

**FOR
AGENDA**

SM/08/265
Supplement 1

August 13, 2008

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Australia—Staff Report for the 2008 Article IV Consultation—
Informational Annex**

The attached informational annex is being issued as a supplement to the staff report for the 2008 Article IV consultation with Australia (SM/08/265, 8/11/08), which is tentatively scheduled for discussion on **Wednesday, September 10, 2008**. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Australia indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Ms. Edison (ext. 36946) and Mr. Rozhkov (ext. 39745) in APD.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Thursday, August 21, 2008; and to the Organisation for Economic Cooperation and Development, following its consideration by the Executive Board.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities. This supplement is not being disseminated in hard copy. It can be accessed in the Institutional Repository. A link to this document can be found in the daily list (<http://www-int.imf.org/depts/sec/services/eb/dailydocumentsfull.htm>) for the issuance date shown above.

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INTERNATIONAL MONETARY FUND

AUSTRALIA

Staff Report for the 2008 Article IV Consultation—Informational Annex

Prepared by the Asia and Pacific Department

August 13, 2008

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ANNEX I. AUSTRALIA—FUND RELATIONS
(As of July 31, 2008)

I. Membership Status: Joined: August 5, 1947; Article VIII

II. General Resources Account:	SDR Million	Percent Quota
Quota	3,236.40	100.00
Fund holdings of currency	2,997.38	92.61
Reserve position in Fund	239.41	7.40

III. SDR Department:	SDR Million	Percent Allocation
Net cumulative allocation	470.55	100.00
Holdings	117.07	24.88

IV. Outstanding Purchases and Loans: None

V. Financial Arrangements: None

VI. Projected Obligations to Fund: None

VII. Exchange Rate Arrangement. Australia has accepted the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement, and maintains an exchange system that is free from restrictions on the making of payments and transfers for current international transactions, except for exchange restrictions that are maintained solely for the preservation of national or international security and which have been notified to the Fund pursuant to Executive Board Decision No. 144-(52/51). The exchange rate is independently floating, but the Reserve Bank of Australia retains discretionary power to intervene. There are no taxes or subsidies on purchases or sales of foreign exchange.

VIII. Restrictions on Capital Transactions. Australia maintains a capital transactions regime that is virtually free of restrictions. Two main restrictions on foreigners require: authorization for significant ownership of Australian corporations; and approval for acquisition of real estate.

IX. Article IV Consultation. Australia is on the 12-month consultation cycle. The 2007 Article IV consultation discussions were held during June 18–27, 2007, the Executive Board discussed the staff report (IMF Country Report No. 07/314) and concluded the consultation on August 31, 2007.

X. FSAP Participation. The FSAP missions took place during November 30–December 14, 2005, and March 26–April 12, 2006. The FSSA (including financial sector ROSCs), the Detailed Assessment of Observance of Standards and Codes, and the Technical Note on Investor Protection, Disclosure, and Financial Literacy, were published as Country Reports No. 06/372, No. 06/415, and No. 06/437, respectively.

XI. Fourth Amendment. Australia has accepted the Fourth Amendment to the Articles of Agreement.

ANNEX II. AUSTRALIA: STATISTICAL ISSUES

Data provision is adequate for surveillance. Australia subscribed to the Special Data Dissemination Standard (SDDS) and its metadata are posted on the Fund's Dissemination Standards Bulletin Board (DSBB). In recent years, the Australian Bureau of Statistics (ABS) has taken several initiatives to further improve the quality of the data, such as including the prices of financial services in the CPI and developing new measures of labor underutilization.

In September 2006, STA met with officials from the ABS, the Australian Prudential Regulation Authority, and the Reserve Bank of Australia to encourage the reporting of monetary data using the standardized report forms (SRFs) introduced in October 2004. The SRFs provide for accounting data to be broken down by instrument, sector, and currency.

Table of Common Indicators Required for Surveillance
(As of July 31, 2008)

	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange Rates	07/31/08	07/31/08	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	06/08	07/17/08	M	M	M
Reserve/Base Money	05/08	07/08/08	M	M	M
Broad Money	05/08	07/08/08	M	M	M
Central Bank Balance Sheet	06/08	07/17/08	M	M	M
Consolidated Balance Sheet of the Banking System	05/08	07/08/08	M	M	M
Interest Rates ²	07/31/08	07/31/08	D	D	D
Consumer Price Index	Q2 2008	07/23/08	Q	Q	Q
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	2006/07	10/07	A	A	A
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	04/08	07/17/08	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	04/08	07/17/08	M	M	M
External Current Account Balance	Q1 2008	06/03/08	Q	Q	Q
Exports and Imports of Goods and Services	05/08	07/17/08	M	M	M
GDP/GNP	Q1 2008	06/04/08	Q	Q	Q
Gross External Debt	Q1 2008	06/03/08	Q	Q	Q
International Investment Position ⁷	Q1 2008	06/03/08	Q	Q	Q

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

² Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ Consists of the central government (including budgetary, extra budgetary, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); Not Available (NA).

⁷ Includes external gross financial asset and liability positions vis a vis nonresidents.