	FY2021	FY2022	FY2023
<b>Commercial Account</b>				
Signings	411	553	344	888
Export contracts and overseas investments supported	1,780	2,576	1,807	8,570
Net interest income	20.4	17.9	15.8	21.9
Net premiums and fees	20.8	23.3	36.0	47.1
Operating profit	11.2	11.3	12.8	17.0
Equity	537.1	542.8	586.9	597.5
Return on average equity (%)	3	3	4	4
Loans	1,119	1,178	1,067	1,158
Guarantees and other off-balance sheet exposures	283	274	269	402
<b>National Interest Account</b>				
Signings	675	166	4,539	333
Export contracts and overseas investments supported	670	148	8,748	119
Net interest income	0.3	(0.1)	(6.8)	(64.8)
Net premiums and fees	13.3	14.7	15.4	14.5
Operating profit attributable to the Commonwealth	32.5	30.5	8.6	(59.8)
Loans	842	398	561	1,760
Guarantees and other off-balance sheet exposures	5	0	46	715

Source: EFA (2023), *Annual Report 2022–2023*. Viewed at: [https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia\\_2022-2023\\_annualreport\\_accessibleprintfile.pdf](https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia_2022-2023_annualreport_accessibleprintfile.pdf).

### 3.3 Measures affecting production and trade

#### 3.3.1 Incentives

##### 3.3.1.1 WTO notified subsidies

3.127. Australia made two notifications pursuant to Article XVI:1 of GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement) to the SCM Committee during the review period.<sup>116</sup> The latest notification, covering FY2021/22 and FY2022/23, included approximately 28 federal and 184 sub-federal programmes whereby the environment and energy sectors received the highest subsidization (Table 3.17).<sup>117</sup> Many of the subsidy programmes for the environment were focused on supporting renewable energy and initiatives, such as hydrogen projects, electric vehicles, and recycling. The energy sector was supported mostly by the states for

<sup>115</sup> EFA (2023), *Annual Report 2022–2023*. Viewed at: [https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia\\_2022-2023\\_annualreport\\_accessibleprintfile.pdf](https://exportfinancecdn.azureedge.net/media/ppnkn0aj/exportfinanceaustralia_2022-2023_annualreport_accessibleprintfile.pdf).

<sup>116</sup> WTO documents [G/SCM/N/372/AUS](#), 18 October 2021; and [G/SCM/N/401/AUS](#), 24 January 2024.

<sup>117</sup> Not all programmes had subsidy levels reported; this is an estimate of the largest sectors based on a subset of data.

rebates on electricity bills and construction of a new gas-fired power plant. Projects in the innovation category funded science programmes, supported tech start-ups, and helped develop new technologies. Regional development initiatives by the states were mostly for worker programmes or job seekers. The authorities advise that a few programmes that were previously notified may have been inadvertently omitted from Australia's latest notification and therefore a revised notification may be expected.

**Table 3.17 Overview of subsidies notified to the WTO, FY2022/23**

(No. or AUD million)

	No. of programmes	Subsidy amount FY2022/23 (AUD million) <sup>a</sup>	No. of programmes with no subsidy data or no expenditures
<b>Federal</b>			
Environmental	5	170.7	2
Fisheries	3	52.5	1
Forestry	2	21.9	0
Innovation	11	261.8	8
Regional development	3	62.7	2
Resources	2	54.3	0
Space programmes	2	4	1
<b>Sub-federal</b>			
COVID-19 related	9	5	7
Defence	6	1.1	2
Energy	8	654.3	2
Environmental	28	250.7	9
Film and television	11	16	6
Fisheries	11	5.3	2
Forestry	5	2.5	3
Innovation	27	39.9	18
Manufacturing	17	36.9	6
Regional development	37	303.9	16
Resources	21	68.2	8
Transportation	4	26.2	2

a Not all programmes had subsidy levels reported; this is a subset. Some were actual expenditures, others were budgeted figures, revenue forgone, or estimates based on multi-year reporting. Thus, these figures are underestimates.

Source: WTO document [G/SCM/N/401/AUS](https://www.wto.org/press/2024/240101_aus.htm), 24 January 2024.

### 3.3.1.2 Tax incentives and government assistance

3.128. The PC conducts an annual Trade and Assistance Review (TAR) that reports on government assistance to industry. However, it is not a complete analysis, as it excludes certain measures that are not in the budget, such as concessional finance and local content arrangements.<sup>118</sup> It essentially reports on budgetary funding of grants and subsidies, etc. and tax concessions. The latest report from FY2022/23 shows that assistance to industry increased over the review period, reaching a peak of AUD 15.2 billion in FY2021/22 before declining slightly to AUD 15 billion in FY2022/23. The slight decline was attributed to discontinued COVID-19 pandemic supports. About half of the amount, i.e. AUD 7.8 billion, is attributed to tax concessions, and the remaining AUD 7.1 billion is budgeted funds.<sup>119</sup>

3.129. The five main areas of support that accounted for the majority of assistance as identified by the PC were R&D measures, SME measures, sector-specific measures, other measures, and export measures. Within the category of export measures, the most significant supports were for Austrade,

<sup>118</sup> However, the PC estimates that the amount of concessional finance given by EFA to exporters was valued between AUD 13.7 million and AUD 31.9 million in FY2022/23 based on its top-down method.

<sup>119</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

the duty drawback scheme, Tourism Australia, and the EMDG Scheme. The sector-specific supports were mainly for film industry tax offsets, HomeBuilder<sup>120</sup>, and offshore banking tax concessions.<sup>121</sup>

3.130. A number of new strategies or projects have been announced that provide incentives or subsidies to various sectors of the economy. These include, for example, the Future Made in Australia Act to support the renewable energy sector, the National Reconstruction Fund and Modern Manufacturing Initiative (MMI) for manufacturing, the National Rail Procurement and Manufacturing Strategy for the transport sector, and the Critical Minerals Strategy/Critical Minerals Accelerator Initiative for the mining sector. They are examined in detail in Sections 4.2 , 4.3 , and 4.4 .

3.131. The Fuel Tax Credit (FTC) is a long-standing rebate given to eligible businesses to reimburse the excise or excise-equivalent customs duties paid on eligible fuels used in light vehicles travelling off public roads or on private roads, heavy vehicles<sup>122</sup>, or certain non-vehicle settings (e.g. machinery, plant, and equipment). In FY2023/24, the amount rebated was AUD 9.6 billion, an increase from AUD 7.5 billion in FY2022/23.<sup>123</sup> The FTC is not included in the PC's reporting on government assistance and industry assistance estimates because it was treated as a budgetary expense in the analysis; furthermore, the PC considered it not as a tax to production inputs nor as specific to certain industry sectors.<sup>124</sup>

3.132. In addition to the removal of customs duties on certain electric vehicles (EVs) (Section 3.1.3 ), other tax incentives have been offered to encourage the transition to EVs. The Federal Government offered an exemption to the Fringe Benefits Tax<sup>125</sup> from 1 July 2022 on zero- or low-emissions cars (not subject to the LCT) pursuant to the Treasury Laws Amendment (Electric Car Discount) Act 2022.<sup>126</sup> States also offer various incentives, such as discounted registration, stamp duty exemptions, interest-free loans for vehicles and battery storage, and rebates for businesses that purchase EVs.<sup>127</sup>

3.133. On tax incentives, there are a number of long-standing deductions, rebates, or incentives that have been in place for a number of years, and also some new or revised tax concession policies. These measures are concentrated in a few sectors or target groups, i.e. SMEs, film and television, venture capitalists, mining, and the shipping industry (Table 3.18). New developments during the review period included a new tax offset for the digital gaming sector, energy-efficiency tax incentives for SMEs, and a revision of the tax rate offsets for the R&D tax incentive.

<sup>120</sup> The HomeBuilder programme supported the residential construction sector by offering a grant (AUD 25,000 for contracts signed between 4 June 2020 and 31 December 2020 and AUD 15,000 for contracts signed between 1 January 2021 and 31 March 2021) that encouraged the construction of new homes and substantial renovations of existing homes. Viewed at: <https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2021-08/HomeBuilder%20NPA%20Extension.pdf>.

<sup>121</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>122</sup> For heavy vehicles travelling on public roads, the FTC is only partial as it is reduced by the Road User Charge (RUC). According to the PC, this is approximately 40% of the fuel excise paid as the remaining 60% is retained by the ATO as the RUC. Productivity Commission (2022), *Trade and Assistance Review 2020-21*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2020-21/trade-assistance-review-2020-21.pdf>.

<sup>123</sup> The Australia Institute (2024), *Fossil Fuel Subsidies in Australia 2024*. Viewed at: <https://australiainstitute.org.au/wp-content/uploads/2024/05/P1543-Fossil-fuel-subsidies-2024-FINAL-WEB.pdf>.

<sup>124</sup> Productivity Commission (2022), *Trade and Assistance Review 2020-21*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2020-21/trade-assistance-review-2020-21.pdf>.

<sup>125</sup> A tax on benefits given to employees by employers.

<sup>126</sup> ATO, *Electric Cars Exemption*. Viewed at: <https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/fringe-benefits-tax/types-of-fringe-benefits/fbt-on-cars-other-vehicles-parking-and-tolls/electric-cars-exemption>.

<sup>127</sup> Novated Lease Australia, *EV Incentives in Australia 2024 (State-by-State Guide)*. Viewed at: <https://www.novatedleaseaustralia.com.au/electric-cars/ev-incentives#:~:text=ACT%20EV%20incentives&text=New%20and%20used%20zero%20Deduction,acquired%20from%201%20July%202023>.

3.134. During the COVID-19 pandemic, a number of temporary tax measures or flexibilities were put in place, most of which have expired. The ATO provides a list of the measures for individuals and businesses (Section 3.3.1.3 for overall COVID-19 supports).<sup>128</sup>

**Table 3.18 Main tax incentives, 2020-24**

Incentive	Sector	Dates (if applicable)	Overview, rationale, and conditions
R&D tax incentive	All	No expiry	Provides tax offsets to companies conducting eligible R&D. The rate of the tax offset depends on a company's size; for larger companies, it depends on the proportion of a company's total expenditure on R&D.
Special deductible under uniform capital allowances	Electricity and telecom connections	No expiry	Special deduction over 10 years for certain capital expenditures.
Special deductible under uniform capital allowances	Mining, quarrying, minerals transport	No expiry	Deductions on resource rents, and accelerated depreciation of capital expenditures.
Fuel tax credit	Businesses using certain vehicles	No expiry	Offers reimbursement of excise and excise-equivalent customs duties on eligible fuels used by businesses in light vehicles travelling off public roads or on private roads, heavy vehicles, or certain non-vehicle settings (e.g. machinery, plant, and equipment).
Zero- or low-emissions electric vehicles	Businesses	1 July 2022–no expiry although certain provisions are to be phased out in 2025	Exemption from Fringe Benefits Tax for eligible electric cars that are provided for use by employees.
Innovative start-up companies incentive	Early-stage innovation companies (ESICs)	No expiry	Eligible investors benefit from a carry-forward tax offset of 20% on funds invested in ESICs. Capital gains tax exemption for 10 years for investments in ESICs if held for 12 months.
Skills and Training Boost	SMEs	29 March 2022–30 June 2024	An additional 20% tax deduction was available to businesses with an annual turnover of less than AUD 50 million for spending on eligible external training courses for their employees.
Small business energy incentive	SMEs	1 July 2023–30 June 2024	An additional 20% tax deduction was available to businesses with an annual turnover of less than AUD 50 million for the cost of eligible assets and upgrades that support electrification and energy efficiency.
Small business income tax offset	SMEs	No expiry	Individuals receiving income from an unincorporated small business, with an annual turnover of less than AUD 5 million, are eligible for a tax offset of up to AUD 1,000 on that business income.
Offshore banking unit-tax concession	Financial services	Ended on 1 January 2024	Concessional tax rate of 10% on income from certain offshore banking activities.
Venture capital limited partnership	Investors	No expiry	Offers flow-through tax treatment and an income tax exemption for eligible foreign investors on their share of gains made by the partnership from disposal of eligible investments.
Early-stage venture capital limited partnership	Investors	1 July 2016–No expiry	Offers flow-through tax treatment and an income tax exemption for eligible investors (both domestic and foreign) on their share of gains made by the partnership from the disposal of eligible investments. A non-refundable carry-forward tax offset of 10% of limited partners' contribution to eligible investments.
Digital Games Tax Offset (DGTO)	Digital gaming	1 July 2022–No expiry	Strengthens and expands the Australian digital games industry. Income tax offset of 30% of Qualifying Australian Development Expenditure (QADE). Certificate required from Minister for the Arts.
Location offset	Film and television production	No expiry	Tax rebate of 30% of Qualifying Australian Production Expenditure (QAPE) on an eligible film or TV production. Productions must spend a

<sup>128</sup> ATO, *COVID-19 Support: Tax Quick Guide*. Viewed at: <https://www.ato.gov.au/individuals-and-families/financial-difficulties-and-disasters/covid-19/government-grants-and-payments-during-covid-19/covid-19-support-tax-quick-guide>.

Incentive	Sector	Dates (if applicable)	Overview, rationale, and conditions
Post, Digital and Visual Effects (PDV) offset	Film and television production	No expiry	minimum of AUD 20 million in QAPE. Certificate required from Minister for the Arts. Tax rebate of 30% of QAPE related to PDV activity on an eligible film or TV project. Productions must spend a minimum of AUD 500,000 in QAPE. Certificate required from Minister for the Arts.
Producer offset	Film and television production	No expiry	Tax rebate of 40% on QAPE on eligible feature films and 30% on other formats (TV, online, DVD) for productions with significant Australian content. The minimum expenditure thresholds vary. Certificate required from Screen Australia.
Junior Minerals Exploration Incentive (JMEI)	Mining	1 July 2017–30 June 2025	Encourages minerals exploration via capital raising. Eligible companies can create exploration tax credits by converting losses from greenfield mineral exploration activities, to pass through to new investors.
Tasmania agricultural vehicle tax rebate	Farming in Tasmania	..	Rebates on up to 40% of the motor tax for agricultural commercial vehicles.
Tourist refund scheme	Tourists	..	A traveller may claim a refund of GST or Wine Equalisation Tax on purchases from a single business with the same Australian Business Number (ABN) where those purchases total AUD 300 or more.
Bunkerfuel tax credit	Marine transport	No expiry	Tax credit for fuel used in marine transport.
Income tax incentive	Shipping industry	No expiry	Attracts vessels to register in Australia. Tax exemptions from certain income of shipping activities.
Accelerated depreciation and rollover relief	Shipping industry	No expiry	Encourage owners of older vessels to reinvest in newer vessels. The depreciation of eligible vessels is for 10 years, allowing accelerated depreciation.
Seafarer tax offset	Shipping industry	No expiry	Incentives to employ Australian seafarers on overseas voyages by offering a tax offset for salaries, wages, and allowances.
Royalty withholding tax exemption	Shipping industry	No expiry	Reduces the costs for Australian shipping companies when leasing foreign vessels. An exemption from royalty withholding tax for Australian companies involved in leasing eligible vessels.

.. Not available.

Source: Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) (2023), *Digital Games Tax Offset (DGTO) Guidelines*. Viewed at: [https://www.arts.gov.au/sites/default/files/documents/final\\_dgto\\_guidelines.pdf](https://www.arts.gov.au/sites/default/files/documents/final_dgto_guidelines.pdf); DITRDCA, *Tax Rebates for Film and Television Producers*. Viewed at: <https://www.arts.gov.au/funding-and-support/tax-rebates-film-and-television-producers>; DITRDCA, *Tax Incentives for Australian Shipping*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/maritime/maritime-business/tax-incentives-australian-shipping>; ATO, various pages. Viewed at: [www.ato.gov.au](http://www.ato.gov.au); Business.gov.au, *Grants and Programs Finder*. Viewed at: <https://business.gov.au/Grants-and-Programs?resultsNum=50&cst=fi96>; and information provided by the authorities.

### 3.3.1.3 COVID-19 support measures

3.135. Similar to other countries, Australia instituted a robust response to the COVID-19 pandemic across a number of fronts, from securing vaccine supplies to providing domestic supports and stimulus measures, as well as on international trade (Section 2.2.2). Regarding support measures, the Federal Government provided several measures, and the states and territories provided almost an equal amount of support (Box 3.4). The Commonwealth reacted almost immediately with three fiscal packages in short succession in March 2020, initially focusing on businesses and

particularly employees through the JobKeeper Payment<sup>129</sup>, but also supporting households. Thereafter, further support measures were announced in subsequent economic updates.<sup>130</sup>

3.136. Many of the initial support programmes, such as JobKeeper, HomeBuilder, and tax advantages, were in place for 12-month periods, although payments often continued over longer periods. Peak spending was in FY2020/21. Most of the support was for economic support and a relatively small amount was for the health response. As per the FY2023/24 budget, a number of COVID-19 supports were still in place, although a few were being phased out. The HomeBuilder programme was one of the most significant COVID-19 outlays in FY2022/23 at AUD 260.3 million; it remained significant with spending of AUD 45.3 million in FY2023/24.<sup>131</sup> The Government continued to have significant outlays for vaccines and COVID-19-related aged care, including the extension of the Medicare Benefits Schedule (Box 3.4).

### Box 3.4 COVID-19 supports

Overall government spending on the pandemic Commonwealth: AUD 343 billion (16.6% of GDP) <sup>a</sup> States/Territories: AUD 234 billion (12% of GDP) <sup>b</sup>					
<b>Fiscal packages</b> 12-13 March 2020: AUD 17.6 billion 20-22 March 2020: AUD 66.1 billion 30 March 2020: AUD 130 billion	<b>Budgetary outlay as of FY2021-22<sup>c</sup></b> (FY, AUD million)				
		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	Economic response	50,439	136,325	49,869	32,537
	Health response	6,273	9,584	4,027	176
	Total	56,712	145,909	53,896	32,713
<b>Key areas of economic support</b> <ul style="list-style-type: none"> <li>• JobKeeper Payment and JobMaker Hiring Scheme</li> <li>• SME boosting cash flow for employers</li> <li>• Low- and middle-income tax offset</li> <li>• HomeBuilder</li> <li>• SME Recovery Loan Scheme and Guarantee Scheme</li> <li>• Tourism and aviation sector supports including the International Freight Assistance Mechanism</li> <li>• Full expensing and loss carry-back measures</li> <li>• Supports to the creative and entertainment sectors</li> <li>• Bilateral financial assistance to other countries</li> </ul>	<b>Post-pandemic COVID-19 measures, FY2023/24<sup>d</sup></b> <ul style="list-style-type: none"> <li>• Vaccines and testing, AUD 392 million (over four years)</li> <li>• Aged-care response, AUD 364.6 million</li> <li>• Ending Pandemic Event visa, AUD 1.5 billion (over four years)</li> <li>• Creation of the Centre for Disease Control</li> <li>• HomeBuilder, AUD 43 million</li> <li>• JobSeeker<sup>e</sup></li> <li>• International loans, AUD 100 million</li> </ul>				

a As per the 2022-23 March Budget.

b As of 24 March 2022.

c As at 2021-22 Budget.

d Payment amounts during FY2023/24, or budgeted amounts for those programmes over four years.

e JobSeeker is for people looking for work who meet certain criteria, such as residency, age range, and income/asset test.

Source: Commonwealth of Australia, various budget documents. Viewed at: <https://budget.gov.au/>; Department of the Prime Minister and Cabinet, *Commonwealth Government COVID-19 Response Inquiry*. Viewed at: <https://www.pmc.gov.au/domestic-policy/commonwealth-government-covid-19-response-inquiry>. Commonwealth of Australia (2021), *Securing Australia's Recovery*. Viewed at: [https://archive.budget.gov.au/2021-22/download/glossy\\_covid19.pdf](https://archive.budget.gov.au/2021-22/download/glossy_covid19.pdf); Commonwealth of Australia, *Recovery, and Response Support*. Viewed at: [https://archive.budget.gov.au/2021-22/factsheets/download/factsheet\\_recovery\\_response.pdf](https://archive.budget.gov.au/2021-22/factsheets/download/factsheet_recovery_response.pdf); and Commonwealth of Australia (2023),

<sup>129</sup> JobKeeper Payment was a support measure for employers to pay employees when their businesses were impacted by the COVID-19 pandemic.

<sup>130</sup> In respect of COVID-19 pandemic, Australia designated a human biosecurity emergency from 18 March 2020 to 17 April 2022. For a full list of legislative instruments instituted as a result of the pandemic, see Parliament of Australia, *Scrutiny of COVID-19 Instruments*. Viewed at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Scrutiny\\_of\\_Delegated\\_Legislation/Scrutiny\\_of\\_COVID-19\\_instruments](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Delegated_Legislation/Scrutiny_of_COVID-19_instruments).

<sup>131</sup> Commonwealth of Australia (2023), *Final Budget Outcome 2022-23*. Viewed at: <https://archive.budget.gov.au/2022-23-october/fbo/download/fbo-2022-23.pdf>; and Commonwealth of Australia (2024), *Final Budget Outcome 2023-24*. Viewed at: [https://archive.budget.gov.au/2023-24/fbo/download/00\\_fbo\\_2023-24.pdf](https://archive.budget.gov.au/2023-24/fbo/download/00_fbo_2023-24.pdf).

*Mid-Year Economic and Fiscal Outlook, 2023–24*. Viewed at: <https://archive.budget.gov.au/2023-24/myefo/download/myefo2023%E2%80%9324.pdf>.

### 3.3.2 Standards and other technical requirements

3.137. Australia's framework for standards and conformance has been in place for many years but continues to evolve with new standards, technical regulations, and international engagement. The Government recognizes the important role standards play in facilitating the market exchange on goods, but also more and more on services. Underpinning its policy on many fronts is the emphasis on using international standards when possible and building on its long-standing association with New Zealand, increasing ties and reliance with regional partners on standardization as well. Reducing unnecessary technical barriers is expected to benefit many areas of the economy and trade. According to a 2021 study, a 1% increase in the number of standards in Australia is expected to lead to a 0.17% increase in total factor productivity.<sup>132</sup>

3.138. Australia's standards, technical regulations, and conformity assessment policy framework are undertaken by a range of institutions, both public and private, and jointly between governments. Known as the Technical Infrastructure Alliance (TIA), the main bodies include Standards Australia (SA); the National Measurement Institute, Australia (NMIA); the National Association of Testing Authorities (NATA); and the Joint Accreditation System of Australia and New Zealand (JAS-ANZ).

3.139. The DISR is the lead Department for standards policy issues. DFAT, as Australia's department for international trade and development, remains responsible for Australia's engagement on TBT matters in the WTO; it is also Australia's TBT Enquiry Point. Separate from the TIA, a number of other agencies have an important role to play in Australia's standards and conformance framework, including Food Standards Australia and New Zealand (FSANZ).

3.140. There were several significant developments in new or revised standards, technical regulations, or conformity assessment procedures during the review period (Box 3.5).

#### Box 3.5 Snapshot of significant developments in standards and technical regulations, 2020-24

##### Imported Food Order 2019

Changes to classify new at-risk foods including kava, berries that are ready to eat, pomegranate arils and seeds that are ready to eat, and cooked poultry. Certain plants and fungi were prohibited. Mandatory allergen food labelling was introduced. Removal of *E. coli* testing for dried, semi-dried, and sundried tomatoes and dates. A certification requirement was added for ready-to-eat berries and pomegranate arils, and bivalve molluscs and bivalve mollusc products excluding retorted, shelf-stable, and dried products.

##### Export Control (Organic Goods) Rules 2021

This legislation was introduced from 28 March 2021. Prescribed organic goods for export face new certification rules (supply of an Organic Goods Certificate). The National Standard for Organic and Bio-Dynamic Produce prescribes the technical export standard for organic goods.

##### Product Safety Regulation

For details of numerous modifications of technical regulations for product safety, see Australian Competition and Consumer Commission (ACCC) at <https://www.productsafety.gov.au/product-safety-laws/safety-standards-bans/mandatory-standards>.

##### Vaping Goods Regulation

Requirements relating to vaping goods imposed under the Therapeutic Goods and Other Legislation Amendment (Vaping Reforms) Act 2024, the Therapeutic Goods Legislation Amendment (Vaping Reforms) Regulations 2024, and related instruments, including the Therapeutic Goods (Medical Device Standard-Therapeutic Vaping Devices) Order 2023 and the Therapeutic Goods (Standard for Therapeutic Vaping Goods) Order 2021 (TGO110).

##### Guarantee of Origin scheme (legislation introduced, not in force as of October 2024)

A voluntary scheme to measure, track, and verify the carbon emissions of Australian clean energy products and renewable electricity. The scheme will commence with certification of hydrogen and hydrogen energy

<sup>132</sup> International Organization for Standardization (ISO) (2021), *Standards & Economic Growth: ISO Members' Research on the Impact of Standards on Their National Economies*. Viewed at: <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100456.pdf>.

carriers, expanding to other products such as green metals and low carbon liquid fuels over time. Australia is aiming for implementation in late 2025.

Source: Information provided by the authorities.

### 3.3.2.1 Standards and technical regulations framework

3.141. SA remains Australia's national standards-making body.<sup>133</sup> It is a private non-profit limited company that is guided in its work through member bodies and organizations and headed by a board of directors. The work of SA is through technical committees, in which the Standards Development & Accreditation Committee (SDAC) is the key committee for standards-making. In addition to adopting standards, SA also accredits standards development organizations and participates internationally by representing Australia at the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

3.142. When new standards are considered, or existing standards amended, Australia's policy takes into consideration a range of issues and benefits. It requires a Net Benefit test, meaning that the overall benefit or value-added of a proposed standard must outweigh the cost to those affected, e.g. suppliers and consumers. It must have an "overall positive impact on relevant communities".<sup>134</sup>

3.143. As a separate legal entity, SA is guided by its own constitution but has an MoU with DISR to set out the terms of its relationship with the Federal Government and recognize SA as Australia's national standards body. The 2018 MoU also guides SA in its international responsibilities regarding the Technical Barriers to Trade Agreement (TBT Agreement). Articles 6.5 and 6.6 require that SA's practices are in line with the TBT Agreement and comply with the Code of Good Practice, and furthermore require usage of international standards to the extent possible.<sup>135</sup>

3.144. During the review period, SA's work included:

- Ensuring Australia's participation in international standards development in the digital, critical technology, and critical minerals sectors;
- Supporting the renewable energy sector with new standards for hydrogen use in transportation and safety guidance for storage batteries; and
- Launching the Data and Digital Dashboard to profile and follow standards developments on eight technology areas: blockchain, artificial intelligence (AI), smart cities, Internet of Things, cloud computing, data, cybersecurity, and quantum.<sup>136</sup>

3.145. SA joined the UNECE Declaration on Gender Responsive Standards and Standards Development in 2023. Initial steps taken under the Declaration include the development of SA's Diversity Action Plan. As part of the Action Plan, SA has undertaken to collect diversity data from contributors, ensure consistent recognition of traditional owners of country, and profile their commitment at the ISO Annual Meeting. Learning modules focused on diversity and inclusion in technical committees, and drafting gender-responsive standards, have been created and rolled out to staff and contributors. SA has also begun to update standardization guides and materials to ensure they align with the principles of diversity and inclusion set out in the Action Plan. Finally, SA is actively engaged in international efforts to address diversity and inclusion, including at the ISO and IEC. Future actions will likely include additional data collection and analysis efforts, standards mapping, and awareness building.

<sup>133</sup> SA develops standards in all areas except for food, where Food Standards Australia and New Zealand (FSANZ) has authority.

<sup>134</sup> SA, *Guide to Net Benefit*. Viewed at: <https://www.standards.org.au/documents/guide-to-net-benefit-gu-103>.

<sup>135</sup> SA (2018), *Memorandum of Understanding between the Commonwealth of Australia as Represented by the Department of Industry, Innovation and Science (Industry) and Standards Australia Limited (Standards Australia)*. Viewed at: <https://www.standards.org.au/documents/standards-australia-mou-2018>.

<sup>136</sup> SA, *Critical and Emerging Technologies: Data & Digital Dashboard*. Viewed at: <https://www.standards.org.au/engagement-events/strategic-initiatives/critical-and-emerging-technologies/data-digital-dashboard>.

3.146. There was also greater engagement in the region by SA during the review period. In order to improve digital trade and the digital economy, cooperation took place through the Indo-Pacific Digital Trade Standardization Initiative and the ASEAN-Australian Digital Trade Standards Initiative. The Indo-Pacific Digital Trade Standardisation Initiative was completed in 2020, with a clear foundation for future engagement with project partners. The ASEAN-Australia Digital Trade Standards Initiative continues with the initial five-year programme near finalization, and the next stage expected to commence in 2025. SA has also worked on regional and bilateral initiatives with ASEAN partners to focus on critical and emerging technologies and energy. A significant work programme is underway with partners in the Pacific region, collaborating with DFAT, the Pacific Island Forum Secretariat (PIFS), and PACER Plus to strengthen regional capacity for standardization. Further examples of regional and bilateral engagement include contributions to projects in APEC and AANZFTA, capacity-building and mentoring for Timor-Leste, and trade-enabling efforts in partnership with SA's counterpart body in India.

3.147. As at 30 June 2021 (FY2020/21), there were 5,301 current Australian Standards, of which 43% were identical or modified adoptions of international standards. As at 30 June 2024, there were 5,764 current Australian Standards. Of these standards, 46% were either identical or modified adoptions of international standards (Table 3.19). In addition, of these current standards, 36% are Australian-New Zealand joint standards. Approximately 20% of SA's catalogue is referenced in Commonwealth, state, and territory regulations.<sup>137</sup>

**Table 3.19 Overview of Standards Australia's standards-making activities, FY2020/21-FY2023/24**

(No., %)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Australian Standards published	386	325	318	363
Identical adoption of international standard (%) <sup>a</sup>	54	55	53	70
Modified adoption of international standard (%) <sup>a</sup>	24	19	21	13
Standards amended	52	54	33	33
Main sectors covered (top 3) (%)				
Manufacturing and processing	16	24	26	27
Electrotechnology and energy	22	21	20	19
Building and construction	16	13	17	12

a As per ISO/IEC Guide 21-1 for the definition of Identical or Modified Adoption.

Source: Standards Australia, *Annual Reviews*, various editions. Viewed at: <https://www.standards.org.au/about/governance/annual-reviews>; and information provided by SA.

3.148. As SA is a private body, all the standards it develops and adopts are voluntary. However, SA's standards are often referenced by regulatory bodies in technical regulations (as per the TBT Agreement), both at the Commonwealth and state/territory levels, either as the nominated standard for mandatory compliance or as a recommended standard. Government bodies, such as the Therapeutic Goods Administration, the National Marine Safety Regulator, the Civil Aviation Safety Authority, the Australian Pesticides and Veterinary Medicines Authority, and the Australian Energy Regulator, incorporate these standards for health, safety, measurement, or other purposes. When government agencies consider imposing technical regulations, they are guided by the Best Practice Guide to Using Standards and Risk Assessments in Policy and Regulation. This guidance (not mandatory) provides the government policy for technical regulations, which is "if a system, service or product has been approved under a trusted International Standard or risk assessment, Australian regulators should not impose any additional requirements unless it can be demonstrated that there is a good reason to do so".<sup>138</sup>

3.149. Government agencies are required to undertake a regulation impact analysis (RIA) to assess the potential risks and economic impact of new technical regulations. Australia's RIA system is overseen by the Office of Impact Analysis (OIA) within the Department of the Prime Minister and Cabinet. The OIA provides a range of publicly available guidance tools for the RIA process, and finalized regulatory impact statements are published. The RIA process involves weighing evidence

<sup>137</sup> Information provided by the authorities.

<sup>138</sup> Department of Industry, Innovation and Science (2016), *Best Practice Guide to Using Standards and Risk Assessments in Policy and Regulation*, p. 2. Viewed at: <https://www.industry.gov.au/sites/default/files/June%202018/document/extra/best-practice-guide-to-using-standards-and-risk-assessments-in-policy-and-regulation.pdf>.

of current market forces influencing the product and market; causes of potential dangers; options for reducing the risk for consumers; and the potential economic and social impact of regulatory and non-regulatory measures.<sup>139</sup>

### 3.3.2.2 Food standards and labelling requirements

3.150. FSANZ is responsible for food standards in Australia and operates pursuant to the Food Standards Australia New Zealand Act 1991 (FSANZ Act). As a bi-national food regulatory body, FSANZ is tasked with developing food standards, based on proposals or applications to amend the Australia New Zealand Food Standards Code.<sup>140</sup> During the period 2020-24, the Code was amended 89 times.<sup>141</sup> The Code contains food standards by product, labelling requirements, additive and contaminant rules, primary production standards, and food safety standards. Various schedules in the Code set out, for example, maximum residue limits (MRLs) for agricultural and veterinary chemicals and maximum contaminant levels. Since 2020, approximately 830 Codex MRLs have been incorporated into Schedule 20.<sup>142</sup> FSANZ undergoes an annual exercise to adjust MRLs with Codex or other established levels through an MRL harmonization proposal process.<sup>143</sup> A key objective of the FSANZ Act is to establish common rules for Australia and New Zealand and promote consistency between domestic and international food regulatory measures without reducing the safeguards applying to public health and consumer protection. Conformity assessment procedures for the Code are the responsibility of state or territory government bodies.

3.151. Pursuant to the Country of Origin Food Labelling Information Standard 2016 (CoOL scheme), most foods grown, produced, or made in Australia need to carry the kangaroo in a triangle logo, with text and a bar chart showing the proportion of Australian ingredients by ingoing weight. Most foods that are imported into Australia must, at a minimum, carry a country of origin text statement. As part of the Imported Food Inspection Scheme, DAFF inspects imported food to check it complies with the Information Standard, among other requirements. The Australian Competition and Consumer Commission (ACCC) and state and territory regulators, operating through the Australian Consumer Law (ACL), enforce the measure domestically. The Information Standard applies to the retail sale of food in Australia, i.e. packaged food, although certain unpackaged food is also covered.<sup>144</sup> Labelling is not required in certain circumstances, for example, food sold in restaurants and home deliveries ready for consumption.<sup>145</sup> In February 2022, outcomes from an evaluation of the CoOL scheme were published, and the recommendations were against making major changes to the requirements at that time. The Government is currently pursuing implementation of mandatory country of origin labelling for seafood in hospitality settings (Seafood CoOL).

### 3.3.2.3 Accreditation, conformity assessment, and metrology

3.152. On accreditation and conformity assessment, there continue to be two national institutions: NATA and JAS-ANZ. The Therapeutic Goods Administration (TGA) also has conformity assessment functions for products under the Therapeutic Goods Act 1989, i.e. medical devices.

3.153. NATA is an independent national body for accrediting laboratories, inspection bodies, and related facilities. It works with the support of technical experts as members of its Accreditation Advisory Committees (AACs) and Technical Assessors to accredit some 4,238 laboratories and related facilities. The Government maintains a relationship and cooperation with NATA through an MoU that sets out obligations such as using applicable international standards as the basis for accreditation. The MoU was renewed in June 2024 with no substantive changes, and it ensures that

<sup>139</sup> Department of the Prime Minister and the Cabinet, *Guidance on Impact Analysis*. Viewed at: <https://oia.pmc.gov.au/resources/guidance-impact-analysis>.

<sup>140</sup> Federal Register of Legislation, *Australia New Zealand Food Standards Code*. Viewed at: <https://www.legislation.gov.au/F2015L00383/latest/text>.

<sup>141</sup> FSANZ, *Gazette Notices*, various. Viewed at: <https://www.foodstandards.gov.au/food-standards-code/gazette>; and information provided by the authorities.

<sup>142</sup> Information provided by the authorities.

<sup>143</sup> FSANZ, *Maximum Residue Limits – Variations*. Viewed at: <https://www.foodstandards.gov.au/food-standards-code/changing-the-code/limits>.

<sup>144</sup> Unpackaged fish, certain meats, fruit or vegetables, nuts, spices, herbs, fungi, legumes, and seeds. ACCC (2021), *Country of Origin Food Labelling*. Viewed at: <https://www.accc.gov.au/system/files/Country%20of%20origin%20food%20labelling.pdf>.

<sup>145</sup> Federal Register of Legislation, *Country of Origin Food Labelling Information Standard 2016*.

NATA's accreditations will be in compliance with ISO/IEC 17011 and that accredited facilities will be required to comply with the relevant ISO or ISO/IEC Standards.

3.154. NATA's recent work has focused on digital supply chains whereby collaboration with JAS-ANZ has led to a blueprint on how to identify and capture product compliance in the digital supply chain. This has led to an industry pilot project called Conformity.ID.

3.155. JAS-ANZ, a bi-national cooperation between Australia and New Zealand, was established by treaty in 1991 to provide accreditation at the national, regional, and international levels. As of June 2024, it had accredited 137 conformity assessment bodies in Australia, New Zealand, and internationally.<sup>146</sup> Its work is concentrated in five main sectors: business and innovation, sustainability and the environment, food and biologicals, product certification, and health and biologicals.<sup>147</sup>

3.156. The TGA is the Government's regulator for therapeutic goods and undertakes a number of other processes with respect to these goods, such as quality checks and post-market monitoring. In particular, the TGA is responsible for regulating medical devices, and the medical devices regulatory framework provides the conformity assessment requirements for the goods. Certification of a manufacturer's conformity assessment must usually be done by the TGA, equivalent bodies outside Australia, or a company that has been determined as an Australian Conformity Assessment Body. The implementation of a reform initiative called "An Action Plan for Medical Devices" remains ongoing. The TGA handles about 200 conformity assessment applications per financial year, of which the majority are approved.

3.157. Australia concludes MRAs for conformity assessment with other trading partners. During the review period, a new agreement was concluded and entered into force with the United Kingdom and Northern Ireland in 2021. An update to Australia's long-standing MRA with European Economic Area (EEA) partners was concluded in 2021.<sup>148</sup> Australia also maintains broad conformity assessment MRAs with the European Union and Singapore and a number of other sector-specific MRAs on conformity assessment.<sup>149</sup> The TGA has bilateral recognition and reliance measures in place to expedite getting devices to market, where appropriate, and in cases where they have been approved for use in other countries. Work remains ongoing in the TGA for the designation of Comparable Overseas Regulators in certain markets.

3.158. Regarding metrology, NMIA, a division of DISR, is Australia's measurement body and operates pursuant to the National Measurement Act 1960 and its subordinate regulations. NMIA ensures international recognition and acceptance of Australia's measurement system, covering physical, biological, chemical, and legal metrology. It maintains and disseminates Australia's measurement standards (physical standards as well as chemical and biological reference materials); traceability to those standards provides the technical basis for successful trade and commerce. NMIA also administers and ensures international acceptance of Australia's legal metrology framework. Its trade measurement inspectors ensure regulatory compliance and enforce the provisions of trade measurement legislation.

3.159. Pursuant to its 2024-25 legal metrology priorities, NMIA is reforming and modernizing Australia's measurement legislation.<sup>150</sup> In terms of legal reform, as of October 2024 NMIA was developing new legislation to address changing technologies and business practices. The reforms

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<sup>146</sup> The majority were in Australia and New Zealand. International accreditation was in China; Hong Kong, China; India; Japan; the Republic of Korea; Malaysia; Singapore; South Africa; Chinese Taipei; Türkiye; the United Arab Emirates; the United States; and Viet Nam.

<sup>147</sup> JAS-ANZ (2023), *Annual Report 2022–2023*. Viewed at: [https://www.jasanz.org/wp-content/uploads/2023/10/JANZ003\\_Annual-Report\\_Web\\_FA.pdf](https://www.jasanz.org/wp-content/uploads/2023/10/JANZ003_Annual-Report_Web_FA.pdf).

<sup>148</sup> DFAT, *Australian Treaties Database*. Viewed at: <https://www.dfat.gov.au/international-relations/treaties/australian-treaties-database>.

<sup>149</sup> Conformity assessment MRA partners include Canada, the European Union, New Zealand, Singapore, and Thailand. The MRAs with the EEA, the European Union, and the United Kingdom cover conformity assessment on automotive products, electromagnetic compatibility, low voltage electrical equipment, telecommunications terminal equipment, machinery, medical devices, pharmaceuticals good manufacturing practice (GMP), and pressure equipment. The MRA with Singapore covers electrical and electronic equipment products, telecommunications equipment products, and GMP for medicinal products.

<sup>150</sup> DISR (2024), *Legal Metrology Priorities 2024–25*. Viewed at: <https://www.industry.gov.au/publications/legal-metrology-priorities-2024-25#202425-priorities-5>.

are intended to improve speed to market for new technologies, enhance industry confidence, and increase protections for consumers.<sup>151</sup>

### 3.3.2.4 International cooperation and agreements

3.160. SA, NMIA, and the Government have been supporting implementation of the Pacific Quality Infrastructure (PQI) Initiative to improve standardization, metrology, testing, and conformity assessment capabilities for Pacific Island Forum members. Since the PQI Initiative commenced, implementing partners supported the establishment of the Pacific Islands Standards Committee (PISC), the Pacific Islands Metrology Committee (PIMC), and the Pacific Islands Testing Committee (PITC).

3.161. The PISC is responsible for coordinating the development of regional standards with an initial focus on the development of regional standards on energy efficiency and frozen cassava. The PIMC coordinates the regional development of metrology, with a focus on trade measurement and calibration services. The PITC coordinates a regional approach to strengthening the capabilities of regional testing laboratories.

3.162. A cooperation between Australia and India, Japan, and the United States focuses on standards for critical technologies. As part of the Quad Principles on Technology Design, Development, Governance and Use agreed in 2021, the four partners support an industry-led and multistakeholder approach to standards-making in this area. Some of the principles the technology standards group plan to include as it moves forward include incorporating security safeguards, ensuring openness and interoperability, and prohibiting forced technology transfer. As part of its Quantum Strategy (Box 4.5), Australia is expected to be involved in international standards-making in this area.

### 3.3.2.5 WTO activities and notifications

3.163. Australia actively participates in the work of the WTO TBT Committee and regularly submits notifications. Recent activity has focused on the Tenth Triennial Review whereby Australia has submitted four proposals on the role of metrology in facilitating trade, interoperable data standards in trade, medical device regulation, and on cross-cutting meetings with other WTO bodies.<sup>152</sup> At MC13, Australia worked with a group of Members to move forward the Ministerial Declaration on strengthening regulatory cooperation to reduce technical barriers to trade.<sup>153</sup> Australia was also an active participant in the negotiation of the non-prescriptive practical guidelines to support regulators in the choice and design of appropriate and proportionate conformity assessment procedures.<sup>154</sup> On specific trade concerns (STCs), Australia has raised 28 STCs in the TBT Committee since 2020 on a range of issues, and has been a respondent in 3 STCs that concerned industrial chemical rules, water efficiency standards, and maturation requirements on imported alcohol. Of these three, two have been successfully addressed or resolved. Australia remains active on STCs as the Member raising the sixth-highest number of concerns in the Committee since inception.<sup>155</sup>

3.164. Between 2020 and the end of October 2024, Australia made 92 TBT notifications. The majority concerned the protection of human health or safety. Other main categories were consumer information, labelling, and protection of the environment (Table 3.20). Furthermore, most of the notifications were pursuant to Article 2.9 of the TBT Agreement, i.e. proposed technical regulations notified in advance of implementation of the measure. Australia did not notify any urgent matters during the review period. Seven Australian standardizing bodies were notified as having accepted

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<sup>151</sup> DISR (2023), "The Australian Government Is Reforming Measurement Legislation", 8 November. Viewed at: <https://www.industry.gov.au/news/australian-government-reforming-measurement-legislation>.

<sup>152</sup> WTO documents [G/TBT/W/780/Rev.2](#), 28 June 2024; [G/TBT/W/801](#), 13 May 2024; [G/TBT/W/781/Rev.1](#), 1 March 2024; and [G/TBT/W/791](#), 22 February 2024.

<sup>153</sup> WTO document [G/TBT/GEN/353/Rev.6](#), 25 February 2024.

<sup>154</sup> WTO document [G/TBT/54](#), 19 March 2024.

<sup>155</sup> WTO, ePing Platform. Viewed at: <https://eping.wto.org/>.

the Code of Good Practice.<sup>156</sup> Australia also updated its notification on implementation and administration of the TBT Agreement pursuant to Article 15.2.<sup>157</sup>

**Table 3.20 Overview of TBT notifications, 2020-24**

Category	Number
Protection of human health or safety	58
Consumer information, labelling	28
Protection of the environment	16
Harmonization	12
Quality requirements	11
Other	10
Prevention of deceptive practices and consumer protection	8
Protection of animal or plant life, or health	6
Reducing trade barriers and facilitating trade	4
Cost saving and productivity enhancement	2

Note: As of 31 October.

Source: WTO, ePing Platform. Viewed at: <https://eping.wto.org/>.

### 3.3.3 Sanitary and phytosanitary (SPS) requirements

3.165. The Biosecurity Act 2015, which came into force in 2016, remains Australia's principal legislation to protect animal, plant, and human health. It was amended in 2022 by the Biosecurity Amendment (Strengthening Biosecurity) in order to improve certain operational efficiencies. Many of the changes focused on data protection and how DAFF may use or share this information. Other changes concerned pre-arrival information requirements, increases in penalties, reforms of the Approved Arrangements system, and the giving of certain additional powers for expenditure to the Minister for Agriculture. There are five Goods Determinations under the Act that specify rules for prohibited and/or conditionally non-prohibited goods by region, i.e. Australian territory and neighbouring islands. The Goods Determinations identify prohibited goods and other high-risk goods that require certain conditions upon entry. The main Goods Determination for the Australian territory is the Biosecurity (Conditionally Non-prohibited Goods) Determination 2021<sup>158</sup>, which was amended in 2021 and 2022 to include new provisions on hitchhiker pests, test kits, khapra beetle, bioremediation products, and meat and meat products for personal use, as well as goods that no longer require an import permit. The Goods Determination sets out the requirements for biosecurity import permits and to which products and how they apply.<sup>159</sup>

3.166. In addition, each of Australia's states and territories maintains its own biosecurity legislation and regulations. These may impact movements of biosecurity-controlled goods within Australia but do not affect imports at the border. The Intergovernmental Agreement on Biosecurity (IGAB) continues to coordinate actions and policies on biosecurity between the Federal Government and state and territory governments. In 2019, it established the National Biosecurity Committee, which provides oversight of the national biosecurity system. It oversaw the development of the National Biosecurity Strategy and Catalysing Australia's Biosecurity collaborative initiative with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Furthermore, the National Biosecurity Strategy 2022-2032 outlines and guides the work on biosecurity policy issues between the Government, states, territories, and private-sector stakeholders.

#### 3.3.3.1 Policy developments

3.167. The main policy for the sector is the Commonwealth Biosecurity Strategy 2030, which was launched in 2021 and has led to the Commonwealth Biosecurity 2030: Action Plan 2023, the second

<sup>156</sup> Australia Communications Industry Forum Limited; Australian Communications Authority; Australian Forestry Standard Steering Committee; Australian Gas Association; National Marine Safety Committee; Seafood Services Australia Ltd; and Standards Association of Australia.

<sup>157</sup> WTO document [G/TBT/15.2/N/AUS](https://www.wto.org/press/2024/G/TBT/15.2/N/AUS), 4 June 2024.

<sup>158</sup> It replaced similar legislation from 2016, i.e. the Biosecurity (Prohibited and Conditionally Non-prohibited Goods) Determination 2016.

<sup>159</sup> For a list of products and how the permit applies, see DAFF, *Standard Permits for Biological Products*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/online-services/bicon/bicon-permit/standard-permit>.

Action Plan under the Strategy.<sup>160</sup> The Strategy sets out the three stages of biosecurity defence where Australia focuses various activities – overseas activities, at-the-border activities, and within Australia activities – and identifies the network of key stakeholders among them. The Action Plan 2023 sets out nine strategic actions that include expanding overseas assurance arrangements and supply chains, improving national preparedness, and implementing new detection technologies. Work so far has focused on outstanding recommendations and continued monitoring. Recommendations on border matters, in particular with the ABF, remain mostly ongoing, in particular on the Simplified Trade System and the ATT programme.<sup>161</sup>

3.168. A new policy development in March 2023 concerned import permits for dogs and cats. These domesticated animals now face greater scrutiny and quarantine due to elevated risks of rabies. Improved identification measures, such as mandatory microchipping, have been implemented as have increased residency requirements (180 days) before exportation. Rabies vaccination requirements and quarantine time vary by the category risk of the country.<sup>162</sup>

3.169. A new sustainable biosecurity funding model was introduced as part of the 2023-24 Budget to increase funds for biosecurity spending and increase transparency. The funding model sets out that importers will pay 48% of biosecurity costs, the Government will contribute 44%, producers 6%, and Australia Post 2%.<sup>163</sup> Legislation for a new Biosecurity Protection Levy is currently under consideration by Australia's Parliament. Under this proposed measure, funding of Australia's biosecurity system would be shared by general taxpayers, importers, and Australia Post, as well as a contribution from primary producers. A new charge for low-value imports applies from October 2024 to reflect increases in the volume and diversity of low-value goods entering Australia. The Sustainable Biosecurity Funding Advisory Panel was established in February 2024 with the participation of the private sector to increase stakeholder engagement and provide greater transparency. Furthermore, there is a higher and more permanent budget funding arrangement for biosecurity that has been increased as of FY2023/24 and will reach AUD 267 million annually in FY2027/28.<sup>164</sup>

### 3.3.3.2 Border procedures

3.170. Clearance and inspection of imported goods for biosecurity reasons are conducted by DAFF upon submission of the import declaration and accompanying documents. Certain additional import documentary requirements beyond those required by the ABF are set out in DAFF's minimum documentary and import declaration requirements policy.<sup>165</sup> This policy is updated regularly and includes many provisions, including on transport documentation, commercial documentation, manufacturer's declaration, authenticity, and treatment certificate information. Additional parameters are required for food subject to the Imported Food Inspection Scheme. These goods require a specific declaration in a certain format.<sup>166</sup> If an import permit is required, it also must be submitted with the import documentation. Issuance of a permit may require the importer to pass a fit and proper person test. When an importer cannot meet the requirements for the standard import permit, an application for a non-standard permit can be made; however, a more stringent biosecurity risk assessment is then undertaken.

<sup>160</sup> DAFF (2021), *Commonwealth Biosecurity 2030*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/commonwealth-biosecurity-2030.docx>.

<sup>161</sup> DAFF (2023), *Commonwealth Biosecurity 2030: Action Plan 2023*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/commonwealth-biosecurity-2030-action-plan-2023.pdf>.

<sup>162</sup> DAFF (2023), "06-2023: Review of Rabies Virus Risk in Imported Dogs, Cats and Canine Semen from Approved Countries – Final Report Released", 12 January. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/industry-advice/2023/06-2023>.

<sup>163</sup> Minister for Agriculture (2024), "New Sustainable Biosecurity Funding Advisory Panel Locks in Transparency", 28 February. Viewed at: <https://minister.agriculture.gov.au/watt/media-releases/sustainable-biosecurity-funding-model>.

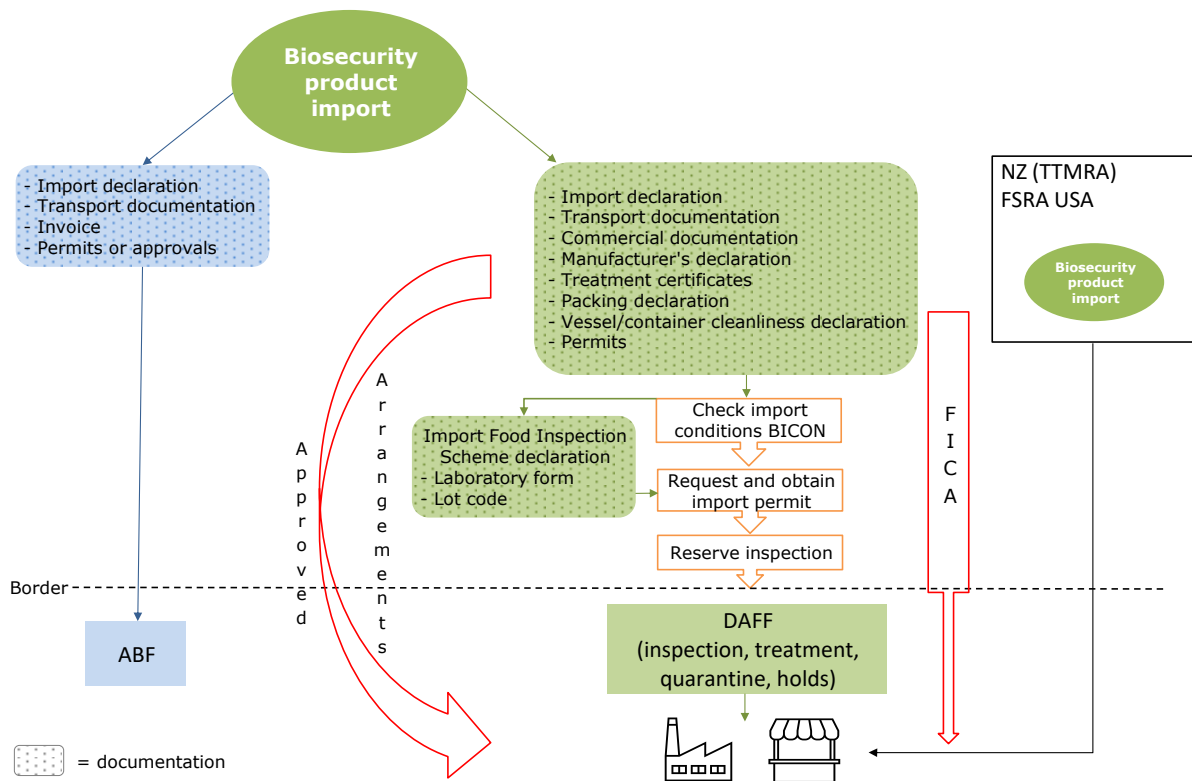
<sup>164</sup> DAFF, *Sustainable Biosecurity Funding*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/policy/sustainable-biosecurity-funding>.

<sup>165</sup> DAFF (2021), *Minimum Documentary and Import Declaration Requirements Policy*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/minimum-documentary-and-import-declaration-requirements-policy.pdf>.

<sup>166</sup> DAFF, *Imported Food Inspection Scheme: Importer Declaration*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/goods/food/lodge/ifis-importer-declaration>.

3.171. DAFF conducts biosecurity control and clearance processes based on risk assessment. Import conditions are based on this assessment, including under what conditions a good can be imported and this may involve inspections, treatment, quarantine, or holds. The actions under the Cargo Compliance Verification Scheme may also randomly subject imports to inspection procedures. DAFF also allows the use of an Approved Arrangements system<sup>167</sup> for importers, which offers a controlled environment for biosecurity to take place upon application and approval, and for Food Import Compliance Agreements (FICA) that allow expedited procedures for certain documented food safety management systems.<sup>168</sup> The Trans-Tasman Mutual Recognition Arrangement (TTMRA) governs imported food from New Zealand, which is exempt from inspection and testing except for certain high-risk foods.<sup>169</sup> The Food Safety Recognition Agreements (FSRA) operate similarly to TTMRA to exempt certain controls when two trading partners recognize each other's food safety systems; as at August 2024, Australia had one FSRA in place, with the United States. Australia also requires certification for some at-risk foods; such certification takes the form of mandatory foreign government certificates, voluntary foreign government certificates, and food safety management certificates.<sup>170</sup> A schematic of the biosecurity import process is outlined in Chart 3.5.

**Chart 3.5 Simplified overview of the biosecurity import process**



Note: The figure is illustrative of the process and does not present a comprehensive picture of all procedures. Furthermore, some parts may not be applicable in some scenarios. BICON = Biosecurity Import Conditions; FICA = Food Import Compliance Agreements; and FSRA = Food Safety Recognition Agreements.

Source: Prepared by the Secretariat based on information on the DAFF website. Viewed at: <http://www.agriculture.gov.au/>.

<sup>167</sup> DAFF manages around 3,700 approved arrangements.

<sup>168</sup> FICAs are in place with about 30 food importers. DAFF, *Food Import Compliance Agreements*.

Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/goods/food/how/fica>.

<sup>169</sup> These include beef, beef products, ready-to-eat cassava chips, brown seaweed, and transhipped food.

<sup>170</sup> Mandatory foreign government requirements are in place for beef and beef products, bivalve molluscs and bivalve mollusc products, human milk and human milk products, raw beef and beef products, and raw milk cheese. Voluntary foreign government certification is possible for Canadian- and Thai-processed bivalve molluscs and bivalve mollusc products (Thailand only), cooked crustaceans, histamine-susceptible fish, and processed finfish ready to eat. DAFF, *Certification*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/goods/food/certification>.

3.172. The Biosecurity Portal assists importers in making appointments for inspections and also assists in the Approved Arrangements process.<sup>171</sup> The Biosecurity Import Conditions (BICON) system provides information to importers regarding import permits and other conditions for importation.<sup>172</sup> Various fees also apply to the biosecurity import process (Section 3.1.4.3 ). According to the ABF's latest time release study (2017-21), processing time at the border for biosecurity purposes was taking half a day longer than for normal customs clearance.<sup>173</sup>

3.173. The Biosecurity Act also applies to vessels and aircraft, including those for the military. Goods on vessels are subject to biosecurity control upon entry into the Australian territorial sea. Unless exemptions apply, all vessels subject to biosecurity control must enter a designated port, known as a first point of entry (FPOE). Arrival at an FPOE requires pre-arrival notification through the Maritime and Aircraft Reporting System (MARS) and receipt of Biosecurity Status Documents (BSDs), which provide advice regarding biosecurity protocols at the port. Biosecurity Entry Points (BEPs) are at FPOEs and, depending on the goods and vessel, certain biosecurity goods must pass through BEPs for assessment.

3.174. From 1 January 2020 to May 2024, the import permit system approved 77,253 biosecurity permits and refused 820. Refusals were mainly attributed to failure to pass fit and proper person tests, ineligible goods for import, and change of conditions between applying for a permit and assessment. Over 5,000 applications were withdrawn for various reasons.<sup>174</sup> Most permits were non-standard permits (33%); although the "not-specified" category was higher (42%), it mostly applied to cats and dogs. Standard permits accounted for 15%.

3.175. A trial for a new border security arrangement called the Green Lane Program was undertaken in the 2021-22 period to test supply chains and manage risks. The goals of the test were to reduce regulatory interventions and identify risks before goods arrive in Australia. Following a successful trial, Australia was examining ways to take the programme to the next stage. As of October 2024, progress was made in establishing the necessary framework and mechanisms to transition the pilot into an active programme.

3.176. The Simplified Targeting and Enhanced Processing Systems (STEPS) Program is a facilitation measure introduced in 2023 to improve cargo import processes regarding biosecurity. It is expected to facilitate more cargo under Approved Arrangements, allow external certification of electronic phytosanitary certificates, and introduce a biosecurity cargo status tracker.<sup>175</sup>

### 3.3.3.3 WTO and international engagement

3.177. During the review period, Australia was active in the work of the Committee on Sanitary and Phytosanitary Measures, including by making proposals, raising and responding to STCs, and participating in the work of the Committee. Australia was a co-sponsor of the MC12 Sanitary and Phytosanitary Declaration and has made a proposal under the Sixth Review of the Operation and Implementation of the SPS Agreement on digital trade solutions, science- and risk-based SPS approaches for sustainable agriculture, and international standards.<sup>176</sup> DAFF remains the contact point in Australia for purposes of the SPS Agreement.

3.178. Australia is a long-standing partner of the Standards and Trade Development Facility (STDF). Australia contributed AUD 4.9 million over the 2017-24 period to support developing and least-developed countries to build SPS capacity and improve access to international markets and trade. Australia is a strong supporter of the STDF's commitment to inclusiveness in trade, including

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<sup>171</sup> DAFF, *Biosecurity Portal*. Viewed at: <https://biosecurity.awe.gov.au/>.

<sup>172</sup> DAFF, *Biosecurity Import Conditions System (BICON)*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/online-services/bicon>.

<sup>173</sup> ABF (2024), *Time Release Study of Goods Imported to Australia 2017-2021*. Viewed at: <https://www.homeaffairs.gov.au/research-and-stats/files/time-release-study-2017-2021.pdf>.

<sup>174</sup> Importers advise as the main reasons for withdrawals that they no longer require an import permit or they changed their minds.

<sup>175</sup> DAFF, *Simplified Targeting and Enhanced Processing Systems (STEPS) Program*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/import/online-services/steps-program>.

<sup>176</sup> WTO document [G/SPS/W/361](https://www.wto.org/press/pr/2024/G/SPS/W/361), 22 April 2024.

its Gender Action Plan, and ongoing efforts to mainstream climate change and environmental objectives in STDF projects.

3.179. Australia submitted 186 notifications on SPS during the period, with a majority concerning plant protections. Animal health and food safety were the other main categories notified (Table 3.21). STCs were raised against Australia on two occasions during the period. The first was raised by India on MRLs that were stricter than Codex standards. The second was raised by the European Union and the United States, involving a long-standing item on import restrictions due to BSE.<sup>177</sup> Australia raised eight STCs, either alone or as a group, against measures maintained by the European Union and China. A number of the concerns raised against China concerned approval processes, including administrative delays, transparency, and registration, as well as delays in removing conditions applied during the COVID-19 pandemic. Concerns raised against the European Union were on pesticide MRLs, residue testing, and rules on composite products. Australia also supported other Members on six STCs.

**Table 3.21 Overview of SPS notifications, 2020-24**

Category	Number
Animal health	60
Plant protection	98
Food safety	59
Protect humans from animal/plant pest or disease	18
Protect territory other than damage from pests	23

Note: As of 31 October 2024.

Source: WTO, ePing Platform. Viewed at: <https://eping.wto.org/>.

### 3.3.4 Competition policy and price controls

#### 3.3.4.1 Competition policy

3.180. Competition is an area that faced renewed attention in Australia during the review period. Discussions in Parliament and within the Government have focused on competition and business dynamism when examining Australia's slower productivity growth.<sup>178</sup> A rising concentration of players in many of Australia's significant output sectors has led to concerns about competition. Based on the analysis of the top four firms by sector, Australia has a high concentration whereby 42% of total output is from the top four. Concentration is even higher (at 70% or more) in sectors such as banking, mobile communications, fuel suppliers, and Internet service providers.<sup>179</sup>

3.181. At the time of this TPR, Australia is reviewing its competition policies, a process known as the Competition Review, carried out by the Treasury Competition Taskforce. The main focus of its work is to review competition laws, policies, and institutions to ensure they are up to date and work in the modern economy. Initial subjects to be addressed include merger reform, coordinated reform with states/territories, non-compete clauses, and competition in respect of new developments like technological change and Australia's commitment to net zero emissions. The Taskforce has started work and held consultations with interested parties. As of September 2024, work on merger reform was advancing, and a proposal for new legislation was being formulated. Other work was ongoing, mainly at the stage of consultations for non-compete clauses and coordinated reform with states and territories (Box 3.6).

#### Box 3.6 Developments under the Competition Review, 2023-25

##### Aviation

The Treasury Competition Taskforce worked with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to consider competition issues in the aviation sector as part of

<sup>177</sup> WTO, ePing Platform. Viewed at: <https://eping.wto.org/>.

<sup>178</sup> It was noted that Australia's productivity had declined to 1.1% per year, the lowest growth rate in 60 years. Productivity Commission (2023), *Submission to the Inquiry into Promoting Economic Dynamism, Competition and Business Formation*. Viewed at: <https://www.pc.gov.au/research/supporting/economic-dynamism/economic-dynamism.pdf>.

<sup>179</sup> Productivity Commission (2023), *Submission to the Inquiry into Promoting Economic Dynamism, Competition and Business Formation*. Viewed at: <https://www.pc.gov.au/research/supporting/economic-dynamism/economic-dynamism.pdf>.

the development of an Aviation White Paper, which was published on 26 August 2024. The Taskforce produced a detailed study of competition and airfares in Australia's domestic aviation sector using newly developed and comprehensive microdata. This study was published alongside the White Paper.

#### **National Competition Policy**

In December 2023, the Council on Financial Federal Relations (CFFR) agreed to revitalize the National Competition Policy. In August 2024, the federal, state, and territory governments released a consultation paper to seek feedback on how to modernize the National Competition Policy through the National Competition Principles, proposed competition reforms, and institutional and governance arrangements.

#### **Merger reform**

The reforms focus on making the new merger rules faster, stronger, simpler, transparent, and more targeted. Subject to its passage through Parliament, a mandatory administrative merger control system is expected to be in place by 1 January 2026. Consultations were ongoing in 2024 on the Exposure Draft legislation and merger notification thresholds.

#### **Non-compete clauses and other restraints**

Consultations were ongoing based on an issues paper that outlined the prevalence of restraint clauses; their enforceability; and their impact on workers, businesses, and job mobility. No-poach and wage-fixing agreements were also included.

Source: The Treasury, *Competition Review Expert Advisory Panel*. Viewed at: <https://treasury.gov.au/review/competition-review-2023/panel>.

### **3.3.4.1.1 Framework and developments**

3.182. Australia's national competition authority is the ACCC, which operates independently to enforce competition and consumer matters. Coordinated work with the Australian Energy Regulator (AER) is also part of its mandate to ensure fair competition in that sector. Decisions of the ACCC are by its Commission, which is composed of a Chair, and, currently, two Deputy Chairs and four Commissioners as per the Competition and Consumer Act 2010. Appointments are made after the majority of state and territory jurisdictions support the selection. The ACCC's core functions include promoting compliance with and enforcing Australia's competition, consumer, and product safety laws. It is also responsible for the compliance and enforcement of country of origin food labelling under the ACL and for product safety of general consumer goods in conjunction with state and territory authorities. Work was ongoing, i.e. the Government was considering issues after consultation, with respect to unfair trading practices and how they may be addressed in consumer protection laws.<sup>180</sup>

3.183. The main competition law remains the Competition and Consumer Act 2010 (CCA), which sets out rules on, *inter alia*, anti-competitive practices, product safety and labelling, price monitoring, and regulations specific to certain sectors. Most of the sectors of the economy are subject to the competition examination of the ACCC or via its partnerships with other regulators, most notably the AER. However, Part X of the CCA provides for conditional exemptions for international cargo shipping services (liners) that register agreements with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) from key parts of the CCA relating to anti-competitive conduct. While the registered agreements under Part X are generally slot charter and vessel sharing agreements, in principle Part X allows for liners with registered agreements to fix prices; pool or apportion earnings, losses, or traffic; regulate capacity; and coordinate schedules. However, this exemption was being examined for possible removal as of October 2024. During the review period, the CCA was amended a number of times, mainly to implement new penalties and incorporate other significant developments (Box 3.7).

3.184. The National Competition Council (NCC) has a role in the competition framework pursuant to Part IIIA of the CCA in respect of making recommendations under the National Access Regime (NAR) for access to natural monopolies where it would promote competition.<sup>181</sup> Most of its work applies to gas pipelines and access to other monopolies at the state/territory level. At different times, various elements of the Regime have been applied to services provided by facilities such as rail tracks, airports, grain-handling facilities at ports, water and wastewater reticulation pipes, port terminals and shipping lanes, and natural gas pipelines. Legislative developments during the review

<sup>180</sup> The Treasury, *Unfair Trading Practices – Consultation Regulation Impact Statement*. Viewed at: <https://treasury.gov.au/consultation/c2023-430458>.

<sup>181</sup> Applications to the NCC during the 2020-24 period cover gas pipelines, rail, and ports and can be accessed at: [https://ncc.gov.au/applications-past/past\\_applications](https://ncc.gov.au/applications-past/past_applications).

period reduced its activities. The Natural Gas Law amendments entered into force in March 2023 and removed the NCC's role in relation to gas pipeline access, which has been taken over by the AER. The NCC retains its mandate for gas pipeline access in Western Australia per the National Gas Access (Western Australia) Law.

### Box 3.7 Main developments, 2020-24

#### Significant increases in penalties

Through the Treasury Laws Amendment (More Competition, Better Prices) Act 2022, which entered into force in 2023, many penalties increased, sometimes five-fold, i.e. from AUD 10 million to AUD 50 million for a maximum penalty. The first penalties for unfair contract terms were also introduced.

#### Consumer Data Right

The Consumer Data Right (CDR) enables individual and small business consumers to share their data with trusted third parties in order to access personalized products and services for their benefit. The CDR gives consumers more transparency over the insights that can be derived from their data and makes it easier to switch to better-value products and services, which drives competition and delivers savings to households and businesses. The CDR originally commenced in the banking sector in 2020 and expanded into the energy sector in 2022. The Government has designated non-bank lending as the next sector for expansion and has consulted on draft Rules. Expanding to the non-bank lending sector will widen the availability of financial data consumers can use to be better informed about and manage their household expenses.

#### News Media Bargaining Code

Commencing in 2021, the Code establishes a framework for digital platforms and Australian news agencies to agree on remuneration or other compensation for news content.

#### Towards energy equity – a strategy for an inclusive energy market

The AER launched the strategy in 2022 for three years to examine aspects of the energy market in order to strengthen protections for consumers, reduce complexity, and improve regulation.

#### Gas market energy supply controls and price cap

The CCA was amended in 2022 to include provisions on gas market regulation. As such, the Minister can issue an Emergency Order regulating the supply or price of gas. In December 2022, an Order was put in place for one year applying a price cap of AUD 12/gigajoule on the wholesale price of gas, principally applying to gas sold by east coast and Northern Territory producers. The ACCC was responsible for monitoring and enforcing compliance, as well as granting exemptions to the Order as the Minister's delegate. Eight entities were granted exemptions to the Order, with a public register available on ACCC's website. This price cap was replaced by the reasonable price provisions of the Competition and Consumer (Gas Market Code) Regulations 2023 from December 2023.

#### COVID-19 pandemic response

Covid-19 responses included the establishment of the COVID-19 Enforcement Taskforce to prioritize competition issues related to the pandemic and protect consumers; and the COVID-19 Recovery Coordination Taskforce to monitor disruptions and their return to normality. There were also competition exemptions that allowed businesses to cooperate or collaborate during the pandemic, mainly in the education, medical, and financial services sectors. Furthermore, the AER took steps to protect consumers from disconnection and debt collection through guidance in its Statement of Expectations of Energy Businesses: Protecting Consumers and the Energy Market during COVID-19.

Source: Information provided by the authorities; and ACCC and the AER, *ACCC and AER Annual Reports*, various editions. Viewed at: <https://www.accc.gov.au/about-us/publications/accc-and-aer-annual-reports>.

3.185. The ACCC also cooperates internationally with other national competition authorities on competition and consumer protection matters in relation to investigations, market studies, and technical assistance programmes. During the review period, the following new MoUs were concluded:

- multilateral MoU – with the Canadian, New Zealand, United Kingdom, and the United States (including the Federal Trade Commission and Department of Justice) competition authorities (2020); and
- bilateral MoUs – with the Italian Competition Authority (2023); the Philippine Competition Commission (2024); the Viet Nam Competition Commission (2024); and the State Administration for Market Regulation of the People's Republic of China (2024); as well as a consumer protection bilateral MoU with the Office of the Consumer Protection Board, Kingdom of Thailand (2023).<sup>182</sup>

<sup>182</sup> Information provided by the authorities.

3.186. There remain a number of longer-standing agreements or MoUs on competition with authorities in other jurisdictions in addition to competition chapters in many of Australia's FTAs.<sup>183</sup> Australia is also actively participating in international fora on competition matters such as the International Consumer Protection Enforcement Network (ICPEN), International Competition Network (ICN), the OECD, the East Asia Top Level Officials' Meeting (EATOP), the East Asia Conference (EAC), and APEC's Competition Policy and Law Group. Through international agreements, including AANZFTA and the Mekong Australia Partnership, the ACCC provides technical assistance and information sharing on competition, consumer protection law, and policy implementation with ASEAN countries through the Competition Law Implementation Programme (CLIP) and the Consumer Affairs Program (CAP). The ACCC is also a founding member and secretariat of the Pacific Island Network of Competition Consumer and Economic Regulators (PINCCER), formed in November 2023.

### 3.3.4.1.2 Compliance, enforcement, and overview of activities

3.187. The ACCC employs a number of strategies to achieve compliance and enforcement of the CCA and the ACL.<sup>184</sup> Informing consumers and businesses, through education, campaigns, and outreach, about the basic laws and their responsibilities under them is one of the basic elements. The ACCC also conducts market studies into certain sectors as a way to develop a sophisticated understanding of those markets, bring awareness of issues for businesses and consumers, and make recommendations to the Government about a policy initiative or change in the law.<sup>185</sup> Taking enforcement action is one of the main enforcement mechanisms, and the ACCC has discretion as to which method to pursue. For example, it may reach an administrative resolution, issue an infringement notice, or pursue enforceable undertakings per section 87B of the CCA. In certain circumstances, such as where it might involve substantial harm, the ACCC can take legal action through the courts.

3.188. Each year the ACCC sets out its Compliance and Enforcement Priorities, which include "enduring priorities" that remain at the centre of its enforcement activities, e.g. investigating cartels, anti-competitive conduct, product safety, and issues relating to small businesses; First Nations persons; vulnerable consumers; and scams. For FY2024/25, some of the ACCC's priorities include concerns regarding competition and consumer harms in the supermarkets and aviation sectors, promoting competition in essential services<sup>186</sup>, environmental and sustainability issues, consumer and fair trading issues in the digital economy, and consumer product safety issues of goods for young children.<sup>187</sup> The ACCC responds and takes action to the most infringing actions and in accordance with its annual priorities but is selective and cannot examine all matters brought to its attention.

3.189. During the review period, the ACCC's work across its various areas of enforcement was relatively unchanged, for example, regarding competition investigations, cartel immunity applications, and under the ACL (Table 3.22).

**Table 3.22 ACCC compliance, enforcement, and overview of activities, FY2020/21-FY2023/24**

(No., AUD, percentage)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Cartel immunity applications (No.)</b>				
Approaches	15	6	16	14
Immunity application proffers	11	0	7	8
Proffers not resulting in conditional immunity	2	2	1	3
Civil conditional immunity granted	5	3	0	2

<sup>183</sup> Treaties, agreements, or MoUs are in place with Canada, China, the European Commission, Fiji, India, Italy, Japan, the Republic of Korea, New Zealand, Papua New Guinea, the Philippines, Chinese Taipei, Thailand, the United Kingdom, the United States, and Viet Nam. The ACCC also has liaison agreements with other Australian agencies. ACCC, *Treaties and Agreements*. Viewed at: <https://www.accc.gov.au/about-us/international-relations/treaties-and-agreements>.

<sup>184</sup> Under Schedule 2 of the CCA.

<sup>185</sup> Market studies can be self-initiated or directed by the Minister.

<sup>186</sup> Telecommunications, electricity, gas, and financial services.

<sup>187</sup> For the full list, see ACCC, *2024–25 Compliance and Enforcement Policy and Priorities, March 2024*. Viewed at: [https://www.accc.gov.au/system/files/compliance-enforcement-policy-priority-2024\\_0.pdf](https://www.accc.gov.au/system/files/compliance-enforcement-policy-priority-2024_0.pdf).

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Criminal conditional immunity granted by CDPP upon ACCC recommendation	1	0	0	0
<b>Competition</b>				
Number of in-depth competition investigations completed	18	20	19	15
In-depth competition investigations completed within 12 months (%)	44	45	42	..
Number of competition enforcement interventions (court proceedings commenced, section 87B undertakings accepted, administrative resolutions)	7	5	7	7
<b>Merger reviews (No.)</b>				
Mergers assessed	424	463	305	307
Mergers pre-assessed	402	437	284	285
Subject to a public review	22	26	21	22
Not opposed	..	..	10	13
Opposed outright	..	..	2	2
Not opposed after acceptance of a remedy	..	..	6	1
Withdrawn	..	..	3	5
<b>Australian Consumer Law (ACL) (No.)</b>				
In-depth ACL and industry code investigations completed	50	56	48	..
ACL and industry codes enforcement interventions (court proceedings commenced, section 87B undertakings accepted, infringement notices issued, administrative resolutions)	37	40	25	..
ACL and industry codes compliance initiatives	..	9	23	..
Surveys and audits for industry code compliance	..	12	10	..
<b>Consumer Data Right (CDR) (No.)</b>				
CDR rules and standards investigations completed	..	5	3	..
Infringement notices issued for alleged breaches of the CDR rules or standards	..	1	3	..
<b>Total penalties awarded by the courts, and fines ordered for the enforcement of competition (including cartels), CDR, and consumer protection (AUD million)</b>	133.1 <sup>a</sup>	231.8	143.2 <sup>b</sup>	109.5
<b>Infrastructure regulation (No.)</b>				
Major regulatory decisions	7	9	51	35
Annual monitoring reports	28	28	31	38
Investigations into potential breaches of rules	15	8	6	..
<b>Monitoring reports (No.)</b>				
Monitoring reports (covering electricity, gas, communications, insurance, rail, petrol, aviation, ports, and stevedoring sectors)	..	28	31	..
<b>Energy regulation</b>				
Regulating competitive markets				
Infringement notices (No.)	48	12	16	3
Litigated matters (No.)	5	4	..	3
Penalties (AUD '000)	4,760	6,200	893.6	9,853

.. Not available.

a Does not include the AUD 125 million penalty upheld against Volkswagen in April 2021.

b Includes AUD 173,160 paid from a CDR infringement notice that was issued in FY2021/22 but paid in FY2022/23.

Source: ACCC and the AER, *ACCC and AER Annual Reports*, various editions. Viewed at: <https://www.accc.gov.au/about-us/publications/accc-and-aer-annual-reports>.

### 3.3.4.2 Price controls and surveillance

3.190. An examination of price controls by the PC indicates Australia maintains a number of direct or indirect price controls on certain goods, mainly in the energy sector. These have the effect of providing assistance to industry and potentially impacting trade, especially when accompanied by export restrictions.<sup>188</sup> An emergency price cap was imposed starting in December 2022 in the gas market in order to ensure adequate supply was available at a reasonable price in light of gas price increases. For a 12-month period, the wholesale price of gas was capped at AUD 12/gigajoule (GJ),

<sup>188</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

principally applying to gas sold by east coast and Northern Territory producers. Eight entities were granted exemptions to the price cap by the ACCC, with regard to matters including the entities' production volumes and their business operations generally. The emergency price cap ended in December 2023 and was replaced by the "reasonable pricing" provisions of the Gas Market Code. Since that time, the reasonable price has remained in place at AUD 12/GJ with the provision that the ACCC may vary it through a determination. Gas suppliers may be granted a deemed exemption from the "reasonable pricing" by virtue of being a small supplier or through a conditional Ministerial exemption. As of October 2024, 6 conditional Ministerial exemptions had been granted and 43 small gas suppliers' exemptions.<sup>189</sup> A review of the Gas Market Code is due to begin no later than 2025.

3.191. The Western Australia gas market also puts in place requirements or controls for the supply of gas to the domestic market. The Western Australia Domestic Gas Policy reserves 15% of LNG production equivalent from LNG export projects' output for the domestic market as part of their contractual obligations.<sup>190</sup> The Policy also has accompanying export restrictions, prohibiting the export of gas<sup>191</sup> in Western Australia's pipeline network.<sup>192</sup> In September 2024, the Western Australian Government updated the Western Australian Domestic Gas Policy regarding the export of onshore gas through the existing pipeline network. The Western Australian Government will implement an 80% domestic gas reservation policy for onshore gas projects on the existing pipeline network until 31 December 2030. After 2030, the domestic gas reservation policy for onshore producers will increase to 100%.<sup>193</sup>

3.192. In December 2022, the NSW government introduced legislation and Ministerial directions to impose an emergency price cap on coal as part of the Government's National Price Relief Plan.<sup>194</sup> The price cap was set at AUD 125 per metric tonne net as received for producers when selling coal to domestic power stations.<sup>195</sup> Coal producers with high-cost mines could apply for a higher price cap to reflect their production costs and a fair margin. As part of the price cap, NSW coal producers capable of supplying domestic power stations were required to make a share of their uncontracted coal available for supply agreements with domestic power stations.<sup>196</sup> The domestic reservation amounts were specified for each coal producer subject to the directions.<sup>197</sup> The amounts were the lesser of uncontracted coal, a percentage of coal produced, or a maximum amount. The emergency declaration and legislative framework ended on 30 June 2024.

3.193. The ACCC has a mandated role in certain areas, in terms of monitoring, regulating, or conducting inquiries. Outside these distinct areas (Table 3.23), the ACCC does not have any control over pricing and, per the competition rules, works to ensure businesses set their own prices without collusion.

<sup>189</sup> ACCC, *Gas Market Code*. Viewed at: <https://www.accc.gov.au/business/industry-codes/gas-market-code#toc-exemptions-from-the-code>.

<sup>190</sup> Government of Western Australia, *WA Domestic Gas Policy*. Viewed at: <https://www.wa.gov.au/government/publications/wa-domestic-gas-policy>; Government of Western Australia, letter of 27 November 2020 re "National Gas Reservation Issues Paper". Viewed at: <https://www.wa.gov.au/system/files/2020-11/Submission%20on%20national%20gas%20reservation%20scheme%20-%20WA%20JTSI.pdf>.

<sup>191</sup> "Export" in this sense means outside Western Australia (WA). The policy prohibits the transfer of WA gas to the east coast, as well as LNG used in international shipping as marine fuel.

<sup>192</sup> Updated policy August 2020. Government of Western Australia, *WA Domestic Gas Policy*. Viewed at: <https://www.wa.gov.au/government/publications/wa-domestic-gas-policy>.

<sup>193</sup> Information provided by the authorities.

<sup>194</sup> The directions also prohibited power plants from reselling coal and that coal mines were required to reserve a portion of future coal production for NSW power stations. NSW, *NSW Coal Market Price Emergency*. Viewed at: <https://www.energy.nsw.gov.au/nsw-plans-and-progress/regulation-and-policy/nsw-coal-market-price-emergency>.

<sup>195</sup> NSW Gazette (2022), *Government Gazette of the State of New South Wales Number 600 – Electricity and Water*, 22 December. Viewed at: <https://gazette.nsw.gov.au/gazette/2022/12/2022-600.pdf>.

<sup>196</sup> NSW Office of Energy and Climate Change (2023), *Overview of NSW Government's Approach to the Coal Market Price Emergency*. Viewed at: [https://www.energy.nsw.gov.au/sites/default/files/2023-03/NSW\\_fact\\_sheet\\_coal\\_market\\_price\\_emergency\\_2023.pdf](https://www.energy.nsw.gov.au/sites/default/files/2023-03/NSW_fact_sheet_coal_market_price_emergency_2023.pdf).

<sup>197</sup> NSW Gazette (2022), *Government Gazette of the State of New South Wales Number 603 – Electricity and Water*, 23 December. Viewed at: <https://gazette.nsw.gov.au/gazette/2022/12/2022-603.pdf>.

**Table 3.23 Overview of the ACCC's role in price surveillance, 2021-24**

Regulated infrastructure services	Sectors monitored	Price overseeing	Compliance monitoring	Inquiries
<ul style="list-style-type: none"> <li>communications</li> <li>postal services</li> <li>rail sector</li> <li>energy</li> <li>water</li> </ul>	<ul style="list-style-type: none"> <li>petrol</li> <li>airports</li> <li>airlines</li> <li>gas</li> <li>electricity</li> <li>communications</li> <li>water</li> <li>insurance</li> <li>stevedoring</li> </ul>	<ul style="list-style-type: none"> <li>airport and aviation</li> <li>postal services</li> </ul>	<ul style="list-style-type: none"> <li>bulk water</li> <li>energy</li> <li>telecommunications</li> </ul>	<ul style="list-style-type: none"> <li>childcare</li> <li>digital platform services</li> <li>regional mobile infrastructure</li> <li>retail deposits</li> <li>supermarkets</li> <li>gas</li> <li>electricity market</li> </ul>

Source: ACCC, *Our Role in Regulated Infrastructure*. Viewed at: <https://www.accc.gov.au/by-industry/regulated-infrastructure/our-role-in-regulated-infrastructure>.

### 3.3.5 State trading and state-owned enterprises

3.194. During the review period, Australia notified one state trading enterprise, the Rice Marketing Board (RMB) for the State of New South Wales, pursuant to Article XVII:4(a) of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII of GATT 1994.<sup>198</sup> Through the process of vesting<sup>199</sup>, the Board has a monopoly on its export by issuing one export licence with exclusive rights. The RMB's operations are set out the NSW Rice Marketing Board Act 1983. The Act was amended in August 2024 by the NSW Rice Marketing Amendment Bill 2024, which gradually eliminates vesting. The RMB's operations are scheduled to be terminated by July 2026.<sup>200</sup>

3.195. The Public Governance, Performance and Accountability Act 2013 (PGPA Act) and its associated rules, i.e. the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), as amended, continue to provide the framework for state-owned enterprises in Australia at the Commonwealth level. The PGPA Act and PGPA Rule refer to such enterprises formally as government business enterprises (GBEs), which are further distinguished as CCEs or Commonwealth Companies (CCs), with the latter also being subject to the Corporations Act 2001. The main characteristics of GBEs are that they are involved in commercial activities and are under the control of the Government but have a separate body corporate and have formal reporting obligations to the Department of Finance. There are also CCs not designated as GBEs as they do not conduct commercial operations.<sup>201</sup>

3.196. Australia has nine GBEs (two CCEs and seven CCs) that conducted business over the period and remain operating in the same sectors, and generally under the same status. GBE operations are concentrated in large infrastructure projects, mainly transport, and some are also defence-related. The previous Moorebank Intermodal Company Limited changed its name to National Intermodal Corporation Limited with a change in its mandate in 2022. It now has been given additional responsibilities per the Government's Inland Rail Project to further integrate freight terminals and increase Australia's intermodal capacities.<sup>202</sup> There were not significant changes in the financial operations of the GBEs over the review period; the National Broadband Network (NBN Co), Australian Rail Track Corporation (ARTC), and WSA have continued to operate at a loss, and most others have small profits (Table 3.24). This shows that Australia has continued to support its transport infrastructure development even at an extra cost to the Government.

<sup>198</sup> WTO documents [G/STR/N/20/AUS](#), 25 March 2024; [G/STR/N/19/AUS](#), 2 May 2022; and [G/STR/N/18/AUS](#), 22 April 2021.

<sup>199</sup> Pursuant to NSW legislation, the product (rice) is divested from producers and becomes the property of the Board, i.e. vesting. RMB, *Fact Sheet 4: Vesting*. Viewed at: <https://rmbnsw.org.au/files/Fact%20Sheet%204%20Vesting.pdf>.

<sup>200</sup> RMB, *Rice Marketing Amendment Bill 2024 Passes*. Viewed at: <https://rmbnsw.org.au/news-article/51290>.

<sup>201</sup> These are the Australian Institute for Teaching and School Leadership Ltd, Australian Strategic Policy Institute Pty Ltd, Australian Sports Foundation Ltd, Aboriginal Hostels Ltd, Army Amenities Fund, Bundanoon Trust, National Australian Day Council Ltd, Outback Stores Pty Ltd, and RAAF Welfare Recreational Company.

<sup>202</sup> National Intermodal Corporation Ltd (2022), *National Intermodal Corporation Limited Statement of Expectations*. Viewed at: <https://www.nationalintermodal.com.au/wp-content/uploads/2022/08/National-Intermodal-Statement-of-Expectations-March-2022.pdf>.

3.197. The policy rationale for GBEs has been that they contribute to the economy by supporting job creation, delivering services to the community, and helping to achieve government policy objectives.<sup>203</sup> However, there are balances and limits to the Government's role with respect to these entities. Guided by the principles contained in the Competition Principles Agreement (CPA), all levels of government are expected to abide by the competitive neutrality principle in the operation of their GBEs.<sup>204</sup> This essentially ensures that there is no undue advantage due to their government ownership when competing with private-sector businesses. Management of Commonwealth GBEs is also directed by the Competitive Neutrality Guidelines for Managers. Australian, state, and territory treasurers have agreed to work together to revitalize the National Competition Policy and develop options for long-term pro-competitive reforms. Australia has also reinforced its commitment to competitive neutrality by joining the OECD's Recommendation on Competitive Neutrality.

3.198. The Australian Government Competitive Neutrality Complaints Office (AGCNCO) was established to hear complaints where competitive neutrality may have been breached. Since 2020, AGCNCO has proceeded with three formal complaints after preliminary investigations. These concerned NBN Co, the Australian Business Growth Fund, and Australia Post, the latter of which was still ongoing as of end-October 2024.<sup>205</sup>

3.199. Regarding privatization, there were no Commonwealth entities privatized during the review period; one state entity was privatized in 2021. There were no established future privatization plans at the Commonwealth level. State governments are increasingly using joint ventures, public-private partnerships, or concession arrangements to move away from traditionally owned and controlled government entities.

**Table 3.24 Overview of Commonwealth GBEs, end-FY2022/23**

(No., AUD million)

GBE	Sector	Assets	Profit/(Loss)	Employment
ASC Pty Ltd	Ship and submarine building	604	21	2,063
Australia Post <sup>a</sup>	Postal services	6,354	(216)	34,534
Australian Rail Track Corporation Limited (ARTC)	Interstate rail infrastructure and freight transport services	4,353	(1,889)	2,187
Defence Housing Australia <sup>a</sup>	Defence housing services	3,496	100	513
National Intermodal Corporation Ltd	Freight terminal services	980	34	33
NBN Co Ltd	Telecommunications infrastructure	37,943	(1,140)	4,759
Australian Naval Infrastructure Pty Ltd	Naval shipbuilding operations	1,560	11	46
WSA Co. Ltd	Airport infrastructure	2,048	(175)	154
Snowy Hydro Ltd	Integrated energy business	9,777	442	1,956

a Designated as a CCE, the remainder are CCs.

Note: Assets, profit/loss, and employment figures are for the fiscal year ending 30 June 2023.

Source: Information provided by the authorities and Annual Reports of the respective GBEs.

3.200. At the sub-federal level, each state or territory also has SOEs, which can take many forms but essentially are in the category of public non-financial corporations. However, unlike at the Commonwealth level, there is no designation of their commercial activity (or not) at the state or territory level. Thus, entities in Table 3.25 cover all of these non-financial corporations, irrespective of their activities. Many of these corporations operate in similar fields as do Commonwealth GBEs, i.e. infrastructure services, transport, and energy.

<sup>203</sup> Information provided by the authorities.

<sup>204</sup> They are expected to abide by the provisions of the 1996 Competitive Neutrality Policy Statement.

<sup>205</sup> Productivity Commission (2021), *Australian Business Growth Fund: Australian Government Competitive Neutrality Office*, Investigation No. 17. Viewed at: <https://www.pc.gov.au/competitive-neutrality/investigations/australian-business-growth-fund/business-growth-fund.pdf>; and Productivity Commission (2022), *NBN Co: Australian Government Competitive Neutrality Complaints Office*, Investigation No. 18. Viewed at: <https://www.pc.gov.au/competitive-neutrality/investigations/nbn-co/nbn-co-report18.pdf>.

**Table 3.25 Public non-financial corporations, state/territory level**

State/territory	Designation	Entities
Australian Capital Territory	Public trading enterprises/public non-financial corporations	CIT Solutions; Housing ACT; ICON Water Ltd; City Renewal Authority; Suburban Land Agency; Transport Canberra Operations
New South Wales	Public non-financial corporations	Essential Energy; Forestry Corporation of New South Wales; Hunter Water Corporation; Landcom; New South Wales Land and Housing Corporation; Newcastle Port Corporation; NSW Trains; Place Management NSW; State Sporting Venues Authority; State Transit Authority of New South Wales; Sydney Ferries; Sydney Opera House Trust; Sydney Trains; Sydney Water Corporation; Teacher Housing Authority of New South Wales; Transport Asset Holding Entity of New South Wales; Venues NSW; Waste Assets Management Corporation; Water NSW; Zoological Parks Board of New South Wales
Queensland	Public non-financial corporations	Brisbane Organizing Committee for the 2032 Olympic and Paralympic Games; CleanCo Queensland Limited; CS Energy Ltd; Energy Queensland Ltd; Far North Queensland Ports Corporation Ltd; Gladstone Area Water Board; Gladstone Ports Corporation Ltd; Mount Isa Water Board; North Queensland Bulk Ports Corporation Ltd; Port of Townsville Ltd; Powerlink Queensland; Queensland Bulk Water Supply Authority; Queensland Hydro Pty Ltd; Queensland Rail; Queensland Treasury Holdings Pty Ltd; Stadiums Queensland; Stanwell Corporation Limited; SunWater Limited
South Australia	Public non-financial corporations	Adelaide Cemeteries Authority; Adelaide Festival Centre Trust; Adelaide Venue Management Corporation; Distribution Lessor Corporation; Generation Lessor Corporation; Public Trustee; South Australian Forestry Corporation; South Australian Housing Trust; South Australian Motor Sport Board; South Australian Water Corporation; State Owned Generators Leasing Co Pty Ltd; Transmission Lessor Corporation; Urban Renewal Authority; West Beach Trust
Tasmania	Government business enterprises and state-owned companies	Sustainable Timber Tasmania; Aurora Energy Pty Ltd; Hydro Tasmania; Metro Tasmania Pty Ltd; Motor Accidents Insurance Board; Tasmanian Irrigation Pty Ltd; Port Arthur Historic Site Management Authority; Tasmanian Networks Pty Ltd; Tasmanian Public Finance Corporation; Tasmanian Ports Corporation Pty Ltd; The Public Trustee; Tasmanian Railway Pty Ltd; Tasracing Pty Ltd; TT-Line Company Pty Ltd
Victoria	Public non-financial corporations	Agriculture Victoria Services Pty Ltd; Alpine Resorts Victoria; Dairy Food Safety Victoria; Great Ocean Road Coast and Parks Authority; Melbourne Market Authority; Murray Valley Wine Grape Industry Development Committee; Phillip Island Nature Parks; PrimeSafe; State Electricity Commission of Victoria; Vic Forests; Victorian Strawberry Industry Development Committee; water authorities; Zoological Parks and Gardens Board; Director of Housing; Queen Victoria Women's Centre Trust; VITS Language Loop; cemeteries; Australian Grand Prix Corporation; Emerald Tourist Railway Board; Geelong Performing Arts Centre Trust; Kardinia Park Stadium Trust; Launch Victoria Ltd; Melbourne and Olympic Parks Trust; Melbourne Arts Precinct Corporation; Melbourne Convention and Exhibition Trust; State Sport Centres Trust; Victorian Arts Centre Trust; Greyhound Racing Victoria; Harness Racing Victoria; Victorian Plantations Corporation; Workplace Injury Commission; Development Victoria; Northeast Link State Tolling Corporation; Melbourne Port Lessor Pty Ltd; Port of Hastings Development Authority; Ports Victoria; V/Line Corporation; Victorian Rail Track
Northern Territory	Government business enterprises	Power and Water Corporation; Territory Generation; Jacana Energy; Land Development Corporation
Western Australia	Public non-financial corporations	Animal Resources Authority; Bunbury Water Corporation; Busselton Water Corporation; Department of Communities; Development WA; Electricity Networks Corporation; Electricity Generation and Retail Corporation; Forest Products Commission; Fremantle Port Authority; Gold Corporation and its subsidiaries; Kimberly Ports Authority; Lotteries Commission; Metropolitan Cemeteries Board; Mid-West Ports Authority; Pilbara Ports Authority; Public Transport Authority of Western Australia; Racing and Wagering Western Australia; Regional Power Corporation; Southern Ports Authority; Water Corporation; Western Australian Coastal Shipping Commission

Note: Excludes public financial corporations.

Source: Information provided by the authorities.

### 3.3.6 Government procurement

3.201. Australia's government procurement rules are based on the core concept of "achieving value for money"<sup>206</sup>, which is further expanded upon to ensure there is competition in procurement, non-discrimination, and that public resources are used economically and efficiently. The concept of value for money does not equate to the lowest price; other factors such as quality, fit for purpose, and relevant experience are also taken into account. The concept also takes into consideration the environmental sustainability of goods and services.<sup>207</sup> Additional steps were taken during the review period to place greater emphasis on this with the implementation of the Environmentally Sustainable Procurement Policy (Section 3.3.6.1 ).

3.202. Government procurement at the Commonwealth level in Australia continued to increase steadily each year during the review period and reached the highest level during the period in 2023 (Table 3.26). Procurement covered under the Agreement on Government Procurement (GPA) remained a relatively small percentage, about 40% of all procurement during the 2020-21 period, although figures for more recent years are not yet available. There was generally a larger percentage of services rather than goods procured (in value terms), i.e. about 60%-65% services versus 35%-40% goods, during the period 2020-23. However, this situation changed in FY2023/24, and goods accounted for a significantly larger percentage (48%) compared to services (52%). This could be explained by large defence purchases of goods in this financial year. The top five categories of goods/services procured during FY2023/24 were military fixed-wing aircraft, building construction and support, war vehicles, computer services, and lease and rental of property/buildings.<sup>208</sup>

**Table 3.26 Overview of procurement and GPA-covered procurement 2019-23**

(AUD million)

Year	Level	Total value of procurement contracts published	% of GDP	GPA-covered procurement					
				Total value	Share of total procurement	Awarded under open and selective tendering		Awarded under limited tendering	
						Total value	% of total GPA-covered procurement	Total value	% of total GPA-covered procurement
2019	Commonwealth	57,766	2.9	..	..	..	..	..	..
	State/territory	51,625	2.6	..	..	..	..	..	..
	<b>Total</b>	<b>109,391</b>	<b>5.5</b>	..	..	..	..	..	..
2020	Commonwealth	56,639	2.9	20,462	36	15,172	74.1	5,290	25.9
	State/territory	65,737	3.3	22,608	34	..	..	..	..
	<b>Total</b>	<b>122,376</b>	<b>6.2</b>	<b>43,070</b>	<b>35</b>	..	..	..	..
2021	Commonwealth	70,353	3.2	26,058	37	20,672	79.3	5,386	20.7
	State/territory	88,132	4.0	44,296	50	..	..	..	..
	<b>Total</b>	<b>158,484</b>	<b>7.2</b>	<b>70,354</b>	<b>44</b>	..	..	..	..
2022	Commonwealth	85,618	3.4	..	..	..	..	..	..
	State/territory	113,812	4.6	..	..	..	..	..	..
	<b>Total</b>	<b>199,430</b>	<b>8.0</b>	..	..	..	..	..	..
2023	Commonwealth	86,988	3.3	..	..	..	..	..	..
	State/territory	70,215	2.7	..	..	..	..	..	..
	<b>Total</b>	<b>157,203</b>	<b>6.0</b>	..	..	..	..	..	..

.. Not available.

Note: The total value of procurement is based on the procurement reported by each entity and is reflective of its reporting requirements.

Source: Information provided by the authorities.

#### 3.3.6.1 Policy directions

3.203. The Government introduced the Buy Australian Plan during the review period. Initiatives under the Plan focused on improving government procurement capability of both industry and the Australian Public Service. It sets out a 10-point plan including the Fair Go Procurement Framework

<sup>206</sup> Department of Finance, *What Is Involved in Selling to the Australian Government?* Viewed at: <https://sellingtogov.finance.gov.au/theopportunity/whatisinvolved>.

<sup>207</sup> Department of Finance (2024), *Commonwealth Procurement Rules*. Viewed at: [https://www.finance.gov.au/sites/default/files/2024-06/Commonwealth\\_Procurement\\_Rules-1-July-2024.pdf](https://www.finance.gov.au/sites/default/files/2024-06/Commonwealth_Procurement_Rules-1-July-2024.pdf).

<sup>208</sup> AusTender, *Information Made Easy*. Viewed at: <https://help.tenders.gov.au/getting-started-with-austender/information-made-easy/>.

and greater opportunities for SMEs and First Nations businesses in government procurement.<sup>209</sup> As part of this initiative, a budget of AUD 18.1 million was provided over four years to improve procurement processes such as introducing new procurement tools, improving AusTender, and promoting procurement awareness to SMEs.<sup>210</sup> This has been done through a number of Meet the Supplier events hosted around Australia, and a new Procurement and Contract Management Profession for procuring officials. Further, AusTender has continued to make changes to further the transparency of data and contract reporting, with additional changes, including new tools, still under construction. A public update on the 10 points of the Buy Australian Plan is due to be released at the end of 2024.

3.204. Another policy initiative during the period was the adoption of the Environmentally Sustainable Procurement Policy, which was guided by the ISO 20400 – Sustainable Procurement standard, to build circularity, environmental, and climate measures into the procurement process. The policy has several elements including to promote environmentally sustainable consumption and production, optimize natural resource efficiencies, and minimize effects on the environment. Abiding by the provisions in the policy is a requirement for federal government entities conducting procurement as from 1 July 2024, and it is being applied to suppliers for select procurements from that date as well.<sup>211</sup> The policy initially applies to four categories of procurement: construction services over AUD 7.5 million (1 July 2024); furniture, fittings and equipment; textiles; and ICT goods over AUD 1 million (1 July 2025). As part of the procurement process, prospective suppliers will need to submit a Supplier Environmental Sustainability Plan (SESP) when submitting a tender. Additional reporting requirements are also imposed on suppliers and the procuring entity.<sup>212</sup> After a five-year initial phase, an assessment will be made and additional sectors may be added.<sup>213</sup>

3.205. There has been a shift towards social procurement<sup>214</sup> in Australia, especially as concerns state and territory procurement entities.<sup>215</sup> Western Australia has created its Social Procurement Framework, which incorporates social, economic, and environmental considerations as part of its "Achieve Value for Money" Rule.<sup>216</sup> Queensland has likewise produced its Social Procurement Guide, which advises on social procurement possibilities by including social clauses in contracts or using set asides, for example.<sup>217</sup> Victoria's Social Procurement Framework includes direct (i.e. purchasing from social benefit suppliers) and indirect methods (i.e. using clauses in contracts with the private sector to support social outcomes).<sup>218</sup> Other state or territory procurement rules or guidelines have social clauses as part of their Buy Local policies.<sup>219</sup> Tasmania's Buy Local Policy contains an Economic and

<sup>209</sup> Some of the other points include maximizing opportunities for Australian businesses in infrastructure projects, establishing a Secure Australian Jobs Code, using procurement to promote climate change and energy projects, strengthening defence and supporting other industry sectors, and making use of National Partnerships to promote workers and businesses. Parliament of Australia, *Labor's Buy Australian Plan to Support Australian Businesses and Jobs in COVID Recovery*. Viewed at: <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F8552408%22;src1=sm1>.

<sup>210</sup> Department of Finance, *Buy Australian Plan*. Viewed at: <https://www.finance.gov.au/business/buyaustralianplan>.

<sup>211</sup> Department of Climate Change, Energy, the Environment and Water (DCCEEW) (2024), *Environmentally Sustainable Procurement Policy and Reporting Framework*. Viewed at: <https://www.dcceew.gov.au/environment/protection/waste/sustainable-procurement/environmentally-sustainable-procurement-policy>.

<sup>212</sup> Australian Government, *ESP Policy Reporting Framework*. Viewed at: <https://www.dcceew.gov.au/sites/default/files/documents/esp-policy-reporting-framework.pdf>.

<sup>213</sup> Australian Government (2024), *Environmentally Sustainable Procurement Policy*. Viewed at: <https://www.dcceew.gov.au/sites/default/files/documents/environmentally-sustainable-procurement-policy.pdf>.

<sup>214</sup> Using procurement to generate greater social value that goes beyond the actual value of goods or services purchased.

<sup>215</sup> Australian Social Value Bank, *Social Procurement*. Viewed at: <https://asvb.com.au/social-impact-value/social-procurement/>.

<sup>216</sup> Government of Western Australia (2021), *The Western Australian Social Procurement Framework*. Viewed at: <https://www.wa.gov.au/system/files/2021-06/Social%20Procurement%20Framework%202020--16-6-21.pdf>.

<sup>217</sup> Queensland Government (2023), *Social Procurement Guide*. Viewed at: [https://www.epw.qld.gov.au/\\_data/assets/pdf\\_file/0020/3980/social-procurement-guide.pdf](https://www.epw.qld.gov.au/_data/assets/pdf_file/0020/3980/social-procurement-guide.pdf).

<sup>218</sup> Victoria State Government (2018), *Social Procurement Framework*. Viewed at: <https://www.buyingfor.vic.gov.au/sites/default/files/2018-08/Victorias-Social-Procurement-Framework.PDF>.

<sup>219</sup> Government of Western Australia (2022), *Buy Local Policy 2022*. Viewed at: <https://www.wa.gov.au/system/files/2022-04/Western%20Australian%20Buy%20Local%20Policy%202022.pdf>.

Social Benefits test, contributing 30% of the weighting in the evaluation of competitive procurements of AUD 100,000 or more, which allows for the targeting of broader economic and social outcomes as a result of government procurement.<sup>220</sup>

3.206. As part of the National Rail Manufacturing Plan, Australia launched the National Rail Procurement and Manufacturing Strategy in 2023 to make improvements to the rail manufacturing sector. The Strategy has both procurement and manufacturing components, but only the procurement aspects are discussed here (see Section 4.3 for manufacturing aspects). The first three pillars of the Strategy focus on procurement: (i) develop a nationally coordinated approach to rolling stock purchases; (ii) advance towards the harmonization of standards; and (iii) pursue a national local content policy.<sup>221</sup>

3.207. Regarding the first pillar, the coordinated approach to procurement is to map procurement methods across states and territories, develop a procurement framework based on good practices, and then adopt the framework at the Commonwealth and state/territory levels in the fourth quarter of 2025. The second pillar on standards is expected to examine obstacles to adopting national or international standards and work within the National Rail Action Plan to adopt harmonized standards. The work towards a national local content policy involves first mapping the rolling stock supply chain and then working with Australian states and territories to adopt a consistent national approach.<sup>222</sup> Work was ongoing during 2024 with the National Rolling Stock Procurement Pipeline launched in May.

### 3.3.6.2 Framework

3.208. The legislation framework for procurement at the federal level continues to be the Public Governance, Performance and Accountability Act, 2013 (PGPA Act) and the Public Governance, Performance and Accountability Rule, 2014 (PGPA Rule). The Commonwealth Procurement Rules (CPRs) set the rules for procurement by non-corporate and prescribed CCEs. The CPRs were amended in 2020, 2022, 2023 (administrative change), and 2024, and an overview of the main changes are outlined in Box 3.8. Australia's state enterprises, i.e. GBEs (Section 3.3.5), are not covered in its federal procurement rules. The general rules of procurement set out open tendering as the principal method but also allow limited tender under certain conditions.<sup>223</sup> Based on data over the period FY2020/21-FY2023/24, each method accounted for 50% of the value of all contracts.<sup>224</sup>

3.209. Public procurement at the federal level takes place electronically through AusTender, the Government's procurement information system, which offers a web-based interface for the publishing of open tenders as well as planned procurements and information on contracts awarded. It offers a secure electronic platform, and federal entities are required to use it for open tenders (optional for use in limited tenders). As part of the initiatives under the Buy Australian Plan, a number of improvements were planned for AusTender and were implemented effective from 1 July 2024, including new information reported on contract notices.

3.210. SMEs and Indigenous businesses enjoy certain advantages in procurement, including set-asides, flexibilities, and exemptions. For SMEs, the CPRs give a target of 25% of contracts (by value) with a threshold of up to AUD 1 billion, and 40% of contracts (by value) with a threshold of

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[202022.pdf](#); and Northern Territory, *Buy Local Plan*. Viewed at:

[https://nt.gov.au/\\_data/assets/pdf\\_file/0004/537700/buy-local-plan.pdf](https://nt.gov.au/_data/assets/pdf_file/0004/537700/buy-local-plan.pdf).

<sup>220</sup> Tasmania Department of Treasury and Finance (2024), *Buy Local Policy*. Viewed at: <https://www.purchasing.tas.gov.au/Documents/Buy-Local-Policy.pdf>.

<sup>221</sup> DISR (2023), *National Rail Procurement and Manufacturing Strategy*. Viewed at: <https://www.industry.gov.au/sites/default/files/2023-11/national-rail-procurement-and-manufacturing-strategy.pdf>.

<sup>222</sup> DISR (2023), *National Rail Procurement and Manufacturing Strategy*. Viewed at: <https://www.industry.gov.au/sites/default/files/2023-11/national-rail-procurement-and-manufacturing-strategy.pdf>.

<sup>223</sup> Limited tendering involves procurement by invitation to one or more suppliers when certain conditions are met, such as no submissions or no qualified tenderers in an open tender, extreme urgency, or when goods or services can only be supplied by one supplier. It typically involves tenders with a value below AUD 80,000.

<sup>224</sup> AusTender, *How the Government Buys*. Viewed at: <https://help.tenders.gov.au/getting-started-with-austender/information-made-easy/how-the-government-buys/>.

up to AUD 20 million for procurements by non-CCEs.<sup>225</sup> The Indigenous Procurement Policy (IPP) provides that non-CCEs abide by certain procurement rules to support procurement by Indigenous businesses. These include set-asides, i.e. for all procurements in designated remote areas and in the rest of Australia for procurements between AUD 80,000 and AUD 200,000.<sup>226</sup> Other mandatory participation requirements for Indigenous businesses apply to contracts valued at AUD 7.5 million, or more, in 19 industry sectors.<sup>227</sup>

3.211. Complaints are handled pursuant to the rules set out in the Government Procurement (Judicial Review) Act 2018.<sup>228</sup> These procedures require the relevant officials to investigate complaints by suppliers when they claim a breach of the CPRs. Furthermore, the CPRs require that these complaints be dealt with in a timely manner and that the procedures are equitable and non-discriminatory. Recent initiatives have been taken to improve ethics in procurement. The recently established Commonwealth Supplier Code of Conduct sets out a number of expectations in ethical behaviour including matters relating to corporate governance, business practices, and health and safety.<sup>229</sup>

3.212. States and territories each have a unique set of procurement rules, policies, and thresholds, which can be found on the procurement webpages for each state or territory.<sup>230</sup>

### Box 3.8 Main changes, 2020-24

#### A. CPR changes

##### 2020 CPR changes

- Further highlighting environmental sustainability concepts.
- Clarifying that procurement security risk also includes cybersecurity risk.
- Establishing an SME exemption threshold of AUD 200,000.
- Reporting obligations under the Modern Slavery Act 2018.

##### 2022 CPR changes

- Improved procurement conditions for SMEs including direct procurement and disaggregation of large procurements.
- Mandatory application of procurement-connected policies.
- Updated risk and insurance principles.

##### 2024 CPR changes

- Improved language regarding notifications to unsuccessful suppliers and ethical behaviour during procurement to ensure that Australia's international obligations are clearly reflected.
- Further improved procurement conditions for SMEs, including increasing targets and lifting the threshold at which SMEs can be directly approached for procurements.
- Introduced the Commonwealth Supplier Code of Conduct, to be included in all contracts with limited exceptions.
- Amended threshold for the consideration of broader economic benefits to the Australian economy from AUD 4 million to AUD 1 million.
- Clarifying that Ministers will not be involved in procurement processes, unless required by law.

#### B. Other changes

##### Commonwealth Supplier Code of Conduct

The Code, effective from 1 July 2024, outlines the Commonwealth's minimum expectations of suppliers while under contract with the Commonwealth. The Code is required to be incorporated into all Commonwealth contracts, with some limited exceptions.

<sup>225</sup> Department of Finance (2024), *Commonwealth Procurement Rules*. Viewed at: [https://www.finance.gov.au/sites/default/files/2024-06/Commonwealth\\_Procurement\\_Rules-1-July-2024.pdf](https://www.finance.gov.au/sites/default/files/2024-06/Commonwealth_Procurement_Rules-1-July-2024.pdf).

<sup>226</sup> NIAA, *Indigenous Procurement Policy (IPP)*. Viewed at: <https://www.niaa.gov.au/our-work/employment-and-economic-development/indigenous-procurement-policy-ipp>.

<sup>227</sup> Australian Government (2020), *Indigenous Procurement Policy*. Viewed at: [https://www.niaa.gov.au/sites/default/files/documents/publications/ipp-guide\\_0.pdf](https://www.niaa.gov.au/sites/default/files/documents/publications/ipp-guide_0.pdf).

<sup>228</sup> Department of Finance, *Procurement Complaints – For Business*. Viewed at: <https://www.finance.gov.au/business/procurement/procurement-complaints-business>.

<sup>229</sup> Department of Finance (2024), *Commonwealth Supplier Code of Conduct*. Viewed at: <https://www.finance.gov.au/sites/default/files/2024-06/commonwealth-supplier-code-of-conduct.pdf>.

<sup>230</sup> Australian Capital Territory, *Procurement ACT*. Viewed at: <https://www.procurement.act.gov.au/>; New South Wales, *Welcome to Buy NSW*. Viewed at: <https://buy.nsw.gov.au/>; Northern Territory, *Procurement Framework*. Viewed at: <https://nt.gov.au/industry/procurement/how-procurement-works/procurement-framework>; Queensland, *Procurement*. Viewed at: <https://www.forqov.qld.gov.au/finance-and-procurement/procurement>; South Australia, *Procurement SA*. Viewed at: <https://www.procurement.sa.gov.au/>; Tasmania, *Purchasing*. Viewed at: <https://www.purchasing.tas.gov.au/>; Victoria, *Buying for Victoria*. Viewed at: <https://www.buyingfor.vic.gov.au/>; and Western Australia, *Procurement*. Viewed at: <https://www.wa.gov.au/organisation/department-of-finance/procurement>.

**Environmentally Sustainable Procurement Policy (ESPP)**

The ESPP is a Procurement Connected Policy, which came into effect on 1 July 2024. It supports the Government's commitment to delivering a net zero and circular economy by guiding procurement decisions and allowing the Government to measure the environmental outcomes from its procurements.

**Australian Skills Guarantee Procurement Connected Policy (ASG PCP)**

The ASG PCP is a Procurement Connected Policy that came into effect on 1 July 2024 to help address skills shortages and gender segregation in the construction and ICT sectors.

**Supplier Pay On-Time or Pay Interest Policy**

The Policy facilitates payment to suppliers. In July 2022, the AUD 1 million threshold was removed, and thus all suppliers to non-corporate entities benefit from better payment terms regardless of value.

**Fair Work Legislation Amendments (Secure Jobs, Better Pay) Act 2022**

This Act repealed the Code for the Tendering and Performance of Building Work 2016 (Building Code 2016), as well as the Building Code 2013. Thus, procuring entities are no longer required to apply them.

**Policy notes**

Various policy notes or guidance are published by the Government on procurement matters. During the review period, these included notes on the COVID-19 pandemic, work health and safety laws, the ethical conduct of tenderers and suppliers, and the novation of contracts regarding specific suppliers.

Source: Information provided by the authorities; and Department of Finance, *Procurement*. Viewed at: <https://www.finance.gov.au/government/procurement>.

3.213. In response to the July 2022 changes in the CPRs, the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) conducted a Procurement Inquiry on the impact of the changes on SMEs. As a result, a report was issued in December 2023 highlighting a number of issues and making 11 recommendations, including improving the identification of small businesses, expanding the reporting requirements, and making coordinated procurement arrangements more transparent. The Department of Finance replied positively in whole or in part to many of the recommendations in April 2024 with a view to taking them onboard in the ongoing Buy Australian Plan reforms.<sup>231</sup> Implementation of initiatives, as outlined in the Government Response to the Report, continues.

**3.3.6.3 Agreement on Government Procurement**

3.214. Australia has been a member of the plurilateral GPA since May 2019 following its accession. Its protocol package contains its schedule of commitments including for federal and subcentral government entities. The commitment schedules generally include a range of corporate and non-corporate entities but exclude GBEs. Australia took exceptions for SMEs, to protect national treasures, for various measures relating to Indigenous people, for procurement/consumption outside the territory, for certain Department of Defence purchases<sup>232</sup>, and for the Australian Government Solicitor.<sup>233</sup> Annex 2 also includes some exemptions on a subcentral basis. Under the GPA, thresholds for federal entities are AUD 255,000 for goods and services and AUD 9,808,000 for construction services; for subcentral entities, goods and services are AUD 696,000, and for other entities, AUD 785,000.<sup>234</sup> The commitments cover all goods, except blood and plasma products, and all services except plasma fractionation services, government advertising services, health and welfare services, and R&D services. For construction services, the coverage is defined by CPC Division 51.

3.215. Since its accession to the GPA, Australia has amended the annexes in its schedule three times in order to update the names of government entities.<sup>235</sup> Twelve legislative changes to

<sup>231</sup> Australian Government (2024), *Australian Government Response to the Australian Small Business and Family Enterprise Ombudsman*. Viewed at: <https://www.finance.gov.au/sites/default/files/2024-05/Government-Response-ASBFEO-Procurement-Inquiry-FINAL.pdf>.

<sup>232</sup> Australia took security and general exceptions for many defence-related goods and services.

<sup>233</sup> Exceptions were also taken at the state/territory level for various entities/purchases; mainly, the health and welfare category is excluded.

<sup>234</sup> WTO, eGPA. Viewed at: <https://e-gpa.wto.org/>.

<sup>235</sup> WTO documents [WT/Let/1652](#), 14 February 2024; [WT/Let/1578](#), 24 May 2022; and [WT/Let/1534](#), 18 March 2021.

the federal or subcentral procurement processes have also been notified to the Committee.<sup>236</sup> Regular notifications on statistics and thresholds have also been submitted.<sup>237</sup>

3.216. Australia submitted four notifications in September 2024 regarding changes to the 1 July 2024 update of the CPRs. These notifications also included the Commonwealth Supplier Code of Conduct, as well as two new Procurement Connected Policies, the Environmentally Sustainable Procurement Policy, and the Australian Skills Guarantee Procurement Connected Policy.

### 3.3.7 Intellectual property rights

3.217. Australia's IP policy is structured on three basic principles: to support innovation, facilitate diffusion, and foster efficient trade. According to IP Australia, IP has a high correlation with economic growth and international trade, as Australian businesses with intellectual property rights (IPRs) accounted for around 35% of Australia's GDP and around 51% of its total exports in 2023.<sup>238</sup> SMEs also benefited from IPRs, with higher turnover growth and employment than their counterparts without IP protections.<sup>239</sup> Australia has a relatively high prominence in WIPO's Global Innovation Index 2023, with an overall ranking of 24<sup>th</sup> but with lower scores or rankings (below 24<sup>th</sup>) for most IP categories, including categories of patents by origin, Patent Cooperation Treaty (PCT) patents, IP receipts, production and export complexity, trademarks by origin, global brand value, and cultural and creative services exports.<sup>240</sup> Thus, stronger performance in other categories, such as infrastructure and institutions, raised Australia's overall rank but its performance in these core IP categories was weaker. It is also noted that Australia has performed well in innovation and fundamental R&D, but there is a weakness in translating this into commercialization.<sup>241</sup>

3.218. IP Australia remains the main government agency for the protection of trademarks, patents, designs, and plant breeder's rights. In 2022, pursuant to the Administrative Arrangements Order 23 June 2022, responsibilities for copyright and circuit layouts were transferred to the Attorney-General's Department from the DITRDCA, which has a role in the emerging area of protecting Indigenous cultural and intellectual property (ICIP) rights through the development of stand-alone legislation.

3.219. IP filings and rights fluctuated over the period 2020-23 with greater variations in certain years, e.g. 2020 and 2021 (Table 3.27). After a peak year for trademark filings in 2021, the number decreased in 2022 and then levelled out to about 85,000 filings per year in 2023. The number of patent applications filed has also varied over the period, with peak filings in 2021 and 2022, possibly due to the COVID-19 pandemic, and thereafter declining to historic levels.

<sup>236</sup> WTO documents [GPA/LEGIS/AUS/1](#), 18 December 2020; [GPA/LEGIS/AUS/2](#), 18 December 2020; [GPA/LEGIS/AUS/3](#), 18 December 2020; [GPA/LEGIS/AUS/4](#), 18 December 2020; [GPA/LEGIS/AUS/5](#), 17 January 2021; [GPA/LEGIS/AUS/6](#), 4 April 2022; [GPA/LEGIS/AUS/7](#), 2 November 2023; [GPA/LEGIS/AUS/8](#), 8 January 2020; and [GPA/LEGIS/AUS/9](#), 27 September 2024.

<sup>237</sup> WTO documents [GPA/STAT\(21\)/AUS/1](#), 12 March 2024; [GPA/STAT\(20\)/AUS/1](#), 1 June 2023; [GPA/STAT\(19\)/AUS/1](#), 11 March 2022; [GPA/THR/AUS/4](#), 12 December 2023; [GPA/THR/AUS/3](#), 17 December 2021; and [GPA/THR/AUS/2](#), 12 December 2023.

<sup>238</sup> IP Australia (2023), *Australian IP Report 2023*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report>.

<sup>239</sup> IP Australia (2023), *IP and the Economy: Key Impacts*. Viewed at: [https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/~/-/media/Project/IPA/IPAustralia/PDF/IP-Reports/IP\\_and\\_the\\_economy\\_key\\_impacts.pdf?rev=ffd18765b57142928744b7fe3a4e3b89](https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/~/-/media/Project/IPA/IPAustralia/PDF/IP-Reports/IP_and_the_economy_key_impacts.pdf?rev=ffd18765b57142928744b7fe3a4e3b89).

<sup>240</sup> WIPO (2023), *Global Innovation Index 2023*. Viewed at: <https://www.wipo.int/documents/d/global-innovation-index/docs-en-wipo-pub-2000-2023-en-main-report-global-innovation-index-2023-16th-edition.pdf>.

<sup>241</sup> Australia ranks relatively low on benchmarks such as knowledge transfer and knowledge diffusion. Parliament of Australia, *Inquiry into Developing Advanced Manufacturing in Australia, Chapter 4*. Viewed at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Industry\\_Science\\_and\\_Resources/AdvancedManufacturing/Report/Chapter\\_4\\_-\\_Commercialisation\\_and\\_collaboration](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Industry_Science_and_Resources/AdvancedManufacturing/Report/Chapter_4_-_Commercialisation_and_collaboration); and Australian Manufacturing Forum (2024), "Towards 3% R&D – Patent Box Still Missing from Innovation System by BDO". Viewed at: <https://www.aumanufacturing.com.au/towards-3-rd-patent-box-still-missing-from-innovation-system-by-bdo>.

**Table 3.27 Main IP statistics, 2020-23**

(No.)

	2023			2022		
	Australian applicants	Overseas applicants	All	Australian applicants	Overseas applicants	All
Patents						
Filed	2,556	28,959	31,515	2,496	29,796	32,292
PCT	..	..	22,929	..	..	23,714
Direct	..	..	8,586	..	..	8,578
Granted	1,000	14,573	15,573	1,064	15,343	16,407
Trade marks						
Filed	49,036	35,440	84,476	44,647	34,186	78,833
Registered	33,983	28,842	62,825	38,149	31,563	69,716
Designs						
Filed	2,652	6,124	8,776	2,135	5,734	7,869
Certified	520	1,020	1,540	416	826	1,241
Plant breeders' rights						
Filed	145	151	296	118	183	301
Registered	155	135	290	72	111	183
	2021			2020		
	Australian applicants	Overseas applicants	All	Australian applicants	Overseas applicants	All
Patents						
Filed	2,996	29,413	32,409	2,402	26,900	29,302
PCT	..	..	23,383	..	..	21,138
Direct	..	..	9,026	..	..	8,164
Granted	1,092	16,063	17,154	968	16,808	17,776
Trademarks						
Filed	53,345	35,393	88,738	51,663	30,045	81,708
Registered	40,307	30,300	70,595	35,035	29,052	64,087
Designs						
Filed	2,601	5,522	8,123	2,604	4,568	7,172
Certified	477	900	1,377	350	647	997
Plant breeders' rights						
Filed	129	168	116	130	186	316
Registered	50	66	297	105	107	212

.. Not available.

Source: IP Australia (2024), *Australian IP Report 2024*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report-2024>; *IP Australia Annual Report*, various editions (on the Transparency Portal). Viewed at: <https://www.transparency.gov.au/publications?page=1&q=ip+australia>; and information provided by the authorities.

### 3.3.7.1 Policy initiatives

3.220. Australia has embarked on a new initiative for Indigenous Knowledge. In 2021 the Government commenced consultations with a view to protecting Indigenous Knowledge through new stand-alone legislation. The Office for the Arts of the DITRDCA initiated work on the ICIP. Some of the preliminary issues identified include addressing fake art, preventing the supply of goods or services that feature traditional cultural expressions that are not produced by Indigenous people, and retaining the protection of genetic resources of flora and fauna under national legislation.<sup>242</sup> As at August 2024, a First Nations Expert Working Group on Indigenous Cultural and Intellectual Property was in the process of being established.<sup>243</sup> IP Australia is looking at possible amendments to the IPR bills to better protect Indigenous Knowledge. Additionally, IP Australia is in the process of establishing an Indigenous Knowledge Panel, which could help inform decisions on applications that contain, or appear to contain, Indigenous Knowledge.

### IP and new technologies

<sup>242</sup> IP Australia, *Scoping Study on Standalone IK legislation*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/scoping-study-on-standalone-ik-legislation>.

<sup>243</sup> DITRDCA, *First Nations Expert Working Group on Indigenous Cultural and Intellectual Property*. Viewed at: <https://www.arts.gov.au/what-we-do/indigenous-arts-and-languages/stand-alone-indigenous-cultural-and-intellectual-property-legislation/first-nations-expert-working-group-indigenous-cultural-and-intellectual-property>.

3.221. IP Australia and the Attorney-General's Department, responsible for copyright, have been active in examining IP in relation to new technologies, in particular AI but also emerging frontier technologies. IP Australia chairs a cross-government group under the IP Policy Group that is looking at AI and the IP system. A study was commissioned on drivers of AI investment that demonstrated Australian patent holders were more likely to be engaged in AI capacity-building. Furthermore, AI adopters were most often concentrating on the information and communication technologies sector.<sup>244</sup> The website of IP Australia provides interactive visualizations to monitor AI and quantum technology take-up in patents.<sup>245</sup> To date, there have not been any policy changes due to these technologies; nevertheless, their role and impact are being studied. The Attorney-General's Department is undertaking a priority review of copyright and AI issues, and a Copyright and AI Reference Group has been established to consult on these issues.

### **COVID-19 policies**

3.222. During the COVID-19 pandemic, IP Australia made a number of concessions to help with the pandemic while still carrying on its business. From April 2020 to March 2021, IP Australia offered streamlined, free extensions of time for procedures under the Australian designs, patents, plant breeder's rights, and trademark legislation.

3.223. Australia passed the National Emergency Declaration (Consequential Amendments) Act 2020, which provides for certain actions when a national emergency is declared. It amended the Patents Act to clarify that an invention can be exploited when such emergency action is taken. Furthermore, IP Australia instituted a dedicated trademark support helpline for businesses during the pandemic, which helped businesses whose operations changed as a result of the pandemic to adapt to the production of new products.

### **3.3.7.2 Framework and legislative changes**

3.224. Australia's basic framework of IP legislation has remained largely unchanged since the previous Review, except for certain amendments as outlined in Box 3.9. These concern compulsory licensing, additional flexibilities for designs, protections for "listed medicines", and technical amendments to the Copyright Act. Additional benefits were given to IP holders in certain countries regarding royalties for visual artists and for copyright holders of secondary use of sound recordings.

### **Box 3.9 Highlights of legislative changes in IP, 2020-24**

#### **Patents and designs on compulsory use, etc.**

The Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020 amended the Patents Act and the Designs Act to improve the provisions for compulsory licensing and Crown use of patents and designs. Additional changes allow the use of official electronic seals by IP Australia.

#### **Designs**

The Designs Amendment (Advisory Council on Intellectual Property Response) Act 2021 amended the Designs Act to make a number of technical amendments focused on simplification and flexibility. These include adding a 12-month grace period, flexibilities on prior use, removal of the publication option, certain reliefs from infringement, and rights of exclusive licensees to bring infringement proceedings.

#### **Therapeutic Goods Act 1989 amendments**

The Therapeutic Goods Amendment (2020 Measures No. 1) Act 2020 amended the Therapeutic Goods Act 1989 to add certain protections to "listed medicines". The new legislation adds Section 26AF, which provides for a five-year protection period for clinical trial information that a sponsor submits as part of the process to gain market approval. These 2020 amendments were slightly revised for clarity and to allow some publication by a 2021 amendment; some other small non-substantive amendments were also enacted.

#### **Resale Royalty Rights**

<sup>244</sup> IP Australia, *Drivers of AI Investment*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/drivers-of-ai-investment>.

<sup>245</sup> IP Australia, *Patent Analytics on Quantum Technologies*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/patent-analytics-on-quantum-technologies>; and IP Australia, *Artificial Intelligence Patent Analytics*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/old-artificial-intelligence-patent-analytics>.

The Resale Royalty Right for Visual Artists Act 2009 gives visual artists the right to receive a 5% royalty on their works when resold for over AUD 1,000. Amendments to the Resale Royalty Right for Visual Artists Regulations were made in March 2024 to expand the reciprocal agreement on royalty entitlement with an additional 17 countries – Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom.

#### Copyright

Several relatively small technical amendments were made to the Copyright Act by the Territories Legislation Amendment Act 2020, Competition and Consumer Amendment (Motor Vehicle Service and Repair Information Sharing Scheme) Act 2021, Federal Circuit and Family Court of Australia (Consequential Amendments and Transitional Provisions) Act 2021, and Statute Law Amendment (Prescribed Forms and Other Updates) Act 2023. They did not result in any substantial changes in the Copyright Act.

A 2022 amendment to the Copyright (International Protection) Regulations Amendment 2022 was more substantial as it extended certain protections for secondary uses of sound recordings to seven more countries (Belize, Republic of Congo, Cook Islands, Kiribati, Sao Tomé and Príncipe, Senegal, and Vanuatu) based on reciprocal protections.

Source: Information provided by the authorities and IP Australia website.

### 3.3.7.2.1 Copyright

3.225. Copyright in Australia continues to be governed by the Copyright Act 1968 and its related regulations, Copyright Regulations 2017 and Copyright (International Protection) Regulations 1969. There have been no major changes to the basic framework of the Copyright Act, and protections remain as outlined in previous reports, i.e. 50 or 70 years depending on the type and circumstances. During the review period, several small technical amendments were made, and certain secondary sound recording protections were extended to seven countries (Box 3.9).

3.226. Online copyright infringement may be protected through a website-blocking scheme. The right holder must make an application to the Federal Court to stop access to such accounts in Australia. The Copyright Amendment (Online Infringement) Act 2018 extended the injunction blocking to search engine providers in addition to service providers. During the review period, the Government launched a review of copyright enforcement measures during the 2022-23 period. This resulted in possible reforms for providing simpler enforcement options for small value infringements, and for copyright awareness initiatives.<sup>246</sup>

3.227. Throughout 2023, a number of copyright roundtables were organized with stakeholders to look at emerging issues. They focused on five potential reform areas: orphan works, AI, remote learning, quotations, and the definition of "broadcast" in the Copyright Act. As of October 2024, the Government had announced it was proceeding with amendments to the Copyright Act to clarify that copyrighted materials used in classrooms would apply similarly to online classrooms.<sup>247</sup> Another outcome of the discussions was the creation of the Copyright and Artificial Intelligence Reference Group (CAIRG) as a forum for stakeholders to discuss AI and copyright issues. Its initial priorities are to examine copyrighted materials used as inputs to AI, and the copyright status or possible infringement of AI outputs.<sup>248</sup>

3.228. Australia maintains a long-standing restriction on parallel imports of books. Under the Copyright Act, book copyright owners can prevent the importation of books published in another jurisdiction. An Australian publisher has 30 days to publish the book, and if so, all purchases in Australia are unique to this publisher, and imports are prohibited.

3.229. The Government is expected to conduct further consultations on the design of a proposed Australian "orphan works" scheme.

<sup>246</sup> Attorney-General's Department, *Copyright Enforcement Review 2022-23*. Viewed at: <https://www.ag.gov.au/rights-and-protections/copyright/copyright-enforcement-review-2022-23#:~:text=On%2024%20November%202022%20the,be%20done%20to%20improve%20it>.

<sup>247</sup> Attorney-General's Department, *Ministerial Roundtable on Copyright*. Viewed at: <https://www.ag.gov.au/rights-and-protections/copyright/ministerial-roundtable-copyright>.

<sup>248</sup> Attorney-General's Department, *Copyright and Artificial Intelligence Reference Group (CAIRG)*. Viewed at: <https://www.ag.gov.au/rights-and-protections/copyright/copyright-and-artificial-intelligence-reference-group-cairg>.

### 3.3.7.2.2 Patents

3.230. Australia's patent system continues to be legislated by the Patents Act 1990 and the Patents Regulations 1991 with changes for compulsory licensing and Crown use of patents (Box 3.9). Patent activity in the pharmaceutical sector was particularly strong during the review period, as it surpassed the medical technology and biotechnology sectors, which remained the top three patent technology categories. There was, however, a decline in 2023 for pharmaceutical patents; this was attributed to an overall decline in global pharmaceutical manufacturing.<sup>249</sup> According to IP Australia, Australia ranked second among 19 major economies for filing increases in clean energy generation and storage.<sup>250</sup> The United States remained the main origin of patent filings from abroad, followed by China and Japan.

### 3.3.7.2.3 Trademarks

3.231. Trademark protections remained important for Australia over the period, as the majority were filed by Australian residents. The COVID-19 pandemic created a surge in filings during the period 2020-21, and since that time, filings have returned to pre-pandemic levels. Australians have also been active in filing trademarks abroad. In 2020, Australians made 20,573 filings abroad, which was essentially the same as in 2023 (20,685 filings). The majority of these filings were in the United States, New Zealand, China, the United Kingdom, and the European Union.<sup>251</sup> The Trade Marks Act 1995 and the Trade Marks Regulations 1995 continue to be the applicable legislation, although Part 13 of the Act concerns trademark infringements on imports which falls under the purview of the ABF (Section 3.1.1.3). There were no major changes to the trademark legal framework during the review period.

### 3.3.7.2.4 Designs

3.232. During the review period, IP Australia completed a public review of the designs system in 2021 to make reforms and encourage innovation. As a result of this work, the designs application process was streamlined, and new legislation introduced amendments to the Designs Act 2003 (Box 3.9). Furthermore, a second phase of possible design reforms was launched in June 2023 with a view to examining how design protections could apply to non-physical or virtual products and also to parts of products.<sup>252</sup> As of October 2024, the consultations resulted in three outcomes on virtual designs, partial designs, and incremental designs.<sup>253</sup> The Government was considering legislation, and further public consultation may take place at a later date.

3.233. Design protections in Australia are dominated by non-resident filings that continued to increase over the review period. Domestic design applications declined continually over the same period, although reversed to an increase in 2023. The dominant design classes over the period continued to be recording, telecommunications or data processing equipment, i.e. IT, and the transport sector.

3.234. Australia has committed to taking all reasonable steps to join the Hague Agreement. Progressing this work is on IP Australia's medium- to long-term work plan.

### 3.3.7.2.5 Protection of plant varieties

3.235. Plant breeder's rights continue to be protected through the Plant Breeder's Rights (PBR) Act 1994 and the Plant Breeder's Rights Regulations 1994, and there were no substantial amendments during the review period. However, commencing in 2021, IP Australia launched an

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<sup>249</sup> IP Australia (2024), *Australian IP Report 2024*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report-2024>.

<sup>250</sup> IP Australia (2024), *Australian IP Report 2024*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report-2024>.

<sup>251</sup> IP Australia (2024), *Australian IP Report 2024*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report-2024>.

<sup>252</sup> IP Australia, *Designs Initiatives*. Viewed at: <https://www.ipaustralia.gov.au/about-us/our-agency/our-research/design-initiatives>.

<sup>253</sup> IP Australia, *Enhancing Australian Design Protection*. Viewed at: [https://consultation.ipaustralia.gov.au/policy/enhancing-australian-design-protection/?\\_gl=1\\*vtorcy\\*\\_ga\\*\\_Njc2OTE2MDc1LjE3MjU4ODAwMzk.\\*\\_ga\\_GMT4KC15KS\\*MTcyNTg4MDAyOC4xLjEuMTcyNTg4MTIxMC4wLjAuMA](https://consultation.ipaustralia.gov.au/policy/enhancing-australian-design-protection/?_gl=1*vtorcy*_ga*_Njc2OTE2MDc1LjE3MjU4ODAwMzk.*_ga_GMT4KC15KS*MTcyNTg4MDAyOC4xLjEuMTcyNTg4MTIxMC4wLjAuMA).

ongoing PBR review to ensure the PBR system is fit for purpose, supports plant breeding industries, and connects with the Government's priorities relating to agriculture and growth. This has produced a report on the costs and economic benefits of the PBR system<sup>254</sup> and research reports on possible changes to the legislation.<sup>255</sup> As part of the PBR reform initiatives, IP Australia is examining possible policy reforms and other functional improvements to the PBR system. Australia is guided by its commitments under the International Union for the Protection of New Varieties of Plants (UPOV) and supports international registration of plant varieties.

3.236. During the review period, there were between 100 and 300 PBR applications filed per year, with an increase to nearly 300 in FY2022/23. The majority of filings have been for ornamentals and fruit crops, with a lot of variation year-to-year. A high percentage of plants that achieve protection (96%) are commercialized.<sup>256</sup>

### 3.3.7.2.6 Geographical indications

3.237. *Sui generis* protection of geographical indications (GIs) in Australia for wine already occurs under the Wine Australia Act 2013. A GI register is administered by Wine Australia, whereas all products may obtain similar protections through certification and collective trademarks.<sup>257</sup> The assessment of certification trademarks (CTM) is a joint operation of IP Australia and the ACCC. A CTM lasts for 10 years whereafter it can be renewed indefinitely every 10 years. Wine GIs are not required to be renewed after a certain timeframe; however, they can be removed from the GI register if they are no longer required or on the grounds of non-use. As of the end of 2023, there were 83 GIs in force in the trademark system, 116 GIs protected through the *sui generis* system for wine, and 1,872 GIs protected via international agreement. The Australia–European Community Agreement on Trade in Wine continues the bilateral protections on wine agreed between the parties, thus the 112 Australian GIs are protected in the European Union, and Australia offers similar protection to the 2,680 EU GIs. The agreement also allows certain flexibilities such as the use of grape vine variety names that are also the name of a GI.<sup>258</sup>

### 3.3.7.3 WTO and international engagement

3.238. Australia has been an active participant in the TRIPS Council and joined the consensus on the MC12 TRIPS waiver decision on COVID-19 vaccines. During the review period, Australia made a number of proposals or communications, often jointly with other Members, on "IP Awareness and Creators", "Research Collaboration across Borders", "Cross-Border Cooperation Among IP Offices", "Role of IP to Raise Finance for Start-ups", "IP Licensing Opportunities", "Intellectual Property, Innovation and Microfinance", "Women and Intellectual Property", "Making Micro Small and Medium-sized Enterprises (MSMES) Competitive Through IP and Innovation", "Intellectual Property for Investment/Financing/Funding", "Making MSMES Competitive in Green Tech", and "Making MSMES Competitive through Inclusive Protection of Various IPs".<sup>259</sup> Australia's other focus in the TRIPS Council has been on LDCs and technical assistance, whereby Australia has regularly notified its technical cooperation activities and promotion of technology transfer to LDCs.

3.239. In May 2024, the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge was concluded. To join the treaty, Australia needs to go through the domestic

<sup>254</sup> IP Australia (2023), *Understanding the Economic Impact of Plant Breeder's Rights in Australia*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/Understanding-the-economic-impact-of-plant-breeders-rights-in-Australia>.

<sup>255</sup> IP Australia, *University of Queensland PBR Policy Research*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/University-of-Queensland-PBR-policy-research>.

<sup>256</sup> IP Australia (2024), *Australian IP Report 2024*. Viewed at: <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/australian-ip-report-2024>.

<sup>257</sup> The Register of Protected Geographical Indications and Other Terms (Register) as set out by the Wine Australia Act 2013. The table listing Australian GIs is found at <https://www.wineaustralia.com/labelling/register-of-protected-gis-and-other-terms/geographical-indications>.

<sup>258</sup> DAFF (2010), *Australia–European Community Agreement on Trade in Wine*. Viewed at: <https://www.wineaustralia.com/getmedia/83f8a051-04e4-4496-86d4-b86f66c35558/Australia-European-Community-Agreement.pdf>.

<sup>259</sup> WTO documents [IP/C/W/711](#), 12 April 2024; [IP/C/W/699](#), 1 June 2023; [IP/C/W/697](#), 3 March 2023; [IP/C/W/692](#), 29 September 2022; [IP/C/W/691](#), 23 June 2022; [IP/C/W/685](#), 1 October 2021; [IP/C/W/686](#), 25 February 2022; [IP/C/W/679](#), 27 May 2021; [IP/C/W/678/Rev.1](#), 1 June 2021; [IP/C/W/675](#), 26 February 2021; and [IP/C/W/667](#), 9 September 2020.

approval processes, including Parliamentary examination of the treaty and the implementation of relevant legislative amendments.

3.240. Through the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) IP Committee, Australia has engaged in a multiphase project focused on trademark quality management systems in the region. The Committee is working to increase consistency of outcomes from the examinations, and thus enhance assurances for exporters. Australia contributes to other capacity-building initiatives through the WIPO Australia Funds-in-Trust programme that works to promote economic growth through improved use of IPRs by developing countries in the Indo-Pacific region.

3.241. Regarding the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, Australia signed the Protocol in 2012 but has not ratified it. To ratify and participate in the global access and benefit-sharing system, legislative changes will be required. The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is actively exploring opportunities for this legislative framework with ratification of the Protocol in mind.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture, forestry, and fisheries

#### 4.1.1 Agriculture

4.1. Agriculture<sup>1</sup> continued to be an important sector for Australia during the review period. It was the second-largest export sector after mineral products, with a contribution just over 10% of total exports in 2023 (Chart 1.1). The sector also maintained high output during the review period, notably due to increases in production of major crops, while agricultural land use remained relatively unchanged at 426 million hectares.<sup>2</sup> While agriculture contributed 2.6% to GDP and 2.2% of employment in FY2022/23, it also supported rural communities. The agriculture sector can be broadly divided into crops, livestock, and horticulture. Each was internationally competitive and contributed to growing exports over the period.

4.2. Australia's gross value of agricultural production is expected to reach AUD 86.2 billion in FY2024/25 on account of higher prices and production of main outputs, mainly livestock products and grains.<sup>3</sup> Input costs, in particular, energy, fertilizer, and finance costs, are expected to ease, although perhaps not to pre-pandemic levels, thus also contributing to growth. Despite this growth forecast, there are longer-term concerns about of the sector's productivity. A recent report notes that the average annual growth rate of broadacre farming slowed to 0.72% between 2000 and 2020, compared to 2.18% over the previous two decades.<sup>4</sup> An international comparison shows that Australia's productivity decline is similar to some other countries, but has fared worse compared to world averages. Reasons for the decline have been attributed to climate change, fewer technological developments, and past structural adjustments that cannot be perpetuated. Policy suggestions to counteract the decline include ongoing efforts to keep markets open and competitive, provision of drought support, and support for investment in R&D.<sup>5</sup>

4.3. Other areas of relevance to Australia's agricultural productivity are competition and concentration in supply chains. The Australian Competition and Consumer Commission (ACCC) has conducted a number of inquiries into certain agricultural industries in recent years, notably perishable goods, the cattle and beef market, dairy, and wine grapes, and it has noted that insufficient competition and information asymmetries have contributed to market failures. Often, it is not the producer, but the concentration in downstream processors or distributors that has led to inefficient markets.<sup>6</sup>

##### 4.1.1.1 Production and trade

4.4. The agricultural sector exhibited strong performance over the review period as the total value of production has increased 33% since FY2019/20 and exports by 52%. Import growth was more modest at 14% from a lower base. Growth in the value of crop production was particularly robust due to the increase in world prices for major crops, particularly wheat, combined with some of the highest levels of crop output on record resulting from improved meteorological conditions following

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<sup>1</sup> Including forestry and fishing.

<sup>2</sup> Australian Bureau of Statistics (ABS), *Agricultural Commodities, Australia*. Viewed at: <https://www.abs.gov.au/statistics/industry/agriculture/agricultural-commodities-australia/2021-22#data-downloads>.

<sup>3</sup> W. Chancellor & C. Boulton (2024), "Australia's Farm Productivity Slowdown – Why It Matters, and What It Means for Policy Makers", *ABARES Insights*, Canberra, July. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036021/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036021/0).

<sup>4</sup> W. Chancellor & C. Boulton (2024), "Australia's Farm Productivity Slowdown – Why It Matters, and What It Means for Policy Makers", *ABARES Insights*, Canberra, July. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036021/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036021/0).

<sup>5</sup> W. Chancellor & C. Boulton (2024), "Australia's Farm Productivity Slowdown – Why It Matters, and What It Means for Policy Makers", *ABARES Insights*, Canberra, July. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036021/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036021/0).

<sup>6</sup> Issues relating to market transparency have also been identified. An ongoing ACCC inquiry into the supermarket sector is addressing similar issues. In some instances, the ACCC's inquiries have led to a code of conduct being implemented for the sector. Codes of conduct are in place for dairy, horticulture, sugar, and wheat. ACCC, *Agriculture*. Viewed at: <https://www.accc.gov.au/by-industry/agriculture>.

the drought in the 2017-19 period. Indeed, it is notable that all agricultural industries exhibited growth over the period FY2019/20-FY2023/24 (Table 4.1).

4.5. Australia's agricultural exports are generally characterized as primary commodities, with wheat, meat, and oilseeds the top three exported commodity groups. Imports, on the other hand, tend to be more processed or prepared foods, with other prepared foods; bread, etc.; and alcoholic beverages the top three imported groups. Australia maintains a growing trade surplus in agricultural products, with about 72% of agricultural production exported. Export shares are even higher for certain subsectors, i.e. rice (92%), sugar (84%), and bovine meat and sheep (78%). In contrast, the majority of pig and poultry, dairy, and fruit and nut production is consumed domestically.<sup>7</sup> Most of domestic food consumption (90%) is sourced from Australia.<sup>8</sup> The export value of wheat and meslin, as well as oilseeds, more than doubled over the period 2019-23 as a result of the recovery from drought, while that of certain meats declined slightly as global protein demand weakened (Table 4.2). This was particularly the case for beef and sheepmeat, whereby weaker demand from China as a major export market impacted this trade. The main markets for Australia's agricultural exports over the period were China, Japan, and the United States.

**Table 4.1 Farm production, FY2019/20–FY2023/24**

(AUD million)

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24 <sup>a</sup>
<b>Total farm production</b>	<b>61,325.8</b>	<b>71,536.8</b>	<b>87,865.1</b>	<b>94,366.9</b>	<b>81,790.5</b>
Crops	28,499.7	40,278.3	53,182.3	58,410.3	47,416.4
Grains, oilseeds and pulses	11,163.6	20,090.3	28,485.3	33,311.6	21,946.3
Grains	8,739.1	15,030.9	19,580.1	23,755.2	15,089.6
Oilseeds	1,392.8	2,991.2	6,063.3	6,538.1	4,094.2
Pulses	1,031.7	2,068.3	2,841.9	3,018.3	2,762.6
Industrial crops	2,427.7	4,081.6	6,613.4	6,547.3	6,186.0
Horticulture	12,162.8	13,766.1	16,253.7	16,532.4	16,954.8
Livestock and livestock products	32,826.1	31,258.5	34,682.8	35,956.7	34,374.0
Livestock slaughtered	21,927.4	20,864.5	23,998.6	23,958.7	22,872.9
Live exports	2,231.1	1,777.3	1,465.2	1,450.0	1,207.1
Wool	2,745.5	2,644.8	3,229.6	3,144.5	2,874.3
Milk	4,829.0	4,688.0	4,871.9	6,078.6	6,009.1

a Forecast.

Source: DAFF, *Agricultural Commodities and Trade Data*. Viewed at: <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/data#agricultural-commodities>.

**Table 4.2 Trade in agricultural products, 2019–23**

	2019	2020	2021	2022	2023
<b>Top 10 exports at HS 4-digit level (% of total agriculture<sup>a</sup>)</b>					
1001 Wheat and meslin	8.2	7.8	6.7	12.5	19.2
0202 Frozen meat of bovine animals	10.7	15.3	9.9	7.0	8.6
1205 Rape or colza seeds, whether or not broken	2.6	2.2	2.0	4.0	9.7
0204 Fresh, chilled or frozen meat of sheep or goats	7.6	9.5	6.6	5.6	6.5
5201 Cotton, not carded or combed	5.0	3.4	0.8	2.5	5.8
0201 Fresh or chilled meat of bovine animals	6.8	8.5	6.6	5.0	5.0
1003 Barley	3.8	2.3	2.3	3.5	4.4
5101 Wool, not carded or combed	8.0	7.0	3.8	4.1	4.3
0713 Dried leguminous vegetables, shelled	2.0	2.1	2.2	2.3	2.9
2204 Wine of fresh grapes	5.9	6.5	5.1	2.8	2.8
Total agricultural exports <sup>a</sup> (AUD million)	49,445.6	45,575.7	58,187.1	75,779.7	75,452.2
Total agricultural exports <sup>a</sup> (USD million)	34,383.2	31,466.6	43,743.6	52,663.1	50,166.3
% of total exports	12.7	12.5	12.7	12.7	13.5
<b>Top 10 imports at HS 4-digit level (% of total agriculture<sup>a</sup>)</b>					
2106 Food preparations, not elsewhere specified or included	10.5	10.0	10.8	9.9	9.7
1905 Bread, pastry, cakes, biscuits and other bakers wares	5.0	4.9	5.3	5.1	5.6
2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages	4.5	4.0	4.4	4.8	4.3

<sup>7</sup> DAFF, ABARES, *Snapshot of Australian Agriculture 2024*. Viewed at: <https://www.agriculture.gov.au/abares/products/insights/snapshot-of-australian-agriculture#around-72-of-agricultural-production-is-exported>.

<sup>8</sup> DAFF (2022), *Delivering Ag2030*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/delivering-ag2030-april-2022.pdf>.

	2019	2020	2021	2022	2023
2204 Wine of fresh grapes	4.1	4.1	4.8	4.4	4.1
0406 Cheese and curd	3.4	3.5	3.6	3.3	4.0
0901 Coffee; coffee husks and skins; coffee substitutes containing coffee in any proportion	3.1	3.3	3.4	4.1	3.9
2309 Preparations of a kind used in animal feeding	3.3	3.4	3.7	4.0	3.4
2103 Sauces and similar preparations; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard	2.7	3.0	2.9	2.8	3.0
0203 Fresh, chilled or frozen meat of swine	3.9	3.3	3.5	3.2	3.1
1806 Chocolate and other food preparations containing cocoa	3.3	3.0	3.1	2.7	3.0
Total agricultural imports <sup>a</sup> (AUD million)	20,621.2	21,227.5	20,074.2	23,655.9	23,496.0
Total agricultural imports <sup>a</sup> (USD million)	14,339.5	14,656.0	15,091.2	16,439.7	15,621.9
% of total imports	6.7	7.2	6.1	5.7	5.7

a WTO definition: HS Chapters 01-24 less fish and fishery products (HS 03, 0508, 0511.91, 1504.10, 1504.20, 1603-1605, and 2301.20), plus some selected products (HS 2905.43-2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5101-5103, 5201-5203, and 5301-5302).

Note: Top 10 agricultural exports and imports by HS 4-digit are sorted by the year 2023.

Source: WTO Secretariat calculations, based on trade data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

#### 4.1.1.2 Policy initiatives

4.6. Australia introduced a number of new policy initiatives during the review period. These are separate initiatives, although many build on its overarching policy Ag2030. Initially conceived in 2018 by the National Farmers' Federation (NFF), Ag2030 has been backed by the Government to grow farming to AUD 100 billion by 2030. The Government's Ag2030 policy has guided strategy and spending since 2020 and now is directed by the fourth edition of Delivering Ag2030 as from April 2022. The Government has dedicated AUD 600 million in the 2022-23 Budget to support trade and exports, biosecurity, stewardship, supply chains, water and infrastructure, innovation and research, and human capital in the agriculture sector as set out in Delivering Ag2030.<sup>9</sup>

4.7. The Fresh and Secure Trade Alliance (FASTA) is an ongoing programme to provide support for horticultural sector exports by improving biosecurity. It works jointly with universities and state governments to provide data sets and test new technologies.<sup>10</sup> The Securing the Future of Agricultural Trade initiative was designed to support greater export and agricultural trade services such as provisions to adapt to a changing trade landscape and to alleviate the live cattle trade disruption.<sup>11</sup> The National Agricultural Traceability Strategy 2023-33 was established to help agricultural supply chains better respond to biosecurity issues and support exports.

4.8. Another policy initiative was the revision to the Drought Policy and the new Drought Plan. Drought has been a growing concern with climate change, and recent experience has placed greater emphasis on it. The Drought Resilience Funding Plan 2024-2028 came into effect on 9 February 2024 and its related Future Drought Fund Investment Strategy was expected to be released in 2024. Similarly, the new Plan was also expected later in 2024 after public consultations.

4.9. In May 2024, the Government announced the cessation of live sheep exports by sea as a result of concerns over animal welfare issues. An independent panel report was issued in 2023 recommending the end of this transport method of exporting sheep. The prohibition will be phased in by 1 May 2028 as a result of the Export Control Amendment (Ending Live Sheep Exports by Sea)

<sup>9</sup> DAFF (2022), *Delivering Ag2030*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/delivering-ag2030-april-2022.pdf>.

<sup>10</sup> Minister for Agriculture (2023), "Joint Media Release: Historic \$130m Trade Alliance to Supercharge Aussie Horticulture Exports". Viewed at: <https://minister.agriculture.gov.au/watt/media-releases/historic-horticulture-exports-trade-alliance>.

<sup>11</sup> DAFF, *Securing the Future of Agricultural Trade*. Viewed at: [https://www.agriculture.gov.au/sites/default/files/documents/FINAL-MYEFO-FACTSHEET-Ag%20Exports\\_CLEAN%20201223.pdf](https://www.agriculture.gov.au/sites/default/files/documents/FINAL-MYEFO-FACTSHEET-Ag%20Exports_CLEAN%20201223.pdf).

Act 2024.<sup>12</sup> The Government is providing a transitional support package of AUD 139.7 million over five years to support sheep farmers and develop alternative market opportunities for sheep and sheep products in Australia and abroad.

4.10. During the review period, investment was made in the meat and meat processing sector to modernize the regulatory approach to the sector. The initiatives involve incorporating new technologies and reducing regulatory burdens. Thus far, work has been carried out on inspection reform, transitioning to risk-based audits, prioritizing market access opportunities, and reviewing the species testing framework.<sup>13</sup> In 2023, the Australian Animal Welfare Strategy was renewed for another four years to help coordinate work between the states and territories, which have a primary role in animal welfare. It is expected to lead to enhanced national welfare standards and guidelines.<sup>14</sup>

4.11. The National Agricultural Innovation Policy Statement is another agricultural policy from 2020 that is useful for Australia in Delivering Ag2030. It sets out four main priorities to promote innovation and build a collaborative effort to promote a sustainable and productive agricultural sector: (i) reaffirming Australia as a trusted exporter of premium foods; (ii) promoting climate resilience and sustainability of the sector; (iii) future-proofing the biosecurity system; and (iv) developing, adopting, and exporting digital agriculture.<sup>15</sup>

4.12. Various state and territory governments also have various policies to support the agricultural sector. For example, Tasmania has hardship grants and drought supports. New South Wales' long-standing support for rice through the Rice Marketing Board will come to an end in 2026 (Section 3.3.5 ).

#### 4.1.1.3 Market access

4.13. Australia maintains several border measures on imports and exports of agricultural products. On imports, tariffs remain low at 1.3% on average (Section 3.1.3.1 ). As outlined in Section 3.1.3.4 , Australia maintains one MFN TRQ on cheese and curd, which has been in place since 1995 with no changes. Access levels and administration of the quota have not been modified, and its fill rate was fully utilized during the review period, i.e. 11,500 mt. Biosecurity rules and their related procedures on imports remain numerous and are accompanied by various fees (Sections 3.3.3 and 3.1.4.3 ). These biosecurity requirements result in prohibitions on certain goods or controls such as inspection, testing, and quarantine.

4.14. In addition to the MFN TRQ, Australia has bilateral tariff quotas pursuant to FTAs and administers certain procedures, i.e. export quota certificates, in order to facilitate the filling of the quotas. The new Export Control Act 2020 contains the legal basis for the administration of the export tariff quota certificate system, and the Export Control (Tariff Rate Quotas) Order 2021 sets out the specific rules for the quotas. In addition, the Export Control (Tariff Rate Quotas – Sheepmeat and Goatmeat Export to the European Union and United Kingdom) Rules 2021 apply specifically to these markets and products. A total of 63 export TRQs are administered by DAFF that allow preferential access to other markets (Table 4.3). There is a general requirement to apply for an export certificate from DAFF and also comply with the importing country requirements, which can vary depending on the market, e.g. a permit, certificate, or licence.

4.15. Provisions of the Export Control Act govern TRQ export certificates as well as export certificates for prescribed goods (Section 3.2.1 ). The Act also has provisions for accreditation of establishments for export. This applies to establishments that perform certain activities or processing for the goods to be exported, such as slaughtering, freezing, and packing. Establishments need to be registered if preparing prescribed goods under Australia's export legislation. Australia accredits these establishments through the various provisions as outlined in the Act. This follows from the list

<sup>12</sup> DAFF, *Phase Out of Live Sheep Exports by Sea*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/export/controlled-goods/live-animals/livestock/live-sheep-exports-phase-out#resources>.

<sup>13</sup> DAFF, *Export Meat Modernisation*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/export/meat-modernisation#review-of-the-species-testing-framework>.

<sup>14</sup> DAFF, *Renewal of the Australian Animal Welfare Strategy (AAWS)*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/animal/welfare/aaws>.

<sup>15</sup> DAFF (2011), *National Agricultural Innovation Policy Statement*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/dawe-innovation-policy-statement.pdf>.

of export products and markets in which Australia has certain bilateral protocol agreements to market certain commodities under certain conditions.<sup>16</sup>

**Table 4.3 Overview of TRQs and administration, 2024**

Partner	Products	MFN or bilateral	Administration/procedures
EU	Dairy, high-quality beef and grain-fed beef, sheepmeat, and goatmeat	WTO	Quota certificate, first-come, first-served (FCFS), permit
India	Almonds, cotton, lentils, pears, oranges and mandarins	FTA	Allocation, FCFS, permit, TRQ certificate
Indonesia	Citrus, feed grains, live male cattle, vegetables	FTA	FCFS, permit, TRQ certificate, TRQ reservation
Japan	Apple juice, bovine offal, honey, orange juice, pork, poultry, preserved meats 1 and 2	FTA	FCFS, quota application, certificate
UK	Beef meat, sheepmeat, dairy, wheat and meslin, barley, rice, sugar	FTA and WTO	FCFS, certificate, permit, allocation
US	Beef, dairy	FTA and WTO	FCFS, allocation, quota certificate, meat export licence

Source: DAFF, *Export Quotas*. Viewed at: <https://www.agriculture.gov.au/biosecurity-trade/export/from-australia/quota>.

4.16. Australia has consistently notified that it did not invoke the special safeguard provisions during the 2020-23 period.<sup>17</sup> The levy system, essentially an extra tax on primary products, is applied on imports, exports, and production (Section 4.1.1.4). Improvements in market access occurred as a result of the seven new FTAs concluded during the period (Section 2.3.2). They improve market access by reducing or eliminating agricultural tariffs and by addressing non-tariff trade barriers.

#### 4.1.1.4 Support measures

4.17. Australia applies a number of support measures to the agricultural sector. These can be divided into three main types: direct budgetary outlays, concessional loans, and tax concessions. Direct supports are mainly aimed at improving farm infrastructure and farming practices, and are carried out through programmes such as the Smart Farms Program and Smart Farming Partnerships. Concessional loans provided through the government-supported Regional Investment Corporation (RIC) offer farm business loans at concessional rates, and are aimed mainly at new farms and farm succession arrangements. The Farm Management Deposits Scheme is one of the largest tax concession schemes that offers a tax-deductible deposit scheme that aids in cash flow. Certain programmes are designed for emergency response measures, such as the Emergency Animal Disease Response Agreement for disease outbreaks, and the Disaster Recovery Funding Arrangements for concessional loans for natural disasters.

4.18. One of the largest and long-standing areas of support is for R&D. According to DAFF, total R&D funding in agriculture was AUD 2.32 billion in FY2022/23 and declined slightly over the review period, peaking at AUD 2.47 billion in FY2020/21. The Commonwealth government and state and territory governments were the largest contributors, i.e. about AUD 1.32 billion, or 57%. The remainder was from the private sector.<sup>18</sup> The majority of the federal government funding was for R&D corporations (RDCs) (24%), R&D tax incentives (22%), Commonwealth Scientific and Industrial Research Organisation (CSIRO) funding (21%), and university research block grants (18%).<sup>19</sup>

4.19. A number of new support measures were introduced during the review period, mainly to address climate change. The Climate-Smart Agriculture Program under the Natural Heritage Trust (NHT) is expected to provide over AUD 302 million over five years to support the agricultural sector in reducing emissions and promoting biodiversity. Different programmes are available, such as small

<sup>16</sup> For example, in the horticultural sector, there are various protocol markets outlined by country and commodity where a certificate is necessary. Other protocol agreements operate in different sectors depending on the market; these may be revised or amended as necessary. DAFF (2023), *Table of Plant Export Protocol Markets*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/table-plant-export-protocol-markets.pdf>.

<sup>17</sup> WTO documents [G/AG/N/AUS/159](#), 7 March 2024; [G/AG/N/AUS/150](#), 21 March 2023; [G/AG/N/AUS/148](#), 8 August 2022; and [G/AG/N/AUS/136](#), 1 February 2021.

<sup>18</sup> This includes funding through universities.

<sup>19</sup> ABARES, *Supporting Data – Agricultural Research and Development Investment in Australia – 2022-23*. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1035482/1](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1035482/1).

grants, soil capacity-building, and landcare projects.<sup>20</sup> The Carbon Farming Outreach Program is designed to help farmers reduce emissions and store carbon. It offers training packages and grants, and also supports RDCs. A few other programmes relating to climate change and agriculture are available through the government-wide Nationally Determined Contribution (NDC), including supports to reduce methane emissions from livestock.

4.20. Australia has notified the elimination of all its export subsidies as of 2017 pursuant to the Nairobi Ministerial Decision on Export Competition. Regarding food aid, Australia has also notified that no food aid assistance was provided during the review period, a situation that has not changed since the previous Review. It has stated that "no physical food aid was provided" and that it "untied its food aid in 2005".<sup>21</sup>

### Levels of support

4.21. Australia notified its domestic support measures to the Committee on Agriculture twice during the review period; the latest notification from November 2023 covers FY2019/20. Most of the notification concerns Green Box measures, the majority of which are general services supports, accounting for about 70% on average between the two periods (Table 4.4). Within the general services category, the subcategories of research, infrastructure services, and pest and disease control were the largest. Decoupled income supports and payments for relief from natural disasters were the other two significant categories for support in FY2019/20. Non-exempt direct payments notified include wine, dairy, and red meat with total direct payments of AUD 2.4 million. Non-product-specific AMS amounted to AUD 951 million. Figures from the OECD show that Australia has some of the lowest farm subsidies.<sup>22</sup> The Producer Support Estimate (PSE) was at 4.3% of gross farm receipts in 2020-22.<sup>23</sup>

4.22. The Productivity Commission's (PC) regular reporting of industry support, including the agricultural sector, also indicates relatively low levels of support (Table 4.5). Compared to other main sectors, i.e. industry and services, the support given to the primary production sector (AUD 1.89 billion) is similar to industry support but much less than that of the services sector, accounting for between 10% and 14% of all government support during the period. Within the primary production sector, the subsector for sheep, beef cattle, and grain farming received the most support, mainly through tax incentives. The main programmes for agriculture are the R&D tax incentive, the Farm Management Deposits Scheme, and Grains Research and Development scheme.<sup>24</sup>

**Table 4.4 Green Box supports notified to the WTO, FY2018/19 and FY2019/20**

(AUD million and %)

	FY2018/19		FY2019/20	
	Value	%	Value	%
<b>General services</b>				
Research	516.9	25.6	585.6	32.5
Pest and disease control	243.4	12.0	271.8	15.1
Training services	4.6	0.2	4.1	0.2
Extension and advisory services	109.1	5.4	84.1	4.7
Inspection services	29.1	1.4	30.5	1.7
Marketing and promotion services	29.6	1.5	13.6	0.8
Infrastructure services	463.6	22.9	317.7	17.6
Other general services	..	..	1.7	0.1
Subtotal general services	1,396	69	1,309.1	72.7
Decoupled income support	32.0	1.6	148.5	8.2

<sup>20</sup> DAFF, *Climate-Smart Agriculture Program*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/climate-smart>.

<sup>21</sup> WTO documents [G/AG/N/AUS/154](https://www.wto.org/Trade-Integration-Reports/G/AG/N/AUS/154), 30 August 2023; [G/AG/N/AUS/147](https://www.wto.org/Trade-Integration-Reports/G/AG/N/AUS/147), 6 May 2022; and [G/AG/N/AUS/138](https://www.wto.org/Trade-Integration-Reports/G/AG/N/AUS/138), 21 September 2021.

<sup>22</sup> W. Chancellor & C. Boulton (2024), "Australia's Farm Productivity Slowdown – Why It Matters, and What It Means for Policy Makers", *ABARES Insights*, Canberra, July. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036021/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036021/0).

<sup>23</sup> OECD (2023), *Agricultural Policy Monitoring and Evaluation 2023*. Viewed at: <https://www.oecd-ilibrary.org/docserver/b14de474-en.pdf?expires=1726456792&id=id&accname=guest&checksum=D5DCA6D250934D87E707C4C19FD68601>.

<sup>24</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

	FY2018/19		FY2019/20	
	Value	%	Value	%
Income insurance and income safety-net programmes	280	13.8	n.a.	n.a.
Payments for relief from natural disasters	102.7	5.1	295.5	16.4
Environmental programmes	210.7	10.4	48.6	2.7
Other direct payment	n.a.	n.a.	0.02	0
<b>Total Green Box</b>	<b>2,022</b>	<b>100</b>	<b>1,801.6</b>	<b>100</b>

.. Not available.

n.a. Not applicable.

Source: WTO documents [G/AG/N/AUS/157/Rev.1](#), 10 November 2023; and [G/AG/N/AUS/142](#), 2 November 2021.

**Table 4.5 Budgetary outlay, tax concessions, and total budgetary assistance to primary production, FY2020/21–FY2022/23**

(AUD million, %)

	FY2020/21	FY2021/22	FY2022/23
Horticulture and fruit growing	101.9	120.7	122.7
Sheep, beef cattle and grain farming	267.2	338.8	369.0
Other crop growing	40.8	50.3	59.0
Dairy cattle farming	27.9	28.8	29.5
Other livestock farming	27.3	31.5	35.7
Aquaculture and fishing	83.1	98.0	99.6
Forestry and logging	53.1	36.4	82.6
Primary production support services	10.4	16.6	18.3
Unallocated primary production	717.6	248.9	301.6
Subtotal budgetary outlay	1,329.3	969.9	1,118.0
Horticulture and fruit growing	68.0	67.9	83.0
Sheep, beef cattle and grain farming	347.7	423.4	536.0
Other crop growing	25.7	28.0	45.5
Dairy cattle farming	19.2	32.7	35.6
Other livestock farming	16.1	24.7	20.6
Aquaculture and fishing	19.4	22.7	12.1
Forestry and logging	16.3	21.1	24.4
Primary production support services	15.0	19.0	12.9
Unallocated primary production	1.2	0.8	4.1
Subtotal tax incentives	528.4	640.4	774.2
Horticulture and fruit growing	169.8	188.6	205.7
Sheep, beef cattle and grain farming	614.8	762.2	904.9
Other crop growing	66.5	78.3	104.5
Dairy cattle farming	47.1	61.5	65.1
Other livestock farming	43.4	56.3	56.3
Aquaculture and fishing	102.5	120.8	111.7
Forestry and logging	69.4	57.5	107.0
Primary production support services	25.4	35.6	31.2
Unallocated primary production	718.8	249.7	305.7
<b>Total budgetary assistance</b>	<b>1,857.7</b>	<b>1,610.3</b>	<b>1,892.2</b>
Primary products' share in total budgetary assistance (%)	14%	10.6%	12.7%

Source: Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

### Levy system

4.23. Australia's levy system for agricultural products is a long-standing tax on certain products or sectors that allows revenue collected by governments to circulate back to support industry activities, often referred to as serving a "sectoral public good".<sup>25</sup> The revenues are typically used in five areas: R&D, marketing programmes, biosecurity emergency response, national residue surveys, and biosecurity.<sup>26</sup> The amount collected by the levy is often matched by an equivalent government grant.

<sup>25</sup> The coverage of the levy system here is focused on levies in the agriculture, forestry, and fisheries sector, although the levy system is much wider and covers a range of products and services. Productivity Commission (2023), *Towards Levyathan? Industry Levies in Australia*. Viewed at: <https://www.pc.gov.au/research/completed/industry-levies/industry-levies.pdf>.

<sup>26</sup> DAFF, *About Levies and the Levy System*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/about-levies>.

The levies cover a wide range of products and sectors and are charged at different rates and in different ways, i.e. on imports, exports, or production/supply. Furthermore, they have grown over the years, and there are now 138 in the sector (Box 4.1). According to the PC's international comparison of levies, "Australia stands out for its extensive use of 'levy'".<sup>27</sup>

4.24. As a revenue stream, levies are small, even referred to as a micro tax, as they account for about 2% of government revenues (all sectors) but are large in comparison to customs tariff revenue, accounting for six times the amount.<sup>28</sup> In FY2022/23, total levy collections (all sectors) were about AUD 11 billion but the agriculture, forestry, and fisheries sector is considerably smaller at AUD 650 million, although it has the majority of levies (55%).

4.25. As of October 2024, the levy system was undergoing likely reform with new legislation introduced in Parliament in 2023 under consideration. The reforms focus on modernizing the legislative framework and supporting the industries' future needs in the levy system.

#### Box 4.1 Overview of the levy system for the agriculture, forestry, and fisheries sector, FY2022/23

Total levies: 138	
Total revenue collected: AUD 650 million	
Commonwealth levies: 131	State or territory levies: 7
<u>Top 10 levies by revenue</u>	<u>Top 10 ANZSIC sectors by revenue</u>
<ul style="list-style-type: none"> <li>- Wheat levy: AUD 132 million</li> <li>- Cattle transactions levy: AUD 66 million</li> <li>- Wool levy: AUD 41 million</li> <li>- Lamb transactions levy: AUD 41 million</li> <li>- Dairy produce levy: AUD 30 million</li> <li>- Sugar cane levy: AUD 23 million</li> <li>- Pig slaughter: AUD 19 million</li> <li>- Australian Fisheries Management Authority (AFMA) levy: AUD 13 million</li> <li>- Vegetable levy: AUD 13 million</li> <li>- Cotton levy: AUD 12 million</li> </ul>	<ul style="list-style-type: none"> <li>- Grain growing: AUD 268 million</li> <li>- Beef cattle farming and processing: AUD 110 million</li> <li>- Sheep farming: AUD 41 million</li> <li>- Meat processing: AUD 36 million</li> <li>- Dairy processing: AUD 30 million</li> <li>- Other fruit and tree nut growing: AUD 27 million</li> <li>- Sugar cane growing and manuf.: AUD 23 million</li> <li>- Grape growing: AUD 17 million</li> <li>- Fish trawling and line fishing: AUD 14 million</li> <li>- Vegetable growing: AUD 12 million</li> </ul>

Source: Productivity Commission (2024), *Trade and Assistance Review 2022-23, Appendix C*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23-appendixc.xlsx>.

#### 4.1.2 Fisheries

4.26. As a continent with coastline of 33,000 km and one of the largest EEZs in the world, Australia has significant natural resources to support the fisheries sector. It also manages fishing rights in the waters surrounding its external territories.<sup>29</sup> However, despite this potential, its wild-catch sector has been described as having low productivity as its marine waters do not support large fish stocks.<sup>30</sup> Following the worldwide trend, Australia has developed a significant and growing aquaculture sector that now rivals its traditional wild-catch sector. Production of fisheries (including aquaculture) reached AUD 3.4 billion in FY2020/21 and is expected to grow by 0.5% to AUD 3.56 billion in FY2023/4; the sector also supports approximately 17,000 jobs.<sup>31</sup>

4.27. Wild-catch fishing in Australia is a shared jurisdiction between the Commonwealth and the states as set out in the Offshore Constitutional Settlement (OCS) (Section 2.1). The Australian

<sup>27</sup> Productivity Commission (2023), *Towards Levyathan? Industry Levies in Australia, Appendices*, p. 11. Viewed at: <https://www.pc.gov.au/research/completed/industry-levies/industry-levies-appendices.pdf>.

<sup>28</sup> Productivity Commission (2023), *Towards Levyathan? Industry Levies in Australia*. Viewed at: <https://www.pc.gov.au/research/completed/industry-levies/industry-levies.pdf>.

<sup>29</sup> These include Christmas Island, Cocos (Keeling) Island, Heard and McDonald Islands, Norfolk Island, and Macquarie Island.

<sup>30</sup> DAFF (2015), *Australia's Seafood Trade*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/fisheries/aus-seafood-trade.pdf>.

<sup>31</sup> DAFF, *Fisheries and Aquaculture Statistics 2022*. Viewed at: <https://www.agriculture.gov.au/abares/research-topics/fisheries/fisheries-and-aquaculture-statistics>; and DAFF, *Australian Fisheries and Aquaculture Outlook 2024*. Viewed at: <https://www.agriculture.gov.au/abares/research-topics/fisheries/fisheries-economics/fisheries-forecasts>.

Fisheries Management Authority (AFMA) manages Commonwealth fisheries in the Australian Fishing Zone<sup>32</sup> and states and territories manage marine fishing in their respective territorial waters.<sup>33</sup> The Commonwealth has a smaller role in aquaculture, mainly in the areas of R&D, biosecurity, and food safety, as management and oversight of the sector are primarily the responsibility of the states and territories. Most states and the Northern Territory (NT) have their own aquaculture laws and regulations governing the sector.

4.28. Australia also has a recreational fishing sector that is important economically and socially, but does not contribute to international trade in any significant capacity itself except through the trade in goods used in recreational fishing and tourism. According to a 2023 study, recreational fishing contributed AUD 11.5 billion (direct and flow-on contributions) to the economy and 101,000 jobs.<sup>34</sup> Approximately 20% of Australians participate in recreational fishing at least once per year, a figure that has remained relatively constant over the review period.<sup>35</sup> The largest subcategories of economic expenditure were fishing gear and tackle (28%) and overnight fishing trips (21%).<sup>36</sup>

4.29. In October 2023, Australia submitted its notification of acceptance of the WTO Agreement on Fisheries Subsidies. In June 2023, Australia contributed AUD 2 million to the Fisheries Funding Mechanism to support developing and least-developed countries.<sup>37</sup>

#### 4.1.2.1 Production and trade

4.30. Australia's fisheries sector produces a variety of seafood from both wild-catch and aquaculture sources with a value of about AUD 3.5 billion. There has been a shift over the period with a continual increase in aquaculture production and a stagnation or slight decrease in wild caught, thus aquaculture has taken a lead in production, in terms of value (Table 4.6). Aquaculture fish production is dominated by generally high-value salmonids, tunas, and oysters; wild caught is mainly rock lobster, prawns, crabs, and tuna. However, even with increasing output, Australia is a net importer of fish and fish products, as domestic production does not meet demand. Imports are about twice the value of exports (Table 4.7). Australia's exports are dominated by a narrow basket of high-value seafood, including rock lobster, salmon, tuna, and abalone, that makes up about 85% of all seafood exports. Imports are more diverse, tend to be lower value, and are dominated by frozen prawns and canned tuna. Imports are generally processed or preserved seafood products, while exports are more fresh or chilled, i.e. unprocessed, indicating offshore processing of Australian origin seafood that then returns.

**Table 4.6 Fisheries and aquaculture production, FY2019/20-FY2023/24**

	2019/20	2020/21	2021/22	2022/23 <sup>a</sup>	2023/24 <sup>a</sup>
<b>Total (AUD million)</b>	<b>3,133.6</b>	<b>3,174.5</b>	<b>3,421.9</b>	..	..
<b>Wild caught</b>	<b>1,578.4</b>	<b>1,477.2</b>	<b>1,506.9</b>	..	..
<b>Aquaculture</b>	<b>1,587.0</b>	<b>1,725.4</b>	<b>1,944.9</b>	..	..
Finfish, sharks and rays	1,711.6	1,786.9	1,968.7	..	..
Tunas	178.0	128.9	141.7	160	165
Salmonids	904.1	1,031.4	1,150.1	1,352	1,324
Other finfish, sharks and rays	629.6	626.6	676.9	577	595
Crustaceans	969.5	935.5	925.8	..	..
Prawns	370.1	431.5	450.3	498	484
Rock lobsters	522.5	403.4	382.8	388	403
Crabs	52.1	72.3	68.1	..	..
Other crustaceans	24.7	28.2	24.7	..	..
Molluscs	410.1	423.6	422.3	..	..

<sup>32</sup> The Zone is composed of over 8 million km<sup>2</sup> and extends from 3 nautical miles to 200 nautical miles from the coast. It also includes the coastal regions of its external territories. DAFF, *The Australian Fishing Zone*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/fisheries/domestic/zone>.

<sup>33</sup> Generally from the coast to 3 nautical miles.

<sup>34</sup> Reported as full-time equivalent jobs. FRDC (2023), *National Social and Economic Survey of Recreational Fishers, 2018-2021*. Viewed at: [https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS\\_main%20report\\_FINAL\\_19Feb2023.pdf](https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS_main%20report_FINAL_19Feb2023.pdf).

<sup>35</sup> FRDC (2023), *National Social and Economic Survey of Recreational Fishers, 2018-2021*. Viewed at: [https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS\\_main%20report\\_FINAL\\_19Feb2023.pdf](https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS_main%20report_FINAL_19Feb2023.pdf).

<sup>36</sup> FRDC (2023), *National Social and Economic Survey of Recreational Fishers, 2018-2021*. Viewed at: [https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS\\_main%20report\\_FINAL\\_19Feb2023.pdf](https://www.frdc.com.au/sites/default/files/products/2018-161-NRFS_main%20report_FINAL_19Feb2023.pdf).

<sup>37</sup> WTO (2023), "Australia Donates AUD 2 Million to WTO Fisheries Funding Mechanism", 7 June. Viewed at: [https://www.wto.org/english/news\\_e/pres23\\_e/pr927\\_e.htm#:~:text=The%20government%20of%20Australia%20is,the%20Agreement%20on%20Fisheries%20Subsidies](https://www.wto.org/english/news_e/pres23_e/pr927_e.htm#:~:text=The%20government%20of%20Australia%20is,the%20Agreement%20on%20Fisheries%20Subsidies).

	2019/20	2020/21	2021/22	2022/23 <sup>a</sup>	2023/24 <sup>a</sup>
Abalone	139.9	120.1	113.2	149	152
Scallops	18.5	14.6	10.6	..	..
Oysters	114.4	137.5	149.7	..	..
Squids	13.2	16.8	18.0	..	..
Other molluscs	124.1	134.6	130.9	..	..
Other	42.4	28.4	105.1	..	..
<b>Total ('000 tonnes)</b>	<b>274.0</b>	<b>300.0</b>	<b>301.9</b>	<b>..</b>	<b>..</b>
<b>Wild caught</b>	<b>172.1</b>	<b>173.1</b>	<b>178.0</b>	<b>..</b>	<b>..</b>
<b>Aquaculture</b>	<b>106.4</b>	<b>131.5</b>	<b>128.8</b>	<b>..</b>	<b>..</b>
Finfish, sharks and rays	205.5	229.1	230.9	..	..
Tunas	12.5	12.3	12.0	..	..
Salmonids	67.1	84.3	81.3	..	..
Other finfish, sharks and rays	125.9	132.5	137.7	..	..
Crustaceans	37.6	39.9	39.2	..	..
Prawns	24.5	25.0	24.7	..	..
Rock lobsters	8.0	10.2	9.9	..	..
Crabs	3.8	3.5	3.4	..	..
Other crustaceans	1.2	1.1	1.1	..	..
Molluscs	26.0	28.4	27.4	..	..
Abalone	2.9	3.1	2.8	..	..
Scallops	6.8	5.2	4.2	..	..
Oysters	9.0	11.2	11.7	..	..
Squids	1.4	2.2	1.7	..	..
Other molluscs	5.9	6.6	7.0	..	..
Other	4.9	2.7	4.4	..	..

.. Not available.

a Outlook forecasts.

Source: DAFF (2022), *Australian Fisheries and Aquaculture Statistics*. Viewed at: <https://www.agriculture.gov.au/abares/research-topics/fisheries/fisheries-data#australian-fisheries-and-aquaculture-statistics-2022>; and DAFF (2024), *Outlook Tables – Agricultural Commodities, March Quarter*. Viewed at: [https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1035581/1](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1035581/1).

**Table 4.7 Trade in fish products, 2020-23**

	2020	2021	2022	2023
0306.31 Live, fresh or chilled rock lobster and other sea crawfish	36.1	25.3	25.6	29.4
0302.14 Fresh or chilled Atlantic salmon and Danube salmon	19.1	28.8	31.1	27.5
0303.46 Frozen southern bluefin tunas	6.2	7.2	9.6	8.4
0306.11 Frozen rock lobster and other sea crawfish, raw, dried, salted, in brine or smoked, or cooked in shell by steaming or boiling in water (excl. lobsters & Norway lobsters)	1.0	2.5	4.1	5.2
0307.81 Live, fresh or chilled abalone	4.7	5.1	5.1	4.4
Total fishery exports <sup>a</sup> (AUD million)	1,261.5	1,237.5	1,222.3	1,365.4
Total fishery exports <sup>a</sup> (USD million)	871.0	930.3	849.4	907.8
% of total exports	0.3	0.3	0.2	0.2
0306.17 Frozen shrimps and prawns (excl. cold-water shrimps and prawns), raw, dried, salted, in brine or smoked, or cooked in shell by steaming or boiling in water	10.6	12.3	14.1	12.9
1604.14 Prepared or preserved tunas, skipjack and bonito whole or in pieces, but not minced	14.5	12.6	13.9	12.7
0304.89 Certain frozen fillets of fish	7.8	8.4	7.1	7.1
1504.20 Fats and oils and their fractions, of fish, not chemically modified	3.3	3.5	3.9	5.6
1605.21 Prepared or preserved shrimps and prawns, not in airtight containers	5.2	5.0	4.9	4.7
Total fishery imports <sup>a</sup> (AUD million)	2,058.2	2,031.9	2,641.3	2,473.0
Total fishery imports <sup>a</sup> (USD million)	1,421.0	1,527.5	1,835.6	1,644.2
% of total imports	0.7	0.6	0.6	0.6

a WTO definition: HS Chapters and headings 03, 0508, 0511.91, 1504.10, 1504.20, 1603-1605, and 2301.20.

Note: Top 5 fishery exports and imports by HS 6-digit are sorted by the year 2023.

Source: WTO Secretariat calculations, based on trade data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

#### 4.1.2.2 Policies and framework

4.31. The Fisheries Management Act 1991 and the Fisheries Administration Act 1991 form the basic framework and regulatory mechanisms for wild-caught fishing in the Commonwealth's territorial waters.<sup>38</sup> They also form the basis of the operations of the AFMA. The Commonwealth Fisheries Harvest Strategy Policy and Guidelines were set out in 2007 to help guide the AFMA in its work. The latest version of the Policy is from 2018, and it sets out the basic principles of ecological sustainable development and the pursuance of maximum net economic return. As such, Australia follows an ecosystem-based approach that takes into account the wider environment and, as a result, often a conservative outcome.<sup>39</sup> Australia has been successful in preventing overfishing, allowing overfished stocks to recover, and managing the wider impacts of fishing. As of 2024, the Policy was undergoing a review. According to the latest assessment, Australia has a healthy report on fish stocks with 85% of the 390 fish stocks classified as sustainable or recovering.<sup>40</sup>

4.32. In 2022, the Government established the National Fisheries Plan to provide a coordinated approach to the future of fishing, aquaculture, and seafood in Australia. It emphasizes sustainable growth and development as key features. There are nine priorities set by the Plan, including resource sharing, sustainability, adaptation, and international engagement, and a number of key initiatives and targets to be achieved by 2030.<sup>41</sup> Some examples of these initiatives include improving supply chains, engaging internationally on fisheries management, and diversifying seafood exports. A National Fisheries Plan Coordination Group was established to develop and oversee the progress of a framework to guide the implementation of initiatives for fisheries managers and sectors set by the National Fisheries Plan.

4.33. In October 2023, in response to increasing competition for access to the marine estate, Seafood Industry Australia commenced the Futures of Seafood project. The two-year project is led by the Blue Economy Cooperative Research Centre with a government contribution of AUD 450,000 and a significant investment from the Fisheries Research and Development Corporation (FRDC).<sup>42</sup>

#### 4.1.2.3 Subsidies and levies

4.34. According to Australia's latest subsidy notification to the WTO, there were 14 subsidy programmes in the fisheries sector, 3 at the federal level, and 11 at the sub-federal level, concentrated in New South Wales.<sup>43</sup> The largest programmes are at the federal level, with FRDC accounting for AUD 33 million and the South East Trawl Fishery Structural Adjustment Package accounting for 19.5 million in FY2022/23. The subsidies are diverse and support R&D, exemptions from levies or taxes, and promotion and marketing activities, as example (Table 4.8).

**Table 4.8 Overview of notified fisheries subsidies, FY2022/23**

(AUD million)

	State/territory	Amount
<b>Federal</b>		
Fisheries Research and Development Corporation Investment funding	n.a.	33
Fisheries Assistance and User Engagement Package	n.a.	35 <sup>a</sup>
South East Trawl Fishery Structural Adjustment Package	n.a.	19.5
<b>State and territories</b>		
Commercial Fisheries Fee Waivers (DPI Fisheries)	NSW	0.175
Aboriginal Commercial Fisher Fee Waivers (DPI Fisheries)	NSW	0.002
Eat More Seafood (DPI Fisheries)	NSW	0.104
Aquaculture Debt waiver (DPI Fisheries)	NSW	0.593
Seafood Innovation Fund Loan Scheme	NSW	2.5
Aboriginal Fishing Trust Fund (DPI Fisheries)	NSW	0.133

<sup>38</sup> The majority of fisheries management in Australia is conducted by state and territory fisheries management bodies, as they regulate aquaculture and marine wild-caught fish within the 3 nautical miles of the coast.

<sup>39</sup> DAFF (2018), *Commonwealth Fisheries Harvest Strategy Policy*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/fisheries/domestic/hsp.pdf>.

<sup>40</sup> FRDC, *Key Results*. Viewed at: <https://fish.gov.au/reports/key-results>.

<sup>41</sup> DAFF (2022), *National Fisheries Plan, 2022-2030*. Viewed at: <https://www.agriculture.gov.au/sites/default/files/documents/national-fisheries-plan.pdf>.

<sup>42</sup> MAFF (2023), "Fishing for Future Success", 4 October. Viewed at: <https://minister.agriculture.gov.au/Watt/media-releases/futures-of-seafood-project>.

<sup>43</sup> WTO document [G/SCM/N/401/AUS](https://www.wto.org/press/2024/G/SCM/N/401/AUS), 24 January 2024.

	State/territory	Amount
Vessel Tracking Rebate Scheme	NT	0.6
Abalone Industry Reinvestment Fund	TA	1
Abalone Industry Development Trust Fund	TA	0.2
ShellMAP (Shellfish Market Access Programme)	TA	0.35 <sup>b</sup>
Marine Stewardship Council Certification	WA	0 <sup>c</sup>

n.a. Not applicable.

a Total amount over the lifetime of the package.

b For FY2020/21.

c No funding was paid out in this financial year.

Note: Amount is actual expenditure if available, otherwise budgeted amounts or estimates based on multi-year funding. NSW = New South Wales; NT = Northern Territory; TA = Tasmania; and WA = Western Australia.

Source: WTO document [G/SCM/N/401/AUS](#), 24 January 2024.

4.35. The FRDC, funded jointly by the federal government and industry, funds much of the R&D in the fisheries sector, both for wild-catch and aquaculture. In February 2024, the FRDC announced the creation of a new Finnovation Fund that brings together the FRDC and innovation investors to fund start-ups and commercialize innovations.<sup>44</sup> Funding is expected to come from FRDC/FRDC Industry Partnerships (IPAs) as well as an outside investment partner. The Fund is expected to be operational in 2025.

4.36. Australia's levy system on primary products is also used in the fisheries sector to fund a number of industry initiatives (Section 4.1.1.4). At the federal level, DAFF administers the farmed prawns levy and charge, which is payable on production when the prawns are harvested. The levy includes a R&D fee and white spot disease repayment fee, amounting to AUD 0.0665 per kg.<sup>45</sup> The FRDC manages the expenditures from the levy, which amounted to AUD 378,604 in FY2022/23.<sup>46</sup> At the sub-federal level, the Seafood Industry Tasmania Levy is charged at AUD 498.40 per lease with annual revenues amounting to AUD 19,465.<sup>47</sup>

4.37. The Commonwealth charges a fishing research levy of 0.25% of gross value added for the FRDC to fund research activities.<sup>48</sup> In addition, the AFMA collects, on behalf of the FRDC, the AFMA Levy on each Commonwealth-managed fishery with varying rates based on concessions. The levy is in place for the purpose of covering the costs of managing these fisheries. The levy varies by the fishery and is adjusted each year to cover the costs. For FY2023-24, the targeted amount to be collected from the industry was AUD 13.7 million for a total cost recovery of AUD 16.2 million. The Government was expected to contribute AUD 1.06 million in levy relief through a structural adjustment programme provided to the Commonwealth Trawl Sector of the Southern and Eastern Scalefish and Shark Fishery.<sup>49</sup>

#### 4.1.2.4 International engagement

4.38. Australia engages with a range of partners to combat illegal, unregulated and unreported (IUU) fishing. Australia's domestic and international efforts are guided by its Second National Plan of Action to Prevent, Deter and Eliminate IUU Fishing (NPOA-IUU), and Australia is now developing its third NPOA-IUU. Activities include improving governance of domestic fisheries, detecting and deterring foreign vessels from accessing Australian waters, and participating in regional and international fora aimed at combatting IUU fishing. AFMA works closely with the Maritime Border Command (MBC), a multi-agency taskforce within the Australian Border Force (ABF), to target and

<sup>44</sup> FRDC, *Finnovation*. Viewed at: <https://www.frdc.com.au/finnovation>.

<sup>45</sup> DAFF, *Farmed Prawns Levy and Charge*. Viewed at: <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/levies/rates/farmed-prawns>.

<sup>46</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23, Appendix C*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23>.

<sup>47</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23, Appendix C*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23>.

<sup>48</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23, Appendix C*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23>.

<sup>49</sup> AFMA, *AFMA Levy Arrangements Guide 2023-24*. Viewed at: <https://www.afma.gov.au/sites/default/files/2023-12/AFMA-Levy-Arrangements-Guide-2023-24.pdf>.

apprehend illegal foreign fishing vessels in Australian waters. The ABF regularly reports on these enforcement measures (Table 4.9).

**Table 4.9 Fisheries enforcement measures by the ABF, FY2020/21-FY2023/24**

(No.)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Fish Aggregating Devices (FADs) retrieved	20	32	17	0
Ghost nets retrieved	9	9	1	0
Legislative forfeitures involving illegal Foreign Fishing Vessels (FFV)	170	319	119	215
Illegal foreign fishing fishers apprehended	0	0	36	22
Unseaworthy vessels disposed	12	44	18	56

Source: Department of Home Affairs (DHA) (2024), *2023-24 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2023-24.pdf>; and DHA (2023), *2022-23 Annual Report*. Viewed at: <https://www.homeaffairs.gov.au/reports-and-pubs/Annualreports/home-affairs-annual-report-2022-23.pdf>.

4.39. Australia is a member of four regional fisheries management organizations (RFMOs) whereby binding commitments help maintain sustainable fish stocks for certain species (Box 4.2). Several of cooperative efforts share information and data through these regional or multilateral organizations, and Australia supports a science-based approach to sustainable fishing as part of its engagement in these bodies.

**Box 4.2 Indicative list of Australia's main international engagement-bilateral, multilateral, and regional fisheries management**

**Reginal Fisheries Management Organizations**

- Western and Central Pacific Fisheries Commission (WCPFC)
- Commission for the Conservation of Southern Bluefin Tuna (CCSBT)
- Indian Ocean Tuna Commission (IOTC)
- South Pacific Regional Fisheries Management Organization (SPRFMO)

**Regional Fisheries Management Arrangements**

- Southern Indian Ocean Fisheries Agreement (SIOFA)
- Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)

**Multilateral**

- Pacific Islands Forum Fisheries Agency (FFA)
- Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific Region, and subsequent Niue Treaty Subsidiary Agreement (NTSA)
- Regional Plan of Action to Promote Responsible Fishing Practices including Combatting Illegal, Unreported and Unregulated Fishing in the Region (RPOA-IUU)
- 2009 Food and Agriculture Organization (FAO) Port State Measures Agreement to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing
- 1995 FAO Code of Conduct for Responsible Fisheries
- 1995 Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas

**Bilateral**

- Treaty Between Australia and the Independent State of Papua New Guinea Concerning Sovereignty and Maritime Boundaries in the Area between the two Countries, including the Area known as Torres Strait, and related matters
- Agreement between the Government of Australia and the Government of the Republic of Indonesia Relating to Cooperation in Fisheries (1992 Fisheries Cooperation Agreement)
- Treaty Between Australia and the Democratic Republic of Timor-Leste Establishing their Maritime Boundaries in the Timor Sea
- Treaty between the Government of Australia and the Government of the French Republic on cooperation in the Maritime Areas Adjacent to the French Southern and Antarctic Territories (TAAF), Heard Island and the McDonald Islands
- Agreement on Cooperative Enforcement of Fisheries Laws between the Government of Australia and the Government of the French Republic in the Maritime Areas Adjacent to the French Southern and Antarctic Territories, Heard Island and the McDonald Islands
- Arrangement Between the Government of New Zealand and the Government of Australia for the Conservation and Management of Orange Roughy on the South Tasman Rise

Source: AFMA, *International Engagement*. Viewed at: <https://www.afma.gov.au/fisheries-management/international-fisheries-management/international-engagement>.

## 4.2 Mining and energy

### 4.2.1 Mining

4.40. The mining sector continued to be one of the most important sectors for Australia during the review period in terms of its contribution to GDP and exports. Mining was the largest contributor to GDP, accounting for 11.4% in FY2023/24, and mineral products accounted for 66.4% of total goods exports in 2023, i.e. AUD 370 billion (Table A1.1). Most Australian mineral production is exported as commodities and is thus subject to volatility due to fluctuations in world prices. According to Geoscience Australia, Australia is one of the leading world producers of 15 minerals. It is the world's top producer of several minerals, including lithium spodumene and iron ore.<sup>50</sup> Australia's reserves remain considerable for most of its 36 catalogued minerals. Of the 17 minerals in which a reserve life could be calculated, only 3 had resource lives of less than 50 years.<sup>51</sup> Australia's mining sector also remains an attractive destination for foreign investment with 2 jurisdictions (Western Australia and the NT) ranking in the top 10 of the investment attractiveness index of the Fraser Institute's Survey of Mining Companies.<sup>52</sup> The Government is investing AUD 3.4 billion over 35 years (2024-59) in Resourcing Australia's Prosperity (RAP), a precompetitive geoscience initiative led by Geoscience Australia. RAP is expected to provide a stable long-term foundation to capitalize on Australia's comparative advantage in natural resources and its areas of national interest. In delivering this initiative, a comprehensive map of Australia's natural resources, including critical minerals and groundwater, will be developed to support exploration and potential new discoveries.

#### 4.2.1.1 Production and trade

4.41. As of 2022, Australia had over 330 operating mines producing 27 minerals, ranging from large commodity minerals like coal and iron ore to specialized rare-earth minerals. However, most production and export revenues are dominated by a few commodities: coal, iron ore, and gold. Production levels for most minerals remained relatively constant over the period 2020-23. Lithium, while initially increasing significantly from a low base, is expected to decline significantly in 2024 as production ceased (Table 4.10).

4.42. Mineral exports (in value terms) grew substantially over the period, by about 48%, but this was largely on account of higher commodity prices, notably for coal in 2022, but also due to sharp increases in the export earnings of lithium and gold (Table 4.11). The changing landscape for critical minerals and the rise (or fall) of world prices impacted the export performance over the period.

4.43. Australia's mineral exports are relatively concentrated in a few markets, particularly Asia.<sup>53</sup> China is Australia's largest mineral export destination, accounting for AUD 140 billion (60%) of total resource exports in FY2023/24. The top five export markets in 2023 were all in Asia and accounted for 96% of mineral exports (except coal). Australia's top coal export destinations were Japan, India, the Republic of Korea, and Chinese Taipei. China was also the top export market for lithium, accounting for almost 100% of Australian exports in 2023.

4.44. Australia's mineral trade was impacted by fluctuating world prices during the review period, but this mostly resulted in a beneficial outcome with higher export receipts. Iron ore prices were highest during 2021 and have since declined, but remain above historical benchmarks. A similar peak was reached in 2022 for coal; exports (in value terms) have since declined in 2023. Australia's mineral exports are expected to be affected by trading partners' economic growth and policy developments, such as tariff changes, state support, and energy transition policies for EVs; clean energy technologies; and critical minerals.<sup>54</sup>

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<sup>50</sup> Year-to-year variations and output may affect this ranking.

<sup>51</sup> Geoscience Australia, *Australia's Identified Mineral Resources 2023*. Viewed at: <https://www.ga.gov.au/aimr2023>.

<sup>52</sup> Fraser Institute (2023), *Annual Survey of Mining Companies 2022*. Viewed at: <https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2022.pdf>.

<sup>53</sup> High transportation costs for minerals typically limit markets to the region.

<sup>54</sup> DISR (2024), *Resources and Energy Quarterly, June 2024*. Viewed at: [https://www.industry.gov.au/sites/default/files/2024-06/resources\\_and\\_energy\\_quarterly\\_june\\_2024.pdf](https://www.industry.gov.au/sites/default/files/2024-06/resources_and_energy_quarterly_june_2024.pdf).

**Table 4.10 Production of main minerals, 2020-23**

Mineral (unit)	Total ore reserves 2022	World rank 2022 <sup>a</sup>	2020	2021	2022	2023
Aluminium (bauxite) (mt)	1,634	1	103.6	103.3	102.3	103.7
Antimony (kt Sb)	19.5	6	3.9	3.4	2.3	2.3
Coal (black) (mt)	15,121	5	567	563	542	542
Cobalt (kt Co)	614	4	5.6	5.3	5.8	4.6
Copper (mt Cu)	27.43	8	0.87	0.80	0.83	0.78
Gold (t AU)	4,648	3	328	308	303	296
Iron ore (mt)	22,729	1	918	922	945	953
Lead (Mt Pb)	10.22	2	0.49	0.49	0.44	0.47
Lithium (kt Li)	4,794	1	40	55	75	86
Manganese (mt)	109	3	3.5	3.7	3.1	3.2
Molybdenum (kt Mo)	253	Minor	0	0	0.277	0.5
Nickel (mt Ni)	8.6	5	0.17	0.15	0.16	0.15
Rare earths	3.27	3	0.020	0.023	0.016	0.018
Tin (kt Sn)	317	8	8.1	8.8	9	9.9
Titanium (Rutile, Ilmenite) (mt)	84.2	1/6	1.3	0.8	0.9	0.6
Uranium (kt U)	319	4	6.19	3.79	4.55	..
Zinc (mt Zn)	21.12	3	1.31	1.32	1.24	1.09
Zircon (mt)	30.6	2	0.4	0.5	0.5	0.5

.. Not available.

a World rank for production.

Source: Geoscience Australia, *Australia's Identified Mineral Resources 2023*. Viewed at: <https://www.ga.gov.au/aimr2023>; Geoscience Australia, *Australia's Identified Mineral Resources 2022*. Viewed at: [https://d28rz98at9flks.cloudfront.net/147673/147673\\_00\\_1.pdf](https://d28rz98at9flks.cloudfront.net/147673/147673_00_1.pdf); Geoscience Australia, *Australia's Identified Mineral Resources 2021*. Viewed at: [https://d28rz98at9flks.cloudfront.net/146210/146210\\_00\\_0.pdf](https://d28rz98at9flks.cloudfront.net/146210/146210_00_0.pdf); and information provided by the authorities.

**Table 4.11 Exports of main minerals, 2020-23**

(AUD million)

Mineral (unit)	2020		2021		2022		2023	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Aluminium (bauxite) (kt)	37,446	1,490	35,392	1,266	35,933	1,133	37,481	1,680
Antimony (mt) <sup>a</sup>	12,411	73	13,323	120	8,109	89	6,556	66
Coal (black) (kt)	371,343	53,701	365,782	63,505	339,185	142,345	353,499	103,183
Cobalt (kt)	..	269	..	380	..	528	..	258
Copper (kt) <sup>b</sup>	1,745	7,148	1,640	7,717	1,614	7,591	1,389	6,654
Gold (t) <sup>c</sup>	307	25,492	257	23,281	237	23,508	248	28,339
Iron ore (kt)	867,230	116,913	871,257	154,656	883,624	124,213	891,819	136,227
Lead (kt) <sup>d</sup>	317	810	333	936	291	781	347	561
Lithium (kt) <sup>b</sup>	1,477	823	2,001	1,634	2,703	12,125	3,573	18,777
Manganese (mt)	..	1,610	..	1,465	..	2,051	..	..
Molybdenum (mt) <sup>a</sup>	275	0.1	0	0	644	17	2,743	87
Nickel (Mt Ni) <sup>b</sup>	221	451	204	575	113	339	50	0
Rare earths	..	270	..	569	..	797	..	635
Tin (t) <sup>d</sup>	14,990	175	15,610	329	17,381	376	17,758	325
Titanium (Rutile, Ilmenite) (mt) <sup>a</sup>	151,988	115	95,995	78	98,013	90	86,940	67

Mineral (unit)	2020		2021		2022		2023	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Zinc (kt) <sup>b</sup>	2,240	1,928	2,103	2,570	2,039	3,000	2,007	2,135
Zircon (mt) <sup>a</sup>	57,798	108	88,965	157	48,575	138	36,888	116
Total resource exports	n.a.	187,862	n.a.	231,495	n.a.	219,545	n.a.	239,850

.. Not available.

n.a. Not applicable.

a Data sourced from DFAT, *Trade Statistical Pivot Tables*.

b Ores and concentrates.

c Refined.

d Concentrates.

Note: The definition and reporting of mineral exports by Geoscience Australia are likely different from those used in Section 1 of this report.

Source: Geoscience Australia, *Australia's Identified Mineral Resources 2023*. Viewed at: <https://www.ga.gov.au/aimr2023>; Geoscience Australia, *Australia's Identified Mineral Resources 2022*. Viewed at: [https://d28rz98at9flks.cloudfront.net/147673/147673\\_00\\_1.pdf](https://d28rz98at9flks.cloudfront.net/147673/147673_00_1.pdf); Geoscience Australia, *Australia's Identified Mineral Resources 2021*. Viewed at: [https://d28rz98at9flks.cloudfront.net/146210/146210\\_00\\_0.pdf](https://d28rz98at9flks.cloudfront.net/146210/146210_00_0.pdf); DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>; and DISR (2024), *Resources and Energy Quarterly September 2024*. Viewed at: <https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2024>.

#### 4.2.1.2 Policy measures

4.45. Australia's minerals sector is highly competitive and well integrated into global value chains but is still largely focused on exporting raw primary products. However, the Government seeks to encourage or incentivize higher value-added manufacturing or processing in Australia (Section 4.3). As part of this initiative, many policies for manufacturing and mining are focused on increasing these linkages and increasing Australia's value added, technological innovation, and manufacturing capacity. In the minerals area, two new policy measures are important in this respect: the Critical Minerals Strategy 2023–2030 and the Future Made in Australia (FMA) policy.<sup>55</sup>

4.46. Australia's Critical Minerals Strategy 2023–2030, published in June 2023, sets out a vision and policy framework for Australia to grow the geostrategic and economic benefits of its critical minerals sector; become a globally significant producer of raw and processed critical minerals; and support diverse, resilient, and sustainable supply chains.

4.47. The FMA agenda is expected to maximize the economic and industrial benefits of the move to net zero and secure Australia's place in a changing global economic and strategic landscape. The FMA agenda builds on the Government's existing initiatives with a view to further strengthening Australia's capabilities in industry, science, and resources.

4.48. As part of these broader policies and to encourage take-up by the private sector, Australia offered an increasing number of incentives to the minerals sector during the review period. Many are grants or financing, but there are also tax incentives; the majority relate to the Critical Minerals Strategy (Table 4.12).

**Table 4.12 Incentives, 2024**

Incentive	Overview
Junior Minerals Exploration Incentive (JMEI)	A tax measure that encourages investment in junior exploration companies that carry out greenfield minerals exploration in Australia. Eligible exploration companies can generate tax credits by giving up a portion of their tax losses from greenfield exploration expenditures; these credits can then be distributed to investors.

<sup>55</sup> The Global Resources Strategy has also operated since 2021 but is set to expire in 2025.

Incentive	Overview
Critical Minerals Production Tax Incentive	Commencing in 2027, this programme will provide an incentive of 10% of processing and refining costs for critical minerals. The tax incentive has been costed at AUD 17.6 billion over the 14 years to 2040-41.
Critical Minerals National Productivity Initiative	AUD 10.2 million in 2024-25 to fund pre-feasibility studies for common user processing facilities for critical minerals and strategic materials with state and territory governments.
Critical Minerals Development Program	Grant funding for early-stage minerals projects in critical minerals; AUD 1 million to AUD 30 million of funding per project. A total of AUD 100 million of funding has been allocated to this programme over 2 tranches.
International Partnerships in Critical Minerals (IPCM)	To finance early- to mid-stage minerals projects in critical minerals with international partners; AUD 2 million to AUD 20 million of funding up to 50% of eligible expenditures. AUD 13 million in grant funding has been announced under the IPCM programme.
Critical Minerals Facility	AUD 4 billion financing facility administered by Export Finance Australia for projects aligned with the Critical Minerals Strategy.
Tax deduction <sup>a</sup>	An income tax deduction for royalty payments paid on mineral production.
National Reconstruction Fund (NRF)	AUD 1 billion for value adding in resources.
Northern Australia Infrastructure Facility (NAIF)	AUD 500 million in concessional loans for the development of infrastructure projects in northern Australia for projects aligned with the Critical Minerals Strategy.
Collaborative Development Programme Queensland	Supports the extraction of critical minerals and reprocessing of mining wastes.
Modern Manufacturing Initiative (MMI)	A grants programme for projects, including in critical minerals, designed to help Australian manufacturers to scale up, collaborate, and commercialize. A total of AUD 204.1 million in MMI grants have been awarded directly to critical minerals projects in the Manufacturing Collaboration, Integration and Translation streams under the Resources Technology & Critical Minerals Processing priority. Total funding allocated to the MMI was AUD 1.3 billion.

a The tax deduction is not specific to the minerals sector, as it is a general deduction rule in the income tax law. However, it relates to royalties.

Source: Austrade, *Critical Minerals*. Viewed at: <https://international.austrade.gov.au/en/do-business-with-australia/sectors/energy-and-resources/critical-minerals>; and Business.gov.au, *Critical Minerals Development Program*. Viewed at: <https://business.gov.au/grants-and-programs/critical-minerals-development-program>.

#### 4.2.1.2.1 Critical minerals overview

4.49. The Critical Minerals Strategy 2023-2030 outlines how the Government will take a concerted, targeted, and proportionate approach to developing the sector and identifies six focus areas and priority actions under each. These focus areas include developing strategically important projects; building international partnerships and attracting investment; First Nations engagement and benefit sharing; promoting Australia as a world leader in Environment, Social and Governance (ESG) performance; unlocking investment in enabling infrastructure and services; and growing a skilled workforce. The Government continues to work with industry to implement the Strategy. Financial support options for projects aligned with the Strategy are detailed in Table 4.12.

4.50. The Strategy defines critical minerals as "metallic or non-metallic materials that are essential to our modern technologies, economies and national security, and whose supply chains are vulnerable to disruption".<sup>56</sup> The Government reviewed the Critical Minerals List in 2019, 2022, and 2023. In the December 2023 update, fluorine, molybdenum, arsenic, selenium, and tellurium were added to the Critical Minerals List, and helium was removed. In February 2024, nickel was added, bringing the List to 31 minerals (Table 4.13). In 2023, the Strategic Materials List was created to acknowledge minerals that meet all but the supply chain vulnerability criteria of the Critical Minerals List. Both lists were determined using a comprehensive methodology developed by the DISR. The Minister for Resources may also update the lists in response to global strategic,

<sup>56</sup> DISR (2023), *Critical Minerals Strategy 2023-2030*, p. 10. Viewed at: <https://www.industry.gov.au/sites/default/files/2023-06/critical-minerals-strategy-2023-2030.pdf>.

technological, economic, or policy changes. Minerals included on the Critical Minerals List have access to the support and financing options described in Table 4.12.

4.51. Activities to facilitate critical minerals R&D are separately being progressed through the Critical Minerals Research and Development Hub (R&D Hub). The R&D Hub is working with industry, universities, and the research community to address technical challenges and drive domestic and international critical minerals R&D collaboration. The R&D Hub is also delivering research projects to address technical challenges and strategic priorities, including supporting the development of new IP for critical minerals.

4.52. Modelling of the economic potential of Australia's critical minerals undertaken in 2023 demonstrated high potential for the sector. Under one of these scenarios, building downstream capabilities and making inroads in international markets, it is expected that an additional AUD 139 billion increase in GDP would be generated as well as 262,600 jobs.<sup>57</sup> The Government supports advanced critical minerals projects by providing loans and guarantees through the NRF, Export Finance Australia (EFA), NAIF, and the Clean Energy Finance Corporation. For example, a company mining rare earths has received government debt financing of approximately AUD 840 million to build the first integrated rare earths mining and processing facility in Northern Australia. This financing is made up of approximately AUD 495 million from the Critical Minerals Facility, up to AUD 115 million from EFA's CA<sup>58</sup>, approximately AUD 200 million from NAIF and a previous grant of AUD 30 million from the MMI.

**Table 4.13 Australia's Critical Minerals List and Strategic Materials List, 2024**

Critical minerals	Strategic materials
<p>Criteria:</p> <ul style="list-style-type: none"> <li>Essential to modern technologies, economies, and national security, specifically the priority technologies as set out in the Critical Minerals Strategy</li> <li>Australia has geological potential for resources</li> <li>In demand from strategic international partners</li> <li>Vulnerable to supply chain disruption</li> </ul>	<p>Criteria:</p> <ul style="list-style-type: none"> <li>Important for the global transition to net zero and broader strategic applications, specifically the priority technologies set out in the Critical Minerals Strategy</li> <li>Australia has geological potential for resources</li> <li>In demand from strategic international partners</li> </ul> <p>For supply chains not currently vulnerable enough to meet the criteria for the Critical Minerals List</p>
<p>High-purity alumina, antimony, arsenic, beryllium, bismuth, chromium, cobalt, fluorine, gallium, germanium, graphite, hafnium, indium, lithium, magnesium, manganese, molybdenum, nickel, niobium, platinum-group elements, rare-earth elements, rhenium, scandium, selenium, silicon, tantalum, tellurium, titanium, tungsten, vanadium, and zirconium</p>	<p>Aluminium, copper, phosphorus, tin, and zinc</p>

Source: DISR (2024), *Australia's Critical Minerals List and Strategic Materials List*. Viewed at: <https://www.industry.gov.au/publications/australias-critical-minerals-list-and-strategic-materials-list>.

#### 4.2.1.2.2 International engagement on critical minerals

4.53. Australia has acknowledged the importance of building strategic partnerships as part of its strategy to develop its critical minerals sector. In an effort to bolster international support, it has encouraged investment and moved towards establishing resilient supply chains. As part of this effort, it signed MoUs or established partnerships that aim to collaborate on R&D and also align trade, investment, standards, and regulatory procedures. The MoU with the European Union, for example, refers to promoting trade and investment linkages.<sup>59</sup> International engagement on critical minerals

<sup>57</sup> DISR and PwC (2023), *The Economic Potential of Australia's Critical Minerals and Energy Transition Minerals*. Viewed at: <https://www.industry.gov.au/sites/default/files/2023-06/economic-potential-of-australias-critical-minerals-and-energy-transition-minerals.pdf>.

<sup>58</sup> The EFA's CA is its own account whereby it operates in its own capacity as lender and takes into account the associated risks.

<sup>59</sup> DISR (2024), *Memorandum of Understanding between the European Union and Australia on Strategic Partnership on Sustainable Critical and Strategic Minerals*. Viewed at: <https://www.industry.gov.au/publications/memorandum-understanding-between-european-union-and-australia-strategic-partnership-sustainable-critical-and-strategic-minerals>.

has moved ahead with several partners. As at October 2024, there were 12 bilateral engagements with 9 partners (Box 4.3). Australia also partakes in multilateral discussions on critical minerals in fora such as the IEA Critical Minerals Working Party, the Indo-Pacific Economic Framework Critical Minerals Dialogue, the Sustainable Critical Minerals Alliance, and the Minerals Security Partnership.<sup>60</sup>

#### Box 4.3 Bilateral arrangements on critical minerals, 2024

- Australia-U.S. Climate, Critical Minerals, and the Clean Energy Transformation Compact
- Australia-U.S. Joint Net Zero Technology Acceleration Partnership
- The Australia-U.S. Strategic Commercial Dialogue
- The Australia-U.S. Energy Security Dialogue
- Australia-UK Joint Working Group on Critical Minerals
- India-Australia Critical Minerals Investment Partnership
- Australia-Republic of Korea Memorandum of Understanding on Cooperation in Critical Mineral Supply Chains and corresponding Critical Minerals Working Group
- Australia-Japan Critical Minerals Partnership and corresponding Critical Minerals Working Group
- Australia-France Critical Minerals Strategic Dialogue
- Joint declaration of intent between Australia and Germany on a critical minerals value chain feasibility study
- Memorandum of Understanding between the European Union and Australia on Strategic Partnership on Sustainable Critical and Strategic Minerals
- Statement by Canada and Australia on Cooperation on Critical Minerals

Source: DISR (2023), *Critical Minerals Strategy 2023-2030, Appendix A: International Partnerships*. Viewed at: <https://www.industry.gov.au/publications/critical-minerals-strategy-2023-2030/appendix-international-partnerships>; and information provided by the authorities.

#### 4.2.2 Energy

4.54. Australia is endowed with all types of major fossil fuels, including petroleum, gas, and coal, and has expanded more intensely into renewable energy during the review period. The coal sector remained strong, both in terms of production and exports, although exports declined slightly over the period (Table 4.14). Australia ranks in the world's top five for coal resources and production.<sup>61</sup> The natural gas sector remained resilient over the period with increased output and exports. Australia has remained one of the world's top three for LNG capacity and exports.<sup>62</sup> Crude petroleum production slightly declined over the period due to the depletion of offshore fields and subdued exploration expenditure. Australia is a major exporter of all fossil fuel energy products, and its consumption remained relatively small, accounting for about 1% of the world's total consumption in 2023.<sup>63</sup> Most of Australia's energy exports were to neighbouring Asian trading partners, e.g. China, India, Japan, the Republic of Korea, and Chinese Taipei.

4.55. Australia continued to develop and invest in the energy sector over the review period. Most new projects were in the petroleum and natural gas area but as new technologies advance, this is expected to change. For example, inroads are being made in the development of hydrogen, and the first licences were issued for offshore wind electricity generation. The legislated move to net zero emissions had a significant impact on the sector during the review period, as it accounts for 35% of Australia's total emissions, and within the sector 95% of the emissions were for electricity generation.

4.56. Due to the combined effects of the COVID-19 pandemic and the ensuing world demand for energy and raw materials, including impacts also from the war in Ukraine, Australia's domestic energy situation was volatile during the period, leading to inflationary pressures. As a result, there

<sup>60</sup> The Minerals Security Partnership (MSP) is composed of Australia, Canada, Estonia, the European Union, Finland, France, Germany, India, Italy, Japan, the Republic of Korea, Norway, Sweden, the United Kingdom, and the United States. The MSP aims to foster private investment in critical minerals supply chains. The Sustainable Critical Minerals Alliance is composed of Australia, Canada, France, Germany, Japan, the United Kingdom, and the United States. Its focus is on environmental sustainability and social inclusivity in the mining sector.

<sup>61</sup> Geoscience Australia, *Australia's Identified Mineral Resources 2023*. Viewed at: <https://www.ga.gov.au/aimr2023>.

<sup>62</sup> Energy Institute (2024), *2024 Statistical Review of World Energy*. Viewed at: <https://www.energyinst.org/statistical-review>.

<sup>63</sup> Energy Institute (2024), *2024 Statistical Review of World Energy*. Viewed at: <https://www.energyinst.org/statistical-review>.

were several interventions by the Government in the natural gas and coal sector to control prices and increase supplies. Price controls were put in place in certain jurisdictions, and efforts were made to secure supplies and increase production output (Sections 3.3.4.2 and 4.2.2.1). Other measures by the Government included tax incentives and energy bill rebates (Section 3.3.1). Since the end of 2023, the domestic energy situation has been more stable.

**Table 4.14 Energy overview, production and trade, FY2019/20-FY2022/23**

(Petajoules)

	FY2019/20	FY2020/21	FY2021/22	FY2022/23
<b>Production</b>				
Coal	12,742.2	11,789.7	11,631.3	11,184.4
Renewables	418.8	464.6	512.1	553.6
Crude oil and NGL	798.5	718.4	723.0	625.8
LPG	161.2	146.5	168.3	145.6
Natural gas	5,937.0	5,730.3	6,149.5	6,200.5
Total production	20,057.7	18,849.5	19,184.2	18,709.8
<b>Imports</b>				
Black coal	7.4	3.6	2.6	5.1
Coke	11.8	8.9	12.7	11.6
Crude oil and ORF	695.7	547.0	386.6	362.4
LPG	19.8	16.9	20.5	20.3
Natural gas	179.7	207.6	152.1	48.1
Fuels and other petroleum products	1,328.4	1,330.0	1,554.6	1,825.8
Total imports	2,242.8	2,113.9	2,129.0	2,273.3
<b>Exports</b>				
Black coal	11,061.8	10,323.6	10,173.5	9,606.1
Coke	26.5	22.7	22.1	19.7
Crude oil and ORF	625.6	593.0	622.9	604.4
LPG	141.3	128.9	149.2	120.0
Natural gas	4,413.5	4,314.4	4,636.8	4,540.9
Fuels and other petroleum products	42.2	38.0	18.8	12.6
Total exports	16,310.8	15,420.6	15,623.2	14,903.9

Note: LPG = liquid petroleum gas; NGL = natural gas liquids; ORF = other refinery feedstock.

Source: DCCEE, *Australian Energy Statistics, Table J, August 2024*. Viewed at: <https://www.energy.gov.au/publications/australian-energy-update-2024>.

4.57. As part of its commitment to net zero emissions, the Government has set a Renewable Energy Target (RET) as a benchmark; it is set at 33,000 gigawatt-hours (GWh) of electricity from renewables per year over a 10-year period. To help reach this target, the Australian Renewable Energy Agency (ARENA) has been accelerating its activities over the period by supporting renewable projects with funding and expertise. Since its inception in 2022, ARENA has provided AUD 2.6 billion in grants to all renewables sectors, but the largest supported subsectors are solar, grid integration, storage, and hydrogen.<sup>64</sup> The Clean Energy Finance Corporation (CEFC), a government-owned green bank with AUD 30.5 billion in financing from the Government, was also heavily involved in promoting the transition to clean energy by providing concessional loans and direct investments. The Australian Energy Market Operator (AEMO), as Australia's electricity regulator, has also played a significant role in the move to renewables. In 2022, AEMO produced its Integrated System Plan (ISP) to map out the expected transition to net zero emissions in the electricity generation sector (Box 4.4). One of the most significant transitions is the total phasing-out of coal in favour of large-scale wind and solar.

**Box 4.4 ISP's expected energy transition to 2050**

<p><b>Storage capacity</b></p> <p>- To increase by a factor of 30 (2 GW to 61 GW)</p>	<p><b>Large-scale wind and solar</b></p> <p>- To increase 9-fold (16 GW to 141 GW)</p>
<p><b>Distributed solar</b></p> <p>- To increase 5-fold (15 GW to 69 GW)</p>	<p><b>Electricity (grid)</b></p> <p>- To nearly double (180 TWh to 320 TWh)</p>

<sup>64</sup> ARENA, *ARENA at a Glance*. Viewed at: <https://arena.gov.au/arena-at-a-glance/>.

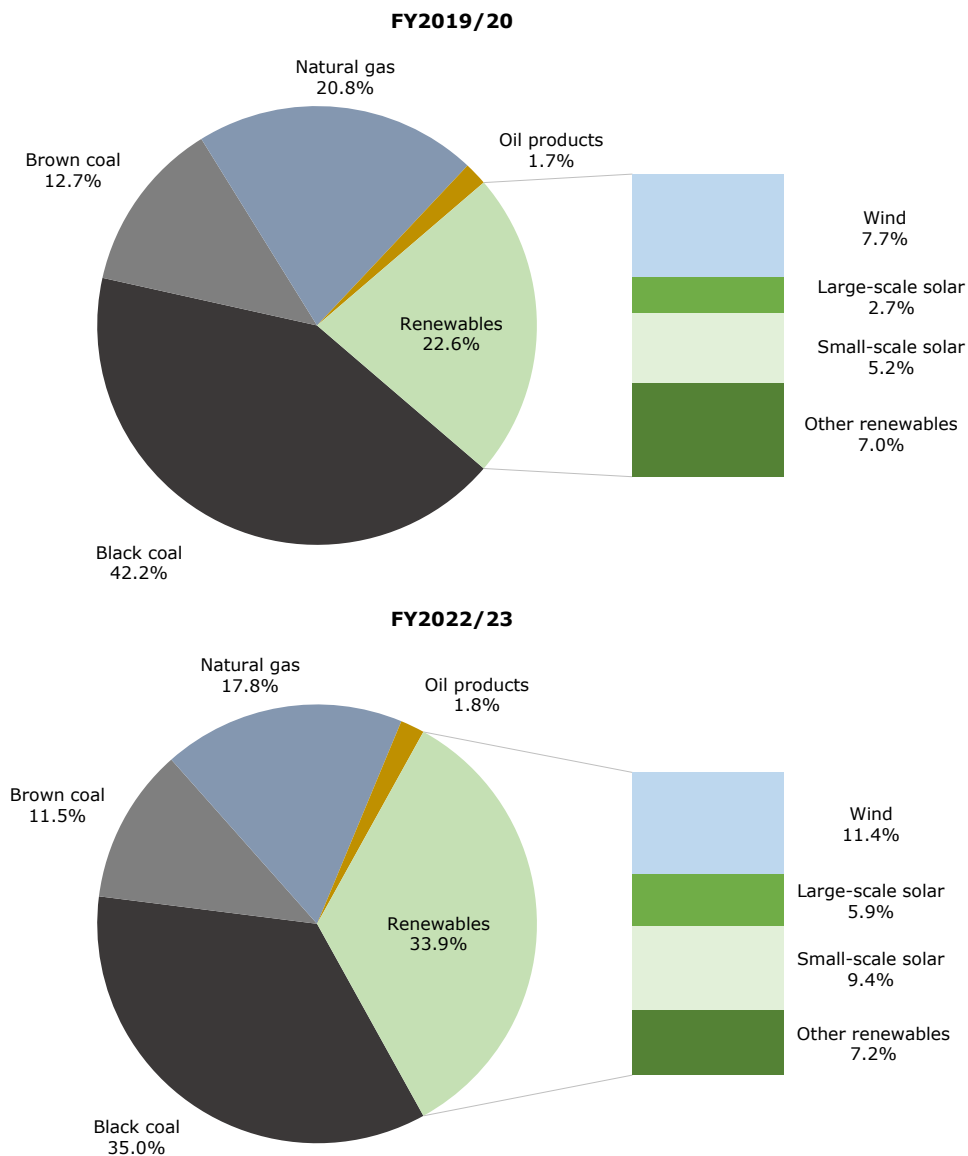
**Gas-fired peaking plants**  
 - To increase  
 (7 GW to 10 GW)

**Coal**  
 - To be withdrawn  
 (from 60% decommissioning to 100%)

Source: AEMO (2022), *2022 Integrated System Plan*. Viewed at: <https://aemo.com.au/-/media/files/major-publications/isp/2022/2022-documents/2022-integrated-system-plan-isp.pdf?la=en&hash=D9C31A16AD6BF3FB2293C49AA97FE1EA>.

4.58. There were significant increases in renewable energy during the review period (Chart 4.1) with the percentage of electricity from renewables reaching its highest level. For electricity generation, renewables now account for 33.9%, up from 22.6% in FY2019/20. The largest gains have been in wind and small-scale solar. As a result, there was a reduction in all other sources of energy for electricity generation, in percentage terms, except for oil products, which accounted for a very small percentage.

**Chart 4.1 Electricity generation, by fuel type, FY2019/20 and FY2022/23**



Source: DCCEEW, *Australian Energy Statistics, Table O, August 2024*. Viewed at: <https://www.energy.gov.au/publications/australian-energy-update-2024>.

#### 4.2.2.1 Policy developments

4.59. The Future Gas Strategy, released in May 2024, establishes a plan for Australia's future natural gas production and consumption based on a set of principles including climate change targets, affordability, and trading-partner reliability for energy. It will guide Australia's gas sector in the medium and long term.<sup>65</sup>

4.60. The Safeguard Mechanism has been in place since 2016 to oversee emissions from large-scale industrial projects with scope 1 emissions of more than 100,000 tonnes of carbon dioxide equivalent per year.<sup>66</sup> It sets net emissions limits, known as baselines, on covered facilities. The Mechanism was amended in 2023 to reset and reduce baselines in line with the net zero targets. The lower baselines have been set so that aggregate net emissions should not exceed 100 million tonnes of carbon dioxide equivalent by 2029-30 and reach zero starting from 2049-50. The Mechanism will be reviewed, and the post-2030 targets will be re-evaluated in 2026-27.<sup>67</sup>

4.61. The Energy Price Relief Plan was announced in December 2022 to help protect consumers from rising energy prices. This has a number of components, including price caps on coal and gas, the Gas Market Code, and accelerating the implementation of the Australian Domestic Gas Security Mechanism (ADGSM) reforms. Other additional measures include setting up the Energy Bill Relief Fund in partnership with states and territories to deliver targeted electricity bill relief to eligible households and small businesses.

4.62. Following the Energy Price Relief Plan, the Government established the Gas Market Code to ensure the availability of natural gas at a reasonable price. Initially set as an emergency measure during the COVID-19 pandemic, the Plan continues to set a price cap of AUD 12/GJ for wholesale contracts (Section 3.3.4.2 ). The Code also incorporates an exemptions framework that allows eligible gas producers to seek and obtain conditional exemptions from the price cap in exchange for enforceable commitments that promote the availability and affordability of gas in the domestic market. To date, exemptions have been granted to six large producers that may provide over 600 PJ of additional gas supply until 2033. The Code also contains a range of "deemed exemptions" including for small producers and gas retailers. Additionally, it imposes transparency requirements for gas producers through reporting to the ACCC to ensure competitive markets and address bargaining power; there is also a good faith provision for negotiations and agreements.<sup>68</sup>

4.63. In conjunction with the Code, Australia put in place its fourth iteration of the Gas Heads of Agreement (HoA) in 2022 to help ensure adequate natural gas supply; its provisions apply until 1 January 2026. The HoA is a voluntary agreement between the Commonwealth and east coast LNG exporters on the supply of gas to domestic buyers. Under the Agreement, the producers agreed to offer any uncontracted gas to domestic customers ahead of exports, at a price no more than the price paid for their gas by international customers. Furthermore, the LNG exporters committed capacity in 2023 to avert a shortfall and agreed to transparency measures to publish information on uncontracted gas. The HoA is accompanied by a Voluntary Code of Conduct, which was superseded by the Gas Market Code.<sup>69</sup>

4.64. The ADGSM was established in 2017 as a safeguard mechanism to ensure there is sufficient natural gas supply to meet the needs of domestic users. It is a measure of last resort that may require LNG projects to limit exports or find new gas sources in case of a domestic shortfall. It was extended in 2022 and reformed in 2023 to incorporate protections for long-term foundational contracts and trading of export permits, as well as to adjust the timeframe from yearly to quarterly

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<sup>65</sup> DISR (2024), *Future Gas Strategy*. Viewed at: <https://www.industry.gov.au/publications/future-gas-strategy>.

<sup>66</sup> It covers over 200 facilities in the mining, manufacturing, transport, petroleum, gas, and waste sectors.

<sup>67</sup> DCCEEW (2024), *Safeguard Mechanism*. Viewed at: <https://www.dcceew.gov.au/sites/default/files/documents/safeguard-mechanism-reforms-factsheet.pdf>.

<sup>68</sup> Federal Register of Legislation, *Competition and Consumer (Gas Market Code) Regulations 2023*. Viewed at: <https://www.legislation.gov.au/F2023L00994/latest/text>.

<sup>69</sup> DISR, *Heads of Agreement*. Viewed at: [https://www.industry.gov.au/sites/default/files/2022-09/heads\\_of\\_agreement\\_the\\_australian\\_east\\_coast\\_domestic\\_gas\\_supply\\_commitment.pdf](https://www.industry.gov.au/sites/default/files/2022-09/heads_of_agreement_the_australian_east_coast_domestic_gas_supply_commitment.pdf).

when examining potential shortfalls.<sup>70</sup> The ADGSM has not been activated since coming into force and will be reviewed again in 2025.

4.65. The Net Zero Economy Authority is expected to be established in 2024 to promote an orderly and positive economic transformation as Australia transitions to a net zero emissions economy. The Authority's main objectives are to facilitate investment, support worker transition, consult and cooperate, and enhance communication and engagement.

4.66. The Government is developing a Net Zero Plan to determine how Australia will transition to a net zero economy by 2050. It will set out government priorities, policies, and measures to drive down emissions and support investment in low-emissions and renewable activities. The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is leading this work in coordination with relevant departments. Six sectoral emissions reduction plans will support the Net Zero Plan across the economy.

4.67. The Hydrogen Headstart Program, announced in May 2023, is a competitive production credit programme designed to bridge the commercial gap between the cost of producing renewable hydrogen and its expected sales price. The first AUD 2 billion funding round was launched in October 2023 and is administered by ARENA. Six shortlisted applications proceeded to the full application stage, with successful projects expected to be announced in 2024. The first production credits, delivered as grant funding, will be paid to successful applications from 2026-27 at the earliest. Each successful applicant will have access to the production credit for a maximum of 10 years. A second funding round of Hydrogen Headstart was announced in the 2024-25 Budget.

4.68. As part of the 2023-24 Budget, Australia put in place the Energy Savings Package to encourage households to invest in energy-saving measures. The Clean Energy Finance Corporation has AUD 1 billion with which to provide concessional loans. Additional funds are to educate households on savings measures and for Australians in social housing. Another part of the funding is a tax incentive for small and medium businesses to benefit from additional deductions on spending for energy-efficient installations (Section 3.3.1 ).

4.69. The National Energy Performance Strategy, announced in April 2024, addresses energy efficiency, demand flexibility, and electrification.<sup>71</sup> AUD 15.2 million will be invested in the Strategy across five focus areas: households; economy-wide initiatives; energy systems; technology and innovation; and communities, businesses, and industry. It is expected to provide affordable energy outcomes, move the country towards net zero emissions, and propel energy transformation.

4.70. The Government has introduced the FMA (Guarantee of Origin) Bill 2024 into Parliament. This Bill and the supporting FMA (Guarantee of Origin Charges) Bill 2024 and FMA (Consequential Amendments and Transitional Provisions) Bill 2024 would establish the Guarantee of Origin (GO) scheme framework. If approved, it is expected to establish a certification scheme for hydrogen and renewable energy.

4.71. The Capacity Investment Scheme is a government programme to accelerate investment in new renewable energy generation, such as wind and solar, and clean dispatchable capacity, such as battery storage. The Scheme comprises a series of competitive tenders for underwriting contracts to deliver 32 GW of capacity by 2030. After a project is awarded a Capacity Investment Scheme Agreement (CISA), when a project's revenue falls below the agreed revenue floor, the project will receive top-up payments equivalent to 90% of the difference between the achieved revenue and the revenue floor. Similarly, when a project's revenue goes above the agreed revenue ceiling, the project will have to pay to the Government 50% of the difference between actual revenue and the ceiling. Both payments to the project and from the project are capped by the annual support cap. Projects owned by state governments are generally eligible to participate, subject to other criteria.

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<sup>70</sup> DISR, *Domestic Gas Supply*. Viewed at: <https://www.industry.gov.au/mining-oil-and-gas/oil-and-gas/securing-australian-domestic-gas-supply>.

<sup>71</sup> DCCEEW, *National Energy Performance Strategy*. Viewed at: <https://www.dcceew.gov.au/energy/strategies-and-frameworks/national-energy-performance-strategy>.

#### 4.2.2.2 Reforms and legislative developments

4.72. In September 2023, amendments to the National Electricity Law (NEL), National Gas Law (NGL), and National Energy Retail Law (NERL) were made by the Statutes Amendment (National Energy Laws) (Emissions Reduction Objectives) Act 2023 to formally incorporate emissions reduction targets into the main national energy objectives of each law. By incorporating this into law, there are consequential impacts on regulators and state and territory legislation as well. There were also related changes in the National Electricity Rules and National Gas Rules.

4.73. In 2021, the Offshore Electricity Infrastructure Act (OEI Act) and its regulations, the Offshore Electricity Infrastructure Regulations 2022, came into force to regulate the offshore renewable energy and offshore electricity transmission infrastructure, including fixed and floating wind, wave and tidal, green hydrogen, ocean thermal, and emerging technologies. The Act also created the Offshore Infrastructure Regulator. The Act applies to installations in Australia's territorial sea and EEZ, i.e. from three nautical miles from the coast to the end of the EEZ. Under the Act, the Minister for Energy has the responsibility for licensing and declaring areas suitable for offshore renewable energy, including offshore wind. The Offshore Infrastructure Registrar is responsible for administering the licensing regime, and the Offshore Infrastructure Regulator is responsible for overseeing work health and safety, infrastructure integrity, and environment management for offshore infrastructure activities in the Commonwealth offshore area. The first 12 feasibility licences were issued under the framework in the Gippsland region in May 2024, and in June 2024 the Minister made a preliminary decision to grant one feasibility licence in the Hunter region.<sup>72</sup>

4.74. In July 2024, changes to the Petroleum Resource Rent Tax (PRRT) were enacted by the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024. The amendments follow a review of the Gas Transfer Pricing Review, in which changes were recommended to the anti-avoidance provisions to align with general tax anti-avoidance rules. The Act also clarified the meaning of the term "exploration for petroleum" to explain that it is limited to the "discovery and identification of the existence, extent and nature of the petroleum resource" and does not extend to "activities and feasibility studies directed at evaluating whether the resource is commercially recoverable".<sup>73</sup> This change to the definition of "exploration" was aligned with long-standing guidance issued by the Australian Taxation Office (ATO).<sup>74</sup> The change in the Act was accompanied by the new PRRT Assessment Regulations 2024 that addresses commercial tolling arrangements.

4.75. In 2020, the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGS Act) was amended to provide for the granting and administration of greenhouse gas titles that straddle jurisdictional boundaries between Commonwealth and state/territory waters. The amendment also strengthened and clarified the powers of the regulator during offshore oil pollution emergencies.

4.76. In May 2021, the OPGGS Act was amended to provide oversight and scrutiny of mergers or takeovers of petroleum and greenhouse gas titleholders. The amendments also expanded powers to "call back" previous titleholders to decommission infrastructure and remediate the marine environment in the title area where the current titleholder is unable to do so (known as "trailing liability"). The reforms were introduced following an independent review of the administration and liquidation of a titleholder. Together, the amendments enhance Australia's decommissioning framework for offshore oil and gas projects.

### 4.3 Manufacturing

4.77. The manufacturing sector remains a relatively small and declining part of the economy, as it contributed 5.4% of GDP in FY2022/23, down from 5.6% in FY2019/20 (Section 1.1 ). As of end-FY2023/24, there were around 90,000 businesses operating in the manufacturing sector, of which

<sup>72</sup> OIR, *Grant of First Feasibility Licences*. Viewed at: <https://www.oir.gov.au/blog/grant-first-feasibility-licences>.

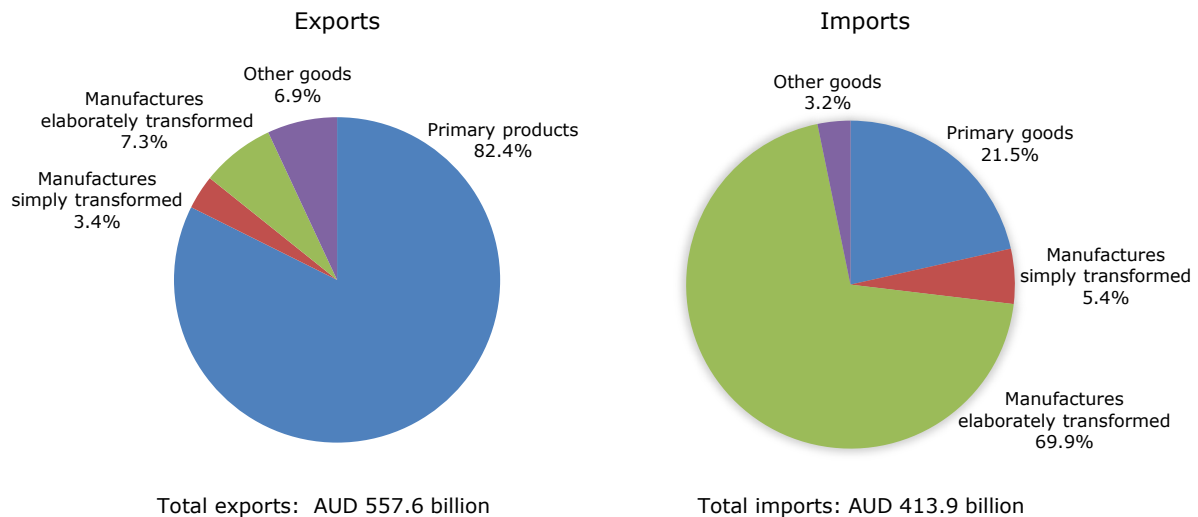
<sup>73</sup> Parliament of Australia, *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024*. Viewed at: [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bId=r7180](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r7180).

<sup>74</sup> Federal Register of Legislation, *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024*. Viewed at: <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=BillId%3Ar7180%20Recstruct%3Abillhome>.

the majority were SMEs.<sup>75</sup> The sector remains diverse as it produces a wide variety of goods, although some sectors are in decline such as automotive, as full-scale motor vehicle production has ceased in Australia, and others like wool/textiles and newsprint, as there remains one woollen mill and one newsprint mill producing finished products from raw materials in Australia. The sector tends to be highly concentrated with a few large manufacturers that account for a large percentage of sector output and a high number of SMEs that account for a relatively small percentage of employment.

4.78. Manufacturing sector trade, in terms of imports and exports, presents a dichotomy (Chart 4.2). Manufactures, both elaborately and simply transformed, make up a small percentage of exports (10.4%) but account for the majority of imports (75%). Thus, there is a significant trade deficit in manufactured goods, particularly for elaborately transformed manufactures. This aligns with a recent inquiry in the Parliament on developing advanced manufacturing in Australia, which looked at the competitive strengths of the sector and obstacles to its growth, and also recognized its decline.<sup>76</sup> It was acknowledged that Australia fares poorly in international comparisons for advanced manufacturing and also ranks low on adopting Industry 4.0 technologies. Outcomes of this inquiry, on the one hand, point to declining innovation and its direct correlation with the decline in manufacturing, but also recognize the potential Australia still holds with top-ranked research and higher education sectors and the potential to build on its mineral wealth.

**Chart 4.2 Manufacturing in total trade, 2023**



Source: DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

#### 4.3.1 Production and trade

4.79. Overall output of the manufacturing sector increased from AUD 108 billion gross value added in FY2020/21 to AUD 134 billion in FY2022/23 – an increase of 24% over the three fiscal years – but the sector's contribution to GDP declined in relative terms due to stronger growth in other sectors. The manufacturing sector is dominated by food product manufacturing, which accounts for approximately 20% of the sector's value added, as well as 24% of its employment. Other key subsectors in terms of output and employment are machinery and equipment and fabricated metal manufacturing; the output of non-metallic, metallic, and fabricated metal manufacturing would, however, surpass the output of food manufacturing if combined (Table 4.15).

<sup>75</sup> ABS, *Counts of Australian Businesses, including Entries and Exits*. Viewed at: <https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release>.

<sup>76</sup> Parliament of Australia, *Developing Advanced Manufacturing in Australia*. Viewed at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Industry\\_Science\\_and\\_Resources/AdvancedManufacturing](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Industry_Science_and_Resources/AdvancedManufacturing).

4.80. Australia's exports of manufactured goods remained relatively constant at about AUD 50 billion on average over the period, with manufactures elaborately transformed accounting for about two-thirds of this amount. Imports, on the other hand, increased significantly from AUD 233 billion in 2020 to AUD 312 billion in 2023, with the vast majority being manufactures elaborately transformed. Thus, the trade deficit in manufactured goods widened significantly to AUD 252 billion in 2023 (Chart 4.3). The increase in imports can largely be attributed to transportation equipment, mainly cars and trucks. Most other manufacturing subsectors had minimal increases in imports during the period and some, e.g. textiles and plastics/rubber, even declined slightly (Table A1.1).

**Table 4.15 Manufacturing statistics, FY2020/21-FY2022/23**

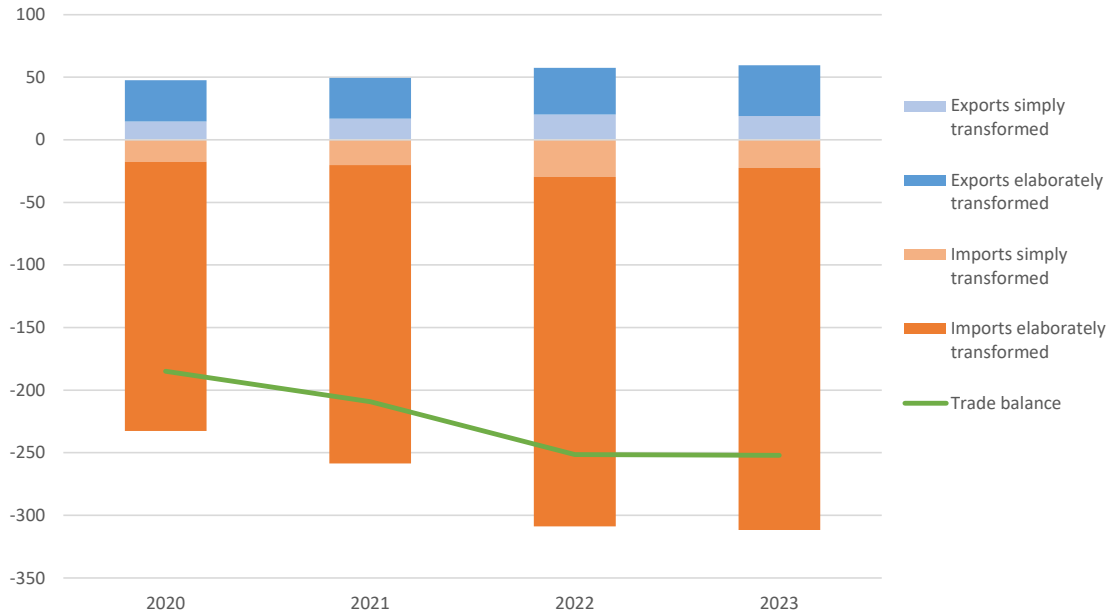
	Employment at end June (No. '000)			Wages and salaries (AUD billion)			Sales and service income (AUD billion)			Industry value added (AUD million)		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Manufacturing	839.4	868.3	898.9	60.6	63.9	69.7	418.0	459.9	505.5	107,879	124,236	133,852
11 Food product manufacturing	211.8	206.2	213.4	12.8	13.1	14.8	98.8	110.4	122.6	22,478	23,590	25,772
12 Beverage and tobacco product manufacturing	32.0	35.1	38.2	2.3	2.5	2.8	17.8	18.8	20.5	4,968	5,541	5,807
13 Textile, leather, clothing and footwear manufacturing	29.1	29.8	28.1	1.4	1.4	1.4	7.7	7.5	7.8	2,406	2,629	2,614
14 Wood product manufacturing	45.9	47.5	49.0	2.6	2.7	3.0	13.7	16.0	17.2	4,357	5,712	6,870
15 Pulp, paper and converted paper product manufacturing	15.5	15.7	15.3	1.4	1.5	1.7	9.8	10.6	10.9	2,533	2,607	2,882
16 Printing (including the reproduction of recorded media)	29.3	27.3	26.2	1.7	1.7	1.7	6.8	7.2	7.7	2,649	2,603	2,939
17 Petroleum and coal product manufacturing	4.1	3.7	3.9	0.5	0.4	0.5	11.3	11.5	..	48	966	1,994
18 Basic chemical and chemical product manufacturing	46.0	49.0	49.7	4.6	5.0	5.3	34.9	40.1	42.9	10,133	11,766	11,255
19 Polymer product and rubber product manufacturing	36.2	39.0	40.4	2.7	2.9	3.2	15.2	16.7	18.3	4,431	5,190	5,922
20 Non-metallic mineral product manufacturing	39.4	41.7	43.8	3.2	3.5	3.7	20.4	23.0	24.8	6,145	7,228	7,685
21 Primary metal and metal product manufacturing	40.5	42.5	43.8	4.4	4.6	4.8	68.5	71.6	74.2	9,213	12,390	11,352
22 Fabricated metal product manufacturing	110.2	114.5	114.5	7.4	7.7	7.8	34.7	41.7	44.2	11,636	13,530	13,974
23 Transport equipment manufacturing	65.3	71.1	86.0	5.5	5.8	6.9	27.1	29.4	33.7	9,152	10,427	11,979
24 Machinery and equipment manufacturing	98.5	106.3	109.9	8.4	9.2	10.1	43.1	46.2	51.0	14,718	16,283	18,711
25 Furniture and other manufacturing	35.5	39.0	36.6	1.8	1.9	2.0	8.4	9.3	..	3,015	3,774	4,096

.. Not available.

Source: Australian Bureau of Statistics (2024), *Australian Industry*. Viewed at: <https://www.abs.gov.au/statistics/industry/industry-overview/australian-industry/latest-release>.

**Chart 4.3 Manufacturing trade balance, 2020-23**

(AUD billion)



Source: DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

#### 4.3.2 Policy and support measures

4.81. In light of the decline of the manufacturing sector, the Government has been active in putting in place new policies and structures to address the issue. This includes the FMA agenda as well as the National Reconstruction Fund (NRF). A number of other strategies and economic supports were also instituted during the review period (Box 4.5).

4.82. One of the significant policy developments by the Government during the period was the FMA agenda. The Government announced in the 2024-25 Budget that it will invest AUD 22.7 billion over a decade through the FMA agenda with the goal of maximizing the economic and industrial benefits of the move to net zero and securing Australia's place in a changing global economic and strategic landscape.<sup>77</sup> The FMA agenda focuses on attracting and enabling investment, making Australia a leader in renewables, adding value to resources, and strengthening economic security.

4.83. The National Interest Framework (NIF) accompanies the plan in order to set priorities in the national interest. It is expected to support government consideration and decision-making in respect of public investment in relation to private investment. The NIF consists of two streams:

- The Net Zero Transformation Stream, which relates to where a sector could have a sustained comparative advantage in a net zero global economy and public investment is likely needed for the sector to make a significant contribution to emissions reduction at an efficient cost; and
- The Economic Resilience and Security Stream, where some level of domestic capability in the sector is a necessary or an efficient way to deliver economic resilience and security, and the private sector cannot provide the necessary investment in the absence of government support.<sup>78</sup>

<sup>77</sup> The Treasury, *A Future Made in Australia*. Viewed at: <https://budget.gov.au/content/factsheets/download/factsheet-fmia.pdf>.

<sup>78</sup> Consideration under the Economic Resilience and Security Stream will include factors such as the global and domestic concentration of supply and supply chains; the vulnerability of supply to disruption; how critical the industry is to security and resilience; and whether the industry can adapt to limit the consequences of a shock to national interests.

4.84. The first five industries identified as part of the NIF in the FY2024/25 Budget include renewable hydrogen, critical minerals processing, green metals, low carbon liquid fuels, and clean energy manufacturing, including battery and solar panel supply chains.<sup>79</sup>

4.85. As of October 2024, the detailed operations of the FMA were not known and the proposed related Act and NIF were not legislated; however, a number of elements were identified earlier and were expected to proceed. As part of the 2024–25 Budget, the Government announced a new Front Door for investors with changes to make it simpler to invest in Australia and attract more global and domestic capital. The Front Door forms an integral part of the FMA agenda. Public consultations were recently concluded in October 2024 on the final design, future development, and administration arrangements for the Front Door. Through the Critical Technologies Statement, AI, robotics, and quantum technologies were targeted for investment.

4.86. The FMA also establishes Community Benefit Principles so that public funds are used to the benefit of communities, workers, and businesses. On supports, it is expected that an FMA Innovation Fund would be established and that supports could take many forms, such as grants, loans, indemnities, guarantees, warranties, and investments of money. It also is anticipated that the EFA would have a role in financing and would now be able to fund domestic investments through its National Interest Account. The role of the Government could increase to help these industrial sectors through improving international trade settings, but also financial supports including production supports and investments in these sectors.<sup>80</sup>

4.87. The National Rail Manufacturing Plan and its related Strategy outline tangible actions the Australian Government will take to grow a sustainable national rail manufacturing sector, increasing productivity and local industry participation (Section 3.3.6 for procurement aspects). Manufacturing initiatives include harmonizing component standards to improve economies of scale, and identifying opportunities to encourage rolling stock manufacturing, including research, innovation, jobs, and skills.

4.88. International cooperation was pursued with the United Kingdom on innovation technologies as a result of their Innovation chapter in the Australia-United Kingdom FTA (A-UKFTA). Initial discussions have focused on battery manufacturing, offshore wind, standards and interoperability of emerging technologies, and future health.<sup>81</sup> The initial Strategic Innovation Dialogue to discuss these matters took place in April 2024.

#### Box 4.5 Overview of other main policies, strategies, and programmes, 2020–24

##### **Innovation, Science and Technology Strategy**

Aims to leverage Australia's scientific capability in Defence

##### **Defence Industry Development Strategy**

Establishes the framework and principles for the direction of defence industry policy and initiatives to develop the sovereign defence industrial base required to meet national security needs

##### **National Battery Strategy**

Sets out the Government's plan to create a diverse and competitive Australian battery industry

##### **National Robotics Strategy**

A critical technology in the national interest

##### **National Quantum Strategy**

Government's plan to support the growth of the quantum sector

##### **Medical Science Co-investment Plan**

Supporting manufacturing in the medical science sector

##### **Modern Manufacturing Initiative (MMI)**

The MMI provides co-funding for large manufacturing projects that have broad sectoral benefits. It aims to unlock private-sector investment across three targeted streams: collaboration, translation and integration

Source: Compiled by the Secretariat from Austrade, DISR, Defence, and information provided by the authorities.

<sup>79</sup> The Treasury, *A Future Made in Australia*. Viewed at: <https://budget.gov.au/content/factsheets/download/factsheet-fmia.pdf>.

<sup>80</sup> The Treasury (2024), *Future Made in Australia: National Interest Framework*. Viewed at: <https://treasury.gov.au/sites/default/files/2024-05/p2024-526942-fmia-nif.pdf>.

<sup>81</sup> DISR (2024), *Joint Statement on the UK-Australia Strategic Innovation Dialogue*. Viewed at: <https://www.industry.gov.au/publications/joint-statement-uk-australia-strategic-innovation-dialogue>.

4.89. The manufacturing sector was supported with AUD 1.76 billion in budgetary assistance in FY2022/23. Of this, the majority was in the form of direct budgetary outlays; tax incentives to the sector were a smaller portion. The subsectors receiving the most support were petroleum, coal, chemical, and rubber; machinery and equipment; and metal and fabricated metals.<sup>82</sup> The main government programmes supporting manufacturing were the Modern Manufacturing Initiative, CSIRO, and duty drawback; the tax incentives were mainly attributed to the R&D tax incentive. Grants, funds, and programmes that are specific to the manufacturing sector are outlined in Table 4.16.

4.90. The Government established the Tasmanian Freight Equalisation Scheme (TFES) to aid manufacturers on Tasmania with freight costs. The TFES reimburses shipments of eligible goods<sup>83</sup> from eligible applicants, i.e. Tasmanian producers and manufacturers. However, there are differences for north- and south-bound goods, and there are also distinctions for goods intended for or arriving from the domestic market versus those arriving from or destined for foreign markets.<sup>84</sup> For example, the reimbursement only applies to imported goods arriving through the mainland that do not have an Australian equivalent. There are also differences in the maximum assistance provided based on two rates, one for domestic shipments (variable rate) and another for imported goods/goods for export (flat rate). The maximum assistance for the variable rate, which is applicable to north-/south-bound domestic goods, is AUD 855 per 20 TEU. For import/export shipments, it is AUD 700 per TEU.<sup>85</sup> In FY2022/23, the Scheme reimbursed AUD 178.5 million to manufacturers.<sup>86</sup>

4.91. The Government established the AUD 15 billion NRF to facilitate increased flows of finance into the Australian economy through targeted investment to diversify and transform Australian industry. In September 2023, the NRF Corporation (NRFC) was established under the National Reconstruction Fund Corporation Act 2023 to deliver the NRF as an independent financier that operates at arm's length from government.<sup>87</sup> The NRFC is governed by a board that makes independent investment decisions in accordance with its legislative framework.

4.92. The NRFC was established with the objective of aiding in the development and diversification of Australia's industrial sector. The NRFC's investment mandate allows it to engage in debt and equity financing, as well as guarantees for seven designated priority areas of the economy: renewables; medical science; transport; value-added agriculture, forestry, and fisheries; value-added resources; defence; and enabling capabilities. The National Reconstruction Fund Corporation (Investment Mandate) Direction 2023 sets out the Government's clear expectations of the NRFC, including target funding levels, expected outcomes, and rate of return. The NRFC can only invest in proposals/activities that are solely or mainly Australian-based. Proponents can be international companies as long as the proposal/activity is solely or mainly Australian-based. The NRF is a domestic-focused initiative that provides finance to businesses to upscale and compete in global markets.

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<sup>82</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>83</sup> Goods of Tasmanian origin if northbound; raw materials, machinery, and equipment of Australian origin if southbound, including imported goods transhipped through the mainland if there is no domestic equivalent. Bulk goods, fuels and lubricants, and construction materials are not eligible.

<sup>84</sup> Services Australia, *Tasmanian Freight Equalisation Scheme*. Viewed at: <https://www.servicesaustralia.gov.au/tasmanian-freight-equalisation-scheme>.

<sup>85</sup> Services Australia, *Rates of Assistance for Freight Costs*. Viewed at: <https://www.servicesaustralia.gov.au/rates-assistance-for-freight-costs-under-tasmanian-freight-equalisation-scheme?context=23216>.

<sup>86</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>87</sup> Federal Register of Legislation, *National Reconstruction Fund Corporation Act 2023*. Viewed at: <https://www.legislation.gov.au/Details/C2023C00318>.

**Table 4.16 Grants, funds, facilities, 2020-24**

Incentive	Overview
Capability Improvement Grant	Grants of AUD 5,000-AUD 150,000 to support defence manufacturers to implement recommended business capability improvements <sup>a</sup>
Local Manufacturing Investment Fund	AUD 15 million in Western Australia to help local business build iron ore wagons
Defence Global Competitiveness Grant	Grants of AUD 15,000-AUD 150,000 to SMEs to build export capabilities <sup>a</sup>
Sovereign Industrial Capability Priority Grant	Grants of AUD 50,000-AUD 1 million to SMEs to support capital equipment used in manufacturing for Defence Sovereign Industrial Capability Priorities <sup>a</sup>
Skilling Australia's Defence Industry	Grants of AUD 5,000-AUD 500,000 to SMEs for training or skilling in trade, technical, and professional skills in defence industries
Industry Growth Program	Offers AUD 392 million in grants for SMEs and start-ups in certain priority sectors
Supporting Australian Industry	AUD 135.5 million over 4 years to support local industry
Northern Australia Infrastructure Facility (NAIF)	AUD 500 million for project financing in the Northern Territory, Queensland, or Western Australia
Modern Manufacturing Initiative	Under the Manufacturing Collaboration Stream, Manufacturing Translation Stream, or Manufacturing Integration Stream it operates on a co-investment basis to help manufactures collaborate, scale-up, and commercialize
Accelerating Commercialisation	Provides up to AUD 1 million to businesses and start-ups with commercialization of novel products, processes, or services

a Maximum amounts of the grant were temporarily increased during parts of the review period as part of a COVID-19 recovery strategy.

Source: Austrade, *Support for Foreign Direct Investment*. Viewed at: <https://international.austrade.gov.au/en/do-business-with-australia/sectors>; Business.gov.au, *Grants and Programs*. Viewed at: <https://business.gov.au/grants-and-programs>; and information provided by the authorities.

### 4.3.3 Border measures

4.93. Australia operates the Certain Inputs to Manufacture (CIM) import concessions scheme to promote the duty-free importation of certain inputs into the manufacturing sector.<sup>88</sup> The importer can import eligible (outlined below) products as inputs in the manufacturing process if they can demonstrate the imported product performs better than a locally sourced Australian product.<sup>89</sup> Eligible products fall into two categories:

- Chemicals, plastics, and paper in HS Chapters 28, 29, 32, 34, 35, 37, 38, 39, or 48, or heading 5903, which are raw materials or intermediate goods used in the manufacture of a specific end product; or
- Metals in HS Chapters 72, 73, 74, 75, 76, 78, 79, 80, 81, or 82 used in food packaging.

4.94. Importers must submit an application form with the necessary input and then are subject to assessment against the industrial policy objectives of the programme by the DISR. Additional criteria are that the goods are not eligible or have been rejected by the Tariff Concession System (TCO) (Section 3.1.3.3 ) and that the importer has received confirmation from local manufacturers that they would have no objections. Once approved, the duty-free treatment of the goods is indefinite, unless revoked. During the review period, the CIM resulted in duty forgone of between AUD 2.7 million and AUD 4.7 million per year.<sup>90</sup>

4.95. Australia also exempts robots and prototypes from customs duties and has recently eliminated the tariff on certain electric cars (Section 3.1.3 ).

### 4.3.4 Regulatory aspects

4.96. There are relatively few formal regulatory barriers for the manufacturing process except for in a few sectors. These include excisable goods, agricultural and veterinary chemicals, military and dual-use goods, and therapeutic goods.

<sup>88</sup> Business.gov.au, *Certain Inputs to Manufacture (CIM)*. Viewed at: <https://business.gov.au/grants-and-programs/certain-inputs-to-manufacture#key-documents>.

<sup>89</sup> An independent technical assessment document must attest to the performance advantage.

<sup>90</sup> Information provided by the authorities.

4.97. The manufacture and storage of excisable goods (Section 3.1.4.2 ) in Australia require a licence pursuant to the Excise Act 1901. The ATO administers the licence system, and different types of licences are available. During the review period, an initiative on streamlining excise administration for fuel and alcohol products commenced. As a result, the licences required for these products for manufacture and storage remain in place, but there are no renewal requirements or associated fees. Further possible reforms and measures on excise administration remained under consultation and consideration.

4.98. Where sectors are involved in the manufacture of military or dual-use goods, and intend to supply Defence and Strategic Goods List (DSGL) technology to a foreign person, they may be subject to supply controls under the Defence Trade Controls Act 2012.

4.99. Manufacturing licences are also required for therapeutic goods under the Therapeutic Goods Act 1989, with limited exception. The licence is required for manufacture of different goods, i.e. medicines, medical devices, biologicals, and medicinal cannabis. The annual charge for the licence is AUD 5,840. Under the Narcotic Drugs Act 1967, a licensing and permit scheme regulates the cultivation of cannabis plants, the production of cannabis and cannabis resin, the manufacture of cannabis drugs, and activities relating to such cultivation, production, and manufacture. Cultivation and production under the scheme may be undertaken for medicinal or scientific purposes whereas the manufacture of cannabis drugs may be undertaken for a permitted supply. Various application fees apply to obtain a Medicinal Cannabis Licence and Permit. A separate licensing and permit scheme regulates the manufacture of narcotic drugs under the Single Convention on Narcotic Drugs 1961, as amended by the 1972 Protocol. There are no fees associated with a Narcotic Drug Manufacture Licence or Permit. Medical devices are required to meet conformity assessment procedures to ensure manufacturer requirements are met.

4.100. The manufacture of chemicals used in registered pesticides and veterinary medicines under the Register of Agricultural and Veterinary Chemical Products requires registration of the manufacturer and other details. Manufacturers of veterinary chemicals must be licensed by the Australian Pesticides and Veterinary Medicines Authority (APVMA) for every step of the manufacturing process.<sup>91</sup>

## 4.4 Services

### 4.4.1 Financial services

4.101. The financial services sector in Australia is highly developed and well integrated into the regional and global financial services sector and architecture. During the review period, the depth of the sector increased, with total assets rising from 414% of GDP in 2019 to nearly 450% of GDP in 2024 (Table 4.17).

4.102. The sector comprises authorized deposit-taking institutions, which account for approximately 55% of the sector's total assets, pension funds (32%), and insurance (3.9%); investment funds, finance companies, and specialized credit institutions are responsible for the remaining 9%.

**Table 4.17 Structure of the financial system, 2024**

	Number of institutions	Total assets (AUD billion)	% of GDP <sup>a</sup>
<b>Authorized deposit-taking institutions (ADIs)</b>			
Domestic banks	96	6,225.9	242.8
Credit unions and building societies	33	33.8	1.3
<b>Non-ADI financial institutions</b>			
Money market corporations	12 <sup>b</sup>	26.5	1.0
Finance companies	236 <sup>b</sup>	359.8	14.0
Securitisers	..	172.0	6.7
<b>Insurers and funds managers</b>			
Life insurance companies	24	124.4 <sup>c</sup>	4.9
General insurance companies <sup>d</sup>	78	297.9	11.6
Health insurance companies	30	20.3	0.8

<sup>91</sup> The Authority does not license overseas manufacturers. APVMA, *Manufacturing Licences*. Viewed at: <https://www.apvma.gov.au/regulation/manufacturing/manufacturing-licences>.

	Number of institutions	Total assets (AUD billion)	% of GDP <sup>a</sup>
Superannuation and approved deposit funds <sup>e</sup>	1,365	3,695.5	144.1
Public unit trusts	..	485.4	18.9
Cash management trusts	..	25.5	1.0
Common funds	..	12.5	0.5
Friendly societies	10	10.0 <sup>f</sup>	0.4
<b>Total</b>	..	11,489.5	448.1

.. Not available.

a Based on FY2022/23 current GDP figures.

b Reporting institutions with total assets below AUD 50 million are not included.

c Figure relates to total assets backing Australian policyholder liabilities on an unconsolidated basis that includes intra-group cross-investment.

d Total assets include public-sector insurers, while the number of institutions only reflects private Australian Prudential Regulation Authority (APRA)-regulated insurers.

e Self-managed superannuation funds (SMSFs) are regulated by the Australian Taxation Office. The number of institutions excludes life office statutory funds, pooled superannuation trusts, non-regulated public sector funds, and SMSFs. Total assets is on a consolidated basis that excludes intra-group cross-investment.

f Figure relates to total benefit fund and management fund assets.

Source: Reserve Bank of Australia, *Main Types of Financial Institutions*. Viewed at: <https://www.rba.gov.au/fin-stability/fin-inst/main-types-of-financial-institutions.html>.

4.103. During the review period, the sector's direct contribution to GDP declined from 7.5% in 2018-19 to 7% in 2022-23, while over the same period employment in the sector rose from 3.4% of total employment to 3.9% (Table 1.1). These changes reflect declining productivity in the sector. However, the authorities disagree with this.

#### 4.4.1.1 Banking

##### *Legislation and supervision*

4.104. During the period under review, changes to the legislative and supervisory framework in the banking sector in Australia have included capital adequacy and credit risk capital prudential standards being updated in 2021 so as to align Australian Standards with Basel III requirements. The Financial Accountability Regime has also been introduced, building on the responsibility and accountability framework that has already applied to the banking sector.<sup>92</sup>

4.105. The Banking Act 1959 and the Banking Regulation 2016 are the main Laws governing the sector, while regulatory authority continues to be vested in four agencies. Prudential regulation and supervision of authorized deposit-taking institutions (ADIs), life and general insurance companies (including reinsurers and friendly societies), and the superannuation (retirement savings) industry (other than self-managed superannuation funds) fall under the ambit of the Australian Prudential Regulation Authority (APRA).

4.106. APRA is required to ensure financial safety, efficiency, competition, contestability, and competitive neutrality, while also promoting financial stability and protecting depositors. APRA is the lead financial services resolution authority, as well as the administrator of the financial claims scheme, with respect to the institutions it regulates. Additionally, Prudential Standard CPS 900 – Resolution Planning was finalized in May 2023 and became operational on 1 January 2024. The standard outlines the key recovery and resolution requirements for all APRA-regulated entities deemed to be significant financial institutions (SFIs) and any non-SFIs determined by APRA to provide critical functions.

4.107. During the review period, the foreign investment regime governing the banking sector remained largely unchanged. However, in 2021, the Treasurer was granted a last resort power to make orders (such as disposal orders) on national security grounds in respect of a transaction after approval has been granted. Foreign bank branches and their locally established subsidiaries are subject to the same legislative and prudential requirements as domestic ADIs. Any investment (domestic or foreign) in excess of a 20% stake in a financial institution is subject to the Treasurer's

<sup>92</sup> For a detailed discussion on the legislative and supervisory framework, see WTO document [WT/TPR/S/396/Rev.1](#), 2 July 2020.

approval under the Financial Sector (Shareholdings) Act 1998. In 2018, APRA introduced the restricted ADI licensing pathway, granting prospective ADIs a two-year window within which they are able to conduct limited banking business before needing to meet the prudential framework in full (including capital requirements). A number of banks have used this pathway, with some progressing to full unrestricted ADI licences, and others exiting. As at October 2024, there were no restricted ADIs.

4.108. As the central bank, the RBA contributes to the stability of the financial system by "providing adequate liquidity to the financial system, including in exceptional circumstances"; "publicly communicating its assessment of financial stability risks"; "working in close cooperation with ... Council of Financial Regulators ... to identify and monitor risks to financial stability"; and "working with the Government and other agencies, where needed, to coordinate policies that would address these [financial stability] risks".<sup>93</sup>

4.109. The Australian Securities and Investment Commission (ASIC) continues to be responsible for monitoring, regulating, and enforcing company law in the financial services sector. ASIC's responsibilities also extend to ensuring and promoting market integrity and consumer protection.

4.110. Lastly, the Council of Financial Regulators (CFR) is the coordinating body for Australia's main financial regulatory agencies (APRA, ASIC, the Australian Treasury, and the RBA). It is a non-statutory group, without regulatory or policy decision-making powers. The CFR's objectives are to promote the stability of the Australian financial system and support effective and efficient regulation by Australia's financial regulatory agencies. An MoU between its members sets out the objectives, principles, and processes for dealing with stresses in the Australian financial system; identifies the responsibilities of each member; and is intended to facilitate a coordinated response to stresses in the financial system.<sup>94</sup>

### **Structure and performance**

4.111. The banking sector (ADIs) continues to be highly concentrated; the four largest banks that have been designated as domestically systemically important banks (D-SIBs)<sup>95</sup> are responsible for 72% of the banking sector's assets. To address this high concentration and competition in the sector, the Treasurer has asked the CFR to examine the role and state of small to medium-sized banking sectors in providing competition, the regulatory and market trends affecting the competitiveness, and sources of, and barriers to, competition from these sectors. The CFR review findings are to be completed by 1 July 2025.

4.112. With the aim of further strengthening the resilience of Australia's banks and more closely aligning Australia's regulatory framework with Basel III standards, APRA implemented a new capital framework in January 2023.

4.113. Under the new framework, capital requirements have been strengthened through additional regulatory buffers and adjustments to risk weights. Advanced Banks (using internal models) are required to have a larger capital conservation buffer of 1.25% (3.75% capital conservation buffer in total). The Major Banks are also required to hold a 1.0% D-SIB buffer. All banks are required to hold a 1.0% counter-cyclical capital buffer. The new framework envisages an increase in capital ratios due to the lower average risk weights in a number of areas and is more closely aligned with international peers. Furthermore, to better align capital requirements with risk profiles, the assigned risk weights of certain categories were adjusted. As such, the risk weights assigned to SME loans and lower risk mortgages have declined, while those associated with higher risk mortgages have increased. This has come on the back of APRA, increasing the minimum serviceability buffer for mortgages to 3% from 2.5% in October 2021.

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<sup>93</sup> RBA (2023), *Statement on the Conduct of Monetary Policy*. Viewed at: <https://www.rba.gov.au/monetary-policy/framework/stmt-conduct-mp-8-2023-12-08.html>.

<sup>94</sup> Council of Financial Regulators, *About*. Viewed at: <https://www.cfr.gov.au/about.html>.

<sup>95</sup> Designation as a D-SIB follows the Basel Committee's principles-based minimum framework. Indicators include size, interconnectedness, substitutability/financial institution infrastructure, and complexity. For further information, see APRA (2013), "APRA Releases Framework for Domestic Systemically Important Banks in Australia", 23 December. Viewed at: <https://www.apra.gov.au/news-and-publications/apra-releases-framework-for-domestic-systemically-important-banks-australia>.

4.114. As part of APRA's loss-absorbing capacity requirement, the new framework requires D-SIBs to hold a minimum of 18.25% in total capital against risk-weighted assets by 2026. Currently, all banks have capital in excess of this requirement.

4.115. With the above backdrop, ADIs are well capitalized. In June 2024, Tier 1 capital as a proportion of risk-weighted assets was 14.7%, well above the 11.5% prudential requirement for D-SIBs.<sup>96</sup> Furthermore, total capital for the industry as a share of risk-weighted assets stood at 20.4% in June 2024, significantly above the 18.25% minimum requirement for D-SIBs set to come into force in 2026. These ratios depict the high resilience of the sector and its ability to absorb losses without disrupting operations (Table 4.18).

**Table 4.18 Financial soundness indicators for the banking sector, 2018-22**

(%)

	2018	2019	2020	2021	2022
<b>Capital adequacy</b>					
Regulatory capital to risk-weighted assets	14.80	15.70	17.56	17.87	17.80
Tier 1 capital to risk-weighted assets	12.69	13.09	13.99	13.88	13.36
<b>Asset quality</b>					
Non-performing loans to total gross loans	0.90	0.96	1.11	0.91	0.72
Total provisions to non-performing loans	19.78	19.04	18.11	16.99	27.50
<b>Profitability</b>					
Return on assets	1.38	0.99	0.39	0.94	0.90
Return on equity	16.56	10.60	2.57	9.90	10.90
Interest margin to gross income	67.79	67.06	74.83	75.03	54.53
Non-interest expenses to gross income	44.09	45.95	51.97	51.31	34.82
<b>Liquidity</b>					
Liquid assets to total assets	18.71	16.54	20.25	23.21	23.74
Liquid assets to short-term liabilities	41.93	34.22	37.01	37.72	41.16
<b>Exchange rate exposure</b>					
Foreign-currency-denominated liabilities to total liabilities	21.58	21.81	18.65	17.09	19.28
<b>Other</b>					
Large exposure to capital	84.81	99.70	82.68	82.88	89.37

Source: IMF, Financial Soundness Indicators database.

4.116. Between 2020 and 2023, banking sector profitability rose due to lending volume growth on the back of lower interest rates. Profitability was also supported by lower defaults and, thus, impairment charges. However, rising interest rates since May 2022 have resulted in the net interest margin being squeezed since early 2023 (Chart 4.4). Higher interest rates also manifested themselves in slower loan growth, as well as increased competition for mortgage loans and term deposits. Additionally, higher interest rates have also caused a slight uptick in non-performing loans. The combination of the above factors has seen bank profitability coming under pressure since late 2023, and it is expected to continue into 2024 and 2025. Furthermore, at the time of the last Review, a banking levy was instituted on banks with over AUD 100 billion in total liabilities.<sup>97</sup> The levy contributes approximately AUD 1.5 billion annually to general revenue. There is a recommendation from a Parliamentary Committee to raise the levy, with the revenue to be used to co-fund community banks. However, the increased levy could also cut into banks' profitability.

<sup>96</sup> RBA (2024), *Financial Stability Review, September 2024*. Viewed at:

<https://www.rba.gov.au/publications/fsr/2024/sep/pdf/financial-stability-review-2024-09.pdf>.

<sup>97</sup> The Major Bank Levy Act 2017 provides for a 0.015% levy on authorized deposit-taking institutions (banks) with total liabilities of greater than AUD 100 billion (indexed to grow in line with GDP). The levy is imposed on certain liabilities of the bank that are reported to APRA on a quarterly basis. There are currently five banks captured by the levy: Commonwealth Bank of Australia (CBA), Westpac Banking Corporation (Westpac), Australia and New Zealand Banking Group Limited (ANZ), National Australia Bank (NAB), and Macquarie Bank. Parliamentary Budget Office (2024), *Policy Costing*. Viewed at: <https://www.pbo.gov.au/sites/default/files/2024-05/Increase%20to%20the%20rate%20of%20the%20Major%20Bank%20Levy%20by%2010%20percent.pdf>.

**Chart 4.4 Net interest margin, 2018-23**

Note: 1 H 18 = first half of 2018; 2 H 18 = second half of 2018; and so on.

Source: Data provided by the authorities.

4.117. Australian banks continue to be liquid; under the regulations, APRA requires 13 large and complex banks to have a liquidity coverage ratio (LCR) of 100%, implying that these banks have sufficient high-quality liquid assets (HQLA) to make payments in a liquidity stress scenario. As of December 2023, these banks had an LCR of around 135%. Other banks are subject to a minimum liquidity holding (MLH) ratio of specified liquid assets of 9%. As of December 2023, the banks' MLH ratio was nearly 20%.<sup>98</sup>

4.118. Non-performing loans (NPLs), defined as loans with payments overdue for more than 90 days, remained around 1% of total gross loans during the review period. However, on account of higher interest rates and elevated inflation, NPLs have started to rise since 2023. Around 40% of the banking sector assets are in the form of mortgages, which comprise around two-thirds of Australia's ADIs' loan book. Furthermore, about 90% of these mortgages are at variable rates, making them susceptible to interest rate changes. However, according to the authorities, nearly 70% of mortgage debt is owed by households in the top 40% of the income distribution, who have significant income and savings to draw on to service their debt, even though the size of their loans is above average.<sup>99</sup> Additionally, the RBA estimates that only 5% of owner-occupier variable-rate borrowers will need to draw on savings to meet their debt payments and that this share is projected to decline by a couple of percentage points by 2026.<sup>100</sup> The RBA estimates that less than 1.5% of owner-occupier variable-rate borrowers are at risk of exhausting their savings before the end of 2026.<sup>101</sup>

4.119. As a response to the COVID-19 pandemic, the RBA made available to banks AUD 188 billion of fixed-rate three-year funding in the form of a term funding facility (TFF). The goals of the TFF were to reduce banks' funding costs, in turn reducing borrowing rates, and to encourage banks to lend to businesses, particularly SMEs. The TFF was closed to new drawdowns at the end of June 2021, and the final funding matured as planned in mid-2024. Banks have largely replaced TFF funds with wholesale debt, including by pre-funding some of the expiring TFF financing with debt issuance in 2022 and 2023; the share of wholesale debt in banks' total funding has increased over

<sup>98</sup> RBA (2024), *Financial Stability Review, March 2024*. Viewed at:

<https://www.rba.gov.au/publications/fsr/2024/mar/pdf/financial-stability-review-2024-03.pdf>.

<sup>99</sup> IMF (2023), *Australia: Staff Report for the Article IV Consultation*, IMF Country Report No. 23/50.

<sup>100</sup> According to the authorities, NPLs can often under-represent mortgage stress. Consumer behaviour is such that mortgage holders will often lease or sell their property before defaulting on a loan, so while the headline number is low, certain statistics indicate that mortgage holders are seeking alternative pathways to avoid default. Low NPLs are often cited as evidence of over-regulation as indicated by the authorities, but this discounts the above point, where mortgage stress can actually be higher, but concealed.

<sup>101</sup> RBA (2024), *Financial Stability Review, September 2024*. Viewed at:

<https://www.rba.gov.au/publications/fsr/2024/sep/pdf/financial-stability-review-2024-09.pdf>.

the past 18 months but remains a little below the share seen prior to the introduction of the TFF. Term deposit funding has also increased, as the higher interest rate environment has made these products more attractive for depositors. Banks also prefunded some of the expiring TFF financing by issuing a historically large AUD 300 billion over the recent tightening phase.

4.120. The IMF's 2018 Financial Sector Assessment Program (FSAP) Review of Australia made recommendations for improving governance in the sector and mitigating risk, including:

[A] more comprehensive assessment of banks' risk management and governance frameworks on a periodic basis; use of formal corrective actions where necessary; and for APRA to continuously develop its resources and skills to match the evolution in banking services and risks – particularly in specialised areas such as information technology (IT), cyber risk and 'fintech'. In terms of insurance, the IMF recommended further improvements to supervisory data systems to facilitate supervisory risk analysis of larger insurers, and further enhancing coordination between APRA and the Australian Securities and Investments Commission (ASIC) in assessing insurance companies.<sup>102</sup>

4.121. During the review period, the authorities made considerable progress in implementing some of the FSAP's recommendations. These have included strengthening APRA's and ASIC's ability to mitigate misconduct in the banking, insurance, and superannuation sectors. APRA's supervisory approach to address governance and risk management has been improved, while gaps in data collection have also been addressed. Furthermore, CFR's role with respect to crisis management and resolution planning is also being strengthened.

4.122. The authorities have issued guidance on managing the financial risks of climate change, including vulnerability assessments of climate risks for large banks; the CFR has established a new framework to address cyber resilience.

4.123. Currently, regulation of crypto assets and service providers in Australia is incomplete. Various agencies provide supervision under frameworks, which are not necessarily comprehensive. Certain crypto asset service providers are required to be registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC) for Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regulations.<sup>103</sup> ASIC regulates crypto asset service providers if the crypto asset is a financial product and the entity is providing a financial service. However, there is some ambiguity as to how the existing principles-based definitions of financial products apply to crypto assets. To this end, ASIC is assessing how its existing frameworks apply to crypto assets and their service providers. Treasury has proposed introducing a regulatory regime for certain types of crypto asset service providers that operate digital asset facilities and platforms, which would bring service providers of crypto assets that are not financial products into the financial services regime.<sup>104</sup> Treasury is also proposing to introduce legislation to regulate certain types of stablecoins, called "payment stablecoins", proposing these will be jointly regulated by ASIC and APRA.<sup>105</sup>

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<sup>102</sup> RBA (2019), *Financial Stability Review*, April 2019. Viewed at: <https://www.rba.gov.au/publications/fsr/2019/apr/pdf/financial-stability-review-2019-04.pdf>, referring to IMF (2019), *Australia: Financial System Stability Assessment*, IMF Country Report No. 19/54.

<sup>103</sup> The Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 proposed to extend the coverage of the AML/CTF requirements to the crypto industry more broadly and includes adoption of the "travel rule". For the travel rule, please see <https://www.21analytics.ch/what-is-the-fatf-travel-rule/>.

<sup>104</sup> A digital asset *facility* is a proposed financial product facility for holding digital assets and assets backing digital assets. A digital asset *platform* is proposed to be a multi-function platform composed of a digital asset facility with additional administrative and transactional functions. The Treasury (2023), *Regulating Digital Asset Platforms*. Viewed at: <https://treasury.gov.au/sites/default/files/2023-10/c2023-427004-proposal-paper-finalised.pdf>.

<sup>105</sup> The Treasury, *Payments System Modernisation (Regulation of Payment Service Providers)*. Viewed at: <https://treasury.gov.au/consultation/c2023-469663>.

#### 4.4.1.2 Insurance

##### *Legislation and supervision*

4.124. The legislative framework remained unchanged during the review period. The Insurance Act 1973, the Insurance Contracts Act 1984, the Life Insurance Act 1995, and the Private Health Insurance Act 2007 govern the sector.

4.125. The regulator responsible for the prudential regulation of the sector is APRA, which is also the licensing authority for life, general, and private health insurance companies, as well as reinsurance companies. ASIC's role encompasses regulation and supervision related to market conduct and ensuring consumer protection. The private health insurance sector is regulated by APRA for prudential issues and by the Department of Health and Aged Care for all other issues.

4.126. By law, life insurance and general insurance need to be separated, hence a single entity cannot provide both. Furthermore, there are restrictions on unauthorized foreign insurers insuring local assets. They are only permitted to do so under specific circumstances set out in regulations: (i) high-value insureds (i.e. the insured's Australian operating revenue or gross Australian assets are at least AUD 200 million (averaged over 3 years), or number of employees is at least 500); (ii) atypical risks (e.g. risks arising from nuclear waste, space objects, operation of aircrafts, and war); (iii) risks that cannot reasonably be placed in Australia (as certified by an Australian insurance broker); and (iv) where a law of a foreign country requires an insurance contract to be issued by a specified foreign insurer.

4.127. There continue to be no restrictions on foreign ownership of general, life, and private health insurance companies. However, any investment (domestic or foreign) in excess of a 20% stake in a financial institution is subject to the Treasurer's approval under the Financial Sector (Shareholdings) Act 1998 (FSSA). Where an FSSA applicant is a foreign investor, it is generally exempted from requiring approval under the Foreign Acquisitions and Takeovers Act 1975 unless a foreign government is involved. Foreign general insurance companies can establish presence as either branches or subsidiaries, while foreign life insurance firms are only permitted to operate as subsidiaries. However, as part of their RTAs, foreign life insurance companies from Japan, the Republic of Korea, New Zealand, and the United States can establish presence as branches. There are no restrictions on the number and size of foreign-owned general and life insurance companies.

4.128. The prudential regulations under which foreign-owned general and life insurers operate in Australia did not change during the review period. As such:

Under the Insurance Act, a general insurer is required to maintain assets in Australia of a value that is at least equal to the total amount of its liabilities in Australia. Additionally, the capital held must be more than the prudential capital requirement. For a branch insurer, the assets in Australia must exceed the liabilities in Australia by at least the amount of its minimum capital requirement. For life insurers, the Life Insurance Act (LIA) requires a life insurer to establish statutory funds relating solely to the life insurance business of the company or to a particular part of that business. The LIA also prohibits the mortgage or charging of any assets of a statutory fund, controls the movement of assets in and out of a statutory fund, provides a definition of restricted investments (which relates to related-party dealings), and requires the reporting of such restricted investments.<sup>106</sup>

4.129. In early 2019, the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) was promulgated. The law requires product issuers to prepare a Target Market Determination (TMD) that identifies a class of consumers for whom the product would likely be appropriate. Issuers and distributors must also take "reasonable steps" that are reasonably likely to result in the financial products reaching the target market. On 18 July 2023, ASIC issued its

<sup>106</sup> WTO document [WT/TPR/S/396](#), 15 January 2020.

first-stop orders for life insurance products because of alleged deficiencies in the products' Target Market Determinations.

### **Structure and performance**

4.130. The insurance subsector comprises life, general, and health insurance. It accounted for around 3.9% of the total financial sector's assets in 2024, compared with approximately 5% in 2019 (Table 4.17). Furthermore, in contrast to the situation in 2019, the general insurance sector has become dominant, being responsible for over two thirds of the sector's assets, while life insurance accounts for the rest. Similar to the banking sector, the insurance industry is also highly concentrated, with the five largest life and general insurance companies being responsible for more than 80% and 75% of the market share, respectively.

4.131. In terms of assets, growth in the sector has been tepid, with an average annual growth rate of 0.7%, which is lower than the average annual growth rate of the financial sector as a whole. Net earned premiums in the general insurance sector rose from AUD 35.1 billion in 2019 to AUD 46.5 billion in June 2023. By contrast, net premiums in the life insurance sector declined from nearly AUD 35 billion to AUD 23 billion over the same period.<sup>107</sup>

4.132. In terms of profitability, net annual profits of the general insurance sector rose from AUD 3.5 billion in June 2019 to AUD 4.6 billion in June 2023. However, profits saw a steep decline during the 2020-22 period, before rising significantly in 2023. The life insurance sector followed a similar trend with profits rising from AUD 438 million in June 2019 to approximately AUD 1.2 billion in June 2023. However, the sector registered a net loss in June 2020.

4.133. During the review period, the solvency coverage ratio was in excess of 165% for both general and life insurers, which is significantly higher than the regulatory minimum solvency coverage ratio of 100%, implying that the overall insurance sector is relatively resilient against adverse scenarios.

### **4.4.2 Transport**

4.134. Developments in Australia's transport sector over the review period were largely driven by its commitment to net zero emissions by 2050. The transport sector was the third-largest contributor (21%) to Australia's emissions in 2023, with the light vehicle sector contributing the highest proportion.<sup>108</sup> Efforts were underway in all transport sectors to reduce emissions, but some are more advanced than others. For example, steps have been taken to improve emissions of light vehicles and move to electric vehicles, but no new legislation has been enacted yet for heavy vehicles, although work is ongoing. The transportation sector, in particular transport infrastructure, is mainly funded through the Infrastructure Investment Program, but funding can also be provided through the National Reconstruction Fund for transport vehicle manufacturing and to improve supply chains (Section 4.3 ).

#### **4.4.2.1 Policy**

4.135. The Transport and Infrastructure Net Zero Roadmap and Action Plan is one of the Government's six sectoral plans for achieving net zero. To develop the transport sector plan, engagement on a Consultation Roadmap was undertaken between May 2024 and August 2024. The Consultation Roadmap considered potential pathways to reduce emissions across all transport modes, as well as low- and zero-carbon fuels, new technologies, and transport infrastructure to support the transport sector's transition to net zero (Box 4.6). It examined how transport systems could better support the movement of people through active and public transport, and the movement of goods by decarbonizing freight and supply chains. Information and feedback on the Consultation Roadmap will inform the final transport sector plan.

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<sup>107</sup> RBA, *Quarterly General Insurance Performance Statistics*, various editions; and *Quarterly Life Insurance Performance Statistics*, various editions. Viewed at: <https://www.apra.gov.au/statistics>.

<sup>108</sup> Department of Infrastructure, Transport, Regional Development, Communications, and the Arts (DITRDCA), *Towards Net Zero for Transport and Infrastructure*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/towards-net-zero-transport-and-infrastructure>.

**Box 4.6 Consultation Roadmap's net zero technologies by mode of transport, 2024**

<p><b>Road</b></p> <p><u>Light vehicles</u></p> <ul style="list-style-type: none"> <li>• Battery electric vehicles</li> <li>• Hydrogen fuel cell electric vehicles</li> <li>• Hybrid vehicles</li> <li>• Efficiency improvements</li> </ul> <p><u>Heavy vehicles</u></p> <ul style="list-style-type: none"> <li>• Battery electric vehicles</li> <li>• Hydrogen fuel cell electric vehicles</li> <li>• Battery swapping and range-extending technologies</li> <li>• Low-carbon liquid fuels</li> <li>• Efficiency improvements</li> </ul>	<p><b>Aviation</b></p> <ul style="list-style-type: none"> <li>• Battery-powered aircraft</li> <li>• Hydrogen</li> <li>• Flight alternatives</li> <li>• Operational and efficiency gains</li> <li>• High-quality carbon offsets</li> <li>• Airport operations</li> </ul>
<p><b>Maritime</b></p> <ul style="list-style-type: none"> <li>• Hydrogen and hydrogen-derived fuels</li> <li>• Electrification</li> <li>• Low-carbon liquid fuels</li> <li>• Energy efficiency and optimization</li> </ul>	<p><b>Rail</b></p> <ul style="list-style-type: none"> <li>• Track electrification</li> <li>• Hydrogen fuel cell locomotives</li> <li>• Battery electric technologies</li> <li>• Low-carbon liquid fuels</li> <li>• Energy efficiency and optimization</li> </ul>

Source: Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Towards Net Zero for Transport and Infrastructure: Transport and Infrastructure Net Zero Consultation Roadmap*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/towards-net-zero-transport-and-infrastructure>.

4.136. Fuel-efficiency standards are one policy area aimed at reducing greenhouse gases and improving the transport sector's carbon dioxide emissions. Australia has legislated a fuel-efficiency standard through the New Vehicle Efficiency Standard Act 2024, which will enter into force on 1 January 2025, with the accumulation of units and potential penalties to start on 1 July 2025. As a result, suppliers of passenger and light commercial vehicles will for the first time be required to meet carbon dioxide emission limits. The limits are set across the fleet of vehicles that a supplier brings into Australia; each year the limit will be reduced, and consequently, the standard becomes more stringent.<sup>109</sup>

4.137. During the review period, Infrastructure and Transport Ministers agreed to set heavy vehicle charges for a three-year period. Commencing on 1 July 2023, the charges will rise by 6% each year. The Ministers also recommitted to progressing Heavy Vehicle Road Reform (HVRR) to improve the way heavy vehicle charges are set and invested by linking the needs of heavy vehicle road users with the level of service they receive, the charges they pay, and the investment. HVRR is a long-term reform and continues under the governance of the Infrastructure and Transport Ministers' Meetings.<sup>110</sup>

4.138. The first review of the 2019 National Freight and Supply Chain Strategy was finalized in early 2024. The review noted gaps for decarbonization and supply chain resilience and identified areas to strengthen in the Strategy, including productivity, interoperability, and workforce skills.<sup>111</sup> The review highlighted the need to improve the interoperability of the rail systems, among others, which is also a National Cabinet priority. The 2024 Strategy and new National Action Plan (NAP) will focus on a smaller number of nationally significant actions across four National Priority Action Areas: productivity, resilience, decarbonization, and data. Improved efficiency, productivity, and international competitiveness of the Australian freight sector remain as some of the Strategy's goals.

<sup>109</sup> DITRDCA, *New Vehicle Efficiency Standard*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/vehicles/new-vehicle-efficiency-standard>; and DITRDCA (2024), "Cleaner, Cheaper to Run Cars: The Australian New Vehicle Efficiency Standard", 27 March. Viewed at: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/cleaner-cheaper-run-cars-australian-new-vehicle-efficiency>.

<sup>110</sup> DITRDCA, *Heavy Vehicle Road Reform*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/heavy-vehicle-road-reform>.

<sup>111</sup> DITRDCA (2024), *National Freight and Supply Chain Strategy Review Report*. Viewed at: <https://www.infrastructure.gov.au/department/media/publications/national-freight-and-supply-chain-strategy-review-report>.

It is anticipated that the Strategy and NAP will be considered by Infrastructure and Transport Ministers in late 2024.<sup>112</sup>

4.139. The rail sector was also being further developed to support greater freight capabilities through the Inland Rail project. It is currently under construction but is expected to connect Melbourne and Brisbane with 1,600 km of new and upgraded freight rail lines. The first-priority section of approximately 710 km is expected to be operational by the end of 2027. Inland Rail Pty Ltd is a subsidiary of Australian Rail Track Corporation (ARTC), a Commonwealth GBE or SOE (Section 3.3.5 ), with funding from the Government for major projects.

4.140. In the aviation sector, the Aviation White Paper guided policy in the aviation sector during the review period<sup>113</sup>, leading to 56 policy initiatives in 10 key subject areas. Some of these main themes include improving passengers' experience, maximizing contribution to net zero, and improving safety, security, and airspace regulations.<sup>114</sup> The Government established the Australian Jet Zero Council in 2023 to lead efforts to deliver net zero in aviation.<sup>115</sup> The Council is composed of senior industry stakeholders and, per its Workplan, is expected to consider matters such as sustainable aviation fuel certification, sustainable aviation fuel literacy and social licence, and identify changes required for airports.<sup>116</sup>

4.141. Australia has also worked internationally on future technology initiatives in the transport sector. In 2023, Australia signed an MoU with the Governor of Michigan in the United States to work together on automotive and transport sector technologies. The agreement will address emission reductions and promote transport sustainability through cooperation on automotive supply chains, future transport technologies, and collaborative research.<sup>117</sup>

#### 4.4.2.2 Maritime transport

4.142. During the review period, the maritime transport sector was being shaped by environmental policy developments as well as security matters. As an island continent, Australia is especially reliant on maritime transport and ranks high globally, accounting for about 14% of world sea trade.<sup>118</sup> The maritime sector is also imperative for its international goods trade, with the sector accounting for more than 99% of the volume of imports and exports.<sup>119</sup> Over half of Australia's export goods volume is handled through ports in Western Australia, which are mainly for the export of iron ore. Australia remains reliant on foreign-flagged vessels for moving traded goods.

4.143. The Government announced in January 2022 that it would establish an Australian shipping fleet comprising 12 Australian-flagged and -crewed vessels in order to strengthen sovereign maritime capacities and improve resilience of supply chains. An independent Taskforce on the Strategic Fleet was to provide guidance on its establishment and in its June 2023 report made 16 recommendations, which include addressing the gap in costs between domestic and foreign vessels, establishing a strategic fleet levy, legislating requisition powers, increasing compliance for

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<sup>112</sup> DITRDCA, *National Freight & Supply Chain Strategy*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/freight-supply-chains/national-freight-supply-chain-strategy>.

<sup>113</sup> DITRDCA, *Aviation White Paper*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/aviation-white-paper>.

<sup>114</sup> DITRDCA (2024), *Aviation White Paper – Towards 2050*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/awp-aviation-white-paper.pdf>.

<sup>115</sup> DITRDCA, *Australian Jet Zero Council*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/australian-jet-zero-council>.

<sup>116</sup> DITRDCA (2023), *Australian Jet Zero Council – Workplan*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/australian-jet-zero-council-workplan-version-1-december-2023.pdf>.

<sup>117</sup> DITRDCA (2023), *Memorandum of Understanding Regarding the Automotive Industries of Michigan and Australia*. Viewed at: <https://www.infrastructure.gov.au/node/36369>.

<sup>118</sup> ACTU, *Shipping and Maritime Policy*. Viewed at: [https://www.actu.org.au/wp-content/uploads/2023/12/Congress24\\_Shipping-and-Maritime.pdf](https://www.actu.org.au/wp-content/uploads/2023/12/Congress24_Shipping-and-Maritime.pdf); and DITRDCA, *Towards Net Zero for Transport and Infrastructure: Transport and Infrastructure Net Zero Consultation Roadmap*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/towards-net-zero-transport-and-infrastructure>.

<sup>119</sup> Bureau of Infrastructure and Transport Research Economics (2024) based on Australian Bureau of Statistics (2024). Customized report from International Merchandise Trade data.

wages paid by foreign vessels in coastal trade, and improving ship registers.<sup>120</sup> The Government is expected to provide direct funding for the operation of the fleet.

4.144. In its reply to the Taskforce, the Government agreed, or agreed in principle, to 12 recommendations including mitigating the cost gap between foreign and domestic vessels with tax incentives and financial assistance to the industry.<sup>121</sup> The Government consulted with stakeholders and thereafter proceeded with a request for tender for the establishment of the Strategic Fleet Pilot with three vessels. In response to other recommendations, there was agreement to review in 2024 the Shipping Registration Act 1981 and the Coastal Trading (Revitalising Australian Shipping) Act 2012. These reviews commenced in August 2024 and are expected to result in recommendations to the Government in 2025. The FY2024/25 budget provided funding for the Pilot, the legislative reviews, and the implementation of the other agreed recommendations.

4.145. The Consultation Roadmap made a number of observations and suggestions for the maritime sector. It noted that domestic maritime emissions were relatively small, accounting for only 2% of transport emissions, or 0.4% of Australia's total emissions, but noted that the sector was difficult to electrify.<sup>122</sup> Work on reducing Australia's maritime emissions is through the Maritime Emissions Reduction National Action Plan (MERNAP), which is expected to provide strategic direction and lead the zero-emissions shipping transition. Furthermore, Australia is pursuing green shipping corridors through its commitment to the Clydebank Declaration for Green Shipping Corridors. The Singapore-Australia Green Economy Agreement (Section 2.3.3.3 ) also contains a commitment to green shipping, including its recent MoU on the Green and Digital Shipping Corridor.

4.146. A 2022 report by the PC examined the productivity of Australia's maritime logistics, i.e. container ports and their operations.<sup>123</sup> It made several recommendations including regulating terminal access charges and making changes to the Competition and Consumer Act 2010. In February 2022, state and territory infrastructure ministers endorsed voluntary national guidelines for applying stevedore infrastructure and access charges at container ports. Implementation and ongoing administration of the voluntary guidelines are matters for each jurisdiction. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), Treasury, and the ACCC continue to discuss the potential repeal of Part X of the Competition and Consumer Act 2010, subject to the Government's broader maritime priorities (Section 3.3.4 ).

4.147. The ACCC continued to monitor the stevedoring sector during the review period. The latest report covering the period FY2022/23 notes the continued high profitability of the sector and its recovery from the COVID-19 pandemic leading to a return of pre-pandemic shipping rates. The industry was favourable to reforms of the Competition and Consumer Act 2010 to repeal the existing exemptions, as also outlined by the PC. Further reforms across the supply chain were also recommended to protect against detention fees and landside charges.<sup>124</sup>

4.148. In 2022, the Government established its Civil Maritime Security Strategy to provide an integrated approach to national civil maritime security.<sup>125</sup> The Strategy addresses maritime infrastructure, protection of its domain, freedom of navigation and maritime trade, support of international law, and relationships with the region. The importance of many of the elements is

<sup>120</sup> DITRDCA (2023), *Strategic Fleet Taskforce Final Report*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/strategic-fleet-taskforce-final-report.pdf>.

<sup>121</sup> DITRDCA (2023), *Australian Government Response to the Strategic Fleet Taskforce Final Report*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/australian-government-response-to-the-strategic-fleet-taskforce-final-report.pdf>.

<sup>122</sup> DITRDCA, *Towards Net Zero for Transport and Infrastructure: Transport and Infrastructure Net Zero Consultation Roadmap*. Viewed at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/towards-net-zero-transport-and-infrastructure>.

<sup>123</sup> Productivity Commission (2022), *Lifting Productivity at Australia's Container Ports: Between Water, Wharf and Warehouse*. Viewed at: <https://www.pc.gov.au/inquiries/completed/maritime-logistics/report/maritime-logistics.pdf>.

<sup>124</sup> ACCC (2023), *Container Stevedoring Monitoring Report 2022–23*. Viewed at: <https://www.accc.gov.au/system/files/container-stevedoring-monitoring-report-2022-23.pdf>.

<sup>125</sup> Department of Home Affairs (2021), *Australian Government Civil Maritime Security Strategy*. Viewed at: <https://www.homeaffairs.gov.au/about-us/our-portfolios/national-security/civil-maritime-security>.

emphasized through protecting Australia's ocean economy, in particular barrier reefs, oil and gas reserves, fisheries (including combatting illegal foreign fishing), and kelp forests.<sup>126</sup>

4.149. Coastal movement of goods and passengers is governed by the Coastal Trading Act, which generally requires a licence, although there are exceptions.<sup>127</sup> Cabotage is allowed for foreign vessels as long as they obtain a temporary licence; however, the granting of a temporary licence can be challenged by a general licence holder. As at October 2024, there were 47 temporary licences, valid for 12 months, and 37 general licence holders, valid for 5 years. No temporary licences have been rejected as a result of a challenge from a general licence holder since 2021. In 2023, amendments were made to the Coastal Trading Act to exempt cruise ships. In 2024, these exemptions were extended until 31 December 2026. The Special Recreational Vessels Act 2019 enables special recreational vessels, i.e. super yachts, to operate charters under the Coastal Trading regulatory framework until the end of June 2025.

4.150. The number of cargo ship port calls remained around 30,000 during the review period (Table 4.19). A significant imbalance exists in the tonnage of goods loaded versus goods discharged due to the large amount of bulk raw material exports. Although coastal shipments account for a relatively small share of maritime movements, there has been a continual decline in recent years. As bulk goods make up the majority of coastal freight, coastal freight has declined as the manufacturing plants and refineries that use or produce bulk goods have closed or reduced capacity, especially those involving liquid bulk such as petrol refineries. The majority of Australia's export shipping involves bulk shipments, e.g. iron ore, coal, and LNG, whereas a larger portion of imports is in containers. There is also a significant imbalance in containers, as Australia imports more containerized cargo than it exports, leading to empty containers for storage and export, which can cause port congestion.

4.151. Australia is committed to implementing the Maritime Single Window (MSW) pursuant to its obligations under the International Maritime Organization. Other matters relating to the maritime sector, i.e. shipping incentives, are covered in Section 3.3.1 and the TFES in Section 4.3 .

**Table 4.19 Key maritime data, FY2020/21-FY2023/24**

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Coastal shipping (goods moved, billion tonne kms)	96.6	95.5 <sup>a</sup>	91.3 <sup>a</sup>	..
Cargo ships port calls (No.) <sup>b,c</sup>	30,612	30,367	30,850	..
Cargo (exports) loaded at ports (million tonnes) <sup>d</sup>	1,516.1	1,538.3	1,535.4	1,558.2
Cargo (imports) discharged at ports (million tonnes) <sup>d</sup>	97.1	103.5	107.7	111.6
Australian trading fleet, total <sup>b,c</sup>	142	130	135	..
Australian-flagged	56	55	52	..
Foreign-flagged	86	75	83	..

.. Not available.

a Provisional.

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d International freight only. Includes non-merchandise trade but excludes ship stores.

Source: DITRDCA (2023), *Australian Infrastructure and Transport Statistics Yearbook 2023*. Viewed at: <https://www.bitre.gov.au/sites/default/files/documents/bitre-yearbook-2023.pdf>; BITRE (2024), based on Australian Bureau of Statistics (ABS) (2024), Customised report based on International Merchandise Trade data and Lloyd's List Intelligence (LLI) (2024), Australian ship movements (unpublished data), London.

<sup>126</sup> Department of Home Affairs (2021), *Australian Government Civil Maritime Security Strategy*. Viewed at: <https://www.homeaffairs.gov.au/about-us/our-portfolios/national-security/civil-maritime-security>.

<sup>127</sup> Exceptions are for the Australian Defence Force, non-commercial activities, fishing vessels, offshore industry vessels, recreational vessels, salvage vessels, and tugboats.

### 4.4.3 Communications and the digital economy

#### 4.4.3.1 Telecommunications

4.152. Telstra, Optus, and TPG Telecom are the major telecommunications providers in Australia based on the share of revenue, although there are some smaller providers (Table 4.20). While there has been gain in market share by the smaller operators, the market remains highly concentrated with the top four accounting for 84% of all wholesale services as of June 2023.<sup>128</sup> NBN Co Limited (NBN Co) operates as the government-owned infrastructure company that supports access to fixed broadband services (Section 3.3.5). The Australia Communications and Media Authority (ACMA) remains the industry regulator for telecommunications, as well as broadcasting and radiocommunications. The ACCC, as Australia's competition authority, is responsible for competition in the telecommunications sector.

**Table 4.20 Telecommunications overview, FY2020/21-FY2023/24**

	FY2020/21	FY2021/22	FY2022/23	FY2023/24
<b>Major providers, by revenue (AUD million)</b>				
Telstra	21,560	21,277	22,702	22,928
Optus <sup>a</sup>	8,320	7,836	8,053	8,062
TPG Telecom	5,290	5,420	5,495	..
Aussie Broadband	350	550	788	1,000
Superloop	96	248	322	..
Mobile plans <sup>b</sup> (million)	..	..	28.7	..
Mobile services <sup>b</sup> (million)	31.7	32.4	39.6	..
Fixed wireless <sup>b</sup>	..	668,000	804,000	..
Payphone, annual calls (million)	11	19	23	25.8

.. Not available.

a Year end March.

b As of December.

Source: ACMA (2023), *Trends and Developments in Telecommunications, 2022-23*. Viewed at: [https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23\\_0.pdf](https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf); ACMA (2023), *Trends and Developments in Telecommunications, 2021-22*. Viewed at: <https://www.acma.gov.au/sites/default/files/2023-07/Trends%20and%20developments%20in%20telecommunications%202021-22.pdf>; and information provided by the authorities.

#### 4.4.3.1.1 Developments

4.153. NBN Co was established in 2009 as a GBE to construct and operate Australia's wholesale broadband network, the National Broadband Network (NBN). The company is guided by a statement of expectations, which indicates that it will remain a public entity and operate on a commercial basis with the overall objective to provide fast and reliable connectivity for all Australians.<sup>129</sup> It was declared built and fully operational as of December 2020 with installations of fixed-line, fixed-wireless, and satellite technologies.

4.154. In FY2022/23, the Government gave a grant of AUD 480 million to support NBN Co in upgrading and expanding its existing fixed-wireless network. The upgrade will mean up to 120,000 premises previously able to access the NBN satellite network will have the opportunity to access NBN fixed-wireless services. In total, by the end of 2024, one million premises in regional and remote Australia and in peri-urban areas will benefit from improvements to fixed-wireless services or greater data limits on NBN satellite services. Additionally, in FY2022/23, the Government provided an equity investment of AUD 2.4 billion over four years to expand full-fibre access to 1.5 million additional premises by the end of 2025. As a result of the Government's investment, 90% of homes in the fixed-line footprint will have access to gigabit speeds by late 2025. NBN Co's wholesale prices, baseline service standards, and expenditure are regulated through an arrangement with the ACCC

<sup>128</sup> ACCC (2023), *Communications Market Report December 2023*. Viewed at: <https://www.accc.gov.au/system/files/communications-market-report-2022-23.pdf>.

<sup>129</sup> NBN (2022), *Statement of Expectations*. Viewed at: <https://www.nbnco.com.au/content/dam/nbn/documents/about-nbn/policies/statement-of-expectations-2022.pdf.coredownload.pdf>.

known as the Special Access Undertaking (SAU). On 17 October 2023, the ACCC accepted a proposal from NBN Co to vary the SAU.

4.155. The Regional Broadband Scheme (RBS) was established in 2020 through the Telecommunications (Regional Broadband Scheme) Charge Act 2020 and the Telecommunications (Consumer Protection and Services Standards) Act 2020. The RBS is designed to support essential broadband services to regional, rural, and remote Australia by covering the net losses to NBN Co of operating its fixed wireless and satellite broadband networks. Carriers, including NBN Co, providing active high-speed superfast broadband services (25/5 megabits per second and above) over a local access line, i.e. fixed-line broadband services, must pay a monthly charge for each premises. Total contributions under the RBS were AUD 802.8 million for FY2023/24, with other carriers contributing AUD 25.3 million and NBN Co contributing the remainder. A statutory review of the RBS is currently underway.

4.156. New rules on competition came into effect in August 2020 to allow previously structurally separated broadband providers to offer retail services on a functionally separated basis subject to ACCC approval and certain conditions. This change only impacts networks servicing residential and small businesses. Thus, a service provider operating both wholesale and retail operations must have approval from the ACCC and commit to separating wholesale and retail units and keeping market-sensitive information secure.

4.157. In July 2020, statutory infrastructure provider (SIP) laws came into force through the Telecommunications Act 1997. SIPs are required to arrange to connect premises and supply high-speed broadband access. NBN Co is the default SIP, but others can become SIPs, e.g. where they enter into contracts to serve new developments. As of 2024, 34 SIPs operated in Australia. The SIP laws were amended in 2024 to refine the arrangements.

4.158. New provisions were added to the Telecommunications Act in 2021 to generally require developers to install fibre-ready facilities for new developments, although developers may be exempt in certain situations. In 2024, the Telecommunications in New Developments policy was adjusted to reflect expectations around provisioning of mobile coverage in addition to fixed voice and broadband.<sup>130</sup>

4.159. In 2024, the Government launched consultations on its Draft Ministerial Policy Statement – Expiring Spectrum Licences in order to guide policy on a large number of spectrum licences used for mobile and fixed wireless broadband that are expiring between 2028 and 2032. In May 2024, the Government finalized and published its Ministerial Policy Statement – Expiring Spectrum Licences (MPS). The MPS specifies the policy objectives to which the ACMA must adhere in designing and enacting its process to manage the future use of spectrum associated with these expiring spectrum licences (ESLs). The policy objectives covered by the MPS include supporting service continuity for end users, particularly where no alternative service is available; facilitating opportunities for new entrants and use cases, including low earth orbit satellites; improving connectivity and investment in regional and remote areas; promoting competition; and accounting for capacity considerations for sustained investment and innovation. Other licences expiring in 2028-32 will still be subject to the ACMA's comprehensive process for managing ESLs.

4.160. On infrastructure, additional submarine telecommunication cables landed in Australia during the review period. Parts of Australia were connected by cabling to Singapore and Jakarta, plus Dili – Timor-Leste's first cable connection. The Government, together with the United States, Japan, New Zealand, and other partners, supported cable connections for several Pacific Island countries, helping expand critical redundancy and positioning all countries in the region to achieve primary cable connectivity by the end of 2025.<sup>131</sup> Australia's 4G network continued to be the main network used in Australia in 2023, accounting for 63% of all mobile users, but 5G continued to make inroads

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<sup>130</sup> DITRDCA (2024), *Telecommunications in New Developments Policy*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/telecommunications-in-new-developments-policy-february-2024-final.pdf>.

<sup>131</sup> ACMA (2023), *Trends and Developments in Telecommunications, 2022-23*. Viewed at: [https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23\\_0.pdf](https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf).

and is expected to be the major network by 2027 (in 2023, it was 36%). The 3G network was being phased out by end-2024.<sup>132</sup>

#### 4.4.3.2 Broadcasting

4.161. Australia's broadcasting sector comprises two state-supported public broadcasters – the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) – and a number of private commercial and community media outlets.<sup>133</sup> The public broadcasters are involved in both TV and radio broadcasting and operate as Corporate Commonwealth Entities (CCEs). As such, they have a certain level of independence through their board of directors and protections from political influence, although they receive all of their funding from the Government in the annual budget and the appointment of board members is vetted by the Minister or Prime Minister. Community broadcasting in Australia is composed of more than 450 radio broadcasters and 2 TV broadcasters. Most of the support is privately generated, although the Community Broadcasting Foundation (CBF) distributes government funds it receives from the Community Broadcasting Program, which results in grants accounting for about 7.5% of its income.<sup>134</sup> In 2024, this amounted to AUD 19.15 million.<sup>135</sup> The broadcasting sector in Australia, like telecommunications, has been described as highly concentrated.<sup>136</sup>

4.162. The TV and radio sectors continue to have domestic quotas or local content requirements as set out in the Broadcasting Services Act 1992 or associated regulation (Section 3.1.7.2 ). Australia's FTAs generally contain provisions that require broadcasters and other providers of audio and/or visual content to provide a minimum level of local content. Australian audiences are increasingly viewing screen content online. As online screen content providers are not currently subject to domestic content requirements, new rules were proposed in 2023 as part of the Government's National Cultural Policy to introduce Australian content requirements for streaming platforms.<sup>137</sup> Consultation on the development of measures was ongoing in 2024.

4.163. Other regulatory measures on broadcasting include classification. The National Classification Scheme, which has been in place since 1995, provides ratings and consumer advice on films, computer games, and certain publications.<sup>138</sup> Imports and exports, both physical goods and digital goods (or content), are subject to classification; if classified as "RC" (Refused Classification), they are considered objectionable goods and are prohibited.<sup>139</sup> In limited circumstances, the Director of the Classification Board may exempt objectionable goods from importation/exportation if certain conditions are met, such as used for artistic, educational, or cultural purposes.

4.164. Australia was working towards an Indo-Pacific Broadcasting Strategy during the review period to expand its media sector across this region. The Strategy was released on 13 July 2024. Australia was also examining whether to re-establish shortwave radio broadcasting in the Pacific, but a review recommended against it. Under the Strategy, priority is being given to services that meet Pacific audience preferences, such as FM radio and online options.

4.165. Developments in the broadcasting sector during the period included aspects relating to the Commercial Broadcasting (Tax) Act 2017 (CBT Act), which imposes the transmitter licence tax on commercial radio and TV broadcasters in relation to their radiofrequency spectrum.<sup>140</sup> After the implementation of the CBT Act in 2017, transitional support measures were put in place up

<sup>132</sup> ACMA (2023), *Trends and Developments in Telecommunications, 2022-23*. Viewed at: [https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23\\_0.pdf](https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf).

<sup>133</sup> There were 68 commercial TV licences and 261 commercial radio licences as at October 2024.

<sup>134</sup> CBF, *Community Media*. Viewed at: <https://cbf.org.au/about/community-media/>.

<sup>135</sup> CBF, *About*. Viewed at: <https://cbf.org.au/about/>.

<sup>136</sup> Parliament of Australia, *Media of the People: Broadcasting Community Media in Australia*. Viewed at: [https://www.aph.gov.au/about\\_parliament/parliamentary\\_departments/parliamentary\\_library/pubs/rp/rp1314/media](https://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary_library/pubs/rp/rp1314/media).

<sup>137</sup> DITRDCA (2023), *Revive: Australia's Cultural Policy for the Next Five Years*. Viewed at: <https://www.arts.gov.au/sites/default/files/documents/national-culturalpolicy-8february2023.pdf>.

<sup>138</sup> Publication includes magazines, graphic novels, and books likely to cause offence or that are not suitable for a minor.

<sup>139</sup> Prohibited per the Customs (Prohibited Imports) Regulations 1956 and the Customs (Prohibited Exports) Regulations 1958.

<sup>140</sup> The tax does not apply to national and community broadcasters.

until FY2021/22 in the form of rebates. As these measures were coming to an end, the Commercial Broadcasting (Tax) (Transmitter Licence Tax Rebate) Rules 2022 extended these rebates for an additional two financial years until the end of June 2024. The rebate was budgeted at AUD 9.5 million and applied to 19 commercial broadcasters.<sup>141</sup> A further extension of the rebate to the same 19 broadcasters occurred through the Commercial Broadcasting (Tax) (Transmitter Licence Tax Rebate) Rules 2024 for an additional four financial years until the end of June 2028 with an increase of 12.5%.<sup>142</sup>

4.166. Other relief from the licence tax was provided temporarily during the COVID-19 pandemic to alleviate the hardship on the sector. The Commercial Broadcasting (Tax) (Transmitter Licence Tax Rebate) Rules 2020 reduced the licence tax to zero for a 12-month period starting from 14 February 2020.

4.167. Legislative reforms to the Radiocommunications Act 1992 were made by the Radiocommunications Legislation Amendment (Reform and Modernisation) Act 2020 to reform spectrum management. The main elements of the reform included streamlining spectrum allocation and reallocation, reducing regulatory barriers, and introducing new compliance and enforcement measures.

4.168. Support measures to the film and TV sector remained significant during the review period (Section 3.3.1). Film industry offsets, i.e. the Australian Screen Production Incentive, was the 10<sup>th</sup> largest (AUD 486.3 million) government assistance programme in FY2022/23 as identified by the PC. Other significant support measures were to Screen Australia (AUD 99.9 million) and for Film Industry Concessions (AUD 114 million).<sup>143</sup> Reforms to the Australian Screen Production Incentive implemented an increase to the Location Offset rebate rate from 16.5% to 30% from 1 July 2023 and introduced a new per season threshold of AUD 35 million for drama series from 1 July 2024. Reforms to the Producer Offset have been announced with the "above-the-line" cap and minimum length requirements to be removed from the Producer Offset applying to productions that commence after 1 July 2024.

#### 4.4.3.3 Digital initiatives

4.169. Australia's digital economy has been guided by its Digital Economy Strategy since 2019 and it is expected to deliver until 2030. The Strategy has the overall goal of making Australia a leading digital economy by 2030 and has established three pillars to reach that ambition: build foundations for digital growth, build capacity in emerging technologies, and set digital growth priorities.<sup>144</sup> In 2022, the Strategy Update noted progress on priorities such as 5G innovation, Quantum Commercialisation Hub, and reforming digital payments.<sup>145</sup>

4.170. In 2023, the Data and Digital Government Strategy was put in place to direct the Government's actions on providing better-connected public services. The Strategy contains five missions and four enablers: people capability, cyber security, governance, and investment. Its Implementation Plan sets out the various stages and includes a roadmap for meeting the various goals between 2023 and 2030. Elements identified in the roadmap include Digital ID, Digital Service Standard Version 2.0, Data Ethics Framework, and Consumer Data Rights.<sup>146</sup>

<sup>141</sup> DITRDCA, *Extending Transitional Support for Eligible Commercial Broadcasters*. Viewed at: <https://www.infrastructure.gov.au/sites/default/files/documents/factsheet-2-cbt-tsps.pdf>.

<sup>142</sup> The amount of the rebate for each broadcaster is specified in the 2024 Rules. Federal Register of Legislation, *Commercial Broadcasting (Tax) (Transmitter Licence Tax Rebate) Rules 2024*. Viewed at: <https://www.legislation.gov.au/F2024L00128/asmade/text>.

<sup>143</sup> Productivity Commission (2024), *Trade and Assistance Review 2022-23*. Viewed at: <https://www.pc.gov.au/ongoing/trade-assistance/2022-23/tar-2022-23.pdf>.

<sup>144</sup> APO (2021), *Digital Economy Strategy 2030*. Viewed at: <https://apo.org.au/sites/default/files/resource-files/2021-05/apo-nid312247.pdf>.

<sup>145</sup> Department of the Prime Minister and Cabinet (2022), "Digital Economy Strategy 2022 Update Released", 30 March. Viewed at: <https://www.pmc.gov.au/news/digital-economy-strategy-2022-update-released>.

<sup>146</sup> Data and Digital Government Strategy, *Implementation Plan Roadmap*. Viewed at: <https://www.dataanddigital.gov.au/sites/default/files/2023-12/Data%20and%20Digital%20Roadmap%20v1.0.pdf>.

4.171. Australia's Digital Trade Strategy (Section 2.2.1 ) is its framework to increase economic growth through strengthening its digital environment for trade. As part of the actions under the Strategy, Australia plans to advocate for digital trade liberalization, negotiate digital trade rules in international agreements, and support implementation through capacity-building and similar initiatives.<sup>147</sup> Some of the elements Australia is focusing on in its strategy include paperless trading, electronic authentication, digital trade standards, no customs duties on transactions, cross-border data flows, and online protections.

4.172. The 2023-2030 Australian Cyber Security Strategy sets out Australia's roadmap and ambition to become a leader in cybersecurity by 2030. The Strategy's Action Plan sets out three horizons to achieve this by initially strengthening foundations and then eventually moving to leading the frontier. Some of the Plan details include supporting SMEs with strengthened cybersecurity, working with industry to address ransomware, ensuring trust in digital products, protecting critical infrastructure, and increasing Australia's cyber workforce.<sup>148</sup>

4.173. The Digital Games Tax Offset (DGTO) was established in July 2022 to encourage and support games development in Australia (Section 3.3.1 ). Australian resident companies may claim 30% of Qualifying Australian Development Expenditure (QADE) up to AUD 20 million per company per year. Eligibility for the tax incentive must be certified by the Minister for the Arts. The sector is growing and reportedly generated AUD 284 million in revenue with a majority of game revenues from exports, i.e. 84%.<sup>149</sup>

#### 4.4.4 Tourism

4.174. Australia's tourism sector was hit hard by the COVID-19 pandemic like other economies and as of 2023 has recovered to pre-pandemic levels. The sector's GDP reached AUD 63.0 billion in FY2022/23, slightly above the peak of AUD 60.3 billion in FY2018/19.<sup>150</sup> Employment has not recovered to pre-pandemic levels and stood at 626,400 filled jobs in FY2022/23 compared to 700,900 in FY2018/19.<sup>151</sup> However, some subsectors of tourism have fared better than others. Domestic tourism continues to comprise the majority of the tourism market, accounting for about 77% in 2019 and 84% in 2023, in part due to the slower recovery of international travel. The majority of foreign tourists were from New Zealand, the United Kingdom, the United States, China, and India in 2023 (Table 4.21).

4.175. Austrade is the Government's agency in charge of tourism policy. Within Austrade, Tourism Research Australia provides data and intelligence on the sector. Tourism Australia is a CCE established by the Tourism Australia Act 2004 to promote tourism and work towards a sustainable tourism sector. Austrade coordinates tourism policies with state and territory governments through the Australian Standing Committee on Tourism (ASCOT). State, territory, and local governments are the main entities that regulate the tourism sector. Different permits, licensing, or registration may be applicable depending on the type of tourism business and the relevant government rules. For example, tour operators and travel agents may require a licence.

**Table 4.21 Overview of tourism, 2020-23**

(AUD billion and No.)

	2020	2021	2022	2023
Total tourism spending (AUD billion)	71	81	143	170
International	7.8	1.4	13	28
Education – students in Australia	3.7	0.2	4	10

<sup>147</sup> DFAT (2022), *Digital Trade Strategy*. Viewed at: <https://www.dfat.gov.au/sites/default/files/digital-trade-strategy.pdf>.

<sup>148</sup> Australian Government (2023), *2023–2030 Australian Cyber Security Strategy: Action Plan*. Viewed at: <https://www.homeaffairs.gov.au/cyber-security-subsite/files/2023-cyber-security-strategy-action-plan.pdf>.

<sup>149</sup> DITRDCA (2023), *Revive: Australia's Cultural Policy for the Next Five Years*. Viewed at: <https://www.arts.gov.au/sites/default/files/documents/national-culturalpolicy-8february2023.pdf>.

<sup>150</sup> Tourism Research Australia, *National Tourism Satellite Account*. Viewed at: <https://www.tra.gov.au/en/economic-analysis/tourism-satellite-accounts/national-tourism-satellite-account#ref4>.

<sup>151</sup> ABS, *Australian National Accounts: Tourism Satellite Account*. Viewed at: <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-tourism-satellite-account/2022-23>.

	2020	2021	2022	2023
Holiday	2.0	0.1	3	9
Business	0.3	0.1	1	2
Domestic	63	79	130	143
Holiday	34	46	74	77
Business	12	12	24	29
Visiting friends and relatives	12	15	25	28
International visitor arrivals (No. million)	1.8	0.2	3.7	7.2
Holiday arrivals	0.8	0.02	1.1	2.9
Visiting friends and relatives	0.6	0.15	1.8	2.6
Business arrivals	0.2	0.02	0.4	0.7
International arrivals by source (top 5 in 2023) (No. '000)				
New Zealand	242	97	697	1,272
United States	189	17	326	660
United Kingdom	201	22	398	597
China	208	7	85	536
India	84	13	298	396
Australian outbound travel (No. '000 trips)	2,832	300	5,225	9,975
Holidays	1,509	49	2,500	5,677
Visiting friends and relatives	917	161	1,932	2,875
Business	155	34	363	559
Tourism related businesses (No.) <sup>a</sup>	331,273	341,804	360,832	355,570

a As of June of the respective year.

Source: Austrade (2024), *State of the Industry: Australia's Tourism Sector in 2023*. Viewed at: <https://www.tra.gov.au/content/dam/austrade-assets/global/wip/tra/documents/soti/tra-state-of-the-industry-2023.pdf>; Tourism Research Australia, *Visitor Economy Facts and Figures 2024*. Viewed at: <https://www.tra.gov.au/en/economic-analysis/visitor-economy-facts-and-figures>; Tourism Research Australia, *Tourism Businesses in Australia*. Viewed at: <https://www.tra.gov.au/en/economic-analysis/tourism-businesses>; ABS, *Overseas Arrivals and Departures, Australia*. Viewed at: <https://www.abs.gov.au/statistics/industry/tourism-and-transport/overseas-arrivals-and-departures-australia/feb-2024>; and information provided by the authorities.

4.176. A number of initiatives have been taken by the Government to rebuild the tourism sector post-COVID-19. The THRIVE2030 strategy for the visitor economy has been guiding the recovery since 2022. It sets out to reach AUD 230 billion in tourism spending by 2030 through seven key priorities (comprehensive collaboration, improve data and insights, support a resilient workforce, adopt new business practices, improve visitor infrastructure, build markets, and provide high-quality products), and 64 strategic actions under them.<sup>152</sup> In its most recent update from June 2024, THRIVE2030 had surpassed its Phase 1 goal of reaching AUD 166 billion in visitor spending by 2024, and was making progress on the 64 actions with 22 completed and 40 on track.<sup>153</sup> Phase 2 of THRIVE2030, known as the "Consolidation phase" for the period 2025-27, is currently being developed.

4.177. There were a few key facilitating policies on tourism during the review period. In August 2023, Australia achieved Approved Destination Status (ADS) from China, thereby allowing Chinese group tours to again travel to Australia. Austrade acts as the Australian counterpart to the scheme and received AUD 8.1 million in the 2024-25 Budget to operate the ADS Accreditation scheme including improving the quality of tour operators and supporting bilateral tourism with China.

4.178. Another initiative that supported tourism recovery was the opening of the new Brisbane International Cruise Terminal (BICT) in June 2022. The BICT has been described as a world-class cruise ship processing facility that provides enhanced operations and facilities for cruise ship tourism. Austrade in coordination with state and territory governments developed the Sustainable Tourism Toolkit in 2023. The Toolkit is expected to promote sustainable tourism and provide tourism businesses with information to become more sustainable.<sup>154</sup> In 2022, Tourism Australia launched

<sup>152</sup> Austrade (2023), *State of the Industry 2022*. Viewed at: <https://www.tra.gov.au/content/dam/austrade-assets/global/wip/tra/documents/soti/tra-state-of-the-industry-2022.pdf>.

<sup>153</sup> Austrade (2024), *THRIVE 2030 Implementation Report – June 2024*. Viewed at: <https://www.austrade.gov.au/en/news-and-analysis/publications-and-reports/thrive-2030-strategy-implementation-update-june-2024>.

<sup>154</sup> Austrade (2023), *Sustainable Tourism Toolkit*. Viewed at: <https://www.austrade.gov.au/en/news-and-analysis/publications-and-reports/sustainable-tourism-toolkit>.

the "Come and Say G'day" campaign as a marketing campaign to promote Australian tourism in international markets and help rebuild after the pandemic.

4.179. Australia maintains a number of subsidy or support measures for the tourism sector; many of these are at the sub-federal level. The Choose Tourism Grant Program provided funding of up to AUD 7.5 million to state and territory governments to attract workers and promote careers in the tourism sector during FY2022/23 and FY2023/24. The Reviving International Tourism Grant Program (RITG) also provided funding over the same financial years to support tourism businesses in international markets through expos and marketing.<sup>155</sup> The Government also undertook marketing and promotional activities to address short-term workforce pressures. This included a national Workforce Diversity campaign to encourage businesses to consider employing people with a disability, younger Australians, and older Australians.

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<sup>155</sup> Austrade, *Grants*. Viewed at: <https://www.austrade.gov.au/en/how-we-can-help-you/grants>.

## 5 APPENDIX TABLES

Table A1.1 Merchandise exports by HS section and major HS chapter/heading, 2019-23

HS section/chapter/heading	2019	2020	2021	2022	2023
Total exports (AUD million)	389,901	363,461	459,675	595,218	558,687
Total exports (USD million)	271,127	250,942	345,572	413,647	371,457
(% of total exports)					
01 Live animals and products	5.9	5.7	4.5	3.9	4.2
02 Meat and edible meat offal	4.2	4.0	3.2	2.8	3.2
0202 Meat of bovine animals, frozen	1.8	1.6	1.1	1.1	1.3
02 Vegetable products	3.0	3.4	4.9	5.8	6.0
10 Cereals	1.3	1.5	2.8	3.3	3.5
1001 Wheat and meslin	0.9	1.1	2.1	2.4	2.5
03 Fats and oils	0.2	0.2	0.3	0.3	0.3
04 Prepared food, beverages, and tobacco	2.5	2.6	1.9	1.5	1.8
05 Mineral products	62.2	62.2	66.3	69.0	66.4
25 Salt, sulphur, earth, stone, plaster, lime, and cement	0.4	0.3	0.4	2.1	3.4
26 Ores, slag, and ash	29.4	37.2	38.0	24.4	28.0
2601 Iron ores and concentrates, including roasted iron pyrites	24.7	32.2	33.6	20.9	24.4
2603 Copper ores and concentrates	1.6	2.0	1.7	1.3	1.2
27 Mineral fuels and oils, distillation products, etc	32.4	24.6	27.8	42.5	34.9
2701 Coal; briquettes, ovoid, and similar solid fuels manufactured from coal	16.4	11.9	13.8	23.9	18.4
2709 Petroleum oils and oils obtained from bituminous minerals, crude	2.4	1.7	2.2	2.4	2.1
2711 Petroleum gases and other gaseous hydrocarbons	12.9	10.4	11.1	15.4	13.7
06 Chemicals and products thereof	4.9	4.7	3.6	3.4	3.3
28 Inorganic chemicals, precious metal compound, isotopes	2.3	2.1	1.8	1.7	1.7
2818 Aluminium oxide (including artificial corundum); aluminium hydroxide	2.2	1.9	1.7	1.5	1.5
07 Plastics and rubber	0.4	0.3	0.3	0.3	0.3
08 Raw hides and skins; leather, fur skins, and articles thereof	0.2	0.2	0.2	0.1	0.1
09 Wood, cork, straw	0.6	0.5	0.3	0.3	0.3
10 Pulp of wood; paper and paperboard	0.4	0.4	0.3	0.3	0.2
11 Textiles and textile articles	1.4	0.9	1.3	1.4	1.5
12 Footwear, headgear, etc.	0.04	0.04	0.03	0.03	0.04
13 Articles of stone, plaster, cement	0.1	0.1	0.1	0.1	0.1
14 Precious stones and metals	6.7	7.8	6.0	4.7	5.8
7108 Gold unwrought, or in semi-manufactured or powder form	6.0	7.0	5.1	3.9	5.1
15 Base metals and articles thereof	4.2	3.8	3.6	3.3	3.6
16 Machinery, electrical equipment	3.0	2.9	2.4	2.0	2.5
17 Transport equipment	1.3	1.1	0.9	0.7	0.9
18 Precision equipment	1.3	1.2	1.0	0.9	1.1
19 Arms and ammunition	0.05	0.05	0.02	0.02	0.04
20 Miscellaneous manufactured articles	0.2	0.2	0.2	0.2	0.2
21 Works of art, etc.	0.03	0.03	0.02	0.02	0.02
Other	1.3	1.7	1.9	1.8	1.4
Memorandum item:					
USD/AUD (period average)	0.695	0.690	0.752	0.695	0.665

Note: 2023 percentages are based on total exports equalling AUD 557,616 million. Percentages for the latest export figures, as shown in the table, were not available.

Source: WTO Secretariat calculations, based on data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

**Table A1.2 Merchandise imports by HS section and major HS chapter/heading, 2019-23**

HS section/chapter/heading	2019	2020	2021	2022	2023
Total imports (AUD million)	307,550	293,603	330,234	417,002	413,869
Total imports (USD million)	213,863	202,711	248,261	289,796	275,171
(% of total imports)					
01 Live animals and products	1.2	1.2	1.1	1.0	1.1
02 Vegetable products	1.2	1.4	1.1	1.0	1.0
03 Fats and oils	0.3	0.3	0.3	0.3	0.3
04 Prepared food, beverages, and tobacco	4.6	4.8	4.1	3.8	3.8
05 Mineral products	13.0	8.3	11.0	16.2	15.1
27 Mineral fuels and oils	12.6	7.9	10.5	15.8	14.7
2710 Petroleum oils, other than crude	8.2	5.4	7.8	12.8	12.3
06 Chemicals and products thereof	8.7	9.8	9.7	10.9	9.1
30 Pharmaceuticals	3.9	4.3	4.3	4.5	4.0
3004 Medicaments	2.5	2.8	2.3	2.4	2.2
07 Plastics and rubber	4.2	4.6	4.4	4.0	3.8
39 Plastics and articles thereof	2.7	3.1	2.9	2.7	2.5
08 Raw hides and skins; leather, fur skins, and articles thereof	0.7	0.6	0.6	0.6	0.6
09 Wood, cork, straw	0.8	0.8	0.8	0.9	0.6
10 Pulp of wood; paper and paperboard	1.3	1.3	1.2	1.1	1.1
11 Textiles and textile articles	4.4	5.2	4.4	4.1	3.8
12 Footwear, headgear, etc.	1.0	0.9	0.9	0.9	0.8
13 Articles of stone, plaster, cement	1.1	1.1	1.0	0.9	0.9
14 Precious stones and metals, pearls	3.1	4.3	3.1	2.8	3.2
7108 Gold unwrought, or in semi-manufactured or powder form	2.2	3.1	2.0	1.7	2.1
15 Base metals and articles thereof	4.9	5.0	5.5	5.2	4.8
73 Articles of iron or steel	2.1	2.2	2.3	2.2	2.2
16 Machinery, electrical equipment	25.8	27.0	25.8	23.8	24.6
84 Machinery and mechanical appliances, parts thereof	14.3	15.2	14.8	13.6	14.1
8471 Automatic data processing machines and units thereof (..)	3.1	3.6	3.3	3.0	2.5
85 Electrical machineries and parts thereof	11.4	11.9	11.0	10.2	10.5
8517 Telephone sets, including telephones for cellular networks (..)	3.8	3.9	3.3	3.1	3.2
17 Transport equipment	14.4	13.8	15.2	13.7	17.2
87 Vehicles and parts thereof	12.5	11.8	13.4	12.4	15.7
8703 Vehicles, principally designed for the transport of persons	7.0	6.4	7.1	6.6	8.8
8704 Vehicles, for the transport of goods	3.0	2.9	3.5	3.2	4.1
18 Precision instruments	4.1	4.3	4.1	3.6	3.9
90 Optical, photo, technical, medical, etc. apparatus	3.8	4.0	3.7	3.3	3.6
19 Arms and ammunition	0.2	0.2	0.2	0.2	0.1
20 Miscellaneous manufactured articles	3.6	4.1	4.0	3.5	3.2
21 Works of art, collectors' pieces, and antiques	0.1	0.1	0.1	0.1	0.1
Other	1.5	0.9	1.4	1.3	1.0
Memorandum item:					
USD/AUD (period average)	0.695	0.690	0.752	0.695	0.665

a Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic use, put up in measured doses or packed for retail sale.

Note: 2023 percentages are based on total imports equalling AUD 413,948 million. Percentages for the latest import figures, as shown in the table, were not available.

Source: WTO Secretariat calculations, based on data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

**Table A1.3 Merchandise exports by destination, 2019-23**

	2019	2020	2021	2022	2023
Total exports (AUD million)	389,901	363,461	459,675	595,218	557,616
Total exports (USD million)	271,127	250,942	345,572	413,647	370,745
	(% of total exports)				
Americas	5.1	6.5	4.9	5.0	5.2
United States	3.9	5.4	3.6	3.5	3.8
Other – Americas	1.2	1.1	1.3	1.5	1.4
Canada	0.6	0.6	0.4	0.4	0.5
Brazil	0.3	0.2	0.4	0.5	0.4
Europe	7.9	8.3	4.9	5.7	5.0
EU-27	3.2	3.3	3.1	4.4	3.2
Netherlands	0.8	0.7	0.8	1.4	1.0
Germany	0.8	1.0	0.8	0.9	0.6
France	0.4	0.5	0.4	0.5	0.5
Belgium	0.4	0.2	0.3	0.4	0.4
EFTA	0.6	0.8	0.5	0.5	0.5
Switzerland	0.5	0.7	0.4	0.4	0.4
Other – Europe	4.1	4.2	1.3	0.8	1.3
United Kingdom	3.9	4.1	1.0	0.5	1.1
CIS <sup>a</sup>	0.2	0.2	0.2	0.0	0.0
Africa	0.8	0.8	0.9	0.8	0.8
South Africa	0.4	0.3	0.4	0.3	0.3
Middle East	2.1	1.9	1.9	2.1	2.1
United Arab Emirates	0.9	0.8	0.7	0.8	0.8
Bahrain, Kingdom of	0.3	0.2	0.3	0.3	0.3
Asia	83.2	81.8	86.5	85.6	86.0
China	38.3	40.7	39.1	29.5	36.6
Japan	14.8	12.4	14.0	19.9	15.7
Other – Asia	30.1	28.8	33.4	36.2	33.7
Korea, Republic of	6.7	6.6	8.1	8.9	7.5
India	3.6	2.8	4.3	4.9	4.6
Chinese Taipei	3.3	2.8	3.5	5.0	4.0
Singapore	3.1	3.3	3.4	3.2	3.1
New Zealand	2.6	2.8	2.5	2.2	2.3
Indonesia	1.6	1.6	2.4	2.2	2.3
Viet Nam	1.6	1.8	2.1	2.3	2.2
Malaysia	2.3	1.9	1.8	2.3	2.0
Hong Kong, China	1.9	1.9	1.3	1.3	1.8
Thailand	1.2	1.1	1.5	1.4	1.6
Philippines	0.7	0.6	0.9	0.9	0.9
Papua New Guinea	0.6	0.6	0.5	0.4	0.4
Bangladesh	0.2	0.2	0.3	0.3	0.3
Other	0.7	0.5	0.7	0.7	0.8
<i>Memorandum:</i>					
USD/AUD (period average)	0.695	0.690	0.752	0.695	0.665

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

**Table A1.4 Merchandise imports by origin, 2019-23**

	2019	2020	2021	2022	2023
Total imports (AUD million)	307,550	293,603	330,234	417,002	413,869
Total imports (USD million)	213,863	202,711	248,261	289,796	275,171
	(% of total imports)				
Americas	15.0	14.8	13.3	13.2	14.5
United States	12.2	11.9	10.5	10.4	11.6
Other – Americas	2.8	2.8	2.8	2.8	2.9
Canada	0.9	0.8	0.8	0.9	1.0
Mexico	1.0	1.0	1.0	1.0	1.0
Europe	20.1	20.1	19.8	17.3	18.7
EU-27	16.0	16.0	15.9	14.0	15.1
Germany	4.8	4.7	4.3	3.9	4.4
Italy	2.3	2.3	2.3	2.2	2.3
France	2.0	2.0	1.8	1.6	1.8
Spain	0.9	0.8	0.9	0.7	0.8
Netherlands	1.1	0.9	1.1	0.7	0.8
Belgium	0.6	0.6	1.0	0.7	0.7
Sweden	0.7	0.6	0.7	0.6	0.6
Ireland	0.6	0.7	0.6	0.7	0.6
Austria	0.6	0.6	0.6	0.5	0.6
Denmark	0.4	0.5	0.5	0.4	0.5
EFTA	1.3	1.3	1.2	1.1	1.2
Switzerland	1.2	1.2	1.1	1.0	1.0
Other – Europe	2.8	2.8	2.6	2.2	2.4
United Kingdom	2.3	2.4	2.2	1.8	1.9
CIS <sup>a</sup>	0.1	0.2	0.2	0.3	0.0
Africa	1.3	1.2	1.4	1.2	1.0
Middle East	1.5	1.5	1.2	1.4	1.0
Asia	61.4	61.8	63.5	65.9	64.3
China	25.8	28.8	27.7	26.8	25.3
Japan	7.0	6.1	6.2	5.9	6.3
Other – Asia	28.5	27.0	29.6	33.1	32.7
Korea, Republic of	4.0	3.1	3.9	6.5	6.4
Thailand	4.8	4.9	4.6	4.2	4.7
Malaysia	3.6	3.3	4.1	4.1	4.5
Singapore	3.4	2.5	3.9	4.7	3.9
Viet Nam	2.0	2.1	2.1	2.3	2.4
Chinese Taipei	1.8	1.7	2.1	2.8	2.3
India	1.5	1.8	2.5	2.4	2.2
New Zealand	2.5	2.4	2.0	1.7	1.8
Indonesia	1.6	1.6	1.5	1.4	1.4
Brunei Darussalam	0.4	0.5	0.7	1.0	0.8
Papua New Guinea	1.3	1.2	0.7	0.6	0.8
Other	0.6	0.4	0.7	0.8	0.4
<i>Memorandum:</i>					
USD/AUD (period average)	0.695	0.690	0.752	0.695	0.665

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on data from DFAT, *Trade Statistical Pivot Tables*. Viewed at: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-statistical-pivot-tables>.

**Table A2.1 Notifications under WTO agreements, 1 January 2020-31 October 2024**

<b>Agreement</b>	<b>Requirement</b>	<b>Symbol and date of notification</b>
<b>Agreement on Agriculture</b>		
Articles 10 and 18.2	Export subsidies (ES:1, ES:2, ES:3)	<a href="#">G/AG/N/AUS/161</a> , 20/08/2024 <a href="#">G/AG/N/AUS/154</a> , 30/08/2023 <a href="#">G/AG/N/AUS/153</a> , 30/08/2023 <a href="#">G/AG/N/AUS/152</a> , 30/08/2023 <a href="#">G/AG/N/AUS/147</a> , 06/05/2022 <a href="#">G/AG/N/AUS/146</a> , 06/05/2022 <a href="#">G/AG/N/AUS/145</a> , 06/05/2022 <a href="#">G/AG/N/AUS/140</a> , 22/09/2021 <a href="#">G/AG/N/AUS/139</a> , 22/09/2021 <a href="#">G/AG/N/AUS/138</a> , 21/09/2021 <a href="#">G/AG/N/AUS/137</a> , 21/09/2021 <a href="#">G/AG/N/AUS/133</a> , 30/01/2020 <a href="#">G/AG/N/AUS/132</a> , 30/01/2020
Article 16.2	Net food-importing decision: food and other assistance (NF:1)	<a href="#">G/AG/N/AUS/156</a> , 25/09/2023 <a href="#">G/AG/N/AUS/151</a> , 03/04/2023 <a href="#">G/AG/N/AUS/143</a> , 10/03/2022 <a href="#">G/AG/N/AUS/134</a> , 04/03/2020
Article 18.2	Domestic support: total aggregate measure of support (DS:1)	<a href="#">G/AG/N/AUS/157/Rev.1</a> , 10/11/2023 <a href="#">G/AG/N/AUS/157</a> , 13/10/2023 <a href="#">G/AG/N/AUS/129/Rev.1</a> , 23/08/2022 <a href="#">G/AG/N/AUS/142</a> , 02/11/2021
Article 18.2	Market access: volume of imports under tariff and other quotas (MA:2)	<a href="#">G/AG/N/AUS/149</a> , 21/03/2023 <a href="#">G/AG/N/AUS/144</a> , 10/03/2022 <a href="#">G/AG/N/AUS/135</a> , 29/07/2020
Article 18.3	Domestic support: new or modified exempt domestic support measures (DS:2)	<a href="#">G/AG/N/AUS/158</a> , 08/11/2023 <a href="#">G/AG/N/AUS/155/Rev.1</a> , 08/11/2023 <a href="#">G/AG/N/AUS/155</a> , 14/09/2023 <a href="#">G/AG/N/AUS/141</a> , 02/11/2021
Articles 5.7 and 18.2	Special safeguard provisions (MA:5)	<a href="#">G/AG/N/AUS/159</a> , 07/03/2024 <a href="#">G/AG/N/AUS/150</a> , 21/03/2023 <a href="#">G/AG/N/AUS/148</a> , 08/08/2022 <a href="#">G/AG/N/AUS/136</a> , 01/02/2021 <a href="#">G/AG/N/AUS/131</a> , 16/01/2020
<b>General Agreement on Trade in Services</b>		
Article III:3	Transparency: laws, regulations, administrative guidelines	<a href="#">S/C/N/1042</a> , 05/02/2021 <a href="#">S/C/N/991</a> , 13/03/2020
Articles III:4 and IV:2	Transparency and increasing participation of developing countries: contact and enquiry points	<a href="#">S/ENQ/78/Rev.24</a> , 29/04/2024 <a href="#">S/ENQ/78/Rev.22</a> , 10/02/2022 <a href="#">S/ENQ/78/Rev.21</a> , 12/02/2021
Article V:7(a)	Regional trade agreement: India Regional trade agreement: United Kingdom Regional trade agreement: CPTPP with Peru, Malaysia, Chile, Brunei Darussalam Regional trade agreement: Pacific Agreement on Closer Economic Relations Plus (PACER Plus) Regional trade agreement: Indonesia Regional trade agreement: Peru Regional trade agreement: Hong Kong, China	<a href="#">S/C/N/1139</a> , 11/09/2023 <a href="#">S/C/N/1136</a> , 23/06/2023 <a href="#">S/C/N/920/Add.1</a> , 09/06/2023 <a href="#">S/C/N/920/Add.2</a> , 15/02/2023 <a href="#">S/C/N/920/Add.3</a> , 27/01/2023 <a href="#">S/C/N/920/Add.4</a> , 14/03/2022 <a href="#">S/C/N/1052</a> , 12/04/2021 <a href="#">S/C/N/1052/Add.1</a> , 14/10/2022 <a href="#">S/C/N/1040</a> , 27/01/2021 <a href="#">S/C/N/1015</a> , 24/06/2020 <a href="#">S/C/N/986</a> , 17/01/2020
Article VII:4	Recognition measures	<a href="#">S/C/N/1014</a> , 16/06/2020

Agreement	Requirement	Symbol and date of notification
<b>Agreement on the Implementation of Article VI GATT 1994 (anti-dumping)</b>		
Article 16.4	Anti-dumping actions ( <i>ad hoc</i> )	<a href="#">G/ADP/N/403</a> , 15/10/2024 <a href="#">G/ADP/N/402</a> , 16/09/2024 <a href="#">G/ADP/N/401</a> , 13/08/2024 <a href="#">G/ADP/N/400</a> , 09/07/2024 <a href="#">G/ADP/N/398</a> , 06/06/2024 <a href="#">G/ADP/N/397</a> , 14/05/2024 <a href="#">G/ADP/N/396</a> , 08/04/2024 <a href="#">G/ADP/N/395</a> , 06/03/2024 <a href="#">G/ADP/N/394</a> , 16/02/2024 <a href="#">G/ADP/N/393</a> , 23/01/2024 <a href="#">G/ADP/N/392</a> , 12/12/2023 <a href="#">G/ADP/N/390</a> , 13/11/2023 <a href="#">G/ADP/N/388</a> , 11/09/2023 <a href="#">G/ADP/N/387</a> , 16/08/2023 <a href="#">G/ADP/N/386</a> , 12/07/2023 <a href="#">G/ADP/N/385</a> , 07/06/2023 <a href="#">G/ADP/N/383</a> , 09/05/2023 <a href="#">G/ADP/N/382</a> , 12/04/2023 <a href="#">G/ADP/N/380</a> , 07/02/2023 <a href="#">G/ADP/N/379</a> , 23/01/2023 <a href="#">G/ADP/N/378</a> , 09/12/2022 <a href="#">G/ADP/N/376</a> , 11/11/2022 <a href="#">G/ADP/N/375</a> , 10/10/2022 <a href="#">G/ADP/N/374</a> , 06/09/2022 <a href="#">G/ADP/N/373</a> , 08/08/2022 <a href="#">G/ADP/N/372</a> , 07/07/2022 <a href="#">G/ADP/N/371</a> , 15/06/2022 <a href="#">G/ADP/N/369</a> , 05/05/2022 <a href="#">G/ADP/N/368</a> , 11/04/2022 <a href="#">G/ADP/N/367</a> , 15/03/2022 <a href="#">G/ADP/N/366</a> , 24/02/2022 <a href="#">G/ADP/N/365</a> , 24/01/2022 <a href="#">G/ADP/N/363</a> , 08/12/2021 <a href="#">G/ADP/N/362</a> , 16/11/2021 <a href="#">G/ADP/N/361</a> , 15/10/2021 <a href="#">G/ADP/N/360</a> , 15/09/2021 <a href="#">G/ADP/N/359</a> , 09/08/2021 <a href="#">G/ADP/N/358</a> , 15/07/2021 <a href="#">G/ADP/N/356</a> , 09/06/2021 <a href="#">G/ADP/N/355</a> , 11/05/2021 <a href="#">G/ADP/N/354</a> , 13/04/2021 <a href="#">G/ADP/N/353</a> , 10/03/2021 <a href="#">G/ADP/N/352</a> , 23/02/2021 <a href="#">G/ADP/N/351</a> , 26/01/2021 <a href="#">G/ADP/N/349</a> , 17/12/2020 <a href="#">G/ADP/N/348</a> , 13/11/2020 <a href="#">G/ADP/N/347</a> , 15/10/2020 <a href="#">G/ADP/N/346</a> , 09/09/2020 <a href="#">G/ADP/N/345</a> , 19/08/2020 <a href="#">G/ADP/N/344</a> , 15/07/2020 <a href="#">G/ADP/N/343</a> , 18/06/2020 <a href="#">G/ADP/N/341</a> , 20/05/2020 <a href="#">G/ADP/N/340</a> , 24/04/2020 <a href="#">G/ADP/N/339</a> , 30/03/2020 <a href="#">G/ADP/N/338</a> , 27/02/2020 <a href="#">G/ADP/N/337</a> , 29/01/2020
Article 16.4	Anti-dumping actions (semi)	<a href="#">G/ADP/N/399/AUS</a> , 20/08/2024 <a href="#">G/ADP/N/391/AUS</a> , 06/03/2024 <a href="#">G/ADP/N/384/AUS</a> , 30/08/2023 <a href="#">G/ADP/N/377/AUS</a> , 24/03/2023 <a href="#">G/ADP/N/370/AUS</a> , 04/10/2022 <a href="#">G/ADP/N/364/AUS</a> , 14/03/2022 <a href="#">G/ADP/N/357/AUS</a> , 23/09/2021 <a href="#">G/ADP/N/350/AUS</a> , 19/04/2021 <a href="#">G/ADP/N/342/AUS</a> , 31/08/2020 <a href="#">G/ADP/N/335/AUS</a> , 20/02/2020
Article 16.5	Competent authorities	<a href="#">G/ADP/N/14/Add.58</a> , 25/04/2023 <a href="#">G/ADP/N/14/Add.54</a> , 21/04/2021
<b>GATT 1994</b>		
Article XVII:4(a)	State trading activities	<a href="#">G/STR/N/20/AUS</a> , 25/03/2024 <a href="#">G/STR/N/19/AUS</a> , 02/05/2022 <a href="#">G/STR/N/18/AUS</a> , 22/04/2021

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Article XXIV:7(a)	Regional trade agreement: India	<a href="#">WT/REG473/N/1</a> , 11/09/2023
	Regional trade agreement: United Kingdom	<a href="#">WT/REG471/N/1</a> , 23/06/2023
	Regional trade agreement: CPTPP with Peru, Malaysia, Chile, Brunei Darussalam	<a href="#">WT/REG395/N/5</a> , 09/06/2023
	Regional trade agreement: Pacific Agreement on Closer Economic Relations Plus (PACER Plus)	<a href="#">WT/REG395/N/4</a> , 15/02/2023
	Regional trade agreement: Indonesia	<a href="#">WT/REG395/N/3</a> , 27/01/2023
	Regional trade agreement: Peru	<a href="#">WT/REG395/N/2</a> , 14/03/2022
	Regional trade agreement: Hong Kong, China	<a href="#">WT/REG451/N/1</a> , 12/04/2021
		<a href="#">WT/REG451/N/2</a> , 14/10/2022
		<a href="#">WT/REG446/N/1</a> , 27/01/2021
		<a href="#">WT/REG404/N/1</a> , 24/06/2020
		<a href="#">WT/REG400/N/1</a> , 17/01/2020
<b>Agreement on Import Licensing Procedures</b>		
Article 7.3	Replies to questionnaire on import licensing procedures	<a href="#">G/LIC/N/3/AUS/17</a> , 02/10/2024
		<a href="#">G/LIC/N/3/AUS/16</a> , 05/10/2023
		<a href="#">G/LIC/N/3/AUS/15</a> , 30/09/2022
		<a href="#">G/LIC/N/3/AUS/14</a> , 28/09/2021
		<a href="#">G/LIC/N/3/AUS/13</a> , 26/10/2020
<b>Agreement on Subsidies and Countervailing Measures</b>		
Article 25.1	Subsidies	<a href="#">G/SCM/N/401/AUS</a> , 24/01/2024
		<a href="#">G/SCM/N/372/AUS</a> , 18/10/2021
Article 25.11	Countervailing duty actions ( <i>ad hoc</i> )	<a href="#">G/SCM/N/426</a> , 10/10/2024
		<a href="#">G/SCM/N/425</a> , 17/09/2024
		<a href="#">G/SCM/N/424</a> , 13/08/2024
		<a href="#">G/SCM/N/423</a> , 04/07/2024
		<a href="#">G/SCM/N/421</a> , 05/06/2024
		<a href="#">G/SCM/N/420</a> , 05/08/2024
		<a href="#">G/SCM/N/419</a> , 11/04/2024
		<a href="#">G/SCM/N/418</a> , 07/03/2024
		<a href="#">G/SCM/N/415</a> , 06/12/2023
		<a href="#">G/SCM/N/413</a> , 03/11/2023
		<a href="#">G/SCM/N/411</a> , 06/09/2023
		<a href="#">G/SCM/N/410</a> , 09/08/2023
		<a href="#">G/SCM/N/409</a> , 05/07/2023
		<a href="#">G/SCM/N/408</a> , 12/06/2023
		<a href="#">G/SCM/N/406</a> , 05/05/2023
		<a href="#">G/SCM/N/403</a> , 06/02/2023
		<a href="#">G/SCM/N/402</a> , 23/01/2023
		<a href="#">G/SCM/N/398</a> , 09/11/2022
		<a href="#">G/SCM/N/397</a> , 05/10/2022
		<a href="#">G/SCM/N/396</a> , 13/09/2022
		<a href="#">G/SCM/N/395</a> , 30/08/2022
		<a href="#">G/SCM/N/394</a> , 04/07/2022
		<a href="#">G/SCM/N/393</a> , 03/06/2022
		<a href="#">G/SCM/N/391</a> , 09/05/2022
		<a href="#">G/SCM/N/390</a> , 06/04/2022
		<a href="#">G/SCM/N/389</a> , 08/03/2022
		<a href="#">G/SCM/N/388</a> , 21/02/2022
		<a href="#">G/SCM/N/387</a> , 18/01/2022
		<a href="#">G/SCM/N/385</a> , 06/12/2021
		<a href="#">G/SCM/N/384</a> , 11/11/2021
		<a href="#">G/SCM/N/382</a> , 15/09/2021
		<a href="#">G/SCM/N/381</a> , 06/08/2021
		<a href="#">G/SCM/N/380</a> , 06/07/2021
		<a href="#">G/SCM/N/378</a> , 03/06/2021
		<a href="#">G/SCM/N/377</a> , 07/05/2021
		<a href="#">G/SCM/N/376</a> , 09/04/2021
		<a href="#">G/SCM/N/374</a> , 19/02/2021
		<a href="#">G/SCM/N/373</a> , 21/01/2021
		<a href="#">G/SCM/N/370</a> , 07/12/2020
		<a href="#">G/SCM/N/369</a> , 06/11/2020
		<a href="#">G/SCM/N/368</a> , 09/10/2020
		<a href="#">G/SCM/N/369</a> , 06/11/2020
		<a href="#">G/SCM/N/368</a> , 09/10/2020
		<a href="#">G/SCM/N/367</a> , 08/09/2020
		<a href="#">G/SCM/N/366</a> , 20/08/2020
		<a href="#">G/SCM/N/365</a> , 13/07/2020
		<a href="#">G/SCM/N/364</a> , 12/06/2020
		<a href="#">G/SCM/N/362</a> , 15/05/2020
		<a href="#">G/SCM/N/361</a> , 24/04/2020
		<a href="#">G/SCM/N/359</a> , 26/02/2020
		<a href="#">G/SCM/N/358</a> , 27/01/2020

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Article 25.11	Countervailing duty actions (semi)	<a href="#">G/SCM/N/422/AUS</a> , 21/08/2024 <a href="#">G/SCM/N/414/AUS</a> , 04/03/2024 <a href="#">G/SCM/N/407/AUS</a> , 01/09/2023 <a href="#">G/SCM/N/399/AUS</a> , 20/03/2023 <a href="#">G/SCM/N/392/AUS</a> , 14/09/2022 <a href="#">G/SCM/N/386/AUS</a> , 13/04/2022 <a href="#">G/SCM/N/379/AUS</a> , 22/09/2021 <a href="#">G/SCM/N/371/AUS</a> , 29/03/2021 <a href="#">G/SCM/N/363/AUS</a> , 08/09/2020 <a href="#">G/SCM/N/356/AUS</a> , 21/02/2020
Article 25.12	Competent authorities	<a href="#">G/SCM/N/18/Add.58</a> , 25/04/2023 <a href="#">G/SCM/N/18/Add.54</a> , 21/04/2021
<b>Agreement on Trade Facilitation</b>		
Trade Facilitation Agreement	Notification under Articles 22.1 and 22.2	<a href="#">G/TFA/N/AUS/7</a> , 30/05/2023 <a href="#">G/TFA/N/AUS/6</a> , 30/05/2023 <a href="#">G/TFA/N/AUS/5</a> , 31/03/2021 <a href="#">G/TFA/N/AUS/4</a> , 21/07/2020
Trade Facilitation Agreement	Notification under Articles 1.4, 10.4.3, 10.6.2, and 12.2.2	<a href="#">G/TFA/N/AUS/1/Rev.3</a> , 29/09/2022 <a href="#">G/TFA/N/AUS/1/Rev.2</a> , 29/06/2020
<b>Agreement on the Application of Sanitary and Phytosanitary Measures</b>		
Article 7, Annex B	Sanitary/phytosanitary regulations	186 notifications, see series <a href="#">G/SPS/N/AUS/</a> or <a href="http://eping.wto.org/">http://eping.wto.org/</a>
<b>Agreement on Technical Barriers to Trade</b>		
Article 2.9	Technical regulations	85 notifications, see series <a href="#">G/TBT/N/AUS/</a> or <a href="http://eping.wto.org/">http://eping.wto.org/</a>
Articles 2.9 and 5.6	Technical regulations and conformity assessment procedures	<a href="#">G/TBT/N/AUS/151/Add.2</a> , 26/04/2024 <a href="#">G/TBT/N/AUS/151/Add.1</a> , 11/09/2023 <a href="#">G/TBT/N/AUS/151</a> , 05/01/2023
Article 10.6	Information about technical regulations, standards and conformity assessment procedures	<a href="#">G/TBT/N/AUS/166/Add.1</a> , 28/03/2024 <a href="#">G/TBT/N/AUS/166</a> , 13/02/2024
Article 15.2	Implementation and administration of the Agreement	<a href="#">G/TBT/15.2/N/AUS</a> , 04/06/2024
<b>Trade-Related Aspects of Intellectual Property Rights</b>		
Article 63.2	Laws and regulations	<a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/T/16/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/P/18/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/C/29/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/27/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/T/17/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/P/19/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/C/30/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/28/Rev.1</a> , 10/07/2024 <a href="#">IP/N/1/AUS/T/18</a> , 12/06/2024 <a href="#">IP/N/1/AUS/P/20</a> , 12/06/2024 <a href="#">IP/N/1/AUS/C/31</a> , 12/06/2024 <a href="#">IP/N/1/AUS/29</a> , 12/06/2024 <a href="#">IP/N/1/AUS/T/17</a> , 31/05/2024 <a href="#">IP/N/1/AUS/P/19</a> , 31/05/2024 <a href="#">IP/N/1/AUS/C/30</a> , 31/05/2024 <a href="#">IP/N/1/AUS/28</a> , 31/05/2024 <a href="#">IP/N/1/AUS/T/16</a> , 24/05/2024 <a href="#">IP/N/1/AUS/P/18</a> , 24/05/2024 <a href="#">IP/N/1/AUS/C/29</a> , 24/05/2024 <a href="#">IP/N/1/AUS/27</a> , 24/05/2024 <a href="#">IP/N/1/AUS/T/15</a> , 23/05/2024 <a href="#">IP/N/1/AUS/P/17</a> , 23/05/2024 <a href="#">IP/N/1/AUS/C/28</a> , 23/05/2024

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		<a href="#">IP/N/1/AUS/26</a> , 23/05/2024 <a href="#">IP/N/1/AUS/25</a> , 26/01/2023 <a href="#">IP/N/1/AUS/C/27</a> , 26/01/2023 <a href="#">IP/N/1/AUS/24</a> , 12/11/2021 <a href="#">IP/N/1/AUS/D/11</a> , 12/11/2021 <a href="#">IP/N/1/AUS/23</a> , 12/08/2020 <a href="#">IP/N/1/AUS/D/10</a> , 12/08/2020 <a href="#">IP/N/1/AUS/P/16</a> , 12/08/2020 <a href="#">IP/N/1/AUS/T/14</a> , 12/08/2020 <a href="#">IP/N/1/AUS/22</a> , 11/08/2020 <a href="#">IP/N/1/AUS/P/15</a> , 11/08/2020
<b>Government Procurement</b>		
Article VI:3	Modifications to Appendices	<a href="#">GPA/MOD/AUS/7</a> , 30/11/2023 <a href="#">GPA/MOD/AUS/4</a> , 30/03/2022 <a href="#">GPA/MOD/AUS/2</a> , 21/12/2020
Article XIX	Modifications and rectifications to coverage	<a href="#">GPA/MOD/AUS/6</a> , 29/11/2023 <a href="#">GPA/MOD/AUS/5</a> , 04/04/2022 <a href="#">GPA/MOD/AUS/3</a> , 27/01/2021
Article XVI:4-5	Statistics	<a href="#">GPA/STAT(21)/AUS/1</a> , 13/03/2024 <a href="#">GPA/STAT(20)/AUS/1</a> , 01/06/2023 <a href="#">GPA/STAT(19)/AUS/1</a> , 11/03/2022
Article XXII:5	Domestic legislation	<a href="#">GPA/LEGIS/AUS/12</a> , 27/09/2024 <a href="#">GPA/LEGIS/AUS/11</a> , 27/09/2024 <a href="#">GPA/LEGIS/AUS/10</a> , 27/09/2024 <a href="#">GPA/LEGIS/AUS/9</a> , 27/09/2024 <a href="#">GPA/LEGIS/AUS/8</a> , 02/11/2023 <a href="#">GPA/LEGIS/AUS/7</a> , 02/11/2023 <a href="#">GPA/LEGIS/AUS/6</a> , 04/04/2022 <a href="#">GPA/LEGIS/AUS/5</a> , 27/01/2021 <a href="#">GPA/LEGIS/AUS/4</a> , 18/12/2020 <a href="#">GPA/LEGIS/AUS/3</a> , 18/12/2020 <a href="#">GPA/LEGIS/AUS/2</a> , 18/12/2020 <a href="#">GPA/LEGIS/AUS/1</a> , 18/12/2020
Appendix I	Procurement thresholds	<a href="#">GPA/THR/AUS/4</a> , 12/12/2023 <a href="#">GPA/THR/AUS/3</a> , 17/12/2021 <a href="#">GPA/THR/AUS/2</a> , 08/01/2020
<b>Agreement on Rules of Origin</b>		
Paragraph 4 of Annex II	Preferential rules of origin	<a href="#">G/RO/N/264</a> , 28/09/2023 <a href="#">G/RO/N/260</a> , 28/09/2023 <a href="#">G/RO/N/252</a> , 04/05/2023 <a href="#">G/RO/N/251</a> , 04/05/2023 <a href="#">G/RO/N/248</a> , 04/05/2023 <a href="#">G/RO/N/224</a> , 29/04/2021 <a href="#">G/RO/N/220</a> , 29/04/2021 <a href="#">G/RO/N/200</a> , 21/07/2020 <a href="#">G/RO/N/193</a> , 18/02/2020

Agreement	Requirement	Symbol and date of notification
<b>Decision on Notification Procedures for Quantitative Restrictions</b>		
<a href="#">G/L/59/Rev.1</a>	Quantitative restrictions ( <i>ad hoc</i> )	<a href="#">G/MA/QR/N/AUS/6/Add.3</a> , 17/05/2024 <a href="#">G/MA/QR/N/AUS/6/Add.2</a> , 10/11/2023 <a href="#">G/MA/QR/N/AUS/6/Add.1</a> , 27/04/2023 <a href="#">G/MA/QR/N/AUS/5/Add.5</a> , 23/02/2023 <a href="#">G/MA/QR/N/AUS/5/Add.4</a> , 06/07/2022 <a href="#">G/MA/QR/N/AUS/5/Add.3</a> , 17/02/2022 <a href="#">G/MA/QR/N/AUS/5/Add.2/Corr.1</a> , 26/08/2021 <a href="#">G/MA/QR/N/AUS/5/Add.2</a> , 30/07/2021 <a href="#">G/MA/QR/N/AUS/5/Add.1</a> , 13/07/2021 <a href="#">G/MA/QR/N/AUS/4/Add.3</a> , 18/12/2020 <a href="#">G/MA/QR/N/AUS/4/Add.2</a> , 08/09/2020 <a href="#">G/MA/QR/N/AUS/4/Add.1</a> , 18/06/2020 <a href="#">G/MA/QR/N/AUS/3/Add.1/Corr.1</a> , 29/04/2020 <a href="#">G/MA/QR/N/AUS/3/Add.1</a> , 16/04/2020
<a href="#">G/L/59/Rev.1</a>	Quantitative restrictions (biennial)	<a href="#">G/MA/QR/N/AUS/7</a> , 30/10/2024 <a href="#">G/MA/QR/N/AUS/6</a> , 30/09/2022 <a href="#">G/MA/QR/N/AUS/5</a> , 05/10/2020 <a href="#">G/MA/QR/N/AUS/4</a> , 12/05/2020

Source: WTO Secretariat.

**Table A2.2 Overview of international investment instruments, 2024**

IPPAs	FTAs	Agreement
Argentina (1997); China (1989); Czech Republic (1994); Egypt (2002); Hungary (1992); Lao, PDR (1995); Lithuania (2002); Pakistan (1998); Papua New Guinea (1991); Philippines (1995); Poland (1992); Romania (1994); Sri Lanka (2007); Türkiye (2009); and Uruguay (2022)	Australia-New Zealand (ANZCERTA or CER), Singapore-Australia (SAFTA), Australia-United States (AUSFTA), Thailand-Australia (TAFTA), Australia-Chile (ACIFTA), ASEAN-Australia-New Zealand (AANZFTA), Malaysia-Australia (MAFTA), Korea-Australia (KAFTA), Japan-Australia (JAIPA), China-Australia (ChAFTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Peru-Australia (PAFTA), Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), Pacific Agreement on Closer Economic Relations Plus (PACER Plus), Regional Comprehensive Economic Partnership (RCEP), and Australia-United Kingdom Free Trade Agreement (A-UKFTA)	Australia-Hong Kong Investment Agreement

Source: DFAT, Australia's Bilateral Investment Treaties. Viewed at: <https://www.dfat.gov.au/trade/investment/australias-bilateral-investment-treaties>; and DFAT, Australia's Free Trade Agreements (FTAs). Viewed at: <https://www.dfat.gov.au/trade/agreements/trade-agreements>.

**Table A3.1 MFN applied tariff summary by WTO product categories, 2024 (as of 1 July)**

	Number of lines	Average (%)	Range (%)	Duty-free (%)
<b>Total</b>	<b>6,752</b>	<b>2.2</b>	<b>0-22.8</b>	<b>56.3</b>
<b>WTO agricultural products</b>	<b>883</b>	<b>1.3</b>	<b>0-22.8</b>	<b>74.6</b>
Live animals and meat	110	0.3	0-5	93.6
Dairy products	28	3.3	0-22.8	71.4
Fruits and vegetables	198	1.6	0-5	68.7
Coffee, tea, cocoa and spices	54	0.5	0-5	90.7
Cereals and food preparations	86	1.4	0-5	69.8
Oilseeds, fats and oils	74	0.9	0-5	81.1
Sugars and confectionery	18	1.6	0-5	66.7
Beverages and tobacco	128	3.1	0-5	38.3
Cotton, silk and wool	25	0.0	0-0	100.0
Other agricultural products	162	0.5	0-5	89.5
<b>WTO non-agricultural products</b>	<b>5,869</b>	<b>2.3</b>	<b>0-5</b>	<b>53.6</b>
Fish and fish products	261	0.02	0-5	99.6
Minerals and metals	942	2.7	0-5	45.9
Petroleum	52	0.0	0-0	100.0
Chemicals	1,151	1.7	0-5	66.1
Wood, paper, furniture	524	2.4	0-5	52.9
Textiles	671	3.4	0-5	31.6
Clothing	250	4.2	0-5	16.0
Rubber, leather and footwear	193	3.5	0-5	30.6
Mechanical, office and computing machinery	673	2.2	0-5	56.2
Electrical machinery and electronic equipment	399	1.9	0-5	61.9
Transport equipment	307	3.4	0-5	31.6
Other manufactures	446	1.3	0-5	74.0

Note: Averages exclude in-quota rates and include AVEs for non-*ad valorem* rates.

Source: WTO Secretariat calculations, based on data provided by the authorities.

**Table A3.2 Import prohibitions or restrictions, 2024**

Product	HS	Justification	Legislation	Type
Animal and plant species and all products manufactured from species (including some medicinal products) listed in the appendices to the CITES	Various	GATT, Article XX(b); CITES	Part 13A of the Environment Protection and Biodiversity Conservation Act 1999	Prohibition
Cat and dog fur	Various, including 4103.90ex, 4301.80ex, 4301.90ex, 4302.19ex, 4302.20ex, 4302.30ex, 4303.10ex, 4303.90ex	GATT, Article XX(a) and XX(b)	Regulation 9AB of Customs (Prohibited Exports) Regulations 1958 Regulation 4W of the Customs (Prohibited Imports) Regulations 1956	Prohibition, unless the permission of the Minister for Home Affairs, or an authorized person, has been obtained
Dogs of the following breeds – dogo Argentino; fila Brasileiro; Japanese tosa; American pit bull terrier or pit bull terrier; Perro de Presa Canario or Presa Canario	0106.19ex	GATT, Article XX(b)	Regulation 3 of the Customs (Prohibited Imports) Regulations 1956	Prohibition
Rough diamonds – Kimberley Process	7102.10, 7102.21, 7102.31	Waiver concerning Kimberley Process Certification Scheme for Rough Diamonds ( <a href="#">WT/L/1039</a> ); UN Security Council Resolution <a href="#">S/RES/1459</a> (2003)	Regulation 4MA of the Customs (Prohibited Imports) Regulations 1956; Regulation 9AA of the Customs (Prohibited Exports) Regulations 1958	Prohibition, unless imported from a country participating in the Kimberley Process Certification Scheme and must be accompanied by a Kimberley Process Certificate
Asbestos and certain goods containing asbestos	Various, including 2524, 2715, 3214, 6811.40, 6812.80, 6812.99ex, 6813.20, 8425.31, 8703.21, 8711	GATT, Article XX(b); Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention)	Regulation 4 and Schedule 1 of the Customs (Prohibited Export) Regulations 1958; Regulation 4C of the Customs (Prohibited Imports) Regulations 1956; Hazardous Waste (Regulation of Exports and Imports) Act 1989 (HW Act)	Prohibition, unless under certain exceptions
Suicide devices	Various	GATT, Article XX(b)	Regulation 3AA of the Customs (Prohibited Imports) Regulations 1956	Prohibition
Counterfeit credit cards	8523.21	GATT, Article XX(d)	Regulation 4T of the Customs (Prohibited Imports) Regulations 1956	Prohibition, unless permission has been given by the Minister for Home Affairs
Cultural heritage goods	Various, including 9705	GATT, Article XX(f); 1970 UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property	Protection of Movable Cultural Heritage Act 1986; Protection of Movable Cultural Heritage Regulations 2018	Prohibition
Anabolic or androgenic substances (importation of certain substances)	Various	GATT, Article XX(b)	Regulation 5G of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Lighters	9613	GATT, Article XX(b)	Regulation 4S of the Customs (Prohibited Imports) Regulations 1956	Non-automatic

Product	HS	Justification	Legislation	Type
Fish, or parts of fish, including all species of bony fish, sharks, rays, crustaceans, molluscs and other marine organisms, but not including marine mammals, marine reptiles or toothfish	Covering both general "fish" and specifically "toothfish". Various including 0301, 0302, 0303, 0304, and 0302.83.00 (toothfish)	GATT, Article XX(b) and XX(g); Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR – for toothfish)	Regulation 4B (fish) and 4BA (Toothfish) of the Customs (Prohibited Imports) Regulations 1956	Prohibition, unless permission has been given by the Minister administering the Fisheries Management Act; applies to fish taken by a foreign registered vessel; taken in waters outside Australian Fishing Zone; not landed at port or place in a country outside of Australia prior to importation
Narcotic drugs, psychotropic substances and related chemicals (including kava)	Various	GATT, Article XX(b); UN Single Convention on Narcotic Drugs, 1954; UN Convention on Psychotropic Substances, 1971; and UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, Tables I and II	Regulation 5F of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Signal jammers	8543	GATT, Article XX(b) and XX(d)	Regulation 4 and Schedule 3 Item 11 of the Customs (Prohibited Imports) Regulations 1956	Prohibition, unless specific exemption applies under the Radiocommunications Act

Source: WTO documents [G/MA/QR/N/AUS/7](#), 30 October 2024; [G/MA/QR/N/AUS/6](#), 30 September 2022; [G/MA/QR/N/AUS/6/Add.2](#), 10 November 2023; and [G/MA/QR/N/AUS/6/Add.1](#), 27 April 2023; and ABF, *Prohibited Goods*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/prohibited-goods/list-of-items>.

**Table A3.3 Products subject to import licensing, 2024**

Product	HS	Justification	Legislation	Automatic or Non-automatic	
Animal and plant species and all products manufactured from species (including some medicinal products) listed in the appendices to the CITES	Various	GATT, Article XX(b); CITES	Part 13A of the Environment Protection and Biodiversity Conservation Act 1999 and Biosecurity Act 2015	Non-automatic	
Antarctic toothfish and Patagonian toothfish found in sub-Antarctic and Antarctic waters, including waters around Australia's external territory of Heard Island and McDonald Islands	0302.83, 0303.83, 0304.85, 0304.92	GATT, Article XX(b); Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)	Regulation 6 of the Customs (Prohibited Exports) Regulations 1958; Regulation 4BA of the Customs (Prohibited Imports) Regulations 1956	Non-automatic	
Ozone depleting substances (ODS) and synthetic greenhouse gases (SGG)	Various including 2903.71-2903.75, 2903.76-2903.79, 2903.14, 2903.19, 2903.39, 3827.11	GATT, Article XX(b); Montreal Protocol on Substances that Deplete the Ozone Layer (the Montreal Protocol); UN Framework Convention on Climate Change (UNFCCC)	Ozone Protection and Synthetic Greenhouse Gas Management Act 1989; Regulation 5K of the Customs (Prohibited Imports) Regulations 1956	Non-automatic	
Drugs (including narcotic drugs, psychotropic substances and related chemicals)	Various	GATT, Article XX(b); UN Single Convention on Narcotic Drugs, 1954; UN Convention on Psychotropic Substances, 1971; UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, Tables I and II	Regulation 5 corresponding Schedule 4 of the Customs (Prohibited Imports) Regulations 1956; Customs Act 1901	Non-automatic	
Industrial chemicals	Various	GATT, Article XX(b); Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	GATT, Article XX(b)	Chapter 6, Part 2, Divisions 1 and 2 of the Industrial Chemicals (General) Rules 2019	Non-automatic
Weapons and crowd control goods	Various, examples include, but are not limited to 8710ex, 8802ex, 9301ex, 9306ex, 9307ex	GATT, Article XX(b)	Regulation 4H of the Customs (Prohibited Imports) Regulations 1956	Non-automatic	
Rough diamonds – Kimberley Process	7102.10, 7102.21, 7102.31	Waiver concerning Kimberley Process Certification Scheme for Rough Diamonds ( <a href="#">WT/L/1039</a> ); UN Security Council Resolution <a href="#">S/RES/1459</a> (2003)	Regulation 4MA of the Customs (Prohibited Imports) Regulations 1956. Regulation 9AA of the Customs (Prohibited Exports) Regulations 1958	Prohibition, unless imported from a country participating in the Kimberley Process Certification Scheme and must be accompanied by a Kimberley Process Certificate	
Tobacco – Unmanufactured leaf and tobacco refuse	2401	GATT, Article XX(b)	Regulation 4D of the Customs (Prohibited Imports) Regulations 1956; Customs Act 1901; Excise Act 1901	Non-automatic	

Product	HS	Justification	Legislation	Automatic or Non-automatic
Certain tobacco products, i.e. cigarettes, cigars, shisha/molasses tobacco; loose leaf tobacco for use in pipes or roll-your-own cigarettes	2403.19.90, 2403.9, 2403.91.00, 2403.99, 2403.99.80	GATT, Article XX(b)	Regulation 4DA of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Incandescent (filament) lamps	8539.22	GATT, Article XX(b)	Regulation 4VA of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Viable material derived from human embryo clones	3001ex	GATT, Article XX(a)	Regulation 5L of the Customs (Prohibited Imports) Regulations 1956; Prohibition of Human Cloning for Reproduction Act 2002	Non-automatic
Therapeutic goods	Various	GATT, Article XX(b)	Therapeutic Goods Act 1989, and its Regulations; Customs (Prohibited Imports) Regulations 1956	Non-automatic
Vaping goods (vapes), including vaping devices, disposable vapes, vaping substances and vaping accessories	2404.11, 2404.12, 2404.19, 8543.40, 8543.90	GATT, Article XX(b)	Therapeutic Goods Act 1989; Regulation 5A of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Ice pipes	Various	GATT, Article XX(b)	Regulation 4I of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Tablet presses and encapsulators	Includes but not limited to 84798990, 84799000, 84742000, 84748000, 84749000, 84799090, 84223090, 84229000	GATT, Article XX(b)	Regulation 4G of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Chemical weapons, certain chemical compounds and their precursors	Various	GATT, Article XXI(b)(ii); Australia Group, Chemical Weapons Convention	Regulation 5J of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Plastic explosives	3602	GATT, Article XXI(b)(ii); UN Convention on the Marking of Plastic Explosives for the Purpose of Detection (Montreal, 1991)	Customs Act 1901; Regulation 4AA of the Customs (Prohibited Imports) Regulations 1956; Criminal Code Act 1995 (Cth) (Criminal Code). Division 4A of the Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act 2012 for intangible exports, i.e. technology	Non-automatic
Security sensitive ammonium nitrate	3102.30	GATT, Article XX(b)	Regulation 4X of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Dog collars – protrusion	4205ex	GATT, Article XX(b)	Sub-regulation 4(1) of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Objectionable goods	Various, including 3704, 3705, 3706, 4901, 4902, 4910, 4911, 8523	GATT, Article XX(a)	Regulation 4A of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Flags, arms and seals	Various	GATT, Article XX(f)	Sub-regulation 4(2) of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Anzac goods	Various	GATT, Article XX(f)	Regulation 4V of the Customs (Prohibited Imports) Regulations 1956; Protection of Word "Anzac" Regulations (Anzac Regulations)	Non-automatic
Cheese and curd	0406.10, 0406.20, 0406.30, 0406.40.10, 0406.40.90, 0406.90.10, 0406.90.90	Quota administration	Customs Act 1901 (Customs Act); Customs Tariff Act 1995	Non-automatic

Product	HS	Justification	Legislation	Automatic or Non-automatic
Counterfeit credit cards	8523.21	GATT, Article XX(d)	Regulation 4T of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Genetically modified organisms (GMOs)	Various	GATT, Article XX(b)	Gene Technology Act 2000 (GT Act); Gene Technology Regulations 2001	Non-automatic
Hazardous goods	Various	GATT, Article XX(b)	Customs Act 1901 (Customs Act); Customs (Prohibited Imports) Regulations 1956	Non-automatic
Hazardous chemicals/waste	Various	GATT, Article XX(b); Basel Convention for the Control of Trans-boundary Movements of Hazardous Waste and their Disposal (Basel Convention)	Hazardous Waste (Regulation of Exports and Imports) Act 1989	Non-automatic
Road vehicles	87	GATT, Article XX(b)	Road Vehicle Standards Act 2018; Road Vehicle Standards Rules 2019	Non-automatic
Organochlorine chemicals	Various, including but not limited to 2903.82, 2903.83, 2903.91, 2903.92. See list at Schedule 9 to the Customs (Prohibited Import) Regulations 1956	GATT, Article XX(b)	Schedule 1 of the Agricultural and Veterinary Chemicals (Administration) Regulations 1995; Schedule 9 of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Woolpacks	6305.33, 6305.39	..	Regulation 4K of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Mercury <sup>a</sup>	280540	Minamata Convention on Mercury, Article 3	Sub-regulation 2(1) of the Customs (Prohibited Imports) Regulations 1956; Minamata Convention on Mercury (Minamata Convention); Industrial Chemicals (General) Rules 2019 (amended in September 2021); Agricultural and Veterinary Chemicals (Administration) Regulations 1995; Therapeutic Goods Regulations 1990	Non-automatic
Cetaceans (whales, dolphins and porpoises), parts of cetaceans or products derived from cetaceans	0106.12ex, 0507.90ex, 0511.99ex	GATT, Article XX(b); CITES	Environment Protection and Biodiversity Conservation Act 1999; Environment Protection and Biodiversity Conservation Regulations 2000	Non-automatic
Radioactive materials or substances, including radium, any radioactive isotope or any article containing any radioactive material or substance	2612, 2844, 2845.90, 2922.50, 3006.30, 3006.92ex, 8401.30, 8531, 9022.12, 9022.13, 9022.14, 9022.19, 9022.21, 9022.29, 9022.90, 9027	GATT, Article XX(b); International Atomic Energy Agency's Code of Conduct of the Safety and Security of Radioactive Sources	Regulation 4R of the Customs (Prohibited Imports) Regulation 1956	Non-automatic

.. Not available.

a Mercury means elemental mercury (Hg(0), CAS No. 7439-97-6) and includes mixtures of mercury (including alloys of mercury) with a mercury concentration of at least 95% by weight.

Source: WTO documents [G/MA/QR/N/AUS/7](#), 30 October 2024; [G/MA/QR/N/AUS/6](#), 30 September 2022; [G/MA/QR/N/AUS/6/Add.2](#), 10 November 2023; [G/MA/QR/N/AUS/6/Add.1](#), 27 April 2023; [G/LIC/N/3/AUS/17](#), 2 October 2024; and [G/LIC/N/3/AUS/16](#), 5 October 2023.

**Table A3.4 Export prohibitions or restrictions, 2024**

Product	HS	Justification	Legislation	Type
Live sheep	0104.10	GATT, Article XX (a) and (b)	Export Control Act 2020	Prohibition (Phase-out of all live sheep exports by sea by 1 May 2028)
Animal and plant species and all products manufactured from species (including some medicinal products) listed in the appendices to the CITES	Various	GATT, Article XX(b); CITES	Part 13A of the Environment Protection and Biodiversity Conservation Act 1999	Prohibition
Cat and dog fur	Various, including 4103.90ex, 4301.80ex, 4301.90ex, 4302.19ex, 4302.20ex, 4302.30ex, 4303.10ex, 4303.90ex	GATT, Article XX(a) and XX(b)	Regulation 9AB of Customs (Prohibited Exports) Regulations 1958; Regulation 4W of the Customs (Prohibited Imports) Regulations 1956	Prohibition, unless the permission of the Minister for Home Affairs, or an authorized person, has been obtained
Rough diamonds – Kimberley Process	7102.10, 7102.21, 7102.31	Waiver concerning Kimberley Process Certification Scheme for Rough Diamonds ( <a href="#">WT/L/1039</a> ); UN Security Council Resolution <a href="#">S/RES/1459</a> (2003)	Regulation 4MA of the Customs (Prohibited Imports) Regulations 1956; Regulation 9AA of the Customs (Prohibited Exports) Regulations 1958	Prohibition, unless exported to a country participating in the Kimberley Process Certification Scheme and must be accompanied by a Kimberley Process Certificate
Radioactive waste to Pacific Island Developing Countries	Various	GATT, Article XX(b); Convention to Ban the Importation into Forum Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region (Waigani Convention)	Regulation 13G of the Customs (Prohibited Exports) Regulations 1958	Prohibition, unless approved by the relevant Minister or an authorized person
Asbestos and certain goods containing asbestos	Various, including 2524, 2715, 3214, 6811.40, 6812.80, 6812.99ex, 6813.20, 8425.31, 8703.21, 8711	GATT, Article XX(b); Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention)	Regulation 4 and Schedule 1 of the Customs (Prohibited Export) Regulations 1958; Hazardous Waste (Regulation of Exports and Imports) Act 1989 (HW Act)	Prohibition, unless under certain exceptions
Medication purchased under prescription, in respect of which a Commonwealth benefit has been paid and is in excess of a reasonable amount for personal use	Various	GATT, Article XX(d)	National Health Act 1953	Prohibition
Human blood and tissue	Various, including 3001.90, 3002.10ex	GATT, Article XX(b)	Regulation 8 of Customs (Prohibited Exports) Regulations 1958	Prohibition, unless approval is obtained in writing from the Secretary of the Australian Government Department of Health and Aged Care or the goods are exempt
Suicide devices	Various	GATT, Article XX(b)	Regulation 13GA of Customs (Prohibited Exports) Regulations 1958	Prohibition
Counterfeit credit cards	8523.21	GATT, Article XX(d)	Regulation 13D of the Customs (Prohibited Exports) Regulations 1958	Prohibition, unless permission has been given by the Minister for Home Affairs

Product	HS	Justification	Legislation	Type
Cultural heritage goods	Various, including 9705	GATT, Article XX(f); 1970 UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property	Protection of Movable Cultural Heritage Act 1986; Protection of Movable Cultural Heritage Regulations 2018	Prohibition of Class A List items, Class B List items if granted a permit
Split vetch ( <i>Vicia sativa</i> )	1214.90.30	GATT, Article XX(b)	Export Control Act 2020	Prohibition

Source: WTO documents [G/MA/OR/N/AUS/7](#), 30 October 2024; [G/MA/OR/N/AUS/6](#), 30 September 2022; [G/MA/OR/N/AUS/6/Add.2](#), 10 November 2023; and [G/MA/OR/N/AUS/6/Add.1](#), 27 April 2023; ABF, *Prohibited Goods*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/prohibited-goods/list-of-items>; and information provided by the authorities.

**Table A3.5 Products subject to export licensing, 2024**

Product	HS	Justification	Legislation	Automatic or Non-automatic
Live cattle, buffalo, sheep, goats, camelids and deer	Various, including 0102.2, 0102.3, 0104.10, 0104.20, 0106.13, 0106.19	GATT, Article XX (a) and (b)	Export Control Act 2020	Non-automatic
Animal and plant species and all products manufactured from species (including some medicinal products) listed in the appendices to the CITES. Australian native animals and plants which are not described in the List of Exempt Native specimens require an export permit.	Various	GATT, Article XX(b); CITES	Part 13A of the Environment Protection and Biodiversity Conservation Act 1999	Non-automatic
Antarctic toothfish and Patagonian toothfish found in sub-Antarctic and Antarctic waters, including waters around Australia's external territory of Heard Island and McDonald Islands	0302.83, 0303.83, 0304.85, 0304.92	GATT, Article XX(b); Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)	Regulation 6 of the Customs (Prohibited Exports) Regulations 1958; Regulation 4BA of the Customs (Prohibited Imports) Regulations 1956	Non-automatic
Unprocessed wood	Various within Chapter 44	GATT, Article XX(b)	Export Control Act 2020, and the Export Control (Wood and Woodchips Rules) 2021	Non-automatic
Uranium, thorium and fissionable materials including plutonium, as per Schedule 7 of the Customs (Prohibited Exports) Regulations 1958; high activity radioactive sources as per Schedule 7A of the Customs (Prohibited Exports) Regulations 1958	2612, 2844, 2845.90, 2922.50, 3006.30, 3006.92ex, 8401.30, 8531, 9022.12, 9022.13, 9022.14, 9022.19, 9022.21, 9022.29, 9022.90, 9027	GATT, Article XX(b); International Atomic Energy Agency's Code of Conduct of the Safety and Security of Radioactive Sources	Regulation 9AD of the Customs (Prohibited Exports) Regulations 1958; Division 4 A of the Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act 2012	Non-automatic
Ozone depleting substances (ODS) and synthetic greenhouse gases (SGG)	Various including 2903.71-2903.75, 2903.76-2903.79, 2903.14, 2903.19, 2903.39, 3827.11	GATT, Article XX(b); Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol); UN Framework Convention on Climate Change (UNFCCC)	Ozone Protection and Synthetic Greenhouse Gas Management Act 1989; Regulation 13F of Customs (Prohibited Exports) Regulations 1958	Non-automatic
Viable material derived from human embryo clones	3001ex	GATT, Article XX(a)	Regulation 8A of the Customs (Prohibited Exports) Regulations 1958; Prohibition of Human Cloning for Reproduction Act 2002	Non-automatic
Therapeutic goods manufactured for export only	Various	GATT, Article XX(b)	Section 26 or Section 26 A of the Therapeutic Goods Act 1989	Non-automatic
Drugs (including narcotic drugs, psychotropic substances and related chemicals)	Various	GATT, Article XX(b); UN Single Convention on Narcotic Drugs, 1961; UN Convention on Psychotropic Substances, 1971; UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, Tables I and II	Regulation 10 and Regulation 10A and corresponding Schedule 8 of the Customs (Prohibited Exports) Regulations 1958; Australia New Zealand Food Standards Code	Non-automatic

Product	HS	Justification	Legislation	Automatic or Non-automatic
Precursor substances	Various	GATT, Article XX(b); UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, Tables I and Table II	Regulation 10AB of the Customs (Prohibited Exports) Regulations 1958	Non-automatic  The pre-export notification (PEN) is utilized by exporting and importing governments to verify the legitimacy of individual shipments of precursor substances.
Agricultural and veterinary chemicals	Various	GATT, Article XX(b); Stockholm Convention on Persistent Organic Pollutants (Stockholm Convention); Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention)	Regulation 4A of the Customs (Prohibited Export) Regulations 1958; Regulation 5I of the Customs (Prohibited Imports) Regulations 1956; Agvet Regulations	Non-automatic
Industrial chemicals	Various	GATT, Article XX(b); Annex III of the Rotterdam Convention	Chapter 6, Part 2, Divisions 1 and 2 of the Industrial Chemicals (General) Rules 2019	Non-automatic
Biological agents	Various	Biological Weapons Convention; GATT, Article XXI(b)(ii); Australia Group	Division 4 A of Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act	Non-automatic
Defence and Strategic Goods	Various, including explosives, nuclear related items of all kinds, military vehicles, aircraft and ships, sensors and lasers, "stealth" or armour materials	GATT, Article XXI(b)(ii); Wassenaar Arrangement; Australia Group; Nuclear Suppliers Group; Missile Technology Control Regime; Chemical Weapons Convention; Biological Weapons Convention	Division 4 A of the Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act 2012	Non-automatic
Chemical weapons, certain chemical compounds and their precursors	Various	GATT, Article XXI(b)(ii); Australia Group; Chemical Weapons Convention	Division 4 A of Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act	Non-automatic
Firearms, parts, accessories, and ammunition – commercial and personal	9302, 9303, 9304, 9305, 9306	GATT, Article XXI(b)(ii); Wassenaar Arrangement	Division 4 A of Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act 2012	Non-automatic
Weapons and crowd control goods	Various, examples include, but are not limited to, 8710ex., 8802ex., 9301ex., 9306ex., 9307ex.	GATT, Article XX(b)	Regulation 4H of the Customs (Prohibited Imports) Regulations 1956; Division 4 A of the Customs (Prohibited Exports) Regulations 1958; Defence Trade Controls Act 2012	Non-automatic
Objectionable goods	Various, including 3704, 3705, 3706, 4901, 4902, 4910, 4911, 8523	GATT, Article XX(a)	Regulation 3 of the Customs (Prohibited Exports) Regulations 1958	Non-automatic
Cultural heritage goods	Various, including 9705	GATT, Article XX(f); 1970 UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property	Protection of Movable Cultural Heritage Act 1986; Protection of Movable Cultural Heritage Regulations 2018	Non-automatic, Class B List items if granted a permit
Waste, parings and scrap, of plastics	3915	GATT, Article XX(b)	Recycling and Waste Reduction Act 2020; Recycling and Waste Reduction (Export-Waste Plastics) Rules 2021	Non-automatic

Product	HS	Justification	Legislation	Automatic or Non-automatic
Waste glass, e.g. glass in the mass, cullet and other waste and scrap of glass	70010001, 70010002, 70010091	GATT, Article XX(b)	Recycling and Waste Reduction Act 2020; Recycling and Waste Reduction (Export-Waste Glass) Rules 2020	Non-automatic
Consumer goods subject to a mandatory safety standard	Various	GATT, Article XX(b)	Section 106(5) of Schedule 2 of the Competition and Consumer Act 2010	Non-automatic
Waste tyres	40040001, 40040002, 40040003, 40122001, 40122002, 40122003	GATT, Article XX(b)	Recycling and Waste Reduction (Export – Waste Tyres) Rules 2021	Non-automatic
Waste paper and cardboard	47079000	GATT, Article XX(b)	Recycling and Waste Reduction (Export – Waste Paper and Cardboard) Rules 2024	Non-automatic
Grape products (wine) in shipments exceeding 100 L	22	..	Wine Australia Regulations	Non-automatic

.. Not available.

Source: WTO documents [G/MA/QR/N/AUS/7](#), 30 October 2024; [G/MA/QR/N/AUS/6](#), 30 September 2022; [G/MA/QR/N/AUS/6/Add.2](#), 10 November 2023; and [G/MA/QR/N/AUS/6/Add.1](#), 27 April 2023; and ABF, *Prohibited Goods*. Viewed at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/prohibited-goods/list-of-items>.