



NEW ZEALAND

26 November 2010

CBA/A/NZ/1/15/1

RDC Inquiry
Productivity Commission
LB2 Collins Street East
Melbourne VIC 8003

Dear Sir/Madam

Thank you for the opportunity to comment on the Productivity Commission's draft report into Rural Industries Research and Development Corporations.

First, the Commission is to be applauded for the extensive informal consultations, as outlined in Table A.2, undertaken with New Zealand authorities, research organisations and rural stakeholder groups. This level of consultation is a reflection of just how close the research and economic relationships are between the two rural sectors of our economies. We do not take that for granted, even if we do expect it and I wanted therefore to make a particular mention of this and to underline our appreciation that this was done.

Australia is one of New Zealand's most significant research partners, with extensive and deep collaboration across all science areas. In many areas of research we are developing complementary capability and combining these resources in an 'Australasian' approach. As relatively small players in the international research environment this collaborative approach has benefits for both economies.

Research collaboration and the corresponding trans-Tasman research investment and its economic spill-overs is an important component of the broader economic relationship between the two countries. Associated with that broader economic relationship is the concept of the Single Economic Market (SEM). Current streams of policy work taking place both sides of the Tasman around the SEM are designed to facilitate net Trans-Tasman benefit by removing barriers to trans-Tasman investment flows and the operations of New Zealand and Australian businesses across the Tasman. We think this needs to be emphasised in any final report and would ask that the Commission consider this as it finalises its recommendations.

With specific reference to Section 9.5 of the draft report and the commentary on concerns over the flow of research benefits offshore, we would encourage further analysis from the perspective of net Trans-Tasman benefit in relation to research collaboration involving New Zealand research providers. This element is particularly significant given the shared Australian and New Zealand Governments' objective to assess policy options and approaches against a set of principles, including that 'outcomes should seek to optimise net Trans-Tasman benefit.¹' It would be a concern to New Zealand and we think to Australia as well if the comments in section 9.5 created an environment that impeded rather than facilitated research collaboration and investment across the Tasman.

Yours sincerely

Vangelis Vitalis
Acting High Commissioner

¹ Prime Ministers of Australia and New Zealand (2009) *Joint Statement of Intent: Single Economic Market Outcomes Framework*, www.med.govt.nz/upload/69862/statement.pdf