

---

The Parliament of the Commonwealth of Australia

# Review of Australia-New Zealand Trade and Investment Relations

**Trade Sub-Committee**

Joint Standing Committee on Foreign Affairs Defence and Trade

December 2006  
Canberra

---

© Commonwealth of Australia 2006

ISBN 0 642 78883 9 (printed version)

ISBN 0 642 78884 7 (HTML version)



# Contents

Foreword .....	vii
Membership of the Trade Sub- Committee.....	ix
Terms of reference .....	xi
List of abbreviations .....	xii
List of recommendations .....	xv
<b>1 Australia–New Zealand Closer Economic Relations Trade Agreement .....</b>	<b>1</b>
<b>Introduction .....</b>	<b>1</b>
<b>The Closer Economic Relations Trade Agreement .....</b>	<b>2</b>
History of the agreement .....	2
Government reviews .....	2
Agreement outcomes .....	3
Future directions .....	5
Other Parliamentary reviews .....	7
<b>Conduct of the inquiry .....</b>	<b>8</b>
Delegation visit to New Zealand.....	8
Structure of the report .....	10
<b>2 Coordination and Setting the Agenda.....</b>	<b>11</b>
Introduction .....	11
Australia – New Zealand Leadership Forum.....	11
Ministerial coordination.....	12
Coordination between officials .....	14
Trans - Tasman Accounting Standards Advisory Group (TTASAG).....	14
Trans-Tasman Council for Banking Supervision .....	15

---

Trans – Tasman Court Proceedings and Regulatory Enforcement Working Group .....	16
Sport .....	16
<b>Parliamentary cooperation .....</b>	<b>17</b>
<b>International cooperation .....</b>	<b>17</b>
World Trade Organisation (WTO) – Doha Round .....	17
Cairns Group.....	18
APEC .....	18
ASEAN.....	19
CANZ Group .....	19
<b>The committee’s view .....</b>	<b>19</b>
<b>3 Telecommunications .....</b>	<b>23</b>
The New Zealand telecommunications market.....	24
Telecommunications access arrangements .....	24
Telstra Corporation/TelstraClear’s position .....	27
A common market for telecommunications on both sides of the Tasman .....	27
How telecommunications got left behind by CER.....	27
Benefits of a common market for telecoms .....	29
CER needs to keep evolving .....	30
Importance of the telecommunications sector .....	30
Historical barriers to a trans – Tasman telecoms market .....	30
Need for greater harmonisation of sectoral regulation .....	31
Greater coordination of telecoms regulation in the interim .....	31
<b>AAPT’s position .....</b>	<b>31</b>
Non inclusion of telecommunications in CER.....	32
End user benefits of regulatory harmonisation .....	32
Including telecommunications in CER.....	33
<b>The committee’s view .....</b>	<b>33</b>
<b>4 Business and investment regulation .....</b>	<b>35</b>
Memorandum of Understanding on Business Law Coordination.....	35
Accounting standards.....	36
Cross-recognition of companies.....	36
Mutual recognition of securities offerings .....	37

Cross border insolvency.....	37
<b>Banking supervision.....</b>	<b>38</b>
<b>Competition policy.....</b>	<b>38</b>
<b>Taxation .....</b>	<b>39</b>
<b>Issues arising .....</b>	<b>40</b>
Investment protocol harmonisation .....	40
Imputation credits.....	40
Withholding taxes alignment .....	42
Common currency.....	42
Competition policy harmonisation .....	42
<b>The committee view .....</b>	<b>43</b>
<b>5 Trade, travel and tourism .....</b>	<b>45</b>
<b>Trade .....</b>	<b>45</b>
Rules of Origin .....	45
Infrastructure.....	48
<b>Travel .....</b>	<b>49</b>
Trans-Tasman travel arrangement.....	49
Permanent residence visas.....	50
Tasman Networks Agreement.....	51
<b>Border control .....</b>	<b>51</b>
ePassports and automated border processing.....	51
Identity fraud/multiple identities .....	52
<b>Tourism.....</b>	<b>52</b>
<b>The committee view .....</b>	<b>53</b>
<b>6 Mutual recognition .....</b>	<b>55</b>
Trans-Tasman Mutual Recognition Agreement.....	55
<b>Mutual recognition of Aviation – Related Certification .....</b>	<b>56</b>
<b>Products .....</b>	<b>56</b>
Australia New Zealand Therapeutic Products Authority .....	57
Food Standards Australia New Zealand.....	58
<b>Occupations .....</b>	<b>59</b>
Doctors.....	59

Nurses.....	60
The skills shortage.....	61
The committee view .....	62
<b>7 Concluding remarks .....</b>	<b>63</b>
Keeping the momentum .....	63
A world class agreement: springboard to world trade .....	64
More than trade: a cultural exchange.....	65
<b>Appendix A – Submission List.....</b>	<b>69</b>
<b>Appendix B – Exhibits List.....</b>	<b>71</b>
<b>Appendix C – List of Hearings and Witnesses.....</b>	<b>73</b>
<b>Appendix D .....</b>	<b>77</b>
Trade Sub-Committee visit to New Zealand—Meetings.....	77
Tuesday, 25 July 2006—Auckland.....	77
Wednesday, 26 July 2006—Wellington.....	78
Thursday, 27 July 2006—Wellington.....	78



## Foreword

Australia has historically enjoyed an important and productive economic relationship with New Zealand. New Zealand is Australia's fifth largest export market and eighth largest source of imports, and the 1983 Australia-New Zealand Closer Economic Relations (CER) Trade Agreement is Australia's oldest free trade agreement (FTA).

The Committee's interest in Australia's FTAs has been demonstrated previously by its 2005 review of Australia's FTAs with Singapore, Malaysia and the USA, and it is hoped that this report into the CER will be a valuable contribution to Australia's economic relationship with New Zealand, and helpful in mapping future directions.

In essence, the Committee found that the relationship is strong in a plethora of areas and advancing across a broad front. However, the Committee feels that there are still several impediments to bilateral trade and investment. One of the key themes that emerged during the inquiry process was that there is a lack of central guidance and oversight of the relationship and its future directions, and this report addresses these concerns.

Since its inception the CER has undergone three reviews, though this is the first by the Joint Standing Committee on Foreign Affairs, Defence and Trade. In addition, there have been many agreements and Memoranda of Understanding signed by Australia and New Zealand concerning regulatory issues and the harmonisation of domestic policies.

Telecommunications is a substantial area of engagement between the two countries. During the inquiry process several opinions were proffered in this area, and the Committee recommends that a telecommunications Ministerial Council be established to facilitate discussion, and that it be placed on the CER Work Program.

The business and investment regulations underpinning the economic relationship are extensive and beneficial, and the long-term goal of both countries is to develop a single economic market. To this end, the Committee recommends that the issues

of withholding tax alignment, and of competition policy harmonisation, be placed on the Work Program for Coordination of Business Law.

The regulatory regime covering the mutual recognition of services, products and professions, driven by the Trans Tasman Mutual Recognition Arrangement (TTMRA), is extensive and well-developed, and further contributes to the goal of establishing a single economic market.

In February 2006 Australia's and New Zealand's Trade Ministers agreed upon amendments to the tariff classification approach to the Rule of Origin (ROO) used in trade. These amendments will come into effect on 1 January 2007, and are supported by the Committee, as the bulk of evidence suggests that the changes will be greatly beneficial to bilateral trade.


Tourism is a major driver of bilateral trade and investment, and the two countries work very closely on immigration and border control. Australia and New Zealand have very strong travel and visa arrangements, underpinned by the 1973 Trans-Tasman Travel Arrangement which enables New Zealanders to travel to, live and work in Australia without restriction, and Australians to do the same.

In summary, Australia's trade and investment relations with New Zealand under the CER have always been close and substantial, though it is important that attention be paid to how the relationship's momentum can be maintained and enhanced. The CER encompasses a wide range of engagements, and indeed this report shows that it is a world class and highly respected trade agreement of great mutual benefit.

Finally, the Committee would like to extend warm thanks to the Australian Government officials who assisted the delegation with their visit to New Zealand in July 2006. The Committee would also like to acknowledge and thank the New Zealand officials and industry leaders for their hospitality and valuable contribution.

Hon B G Baird MP  
Chair, Trade Sub-Committee





## Membership of the Trade Sub-Committee

Chair            Hon B G Baird MP

Deputy Chair   Hon W E Snowdon MP

Members	Senator A Bartlett	Senator A Eggleston
	Senator A B Ferguson (ex officio)	Senator D Johnston
	Senator M A Payne	Senator N Scullion
	Mr P A Barresi, MP	Mrs T Draper, MP
	Hon G J Edwards, MP (ex officio)	Mr B W Haase, MP
	Mr M J Hatton, MP	Hon D F Jull, MP
	Hon J E Moylan, MP	Hon G D Prosser, MP
	Hon B C Scott, MP	Mr R C G Sercombe, MP
	Dr A J Southcott, MP	Mr C P Thompson, MP
	Mr B Wakelin, MP	Ms M Vamvakinou, MP
	Mr K W Wilkie, MP	

## Committee Secretariat

Secretary	Dr Margot Kerley
Inquiry Secretary	Mr Robert Little
Research Officer	Mr Sam Byfield
Administrative Officer	Ms Emma Martin/Ms Leannah Auckram



## Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall examine and report on Australia's trade and investment relations under the Australia and New Zealand Closer Economic Relations Trade Agreement (CER) with particular reference to:

- The nature of Australia's existing trade and investment relationships
- Likely future trends in these relationships
- The role of Government in identifying and assisting Australian companies to maximise opportunities under CER
- Complementary policy approaches by the two governments

Referred to the Committee by the Hon Mark Vaile MP, Minister for Trade on 1 March 2006



## List of abbreviations

AAP	Australian Associated Press
AAPT	AAP Telecommunications
AASB	Australian Accounting Standards Board
ACCC	Australian Competition and Consumer Commission
ACPSEM	Australasian College of Physical Scientists and Engineers in Medicine
AMC	Australian Medical Council
ANMC	Australian Nursing and Midwifery Council
ANZCERTA	Australia-New Zealand Closer Economic Relations Trade Agreement
ANZFRMC	Australia and New Zealand Food Regulation Ministerial Council
ANZLF	Australia-New Zealand Leadership Forum
ANZTPA	Australia-New Zealand Therapeutic Products Authority
APEC	Asia Pacific Economic Cooperation
APRA	Australia Prudential Regulatory Authority
ASEAN	Association of Southeast Asian Nations

---

ASRB	Accounting Standards Review Board
CANZ	Canada, Australia and New Zealand
CER	Closer Economic Relations
CTC	Change in Tariff Classification
DCITA	Department of Communications, Information Technology and the Arts
DFAT	Department of Foreign Affairs and Trade
DIMA	Department of Immigration and Multicultural Affairs
EPSM	Engineers and Physical Scientists in Medicine
ERMA	Environmental Risk Management Authority
FRC	Financial Reporting Council
FRSB	Financial Reporting Standards Board
FRSC	Food Regulation Standing Committee
FSANZ	Food Standards Australia New Zealand
FTA	Free Trade Agreement
HCNC	Health Concern Non-Citizen
IASB	International Accounting Standards Board
IDC	Inter - Departmental Committee
LBSPG	Large Budget Screen Production Grant
NGA	National Gallery of Australia
NRMMC	Natural Resource Management Ministerial Council
NRMSC	Natural Resource Management Standing Council
NZ	New Zealand

NZAC	New Zealand Australia Connections
NZCC	New Zealand Commerce Commission
NZMED	New Zealand Ministry of Economic Development
OECD	Organisation for Economic Cooperation and Development
OGTR	Office of the Gene Technology Regulator
PISC	Primary Industries Standing Committee
RBNZ	Reserve Bank of New Zealand
ROO	Rules of Origin
SCIT	Standing Committee on Industry and Trade
SCORS	Standing Committee on Recreation and Sport
SCV	Special Category Visa
SEM	Single Economic Market
SRMC	Sport and Recreation Ministers' Council
TGA	Therapeutic Goods Administration
TPA	Trade Practices Act
TPIMC	Therapeutic Products Interim Ministerial Council
TTASAG	Trans-Tasman Accounting Standards Advisory Group
TTMRA	Trans-Tasman Mutual Recognition Agreement
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
USA	United States of America
WTO	World Trade Organisation



# List of recommendations

## 2 Coordination and Setting the Agenda

### Recommendation 1

The Committee recommends that DFAT investigate and report to the Minister for Foreign Affairs, Minister for Trade and the Treasurer on the feasibility of setting up a CER Coordinating Secretariat/Inter Departmental Committee (IDC).

### Recommendation 2

The Committee recommends that parliamentary travel, between Australia and New Zealand, on Committee work with New Zealand relevance be treated as domestic travel.

## 3 Telecommunications

### Recommendation 3

The Committee recommends that a Telecommunications Ministerial Council be established.

### Recommendation 4

The Committee recommends that telecommunication be placed on the CER Work Program at the earliest opportunity.

## 4 Business and investment regulation

### Recommendation 5

The committee recommends that withholding tax alignment be placed on the Work Program for Coordination of Business Law at the earliest opportunity.

**Recommendation 6**

The committee recommends that Competition Policy Harmonisation be placed on the Work Program for Coordination of Business Law.