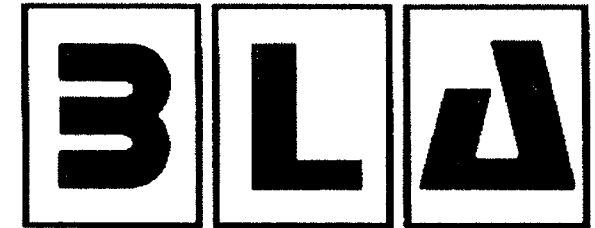


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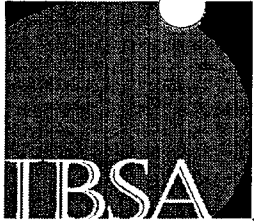


*“Will Sydney become an International Financial Centre
– Its Implications?”*

ROBERT WEBSTER

Executive Director

**International Banks & Securities Association of Australia
(IBSA)**



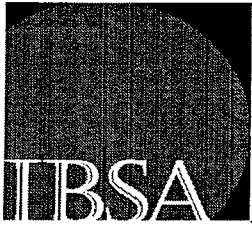
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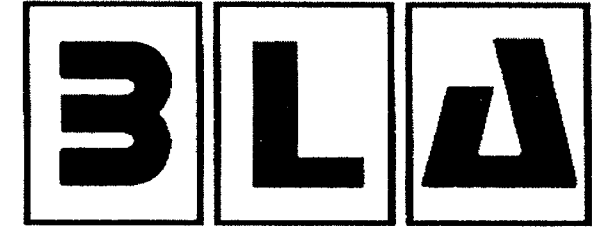
“Will Sydney become an International Financial Centre – Its Implications?”

Key Points

- Role of foreign & investment banks
- Australia’s strong financial sector
- Government commitment – is it substantial or superficial?
- Taxation – the big issue
- What more can Government do to make Australia a Financial Centre?
- Implications for the legal profession

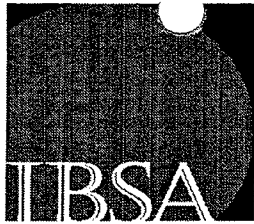


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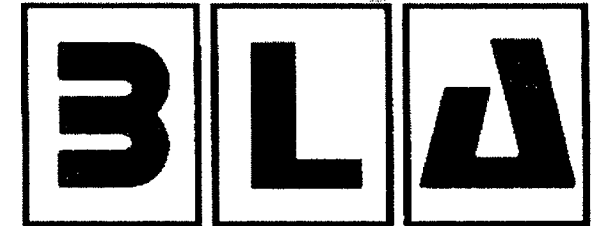


Role of Foreign & Investment Banks

- Successfully injected competition & innovation into the financial sector
- Home loan securitisation benefits consumers
- New products offer more flexibility
 - . Corporate Finance
 - . Risk Management
 - . Private Infrastructure Finance
 - . Privatisation
- Around 50 investment banks in Australia employ 20,000 people directly



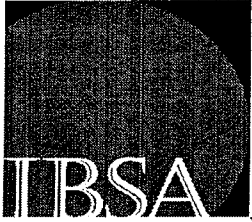
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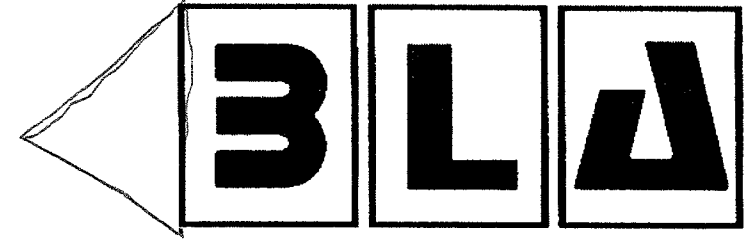
Australia's Strong Financial Sector

- Importance recognised by Federal & State Governments
- Provides \$40 Billion in services to other sectors of the economy
- Directly employs more than 320,000 people
- Sydney Futures Exchange highest Asian turnover
- Demutualised Australian Stock Exchange – setting new directions
- Australian markets & economy were solid in Asian financial crisis

Global Equity Markets
(GEMs) Alliance of
day stock exchanges.



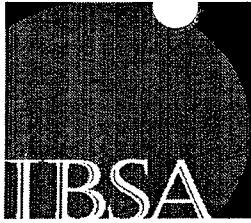
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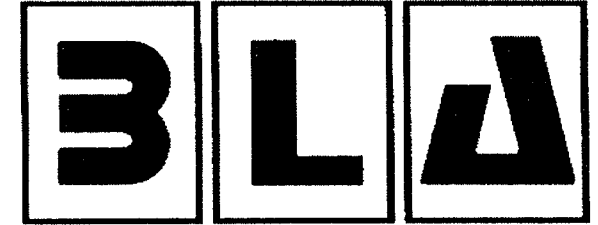
Government Commitment – Substantial or Superficial

The Positives

- Wallis reforms to regulatory structures
- Successive governments' commitment to deregulation & open markets
- Abolition of FID & BAD
- ANTS & RBT positive moves
- Financial Sector Advisory Council
- Minister for Financial Services & Regulation
- Centre for Global Finance



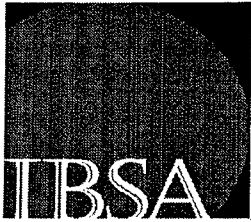
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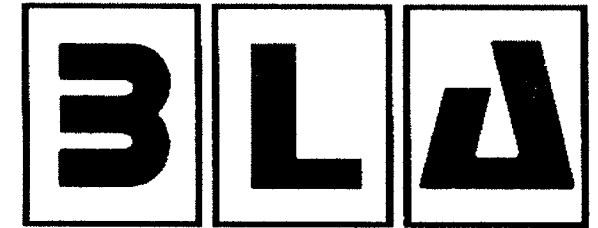
Government Commitment – Substantial or Superficial

The Negatives

- The Australian Government does not have a “can do” image
- Battle to maintain existing tax & regulatory position
- Lack of Treasury and ATO understanding of need for international competitiveness
- APRA & ASIC uncertainty inhibits growth of foreign banks
- GST & RBT “Details” threaten expansion of financial centre
- Tax issues causing reservations about substance of Government initiatives.



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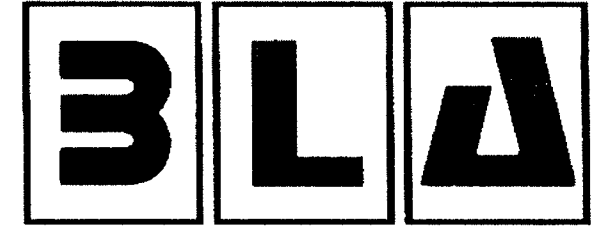


TAXATION – The Big Issue

- GST taxation of Financial Services penalizes foreign companies
 - . Exports
 - . Reverse Charges
 - . Expatriate Salaries
- GST on OBU to OBU transactions
- OBU regime complicated & unsympathetic
- Expatriate tax issues
- RBT rules potentially harmful to foreign participants
 - . FIF initiative threatened
 - . Thin capitalisation treatment
 - . Interest withholding tax on foreign branches



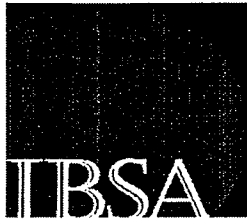
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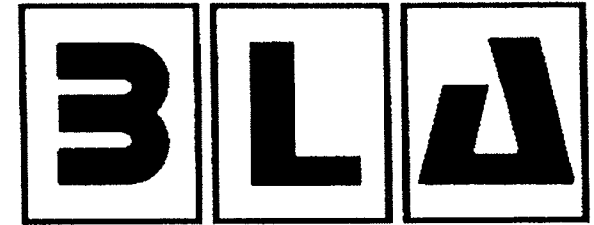
What more can Government do to make Australia a Financial Centre?

- Secure bi-partisan political support for the concept
- Ensure that all Government agencies are united in support of Government policy
- Maintain a continuous marketing effort by Ministers and the Centre for Global Finance
- Maximise the effectiveness of the consultation channels between the finance sector & Government
- Focus on Australia's strengths in Information Technology & Telecommunications
- Ensure that our tertiary education institutions are producing enough appropriately qualified graduates

The Government must maintain a sympathetic and responsive policy & administrative framework if its aspirations for a Global Financial Centre are to be realised.



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Implications for the Legal Profession

- Growth in financial services sector creates corresponding growth in ancillary services
- Dublin – 25-33% of all legal advisory business comes from financial sector
- Property Council credits growth in financial services with bullish CBD property market
- Australian Centre for Global Finance is considering a finance sector mediation centre for SE Asia located in Sydney
- IOSCO endorsement of international accounting standards furthers internationalisation
- Will a Global Financial Centre attract more international competition to Australia?