

**SUPPLEMENTARY AGREEMENT BETWEEN THE GOVERNMENT OF
THE COMMONWEALTH OF AUSTRALIA AND THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND CONCERNING THE ANGLO-AUSTRALIAN OPTICAL
TELESCOPE, AT SIDING SPRING, NEW SOUTH WALES, AUSTRALIA
(CANBERRA, 9 AUGUST 2005)
[2005] ATNIF 12**

Documents tabled on 9 August 2005:

National Interest Analysis [2005] ATNIA 13

with attachment on consultation

Text of the proposed treaty action

Background information:

Country political brief and country fact sheet

List of other treaties with that country

List of treaties of the same type with other countries

NATIONAL INTEREST ANALYSIS: CATEGORY 1 TREATY

SUMMARY PAGE

**Supplementary Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Commonwealth of Australia concerning the Anglo-Australian Optical Telescope, at Siding Spring, New South Wales, Australia (Canberra, 9 August 2005)
[2005] ATNIF 12**

Nature and timing of proposed treaty action

1. The proposed treaty action is the Supplementary Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland (UK) concerning the operation of the Anglo-Australian Telescope (AAT), in New South Wales, Australia. The Supplementary Agreement is being signed by the contracting parties on 9 August 2005.
2. The Supplementary Agreement amends *The Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland to provide for the Establishment and Operation of a Large Optical Telescope* [1971] ATS 2, as amended by an Exchange of Notes [1986] ATS 4 (The Agreement).
3. The Supplementary Agreement will enter into force when the parties exchange diplomatic notes notifying the other that all domestic procedures for entry into force have been completed. The Supplementary Agreement will enter into force on the latter date of the two notes. Subject to all necessary domestic procedures being completed, it is anticipated that this exchange of diplomatic notes will occur in the first half of 2006.

Overview and national interest summary

4. In 2001 the UK advised Australia that it intended to end its involvement with the AAT. The Supplementary Agreement provides for the Agreement to continue until 1 July 2010, rather than terminate in 2006 as it would have if the UK had given notice of its intention to terminate in 2001. In lieu of notification the UK and Australia agreed to amend the Agreement so that the UK's commitment to the AAT would continue, but at a reduced level. Ownership and responsibility for the Anglo-Australian Telescope (AAT) and associated assets and liabilities will pass to Australia on 1 July 2010.
5. The Supplementary Agreement is intended to provide for the effective operation of the Anglo-Australian Telescope during the transition period from full joint funding to sole Australian ownership. It will allow Australia to maintain a higher level of financial contribution if it decides to do so, and for the AATB to develop and access other sources of funding. The Supplementary Agreement puts in place operational arrangements to reflect the new financial arrangements and termination date. Australian astronomers will have greater access to observing time at the Anglo-Australian Observatory (AAO), commensurate with Australia's higher expected financial contribution.
6. The extension of the Agreement will give Australia additional time to determine its long term policy on the AAO, while continuing to benefit from the collaboration with the UK. The collaboration has been an important factor in Australia's world competitive performance in astronomy. The new termination arrangements will assure long term access for Australian astronomers to a valuable scientific instrument.

Reasons for Australia to take the proposed treaty action

7. In 2001 the UK advised Australia that it intended to end its involvement with the Anglo-Australian Telescope in order to divert funding to other astronomy priorities. The Agreement allows either party to terminate the Agreement with five years notice. If the UK had given notice in 2001, the Agreement would have been due to terminate during 2006.

8. Rather than terminate the Agreement in 2006, the UK and Australia agreed to amend it to provide for continuing UK involvement until 2010. It has been agreed that the Agreement would now terminate on 1 July 2010 with a transfer of ownership and responsibility for the AAT and any associated assets and liabilities solely to Australia.

9. The revised Agreement enables the UK to reduce its direct funding commitment beginning in July 2006, in line with previous budget decisions, while allowing Australia to maintain a higher level of funding than the UK if it chooses. The revised Agreement also gives the AAO greater scope to develop or access other sources of funding such as external earnings from instrument development and UK competitive grants. Access to certain UK competitive grants is conditional on the entry into force of the Supplementary Agreement.

10. The extension of the Agreement gives Australia additional time to determine its long term policy on the AAT, while continuing to benefit from the collaboration with the UK. The collaboration has been an important factor in Australia's world competitive performance in astronomy.

11. The Supplementary Agreement provides for revised time sharing arrangements. Astronomers from each country will now have access to observing time in proportion to the financial contributions of each country. The new termination arrangements will ensure that the AAT will be available for use by Australian astronomers in the longer term. With suitable investment it is expected to remain a valuable scientific instrument for many years.

12. If the Supplementary Agreement does not enter into force, the AAT would continue to operate under the existing Agreement until it terminates. The UK Government recently gave notice of intention to terminate the Agreement on 1 July 2010 (if the Supplementary Agreement comes into force it would, in effect, override the termination notice).

13. The possible consequences of the Supplementary Agreement not entering into force are that:

- Australia would technically be obliged to match its future contributions to the reduced UK contribution from 1 July 2006 onwards. The UK has indicated that it has reallocated funds and that it will not maintain the current level of funding beyond 2005-06. This would have a severe negative impact on the financial viability of the AATB. It should be noted, however, that the Agreement does allow the parties to agree to waive the equal funding requirement in particular cases;
- There would be no agreement in place on how to deal with the AAT and associated facilities at the termination of the Agreement on 1 July 2010. The AAT and associated facilities may therefore not pass to Australian ownership and control;
- Australia's science and technology relationship with the UK could be damaged. It could be regarded as bad faith on Australia's part given that the UK Government agreed to negotiate a Supplementary Agreement in lieu of notification of intent to terminate the Agreement. This may adversely impact on Australia's involvement in future collaborations in astronomy.

14. There is a potential disadvantage in proceeding with the Supplementary Agreement. A future government may choose not to continue to fund and operate the AAT beyond the proposed termination date. As the obligations of the UK would have ended under the terms of the Supplementary Agreement, it would be Australia's sole responsibility to manage and fund any de-commissioning of the facility and payment of staff entitlements. Redundancy payments could be in the order of \$3 million. However, weighing against this risk would be Australia's sole ownership of the asset base of the AATB, currently estimated at \$48 million.

Obligations

15. Article 5 of the Supplementary Agreement requires both contracting parties to provide an annual financial contribution of not less than A\$500,000 in respect of the Joint Programme.

16. Article 6(1) of the Supplementary Agreement provides that both the Agreement and the Supplementary Agreement will terminate on 1 July 2010.

17. Article 6(2) of the Supplementary Agreement provide that, on termination of the Agreement, Australia would exclusively own the AAT and its associated assets and liabilities. Australia would be required to have in place arrangements for persons employed by the AATB at the time.

18. Article 6(3) of the Supplementary Agreement requires the contracting parties to bear their own expenses in relation to the administrative costs incurred in terminating the Agreement.

19. The Supplementary Agreement gives the agencies involved in administering the Agreement some additional functions and responsibilities:

20. The Anglo-Australian Telescope Board (AATB):

- is required to approve the Joint Programme, including the budget allocated to Parts A and B of the Joint Programme, and to obtain the agreement of the Designated Agencies (the Particle Physics and Astronomy Research Council (PPARC) and the Department of Education, Science and Training (DEST)) for Part B of the Joint Programme (Article 4);
- is required to make arrangements to determine the use of the AAT consistent with Article 5 of the Supplementary Agreement, including the establishment of a single time allocation committee with terms of reference agreed by the AATB (Article 3); and
- has the additional function of being required to manage the telescope and associated facilities, including the acquisition and disposal of assets and restructuring of staff and operations in a manner commensurate with the new financial arrangements provided for in the Supplementary Agreement (Article 4).

The Designated Agencies are required to:

- agree on whether activities proposed for 'Part B' of the Joint Programme provide wider benefits to the Australian and United Kingdom astronomical communities (Article 2); and
- indicate to the AATB by 1 March of each year the financial contributions that are expected to be made by the contracting parties over the following three years (Article 5).

Implementation

21. The Agreement is a Schedule to the *Anglo-Australian Telescope Agreement Act 1970* (the Act). For the Supplementary Agreement to come into force the Act's definition of "the Agreement" would need to be amended to include the Supplementary Agreement. In addition Section 8 of the Act dealing with the functions, capacities and powers of the AATB would need to be amended to include the new powers specified in the Supplementary Agreement. It is proposed that the amendments be introduced to Parliament following consideration of the treaty action by the Joint Standing Committee on Treaties.

22. In preparation for the termination of the Agreement and the transfer of ownership of the AAT to Australia in 2010 it will be necessary to amend or repeal the *Anglo-Australian Telescope Agreement Act 1970*.

Costs

23. The 2004-05 Budget forward estimates include provision for the AATB at the current level (\$4.112 million in 2004-05), indexed annually. This is considerably higher than the obligatory payment required under Article 11(2) of the Agreement as amended by Article 5 of the Supplementary Agreement.

24. The UK Government's current budget provides for its direct funding to the AATB to decrease by approximately 50 percent in 2006-07 (to around A\$2 million), with a further 50 percent decrease in 2007-08 (to around A\$1 million). It is currently proposed that UK direct funding would remain stable thereafter until the termination of the Agreement. Some additional UK funding may be provided through competitive grants. No estimate of the likely success of the AATB in winning UK competitive grants is available.

25. The costs associated with Australia assuming sole responsibility for the AAT and associated facilities on 1 July 2010 have not been estimated at this time. Those costs will depend on Australia's decisions regarding the long term future of the AAT.

Regulation Impact Statement

26. The Office of Regulation Review (Productivity Commission) has been consulted and confirms that a Regulation Impact Statement is not required.

Future treaty action

27. Article 7 of the Supplementary Agreement provides that the Contracting Parties may agree in writing to extend, amend, or supplement the Supplementary Agreement.

28. Future treaty action would be subject to Australia's domestic treaty process, including tabling and consideration by JSCOT.

Withdrawal or denunciation

29. Terminating the Agreement prior to 1 July 2010 would require the bilateral written agreement of the Contracting Parties.

30. Withdrawal before 1 July 2010 would be subject to Australia's domestic treaty process, including tabling and consideration by JSCOT.

Contact details

Research Infrastructure Strategy Section
Innovation and Research Systems Group
Department of Education, Science and Training.

**SUPPLEMENTARY AGREEMENT BETWEEN THE GOVERNMENT OF THE
COMMONWEALTH OF AUSTRALIA AND THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND CONCERNING THE
OPERATION OF THE ANGLO-AUSTRALIAN OBSERVATORY, SIDING SPRINGS,
NEW SOUTH WALES, AUSTRALIA
(CANBERRA, 9 AUGUST 2005)
[2005] ATNIF 12**

CONSULTATION

1. The Agreement and Supplementary Agreement directly affect the primary stakeholders, identified earlier as the Australian Government, the UK Government, the Designated Agencies, the AATB and the AAT Director and Staff. However, the State and Territory Governments of Australia were consulted because they have a part to play in the education, research and innovation sector, which includes the field of astronomy. Given that the facilities associated with the AAT are located in regional NSW and Sydney, it was particularly appropriate that the NSW Government was given the chance to comment on the proposed amendments.
2. In February 2003, Minister Nelson informed State and Territory Premiers and Chief Ministers of the proposed amendments to the Agreement (the Supplementary Agreement) and invited comment. It should be noted that Premiers and Chief Ministers were invited to comment on an earlier draft of the Supplementary Agreement. However there are no major differences in the substances of the agreement between the UK and Australia as reflected in the two drafts of the Supplementary Agreement.
3. The letters, a copy of which is provided below, invited a reply by March 2003. No reply was received from New South Wales, Western Australia or the Northern Territory Governments, and no concerns or significant issues were expressed by any of the other States or Territories. These replies are provided below.
4. State and Territory Governments were informed at this stage of the process because there was agreement between the UK Government, the Australian Government and the AATB on the text of the Supplementary Agreement.
5. As the AAT is situated in New South Wales, the NSW Government was provided with a second opportunity to comment on the Supplementary Agreement in June 2004. The NSW Government's reply raised concerns about the possible impact of the reduced UK funding on the local and state economies and research in NSW. The NSW reply suggested that the Commonwealth should commit to easing any short fall in funding associated with the UK reduction. Minister Nelson's response addressed these concerns. Minister Nelson's second letter inviting comment from the NSW Government, the NSW Government's reply and Minister Nelson's response to that reply are provided below.

Letter from Minister Nelson to States and Territory Premiers, in 2003

Dear Minister

I am writing to you in relation to proposed amendments to *The Anglo-Australian Telescope Agreement* (the Agreement). The Agreement is a bilateral treaty between the Governments of Australia and the United Kingdom for the operation of optical telescopes at the Anglo-Australian Observatory (AAO) at Siding Springs in New South Wales.

The AAO is managed by the Anglo-Australian Telescope Board, which is an independent bi-national authority funded equally between the UK and Australian Governments. The Board operates under the Agreement, which came into effect in February 1971 for an initial period of 25 years. The Agreement provides that after the expiration of the initial 25 year period, either party may terminate the Agreement by giving five years notice.

Unfortunately, the UK Government has indicated its intention to reduce its level of involvement with the AAO due to competing astronomical priorities both domestically and with larger international consortia. Amendments to the Agreement are currently being negotiated between my department and the Particle Physics and Astronomy Research Council in the UK. The proposed amendments will deal with the period from 2006 to 2010, and will provide for the AAO's operations to focus more on the construction of new optical instruments for international telescopes. I have enclosed a copy of the draft Supplemental Agreement.

I am writing to inform you of this issue and to ascertain whether you have any concerns that you would like to raise in relation to this process or any comments in relation to the text of the proposed Supplemental Agreement. I have attached copies of both the current Agreement and the Supplemental Agreement for your referral. If you would like to discuss any particular aspect of the proposed changes to the Agreement, please contact Dr Evan Arthur, Branch Manager, Innovation Branch, Higher Education Group in DEST on (02) 6240 9683. I would appreciate if you could provide any comments to Dr Arthur by Friday 7 March 2003.

Yours sincerely

BRENDAN NELSON

Queensland Government reply

Queensland Government
Premier of Queensland and Minister for Trade
27 JUN 2003

Dear Dr Nelson

Thank you for your letter of 29 April 2003 to the Premier concerning proposed amendments to the Anglo-Australian Telescope Agreement.

I do not have any issues to raise on the proposed Supplemental Agreement that will provide for operational arrangements for the Anglo-Australian Observatory at Siding Springs for the period 2006 to 2010. While the University of Queensland and the University of Southern Queensland have an interest in astronomical research and, therefore, the future of the Anglo- Australian Observatory, the proposed amendments do not create any significant impacts for these universities at present. However, should there be any significant changes made to the operation of the Observatory as a result of the British Government's future decreased role, early consultation would be appreciated.

Yours sincerely

TERRY MACKENROTH
ACTING PREMIER AND MINISTER FOR TRADE

ACT Government Reply

Jon Stanhope MLA
CHIEF MINISTER
ATTORNEY GENERAL
MINISTER FOR THE ENVIRONMENT
MINISTER FOR COMMUNITY AFFAIRS
MEMBER FOR GINNINDERRA
30 May 2003

Dear Minister

Thank you for your letter of 29 April 2003, inviting me to comment on proposed amendments to The Anglo-Australian Telescope Agreement (AATA).

Officers of my Department have examined the amendments, and determined that the revised agreement will not impact adversely on the ACT Government. However, I assume that you have consulted separately with the Australian National University (ANU) on this issue.

As you would be aware, the ANU is under the jurisdiction of the Commonwealth. I am concerned, particularly in view of the destruction of the Mt Stromlo telescope during the recent ACT bushfires, that the amended agreement may have adverse implications for the ANU.

Thank you for the opportunity to comment on the proposed amendment to AATA.

Yours sincerely

Jon Stanhope MLA
Chief Minister

Victorian Government reply

Premier of Victoria
1 Treasury Place
GPO Box 4912VV
Melbourne Victoria 3002

Dear Minister

ANGLO-AUSTRALIAN TELESCOPE AGREEMENT

Thank you for your letter of 29 April 2003 regarding proposed amendments to the Anglo-Australian Telescope Agreement.

I agree that it is unfortunate that the United Kingdom Government is intending to reduce its level of involvement with the Anglo-Australian Observatory at Sidings Springs in New South Wales. I support your undertaking of action aimed at ensuring the continuing viability of the facility and that it remains accessible to all Australians.

Thank you for the opportunity to comment on this matter.

HON STEVE BRACKS MP

Premier of Victoria

South Australian Government reply

MINISTER FOR SCIENCE AND INFORMATION ECONOMY

Dear Minister

Thank you for your letter of 29 April 2003 to the South Australian Premier, Hon Mike Rann MP, regarding proposed amendments to The Anglo-Australia Telescope Agreement (the Agreement).

In the letter you seek to inform the Premier of proposed amendments to the Agreement and to ascertain if the Premier has any concerns regarding the process of amending the Agreement or any comments in relation to the text of the proposed Supplemental Agreement.

On behalf of the Premier, I can confirm that the South Australian Government does not have any concerns regarding the proposed amendments or any concerns regarding the process of amending the Agreement. Furthermore we do not have any comments to make in relation to the text of the proposed Supplemental Agreement.

I would like to take this opportunity to inform you of the progress being made by South Australia in relation to the international Square Kilometre Array radio telescope project. Recent testing of 'radio quiet locations around Australia has determined that a site just outside Leigh Creek in northern South Australia is not just radio quiet, but is virtually silent. As a result of this testing, plus other advantages associated with the site, this location is being presented as one of three sites in Australia that would be the ideal location for the Square Kilometre Array radio telescope.

Another factor in the site location decision is the proximity of appropriate computer processing facilities. I am pleased to inform you that just this month I opened a \$1.7 million world-class supercomputer named 'Hydra' located at the SA Partnership for Advanced Computing (SAPAC) facilities at the University of Adelaide. The supercomputer is among Australia's three fastest and its performance places it among the world's 80 fastest computers of its type.

In addition, the State Government announced in our recent State Budget that \$3.135 million has been allocated towards the expansion of 'Hydra's' computing capacity and development of an ultra high-speed telecommunications link. The upgrade will further advance supercomputing capacity to support the Square Kilometre Array project in South Australia.

Yours sincerely

Jane Lomax-Smith

Tasmanian Government Reply

Dear Minister

Thank you for your letter of 29 April 2003 inviting comment on the proposed amendments to The Anglo-Australian Telescope Agreement.

I wish to advise that, following consultation with the relevant Government agencies, Tasmania does not wish to comment on the proposed amendments at this time.

Yours sincerely

Jim Bacon MHA
Premier

Second Letter from Minister Nelson to NSW Premier, in June 2004

Dear Premier

In March 2003, I wrote to each Premier and Chief Minister concerning proposed amendments to *The Anglo-Australian Telescope Agreement* (the Agreement). The proposed amendments are to be enacted through a Supplementary Agreement between the Australian and UK Governments.

I regard it as vital that the Australian Parliament's consideration of the Supplementary Agreement be informed by the views of the NSW Government, given that the Observatory and associated facilities are located in NSW. To date, no response has been received from your Government to my initial letter. I would therefore like to provide a further opportunity for the NSW Government to comment on the proposed Supplementary Agreement.

By way of background you might like to note that the Agreement is a bilateral treaty between the Governments of Australia and the United Kingdom for the operation of optical telescopes at the Anglo-Australian Observatory (AAO) at Siding Springs, near Coonabarabran, and a laboratory in Epping.

Unfortunately, the UK Government has indicated its intention to reduce its level of involvement with the AAO due to competing astronomical priorities both domestically and with larger international consortia. Amendments to the Agreement, necessary to reflect this situation, have been negotiated between my department and the Particle Physics and Astronomy Research Council in the UK. The Supplementary Agreement will deal with the period from 2006 to 2010, and will provide for the AAO's operations to focus more on the construction of new optical instruments for internal telescopes. At the conclusion of the Supplementary Agreement in 2010, unless it is extended, ownership and control of the AAO will pass to the Australian Government.

As the Supplementary Agreement is a bilateral agreement between the Governments of Australia and the UK, it will be tabled in Federal Parliament for scrutiny by the Joint Standing Committee on Treaties (JSCOT). The National Interest Analysis, to be written by my Department for tabling with the Supplementary Agreement, will include details of the outcomes of the consultation process.

A copy of the Supplementary Agreement and the Agreement are attached. Please contact Michael Bryson in my Department on (02) 6240 7240, or by email at Michael.bryson@dest.gov.au if you have any questions in relation to this matter.

Yours sincerely

BRENDAN NELSON

NSW Reply in October 2004

Dear Dr Nelson

I refer to your correspondence dated 24 June 2004, regarding proposed amendments to *The Anglo-Australian Telescope Agreement Act 1970*.

The Anglo-Australian Observatory (AAO) makes a substantial contribution to advances in astronomy and the possible commercialisation of its research. New South Wales astronomers are acknowledged as world leaders and educational support for astronomy and astrophysics is provided by a number of higher educational facilities in this state.

In terms of its impact on the economy, the work of the AAO creates 70 jobs, attracts international investment, and many of its discoveries have had technological and industrial applications. Its economic impact on the Coonabarabran region is particularly important, through direct employment (approximately 35 staff), local purchasing of supplies and services, business tourism by way of visits to the facilities by overseas astronomers, and tourism generally.

The proposed Supplementary Agreement indicates that the UK Government will significantly reduce its funding involvement in coming years. This is regrettable.

Given its contribution to astronomy, technological and industrial innovation, and the economy, it is important that the AAO maintain its financial viability up to and beyond the term of the Agreement. On this basis, the Commonwealth should continue to promote Australia as a leader in this field and commit itself to easing any shortfall in funds associated with reduced involvement of the UK Government.

Yours sincerely

BOB CARR
Premier

Response from Minister Nelson to the NSW reply

Dear Premier

Thank you for your letter of 13 October concerning proposed amendments to the *Anglo-Australian Telescope Agreement* ('the Agreement').

The UK-Australian collaboration at Siding Springs has made a valuable contribution to the region and nation and been a significant factor in Australia's high world standing in the field of astronomy. When the UK government advised Australia of its long term plans for astronomy in 2001 it could have asked for the Agreement to be terminated in 2006. However, in recognition of the goodwill built up over the last 30 years, it was decided that the Agreement would be modified to allow for a gradual reduction in UK funding and the transfer of this useful scientific asset solely to Australian ownership in 2010.

The revised Agreement is designed to put the AAO on a sound financial footing during the transition period. By permitting non-symmetrical contributions it allows the Australian Government to maintain its current level of direct funding. The revised Agreement provides the AAO with greater flexibility to develop and access other sources of funding such as external earnings from instrument development and UK competitive grants. You might also note that the AAO is using the last few years of full bilateral funding to comprehensively upgrade the Anglo-Australian Telescope to ensure that it can continue to support world-class astronomy.

The Government maintains a close and productive relationship with the Anglo-Australian Telescope Board. I will be working closely with the Board over the coming years to ensure the continuing success of the AAO.

Further information about the Supplementary Agreement can be obtained from my Department. The relevant contact is Michael Bryson on (02) 6240 7240, or at michael.bryson@dest.gov.au.

Yours sincerely

BRENDAN NELSON

UK Bilateral Brief

1. The contemporary Australia-UK relationship is exceptionally close, marked by shared values, institutions and history, and our close alignment of security interests. The increasing relevance and value of Australia's strong relationship with the United Kingdom have been reinforced by the two countries' close cooperation in responding to current challenges to global security and to the international humanitarian challenges in the wake of the recent Tsunami.
2. As well as its central importance to Australia's national interests, our close interaction with the UK gives Australia valuable insight into multilateral exchanges in which we are not directly involved but in which our interests are closely engaged (eg in the Group of 8, where the UK assumed the Presidency for 2005, and in the European Union, where the UK took up the Presidency in July 2005). The UK's efforts to act as a bridge between continental Europe and the United States also serve our interests in a strong transatlantic relationship. The UK has been a close ally on a number of EU regulatory issues.
3. The UK is our fourth largest trading partner overall, sixth largest in merchandise trade, second largest export destination and second largest source of imports. It remains our top EU trading partner for both goods and services (worth A\$18.1 billion in 2003-04). The wine industry has replaced traditional commodities such as wool and iron ore as the major driving force behind Australia's improving trade performance. The UK is one of our largest wine export destinations. Gold exports remain significant. Australia's major imports from the UK are over-the-counter medications (worth over A\$1 billion in 2003-04). Two-way services trade is strong and dominated by tourism (worth A\$7.6 billion 2003-04, an Australian surplus of A\$170 million). The UK remains a very important investment partner for Australia and, after the US, is both our second largest foreign investor and the second largest destination of Australian investment. At the end of 2003, total investment by the UK in Australia was worth A\$259 billion (27 per cent of total foreign investment). Total investment by Australian interests in the UK was worth A\$83 billion (16.3 per cent of total overseas investment). Close to fifteen hundred Australian companies are active in the UK, with a high representation in banking, finance and information technology.
4. The strength of Australia-UK bilateral relations and the variety of issues on which we cooperate is evident from the large number of high-level visits in each direction. The strength of these official linkages is complemented by the depth of our people-to-people links. The UK was our largest source of immigration and second largest source of tourism (after New Zealand) in 2003-04: 686,400 Britons visited Australia; and 18,270 people migrated from the UK to Australia. Between January and September 2004, 629,000 Australian tourists visited the UK. In 2004, 23,500 young Australians sought UK working holiday visas, and in 2003-04, 35,061 young Britons were granted Australian working holiday maker visas.



UNITED KINGDOM

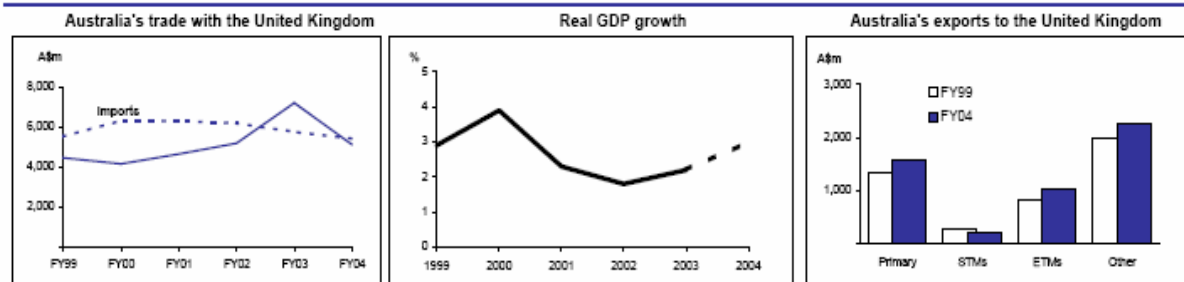
Fact Sheet

General information:

Capital:	London	Head of State:	
Surface area:	243 thousand sq km	H.M. Queen Elizabeth II	
Official language:	English	Head of Government:	
Population:	60.3 million (2003)	Prime Minister The Rt. Hon. Tony Blair	
Exchange rate:	A\$1 = 0.3799 Pounds (Jun 2004)		

Recent economic indicators:

	1999	2000	2001	2002	2003(a)	2004(b)
GDP (US\$bn):	1,461.3	1,438.2	1,431.4	1,564.9	1,795.8	2,067.6
GDP per capita (US\$):	24,559	24,068	23,876	26,021	29,772	34,175
Real GDP growth (% change YOY):	2.9	3.9	2.3	1.8	2.2	3.0
Current account balance (US\$m):	-39,550	-36,220	-32,140	-27,060	-33,460	-46,339
Current account balance (% GDP):	-2.7	-2.5	-2.2	-1.7	-1.9	-2.2
Goods & services exports (% GDP):	26.4	28.1	27.4	26.2	25.2	24.9
Inflation (% change YOY):	1.6	2.9	1.8	1.6	2.9	1.6
Unemployment rate (%):	5.9	5.4	5.0	5.1	4.9	5.0



Australia's trade relationship with the United Kingdom:

Major Australian exports*, 2003-2004 (A\$m):		Major Australian imports, 2003-2004 (A\$m):	
Non-monetary gold	1,238	Medicaments (incl. veterinary)	1,076
Alcoholic beverages	850	Passenger motor vehicles	359
Coal	327	Printed matter	351
Medicaments (incl. veterinary)	184	Measuring and controlling instruments	174
Lead	139	Alcoholic beverages	127

*Includes A\$1,031m of confidential items and special transactions, 20.1% of total exports.

Australian merchandise trade with the United Kingdom, 2003-2004:	Total share:	Rank:	Growth (yoy):	
Exports to the United Kingdom (A\$m):	5,132	4.7%	6th	-29.0%
Imports from the United Kingdom (A\$m):	5,430	4.1%	5th	-5.9%
Total trade (exports + imports) (A\$m):	10,563	4.4%	6th	-18.8%
Merchandise trade deficit with the United Kingdom (A\$m):	298			

Australia's trade in services with the United Kingdom, 2003-2004:	Total share:	
Exports of services to the United Kingdom (A\$m):	3,871	11.4%
Imports of services from the United Kingdom (A\$m):	3,701	10.8%
Services trade surplus with the United Kingdom (A\$m):	170	

United Kingdom's global trade relationships:

United Kingdom's principal export destinations, 2003:			United Kingdom's principal import sources, 2003:		
1	United States	15.7%	1	Germany	13.5%
2	Germany	10.5%	2	United States	10.2%
3	France	9.5%	3	France	8.1%
4	Netherlands	6.9%	4	Netherlands	6.3%
5	Ireland	6.5%	5	Belgium	4.9%
14	Australia	1.2%	27	Australia	0.8%

Compiled by the Market Information and Analysis Section, DFAT, using the latest data from the ABS, the IMF and various international sources.

(a) all recent data subject to revision; (b) IMF/EIU forecast.

n.a. Data not available.

Fact sheets are updated biannually; next update: May 2005

Treaties with the United Kingdom of Great Britain and Northern Ireland

- Agreement for the Establishment and Maintenance of a Telephone Service with the United Kingdom of Great Britain and Northern Ireland
[1933] ATS 16
- Exchange of Notes constituting an Agreement with the United Kingdom of Great Britain and Northern Ireland regarding the Transfer of Heard Island and the MacDonal Islands (now generally spelt “McDonald”) from the United Kingdom to Australia
[1951] ATS 3
- Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland for Air Services between and through their Respective Territories
[1958] ATS 4
- Exchange of Notes constituting an Agreement with the United Kingdom concerning Customs Arrangements for Civil Aircraft Making Non-Scheduled Flights
[1961] ATS 23
- Agreement with the United Kingdom of Great Britain and Northern Ireland to provide for the Establishment and Operation of a Large Optical Telescope
[1971] ATS 2
- Exchange of Notes constituting an Agreement concerning the Establishment of a Station to Monitor Compliance with the Partial Test Ban Treaty (of 5 August 1963)
[1972] ATS 17
- Exchange of Notes constituting an Agreement to amend the United Kingdom-Australia Trade Agreement, with Agreed Minutes and Exchange of Letters of 26 February 1957
[1972] ATS 21
- Agreement with the United Kingdom of Great Britain and Northern Ireland concerning Transfers Nuclear Transfers between Australia and the United Kingdom
[1979] ATS 11
- Exchange of Notes between Australia and the United Kingdom constituting an Agreement further amending the Schedule to the Agreement for Air Services between and through their Respective Territories of 7 February 1958
[1985] ATS 17
- Exchange of Letters with the United Kingdom constituting an Agreement to amend [Article 10 of] the Agreement to provide for the Establishment and Operation in Australia of a Large Optical Telescope of 25 September 1969
[1986] ATS 4
- Agreement on Health Services with the United Kingdom of Great Britain and Northern Ireland
[1986] ATS 13

<ul style="list-style-type: none"> • Exchange of Notes between Australia and the United Kingdom constituting an Agreement to amend the Agreement on Air Services between and through their Respective Territories [1988] ATS 19
<ul style="list-style-type: none"> • Films Co-Production Agreement with the United Kingdom of Great Britain and Northern Ireland [1991] ATS 28
<ul style="list-style-type: none"> • Exchange of Notes between Australia and the United Kingdom constituting an Agreement to further amend the Agreement for Air Services between and through their Respective Territories of 7 February 1958, as amended [1993] ATS 29
<ul style="list-style-type: none"> • Exchange of Notes constituting an Agreement with the United Kingdom of Great Britain and Northern Ireland concerning Maralinga and Other Sites in Australia [1993] ATS 40
<ul style="list-style-type: none"> • Agreement with the United Kingdom and Northern Ireland providing for the Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters [1994] ATS 27
<ul style="list-style-type: none"> • Agreement with the United Kingdom of Great Britain and Northern Ireland concerning the Investigation, Restraint and Confiscation of the Proceeds and Instruments of Crime [2000] ATS 15
<ul style="list-style-type: none"> • Exchange of Letters constituting an Agreement with the United Kingdom to amend [Articles 103 of] the Agreement on Health Services [2000] ATS 28
<ul style="list-style-type: none"> • Convention with the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains [2003] ATS 22

Supplementary Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Commonwealth of Australia concerning the Anglo-Australian Optical Telescope, at Siding Spring, New South Wales, Australia (Canberra, 9 August 2005) [2005] ATNIF 12

List of treaties of the same type with other countries

- Exchange of Notes constituting an Agreement between the Government of Australia and the Government of Canada concerning the Launching of a Canadian Rocket from Woomera - COSRAY 75
[1976] ATS 22
- Exchange of Notes with Germany constituting an Agreement concerning the Launching of a Skylark Vehicle and Payload at Woomera for Scientific Purposes
[1975] ATS 6
- Exchange of Notes with Germany constituting an Agreement concerning the Launching of two Scientific Payloads from Woomera for Scientific Purposes
[1979] ATS 3
- Exchange of Notes with the United States of America constituting an Agreement concerning the Discontinuance of the Facility Used in Measuring the Physical Effects of Disturbances in the Atmosphere or in Space and the Transfer of this Facility to the Australian National University
[1975] ATS 11
- Agreement with the United States of America on the Establishment of a Joint Space Research Facility [Pine Gap]
[1966] ATS 17
- Exchange of Notes constituting an Agreement Amending Article 3 and Extending in force the Agreement with the United States of America on the Establishment of a Joint Space Research Facility of 10 December 1966 [Pine Gap]
[1977] ATS 24
- Exchange of Notes constituting an Agreement Amending and Further Extending in force the Agreement with the United States of America on the Establishment of a Joint Space Research Facility of 10 December 1966, as amended [Pine Gap]
[1988] ATS 36
- Exchange of Notes Constituting an Agreement with the United States of America to further extend in force the Agreement relating to the Establishment of a Joint Defence Facility at Pine Gap of 9 December 1996, as amended [Pine Gap]
[2000] ATS 27