

17 August 2004

TransTasman Study
Productivity Commission
LB2 Collins Street East
Melbourne Vic 8003
AUSTRALIA

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Dear Sir/Madam

AUSTRALIAN AND NEW ZEALAND COMPETITION AND CONSUMER PROTECTION REGIMES

I am writing to you regarding comments requested for the issues paper the Australian Productivity Commission (APC) entitled *Australian and New Zealand Competition and Consumer Protection Regimes*. While Business New Zealand agrees with the main thrust of the issues paper and the conclusions reached, we would like to take this opportunity to make some brief comments.

Business New Zealand would first like to thank the APC for taking the time to meet with us on the 12th of July to discuss any issues that we might want to see included in the issues paper before it was released to the general public.

Business New Zealand has long been supportive of continued broadening and strengthening of closer economic ties between the two countries, in particular the Australia New Zealand Closer Economic Relation Trade Agreement (ANZCERTA) that has now been in existence more than 20 years. The agreement has been an excellent catalyst for increased trade between the two countries, with exports to Australia growing 6-fold and imports from Australia having grown 4-fold since 1983.

While the agreement has been successful, we believe that there is also room to take the next steps for greater cooperation, coordination and integration of economic considerations between the two countries. Business New Zealand believes that all opportunities for greater cooperation, coordination and integration of regimes between New Zealand and Australia should be examined.

We note that the terms of reference for the issues paper has been to access how the operation, administration and enforcement of Australian and New Zealand competition and consumer protection law affects, impedes or fosters an integrated trans-Tasman business environment. In addition, the APC has been asked to identify options for greater cooperation, coordination and integration in these areas, and examine each option to identify whether the expected benefits outweigh the expected costs.

Simply put, Business New Zealand does not believe there are any glaring instances where the operation, administration and enforcement of Australian and New Zealand competition and consumer protection law affects or impedes an integrated trans-Tasman business environment. We also take the view that any changes should be made only if there would be a net benefit for New Zealand given the large proportion of international trade and investment with Australia and the relatively low level of other barriers to trade and investment with Australia.

Regarding any harmonisation of competition and consumer protection laws with Australia, we take the view that a world's best practice policies should be one element seriously looked at when considering such integration of regulations between the two countries. However, it is also important to consider that not all world's best practice regimes automatically transpire to be to the benefit of New Zealand. Each best practice policy needs to be considered on the basis of its specific net benefit, rather than a simple desire to follow suit.

While Business New Zealand acknowledges that the scope of the issues paper does not extend to industry specific regimes, Business New Zealand would be keen to see further investigation of such regimes. There are clear areas within the ambit of the New Zealand Commerce Commission that are sectorally based, such as telecommunications, electricity and the dairy sector. There should be an opportunity for greater cross-fertilisation of ideas and practices between the two countries, and an opportunity to look beyond the practices of Australasia towards the rest of the world.

Business New Zealand would also like to take the opportunity to reiterate our view submitted to the APC last year regarding rules of origin between New Zealand and Australia. We consider that the Rules of Origin is one area of greater cooperation and integration between the Australia and New Zealand where there are impediments towards fostering an integrated trans-Tasman business environment. Rules of Origin are a significant barrier to trade for a number of manufacturers and are becoming increasingly costly and difficult to adhere to. Significant changes are required to address these concerns.

In our submission to the APC we recommended that the Rules of Origin under ANZCERTA should be changed from the present requirement of 50% local content to a requirement of substantial transformation based on a change in tariff classification. Also, without prejudice to the first recommendation, Business New

Zealand would support an immediate reduction in the local content requirement to 40% as a transition to moving to substantial transformation.

Again, we would like to thank you for the opportunity to comment.

Yours sincerely

Simon Carlaw
Chief Executive