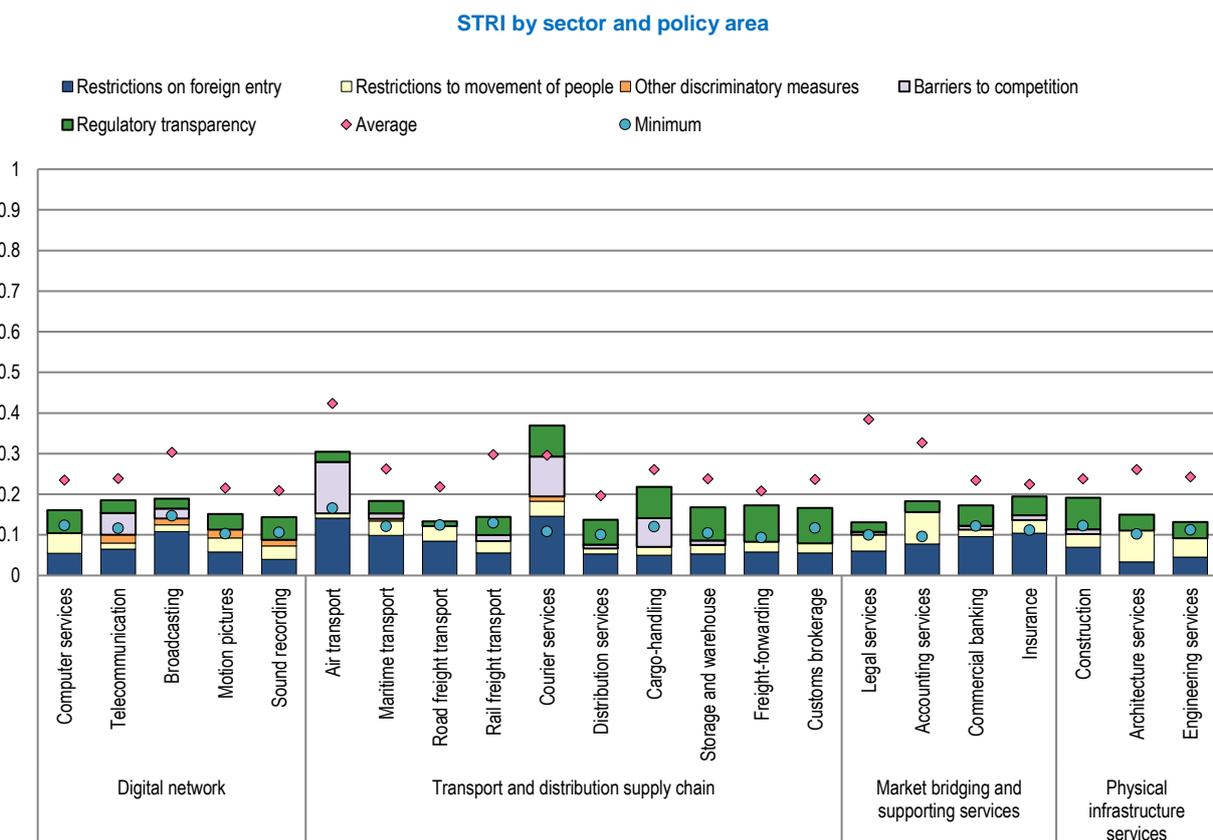


OECD Services Trade Restrictiveness Index (STRI): Australia

Australia exported services worth USD 65 billion and its services imports amounted to USD 68 billion in 2017. Travel and personal services are the two largest services exporting and importing. Australia's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

Australia has a lower score on the STRI than the average in 21 out of 22 sectors, a fact explained in large part by a favourable general regulatory environment. Australia applies labour market tests for workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers for some occupations: principally trades and technical roles, administrative workers and engineers. Acquisition of land or real estate by foreigners is subject to authorisation and, in some states, to a surcharge purchaser duty. The corporate act requires that a least one board member must be resident in Australia. Finally, Australia has relatively burdensome procedures related to obtaining a business visa.

The sectors with the relatively lowest STRI scores

Legal services, rail freight transport, and engineering services are the three sectors with the lowest score relative to the average in Australia. Legal services are a regulated profession for which a license is required. However, there are clear and transparent criteria for recognition of foreign qualifications and foreign professionals may

provide legal services on the basis of a temporary license. Fees for legal services are regulated. The regulatory framework on rail freight transport services largely follows best practice, although Australia maintains state-owned enterprises operating some part of the freight rail network. Engineering is not a regulated profession (except in Queensland) and is subject to the general horizontal regulatory framework.

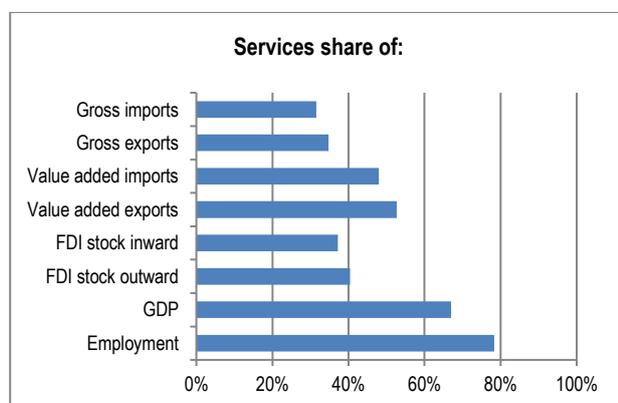
The sectors with the relatively highest STRI scores

Courier services, insurance and logistics cargo-handling are the three sectors with the highest score relative to the average in Australia. In courier services, Australia maintains a state-owned postal service monopoly on letters weighing up to 250 grams and costing less than four times the basic postage rate. The postal services are also partly exempted from the application of the competition law. Foreign insurance companies can provide primary insurance in Australia only through a locally incorporated subsidiary. At least one senior manager must be ordinarily resident in the country. Appointed actuaries must be resident in Australia and there is no process for the recognition of qualifications in the absence of a mutual recognition agreement. Regulatory transparency suffers from the absence of a requirement to inform applicants about the reason for the denial of licenses and the absence of a maximum time allowed for decisions on applications. Cargo-handling services are affected by a number of administrative procedures related to obtaining a license and by visa requirements for transport crewmembers. Contributing to the index is also the fact that contracts for service provision are not awarded through competitive bidding.

Recent policy changes

With the introduction of the Temporary Skill Shortage visa (subclass 482) in March 2018, foreign services providers are allowed to stay in the country for up to 4 years, compared to 3 years with the old 457 visa. In June 2016, New South Wales introduced a 4 per cent surcharge for foreign persons (including foreign corporations) in addition to the duty payable on the purchase of residential property. Furthermore, foreigners are also subject to a land tax surcharge of 0.75 per cent (in 2017) for residential property.

Efficient services sectors matter



Services account for 35% of Australia's gross exports, but 52% of its value added exports, indicating that Australia's exports of goods rely intensively on services inputs. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Australia. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Australia could benefit from more open markets for services trade through the temporary movement of natural persons and competition enhancing reforms in key services sectors that overarch the entire economy.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Find out more about: [Australian Services Trade in the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org