



AUSTRALIA NEW ZEALAND LEADERSHIP FORUM

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Dear Chairmen

Submission to: Strengthening Economic Relations between Australia and New Zealand

Thank you for the opportunity to meet with you at the stakeholder meetings in Melbourne and Auckland on 15th and 24th October to discuss the Commissions' draft report.

At those meetings we, on behalf of the Australia New Zealand Leadership Forum, registered the view that the draft report could, and should, be strengthened by providing a clear strategic vision for the economic relationship between Australia and New Zealand. We would like to take this opportunity to share with you some further thoughts.

In our view most of the key elements are present in the draft report, it is just a question of bringing some of the strands together and joining the dots. For example, it is surprising that the 'key points' set out on page 2 of the draft report make no reference to the Single Economic Market concept. Yet page 4 of the draft report notes that extensions to the CER agenda during the 1980s and 1990s were encompassed in 2004 "in the ambition of creating a 'single economic market' in which businesses, consumers and investors could operate 'seamlessly' across the Tasman". The draft report goes on to note on page 40 that the direction of travel for CER towards a more seamless trans-Tasman operating environment for businesses was set out in the Single Economic Market principles espoused in 2009 by the respective Prime Ministers at the time. However the draft report stops short of articulating this as a vision, arguing that the direction of travel is more important than the destination (page 6). In our view, both are important.

We recommend that the Commission's final report should spell out up front that the vision for the trans-Tasman economic relationship is the achievement of a Single Economic Market, that is, a seamless trans-Tasman operating environment for businesses, in which it is as easy to operate in one economy as it is in the other. This is the over arching strategic concept towards which all policy initiatives should be geared. The SEM will require a high level of regulatory coherence, including mutual recognition, leading to integration which is good for both individual economies and will put them in a stronger position to take up



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opportunities in the Asia Pacific region. We see the SEM operating as a platform for increased domestic competitiveness and for meeting the challenges of the Asian century. According to the SEM vision, policies which will contribute to the achievement of the SEM should be given the green light to proceed. We believe this will lay down a clear marker for the strategic direction of the bilateral relationship, without detracting from the wider regional picture which is also important.

In previous submissions and meetings we have made clear that the number one priority for trans-Tasman businesses is the achievement of mutual recognition of franking and imputation credits. We will not rehearse these arguments again, as we know you are well across these issues. Suffice to say that it will not be possible to achieve the vision of a Single Economic Market without mutual recognition of franking and imputation credits. We hope that as a result of our representations, including this week's technical meeting, it will be possible for you to move this issue from the box of initiatives warranting more analysis to the box of initiatives recommended for action. More leadership, not more analysis, is needed to bring this issue to a successful resolution.

Yours sincerely

Rod McGeoch AM
Co Chair

Jonathan Ling
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