

EXPLANATORY STATEMENT

INTERNATIONAL ORGANIZATIONS (PRIVILEGES AND IMMUNITIES) ACT 1963

SITA (PRIVILEGES AND IMMUNITIES) REGULATIONS

Statutory Rules 1989 No. 285 issued by the authority of the Minister of State for Foreign Affairs and Trade.

Section 13 of the International Organizations (Privileges and Immunities) Act 1963 (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters required or permitted by the Act to be prescribed, or necessary or inconvenient to be prescribed for carrying out or giving effect to the Act.

Section 6 of the Act provides that regulations may confer on an international organization to which the Act applies certain privileges and immunities, including taxation privileges.

SITA is the recognised acronym for the Societe Internationale de Telecommunications Aeronautiques (Airlines Worldwide Telecommunications and Information Services). It is a cooperative non-profit organization in which more than 300 of the world's airlines, including QANTAS, participate. It provides a worldwide airline telecommunications and data network, and it is presently involved in developing aeronautical mobile satellite services in cooperation with the Overseas Telecommunications Corporation (OTC).

SITA has expressed interest in moving its regional headquarters for the Asia/Pacific region in Hong Kong to Australia in return for some form of incentive or encouragement to justify such a move, rather than to some other, lower-cost potential sites in the region. Specifically, it is seeking certain taxation privileges for itself and its officers.

The move of SITA's regional headquarters to Australia will bring significant benefits for Australia. These will be both as a result of direct expenditures here by SITA (estimated by the organization at around \$100 million during the first 10 years), through the planned establishment by SITA of a software research and development centre, and through the flow-on impact of a high-technology organization of SITA's status being based here. Additional revenues will accrue to Australia's telecommunications carriers, OTC and Telecom, through SITA's use of their facilities, and SITA's worldwide penetration will provide access to 170 countries for Australian high-technology companies and authorities.

2.

Accordingly, the Minister for Foreign Affairs and Trade, with the agreement of the Treasurer and the Minister for Industry, Technology and Commerce, decided that certain taxation privileges should be conferred on SITA and, for a limited period, on its officers. The regulations confer such privileges.

Details of the regulations are as follow:

Regulation 1 provides the citation for the Regulations.

Regulation 2 provides definitions for terms used in the regulations, including the full name of "SITA".

Regulation 3 declares SITA to be an international organization to which the Act applies, which is a necessary precondition to any privileges or immunities being conferred on it or upon its officers.

Regulation 4 confers legal personality and capacities on SITA.

Regulation 5 confers two privileges on the organization set out in items 6 and 7 of the First Schedule to the Act, namely, exemptions from import and export duties and from the liability to pay or collect taxes. These privileges are qualified, however, by exempting from their scope sales taxes and payments for specific services rendered.

Regulation 6 exempts officers of the organization from taxation on their salaries and emoluments, being the privilege specified in item 2 of Part 1 of the Fourth Schedule, but limits the privilege to non-Australian citizens who come to Australia solely for the purpose of working with the organization, and to a period of approximately ten years, ending on 31 December 1999.

Statutory Rules 1989 No. 285