

Coordination and Setting the Agenda

Introduction

- 2.1 Australia's relationship with New Zealand is one of the closest and most enduring our country has. This relationship, particularly with regard to CER, is kept vibrant and relevant by the variety of meetings and forums that are conducted between Ministers, officials and businesspeople of the two countries.

Australia – New Zealand Leadership Forum

- 2.2 The Australia – New Zealand Leadership Forum (ANZLF) brings together high-level business and community representatives, government ministers, parliamentarians and officials in an independent, second-track forum to discuss issues which impact on the trans-Tasman relationship and the future direction of the economic relationship.¹
- 2.3 At its April 2005 meeting the Forum endorsed the Single Economic Market (SEM) initiative that was commenced by the New Zealand and Australian Governments in 2004.
- 2.4 The evidence shows that the Forum is a well supported and influential arena in which companies and other participants are able to influence the agenda in relation to the Australia – New Zealand economic relationship

1 DFAT, *submission 7, Vol 1*, p.88.

- 2.5 The New Zealand Australia Connections (NZAC) Research Centre emphasises the value of the ANZLF and the need for the Australian Government to support such joint meetings:

The Australia New Zealand Leadership Forums, meeting annually since 2004, have lobbied consistently and worked in joint working parties with officials in Canberra and Wellington to make gains in combining competition regulation, accounting standards, investment requirements and to harmonise taxation and banking rules. Parliament should encourage this momentum to grow, especially the joint meeting of officials, regulators and the business community in order that the components of a single economic market are identified, problems isolated and deadlines set for their solution. ²

- 2.6 In reviewing the list of participants in the ANZLF for 2006 held in Auckland for 5-6 May³ the Committee notes the absence of members of the Trade Sub Committee of the Australian Joint Standing Committee on Foreign Affairs, Defence and Trade and of members of the New Zealand Select Committee on Foreign Affairs, Defence and Trade.

Ministerial coordination

- 2.7 There is a comprehensive list of meetings attended by Australian and New Zealand Ministers “that contributes to the dynamic nature of the CER”⁴. These are:

- The Prime Ministers, Treasurer/Finance ministers, the Defence and Customs ministers meet annually; and
- Foreign ministers meet bi-annually.

- 2.8 In addition to the above, New Zealand Ministers participate in many of Australia’s State/Federal Ministerial Councils, such as the Primary Industries Ministerial Council (PIMC). There are joint Ministerial Councils in areas where there are joint agencies or agreements to implement joint agencies such as the Australia New Zealand Food Regulation Ministerial Council and the Therapeutic Product Interim Ministerial Council.⁵

2 New Zealand Australia Connections (NZAC) Research Centre, *submission 15, Vol 1*, p. 169.

3 DFAT, *submission 16, Vol 1*, p. 175-177.

4 DFAT, *submission, Vol 1*, p. 87.

5 NZ Government, *submission 9, Vol 1*, p. 101.

- 2.9 The Primary Industries Ministerial Council (PIMC) involves representatives from the Commonwealth, each of the states and territories of Australia, and NZ (which is a full member of the Council). PIMC facilitates a coordinated response to primary industry issues which are of concern to all states and NZ. PIMC is supported by the Primary Industries Standing Committee (PISC), consisting of the heads of departments concerned with agriculture, forestry, fisheries, fibre, food and aquaculture. Examples of the issues the Council discusses are joint food regulations, joint animal welfare strategies and trade issues. The Australian Government Minister for Agriculture, Fisheries and Forestry is the current Chair of the Council. ⁶
- 2.10 The Natural Resource Management Ministerial Council (NRMMC) co-chaired by the Australian Government Minister for Agriculture, Fisheries and Forestry and the Minister for the Environment and Heritage, is the principal body for the coordination of natural resource management issues across Australia and New Zealand. New Zealand is a full member of the Council. Issues addressed by the NRMMC include climate change, greenhouse emissions trading and marine pests. The NRMMC is supported by a Standing Committee (NRMSC) comprising heads of departments responsible for natural resource policy. ⁷
- 2.11 The Australia and New Zealand Food Regulation Ministerial Council (ANZFRMC) includes Ministers from the Australian and NZ Governments and Australian state and territory governments and is responsible for developing food regulatory policy. The Food Regulation Standing Committee (FRSC) provides policy advice to the Council. The Committee's membership reflects the membership of the Council, comprising the heads of departments for which the Ministers represented on the Council have portfolio responsibility, as well as the President of the Australian Local Government Association and Food Standards Australia NZ as observers. The Minister for Agriculture, Fisheries and Forestry is a member of the ANZFRMC, as are the Minister for Health and Ageing and the Parliamentary Secretary to the Minister for Health and Ageing.⁸
- 2.12 The Therapeutic Products Interim Ministerial Council (TPIMC), comprising the Australian Parliamentary Secretary to the Minister for Health and Ageing, Christopher Pyne, and the New Zealand Minister for State Services, Annette King, was established to facilitate the

6 DAFF, *submission 17, Vol 1*, p. 199.

7 DAFF, *submission 17, Vol 1*, p. 199.

8 DAFF, *submission 17, Vol 1*, p. 199.

establishment of the Australia New Zealand Therapeutic Products Authority (for more detail see chapter 6).⁹

- 2.13 The Committee took evidence that the Prime Minister takes an active role in the relationship between New Zealand and Australia:

... the Prime Minister himself has an active dialogue with his New Zealand counterpart, so the leadership is provided in terms of the relationship with New Zealand. The leadership is provided from the top. It is the case that it is a very comprehensive relationship, and it might be the case that it has gained a certain momentum and a certain program of activity. I would not say that it drives itself, but it goes along with understood roles played by the various government agencies' portfolios.¹⁰

Coordination between officials

- 2.14 In addition to the extensive ministerial coordination outlined above officials from government and professional groups meet regularly to discuss issues relating to CER.

Trans - Tasman Accounting Standards Advisory Group (TTASAG)

- 2.15 On 30 January 2004, the Australian Treasurer, the Hon Peter Costello MP, and the New Zealand Minister of Finance, the Hon Dr Michael Cullen MP announced the formation of the Trans-Tasman Accounting Standards Advisory Group (TTASAG).¹¹
- 2.16 The Trans-Tasman Accounting Standards Advisory Group (TTASAG) advises the Australian and New Zealand accounting standard and oversight bodies on the setting up of trans-Tasman accounting standards. These discussions are carried out within the broader context of both jurisdictions' objective of adopting international accounting standards, and to maximise the influence of Australia and New Zealand in the development of international accounting standards and the international accounting standard setting process.¹²

9 Department of Health and Ageing, *submission 10, Vol 1*, p. 131.

10 Ms N Gordon-Smith, General Manager, Bilateral Trade Branch, International Divisions, Department of Agriculture, Fisheries and Forestry, *Evidence*, 16/06/06, p. 32.

11 Department of the Treasury, *submission 4, Vol 1*, p. 22.

12 NZ Government, *submission 9, Vol 1*, p. 109.

- 2.17 Membership of the Group includes representatives from the Australian Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB), New Zealand's Financial Reporting Standards Board (FRSB) and Accounting Standards Review Board (ASRB), the professional accounting bodies and officials from the Australian Treasury and the New Zealand Ministry of Economic Development.¹³
- 2.18 TTASAG has met seven times. It is anticipated that the Group will meet approximately quarterly. To date the Group has focused on:
- the alignment of Australian and New Zealand financial reporting standards and how this can be progressed in light of the adoption of international accounting standards;
 - the extent to which Australia and New Zealand can influence the development of international accounting standards through their involvement with the International Accounting Standards Board (IASB) and related forums;
 - the broader legal framework governing financial reporting requirements in Australia and New Zealand and how those requirements could be more closely aligned; and
 - whether, in the longer term, there would be a move to joint institutions to ensure the maintenance of common standards in the two countries.¹⁴

Trans-Tasman Council for Banking Supervision

- 2.19 A Trans-Tasman Council for banking supervision was established in February 2005. In June 2005 it recommended legislative changes that would allow greater cooperation between the Reserve Bank of New Zealand (RBNZ) and the Australia Prudential Regulatory Authority (APRA) in fulfilling their respective statutory functions.¹⁵
- 2.20 Legislative changes have been supported by the governments on both sides of the Tasman. The next steps in the work programme of the Council are to oversee implementation of the legislative changes in both countries, to work on joint crisis management, and investigate any further impediments to the seamless provision of banking services.¹⁶

13 Department of the Treasury, *submission 4, Vol 1*, p. 22.

14 Department of the Treasury, *submission 4, Vol 1*, p. 22 - 23.

15 NZ Government, *submission 9, Vol 1*, p. 109.

16 NZ Government, *submission 9, Vol 1*, p. 109.

Trans – Tasman Court Proceedings and Regulatory Enforcement Working Group

- 2.21 The Trans-Tasman Court Proceedings and Regulatory Enforcement Working Group were established by the Prime Ministers of Australia and New Zealand to review the effectiveness and appropriateness of various procedural and regulatory arrangements. The Group’s work aims to “reduce barriers to trans-Tasman commercial activity and support effective and efficient dispute resolution by enhancing legal cooperation in areas such as service of process, the taking of evidence, the recognition of judgments in civil and regulatory matters and regulatory enforcement.”¹⁷
- 2.22 This group is working on issues which underpin a wide range of other legal coordination issues. Increased cooperation in areas such as consumer protection, competition law, securities regulation and therapeutics regulation will all be supported by improved enforcement of regulatory regimes across the Tasman, such as measures to enable, for example, the more effective enforcement of civil pecuniary penalties where a person in one country targets consumers or investors in the other country.¹⁸

Sport

- 2.23 The Australian Sports Anti-Doping Authority has a bilateral agreement with their New Zealand counterpart, the New Zealand Sports Drug Agency, which provides for reciprocal testing of New Zealand and Australian competitors.¹⁹
- 2.24 Australian and New Zealand are both involved with the Standing Committee on Recreation and Sport (SCORS) and the Sport and Recreation Ministers’ Council (SRMC). SCORS meets twice annually and exchanges views on the nation-wide development and co-ordination of recreation and sport. It provides advice and administrative support to the SRMC.²⁰
- 2.25 The SRMC provides a forum for co-operation and co-ordination between the Commonwealth, State and Territory Governments on matters relating to the development of sport and recreation in Australia and, more recently, in New Zealand and Papua New Guinea. The SRMC is

17 NZ Government, *submission 9, Vol 1*, p. 110.

18 NZ Government, *submission 9, Vol 1*, p. 110.

19 Department of Communications, IT and the Arts, *submission 22, Vol 2*, p.

20 Department of Communications, IT and the Arts, *submission 22, Vol 2*, p.

comprised of Commonwealth, State and Territory Ministers with responsibility for sport and recreation.²¹

Parliamentary cooperation

- 2.26 To date parliamentary cooperation has been relatively ad hoc. Inquiries, friendship groups and specific issues prompt visits between parliamentarians of the two countries. One obstacle to increased parliamentary meetings is the fact that travel to New Zealand is deemed as being 'overseas'.
- 2.27 It should be noted that this problem is not confined to parliamentarians alone. One example is that of biomedical engineers in the NSW public health system, whose experience would be greatly appreciated by young New Zealand engineers attending the Conference of Engineers and Physical Scientists in Medicine (EPSM) organised by their Australasian College (ACPSEM) for which Christchurch is the venue in 2008. As New Zealand is deemed to be 'overseas' by NSW health bureaucrats, funding for engineers to travel to the conference is proving difficult to access.²²
- 2.28 It is important that, wherever possible, such impediments are removed so as to improve and facilitate the knowledge transfer between Australia and New Zealand that is fundamental to CER.

International cooperation

- 2.29 The relationship between Australia and New Zealand extends far beyond domestic issues to a close and constructive working relationship on international issues including a strong cooperation on regional issues.

World Trade Organisation (WTO) – Doha Round

- 2.30 New Zealand and Australia work together closely on trade policy issues, to promote shared interests and maximise regional and international impact. Both countries regard securing an ambitious outcome from the

21 Department of Communications, IT and the Arts, *submission 22, Vol 2, p.*

22 New Zealand Australia Connections (NZAC) Research Centre, *submission 15, Vol 1, p. 172.*

World Trade Organisation (WTO) Doha Round of negotiations as their highest trade priority.²³

- 2.31 As agricultural exporters Australia and New Zealand face common challenges, such as global distortions to trade caused by prohibitive market access barriers and high levels of subsidies, along with increasing competition internationally for goods and services. In this context, the importance to both countries of getting a good result in the current WTO Round cannot be overemphasised.²⁴
- 2.32 Australia and New Zealand have shared objectives across a number of areas in these negotiations. On agriculture, our shared objectives are to substantially improve market access, including those products deemed the most politically “sensitive” (such as dairy and meat), substantially reduce domestic support and eliminate export subsidies.²⁵

Cairns Group

- 2.33 The Cairns Group has been an influential voice in the agricultural reform debate since its formation in 1986 and has continued to play a key role in pressing the WTO membership to meet in full the far-reaching mandate set in Doha.²⁶
- 2.34 New Zealand strongly supports the continued profile of the Cairns Group as a significant participant in the negotiations and appreciates the important role that Australia plays as Chair. New Zealand believes that the Cairns Group, under Australia’s leadership, is crucial to shared efforts to secure Australia and New Zealand’s joint objectives in the WTO, particularly for market access. This is important for both New Zealand and Australia’s direct trade interests.²⁷

APEC

- 2.35 New Zealand and Australia also have an active and cooperative relationship in APEC and share many objectives. We cooperate closely on trade and investment, for example, promoting FTA best practice and expanding APEC’s investment work. New Zealand looks forward to

23 NZ Government, *submission 9, Vol 1*, p. 105.

24 NZ Government, *submission 9, Vol 1*, p. 105.

25 NZ Government, *submission 9, Vol 1*, p. 105.

26 Department of Finance and Administration, *submission 14, Attachment 2*, p. 9 (held by Secretariat).

27 NZ Government, *submission 9, Vol 1*, p. 105.

supporting Australia in its role as chair in 2007 and maintaining a close dialogue on its themes and objectives for that year.²⁸

ASEAN

2.36 Complementing efforts in the WTO, NZ is currently negotiating jointly with ASEAN on an ASEAN-Australia/New Zealand Free Trade Agreement. These negotiations were launched in November 2004 and are due to be completed by March 2007. This is the first time that the CER partners have collaborated on an FTA with third countries, and reflects the recognition by ASEAN of the close integration between Australia and New Zealand – that it makes sense to deal with Australia and New Zealand as a grouping.²⁹

CANZ Group

2.37 The CANZ Group (Canada, Australia and New Zealand) is a way in which Australia, with Canada and New Zealand, are able to pool resources to push for outcomes in the United Nations (UN). This relationship has been described as “fundamental” to day to day operations in New York.³⁰

The committee’s view

2.38 The Committee feels that the attendance by the Chairs and Deputy Chairs of the Trade Sub Committee of the Australian Joint Standing Committee on Foreign Affairs, Defence and Trade and of members of the New Zealand Select Committee on Foreign Affairs, Defence and Trade Committees to the ANZLF would greatly enhance the working relationship between parliamentarians and stakeholders and enhance the ability of the ANZLF to promote policy outcomes.

2.39 The Committee is aware that the Australian Government is not the organiser of the ANZLF and, as such, the Committee cannot make recommendation to the Government regarding ANZLF. However the Committee encourages the Australian Government, wherever possible, to

28 NZ Government, *submission 9, Vol 1*, p. 105.

29 NZ Government, *submission 9, Vol 1*, p. 106.

30 *Australia and the United Nations: Letter from New York*, H E Mr John Dauth, Australian Ambassador and Permanent Representative to the United Nations, 24 July 2002, p. 1.

put forward the view that the ANZLF should include parliamentary representation.

- 2.40 The submissions and evidence presented to the Committee show that the relationship between Australian and New Zealand is a broad and open one in which issues are able to be discussed in a constructive manner.
- 2.41 The Committee was concerned to note that there does not seem to be one driving force behind the implementation of CER. For example, a lot of the CER is business regulation integration and the Department of Treasury is behind this. The broader diplomacy is handled by the Department of Foreign Affairs and Trade with each individual government agency then being responsible for the development and implementation of CER policy and processes in their particular portfolio area.
- 2.42 Mr Peter Hooton from DFAT provide a comprehensive answer as to why there is no such driving force behind CER:

If you are looking for a single agent to assume responsibility for the full range of trans-Tasman activity, I think as a relationship it has long outgrown the capacity of any one department or agency to manage it on their own. Relationships between the different agencies on both sides of the Tasman are so good and so direct that it is simply not possible to monitor everything that goes on. In the case of my own department and of the High Commission in Wellington and, I would imagine, in the case of my colleagues from the New Zealand High Commission here in Canberra, we sometimes lament the fact that we do find it difficult to stay across the full range of exchanges and activities that are going on. But we tend to find out when something is not going particularly well. I think it is a particular role of my department to become involved when there are problems to be sorted out. When there are not problems then there really is no need to become involved, but when there are we certainly step in and do our best to resolve them. So in terms of identifying some sort of a point of coordination I think you could probably point the finger at Foreign Affairs and Trade.³¹

- 2.43 The Committee accepts the broad nature of the CER and the thrust of Mr Hooton's comments above. However the Committee believes that, given the closeness of the relationship between Australia and New Zealand DFAT should investigate the establishment of a CER Coordinating

31 Mr P Hooton, Assistant Secretary, Pacific Regional and New Zealand Branch, International Divisions, Department of Foreign Affairs and Trade, *Evidence*, 12/05/06, p. 41.

Secretariat or Inter – Departmental Committee (IDC). This should act as a clearing house and distribution point to stakeholders for the major decisions made at various meeting between Australian and New Zealand Ministers and officials. It will allow officers of Departments to “stay across” issues being worked on and should also serve to keep the momentum of the CER ongoing.

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).

- 2.44 In order to travel to New Zealand the Committee wrote to the Trade Minister to gain his support for an overseas delegation. The Committee then wrote to the Speaker of the House of Representatives and the President of the Senate in order to gain their support for a request to the Prime Minister.
- 2.45 The Committee found it incongruous that travel for parliamentarians to New Zealand should be characterised as overseas. Technically this may be true but travel from the eastern states of Australia to the Northern Territory or Western Australia costs more and involves more travel time. To remedy this, and encourage closer parliamentary relations between Australia and New Zealand the Committee recommends that parliamentary travel, between Australia and New Zealand, on Committee work with New Zealand relevance, be treated as domestic travel.

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.

