

GOVERNMENT RESPONSE TO
REVIEW OF AUSTRALIA-NEW ZEALAND TRADE AND INVESTMENT
RELATIONS
BY THE JOINT STANDING COMMITTEE OF FOREIGN AFFAIRS,
DEFENCE AND TRADE
DECEMBER 2006

Government Response to *Review of Australia-New Zealand Trade and Investment Relations* December 2006 by the Joint Standing Committee of Foreign Affairs, Defence and Trade

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).

The Government has agreed that Commonwealth departments should coordinate the development and implementation of Australian policy on relations with New Zealand at officials-level through the mechanism of the inter-departmental New Zealand Policy Group, chaired by the Department of Foreign Affairs and Trade. The Policy Group met on 21 March 2007.

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.

The recommendation is not accepted. Treatment of New Zealand as domestic travel would have significant and costly flow on effects for domestic travel entitlements such as family reunion travel for Parliamentarians, travel by staff of Parliamentarians and payment of travelling allowance. Currently all overseas travel (including to New Zealand) by Parliamentary delegations and Committees must be approved by the Prime Minister. The Government considers that this approval process maintains an appropriate level of accountability and ensures travel by parliamentarians is publicly defensible.

Recommendation 3

The Committee recommends that a Telecommunications Ministerial Council be established.

The Government does not agree with the establishment of a Ministerial Council but recognises the value of regular bilateral Ministerial meetings. There are regular opportunities for such meetings particularly where various forums are attended by both Ministers, including the annual Australia-New Zealand-Korea Broadband Summit and the APEC Telecommunications and Information Ministerial Meeting which is held approximately every two years.

The Government notes that the recent House of Representatives Standing Committee on Legal and Constitutional Affairs report on 'Harmonisation of Legal Systems within Australia and between Australia and New Zealand' also recommends the establishment of a formal ministerial-level dialogue on telecommunications regulation.

Recommendation 4

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

The Government will give further consideration to the recommendation. Providing improved certainty via a formal government-to-government arrangement for telecommunications companies in both Australia and New Zealand that wish to enter the other market in regard to the regulatory environment they can expect, such as levels of access to existing infrastructure, competitive safeguards and transparency issues, could further liberalise trans-Tasman trade and investment. Such measures would also be in line with Australia's Free Trade Agreements with Singapore and the USA.

The Government also notes that the recent House of Representatives Standing Committee on Legal and Constitutional Affairs report on 'Harmonisation of Legal Systems within Australia and between Australia and New Zealand' has recommended further legal harmonisation of the telecommunications regulatory regimes in Australia and New Zealand. The Government will consider whether inclusion of telecommunications regulatory provisions in the ANZCERTA is an effective way to accomplish this.

Recommendation 5

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

The Government supports the Committee's recommendation that the issue of withholding tax alignment be addressed. However, consistent with the Treasurer's Press Release of 29 January 2007, it is expected that this issue will be addressed through the commencement of negotiations for a new tax treaty, rather than through the Work Program for Coordination of Business Law, as the Committee suggested.

Recommendation 6

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

The Government notes that the Work Program for Coordination of Business Law already includes exploring the potential for greater consistency in trans-Tasman application and enforcement of competition law. In its December 2004 report, *Australian and New Zealand Competition and Consumer Protection Regimes*, the Productivity Commission rejected the complete or partial integration by Australia and New Zealand of their competition and consumer protection regimes, on the basis that it would be unlikely to generate net benefits. The Government is instead pursuing the Productivity Commission's recommendations in relation to a transitional integration of the two regimes, through increased cooperation, coordination and policy dialogue.