

**JOINT MEDIA RELEASE
WITH
THE HON CHRIS BOWEN MP
MINISTER FOR FINANCIAL SERVICES, SUPERANNUATION AND
CORPORATE LAW AND MINISTER FOR HUMAN SERVICES**

**GOVERNMENT WELCOMES JOHNSON REPORT ON
AUSTRALIA AS A FINANCIAL SERVICES CENTRE**

The Government welcomes the Australian Financial Centre Forum's report on *Australia as a Financial Centre* (the Johnson Report).

The Government commissioned the report in September 2008, as part of its commitment to secure Australia's future as a leading financial services centre.

"Australia, as an open, well regulated and stable economy in the region, is uniquely placed to capitalise on its comparative advantages and to benefit from opportunities to grow Australia's financial services sector," Mr Bowen said.

The report concludes that Australia has arguably the most efficient and competitive financial sector in the Asia-Pacific region, but that there are opportunities to expand our exports and imports of financial services and hence maximise the benefits flowing to the Australian workforce and Australian consumers of financial products.

"The Rudd Government has already taken a range of actions in line with its policy of promoting Australia as a financial services centre," Mr Bowen said.

"We are committed to ensuring that our financial sector is well-placed to make the most of those opportunities that will emerge as the economic recovery takes hold."

Government actions to promote Australia as a financial services hub

- Consistent with the Johnson Report's views on the importance of a more vibrant corporate bond market, ASIC has released a discussion paper on measures aimed at facilitation of offers of corporate bonds.
- The Government has announced that it will provide for ASIC to perform supervision of real-time trading on Australia's domestic

licensed markets – a measure that will allow for consideration of whether there should be increased competition on exchange traded markets consistent with the Johnson Report.

- From 1 July 2009, the withholding tax rate on certain distributions of income to non-residents by Australian managed funds was reduced to 15 per cent.

"From July 1 this year the withholding tax rate on those distributions will be cut further to 7.5 per cent – one of the lowest rates in the world," the Assistant Treasurer said.

"The Government has also released for public consultation draft legislation that will repeal the Foreign Investment Fund and Deemed Present Entitlement rules," the Assistant Treasurer said.

"A considerable amount of consultation went into the preparation of the report. The Government will now consider the final recommendations of the Johnson Report before responding later in the year," Mr Bowen said.

"I would like to thank Mark Johnson, the Panel of Experts, the Secretariat and the financial services industry groups for their valuable assistance."

Copies of the Report are available at
www.treasury.gov.au/afcf/content/final_report.asp.