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Commonwealth Attorney-General



The Hon John Hatzistergos MLC
New South Wales Attorney General

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AUSTRALIA'S FIRST INTERNATIONAL DISPUTE RESOLUTION CENTRE OPENS IN SYDNEY

Australia is poised to become a major player in the lucrative cross border dispute resolution market, with the opening of the Australian International Disputes Centre in Sydney today.

Commonwealth Attorney General Robert McClelland and NSW Attorney General John Hatzistergos will today officially open the centre in the presence of distinguished guests including the Chief Justice of the Federal Court the Hon. Patrick Keane and the Chief Justice of the Supreme Court of NSW the Hon. James Spigelman AC.

Mr McClelland said recent reforms to arbitration laws, at both a State and Federal level, have created an international best practice legal framework for arbitration in Australia.

"These reforms lay the foundation for our highly skilled and internationally experienced Australian arbitrators to resolve disputes on Australian territory, under Australian arbitration law," he said.

"Australia will be the place to come to when businesses want their problems fixed fast and fairly."

NSW Attorney General John Hatzistergos said Australia is well placed to capitalise on the booming global market for cross border dispute resolution.

"We enjoy very close ties to Asia and Europe, we have stable economic, political and legal systems and we boast some of the best legal practitioners in the world," he said.

"Already, the world class facility is attracting strong interest from corporations in the Asia Pacific region and beyond.

"In fact, a major international arbitration and a domestic mediation are both being held in the centre today."

Recent studies by the International Legal Services Advisory Council have estimated that Australia's total legal services export and cross-border income was worth \$675 million in 2006-07.

President of the Australian Centre for International Commercial Arbitration and partner of Clayton Utz., Professor Doug Jones said the growth in arbitration is largely due to the fact that international investors want to avoid the uncertainty of litigation in foreign courts.

"International arbitration has emerged as the process of choice for businesses in the global economy," Professor Jones said.

“It delivers many benefits: expediency, efficiency, enforceability and commercial privacy.”

Professor Jones estimated the direct and indirect economic benefits to NSW and Australia will “run into the tens of millions of dollars” each year.

“On top of direct legal fees, there will be enormous flow-on for the professional services, hospitality, tourism and support sectors,” he said.

Michelle Sindler has this week been appointed the Chief Executive Officer of the new Australian International Disputes Centre.

Ms Sindler is an expert in international arbitration and alternative dispute resolution with more than 20 years’ experience. She has regularly appeared as counsel and mediator in disputes in Europe and Asia and was most recently in practice in Switzerland and London.

The \$600,000 centre is jointly funded by the Commonwealth and NSW Governments, the Australian Centre for International Commercial Arbitration (ACICA) and the Australian Commercial Disputes Centre.

The new hearing facility features ten custom built rooms, including a large 27-person hearing room, and is equipped with state-of-the-art video conferencing technology and access to translation and transcription services. It also features indigenous artwork on loan from retired arbitrator Ken Hinds.

The Australian International Disputes Centre is located in the heart of the legal and financial services district at 1 Castlereagh St, Sydney.

MEDIA FACT SHEET – INTERNATIONAL DISPUTE RESOLUTION

What is international arbitration?

- International Arbitration is a system of dispute resolution selected by many of the world's leading international companies.
- Arbitration agreements and arbitral awards are enforceable worldwide under an international law known as the New York Convention. By inserting an arbitration clause into agreements with trading partners, parties opt to have disputes decided by private tribunals ('arbitral tribunals') rather than litigating them in national courts.
- Arbitration is particularly common in the insurance, construction and engineering, oil, gas and shipping industries and increasingly so, in banking and financial services.

What about the Australian International Disputes Centre?

- The Australian International Disputes Centre is located at 1 Castlereagh Street, Sydney.
- The facility includes a main tribunal room, a second tribunal or conference room, six private conference rooms, an office area for support staff and main reception areas. There are first-rate communications, audiovisual and video conferencing systems.
- The \$600,000 in capital works were jointly funded by the Commonwealth and NSW Governments, and the Australian Centre for International Commercial Arbitration and Australian Commercial Disputes Centre.

What are the reforms to arbitration laws in Australia?

- On June 17 the Commonwealth Parliament amended the *International Arbitration Act 1974* to increase the effectiveness, efficiency and affordability of international commercial arbitration.
- On 22 June the NSW Parliament passed the *Commercial Arbitration Act 2010*, which amends NSW law applying to domestic arbitrations to harmonize it with the law applying to international arbitration.
- The NSW law is based on model law agreed to by all jurisdictions, and will ensure Australia has uniform laws applying to all domestic and international arbitrations.
- These reforms provide the framework for internationally experienced Australian arbitrators to resolve local, cross-border and international disputes on Australian territory.

How much is the market in international dispute resolution growing?

- In 2008 a PricewaterhouseCoopers survey, 'International Arbitration: Corporate attitudes and practices', revealed 73% of corporations prefer to use arbitration to resolve their cross-border disputes rather than transnational litigation and saw arbitration as a means to successfully preserve business relationships.
- ACICA, Australia's only international arbitral institution, say 2009 figures reveal that the number of cases handled by major international arbitration centres have increased from between 50 to 150 percent over the past decade.
- ACICA note the reason for the rapid growth is largely due to the global financial crisis which has seen an increase of commercial disputes. ACICA note because international investors want to avoid the uncertainty of litigation in a foreign court system - excessive time and costs, the lack of familiarity with foreign court procedures, language barriers, a lack of confidentiality and a fear some countries may lack impartial judiciary - arbitration has become preferred dispute resolution mechanism.
- The Financial Review reported in October 2009 that Toby Landau, QC, one of the world's leading arbitration lawyers, said Australia has a unique opportunity to win a large slice of lucrative international arbitration work. He said some global companies had become "increasingly disenchanted" by the arbitration models being offered by well-known seats including London and Geneva where the process had become expensive and highly regulated.
- Hong Kong and Singapore are presently the leaders in international dispute in the Asia Pacific. The Hong Kong International Arbitration Centre's cases doubled to 602 in 2008 from 2000. In Hong Kong, the overall market for legal services accounted for about 0.7 percent of Hong Kong's GDP in 2007, or HK\$10.5 billion (US\$1.3 billion), according to the Census and Statistics Department.
- The Singapore International Arbitration Centre had a 71 percent rise in cases to 99 from 2000 to 2008. In 2007, the overall legal services sector in Singapore was 0.5 percent or S\$1.3 billion (US\$902 million) and 0.6 percent in 2008, according to Statistics Singapore.