

Introduction

- 1.1 The Australia-New Zealand Parliamentary Committee exchange program has been in operation since 1989. It allows the flow of ideas and information between parliamentarians across the Tasman, including on parliamentary procedure and operations of each parliament, and on matters of committee interest.
- 1.2 During the 41st parliament the work of the House of Representatives Standing Committee on Economics, Finance and Public Administration ('the committee') covered many areas of mutual interest to their counterpart committees in New Zealand. It was therefore particularly beneficial that the committee was selected for the 2007 delegation to New Zealand.
- 1.3 This chapter provides background information on the history and objectives of the committee exchange program and on the committee's specific objectives of the 2007 exchange.
- 1.4 The following chapter briefly discusses the trans-Tasman economic and trade relationship and the state of the New Zealand economy.
- 1.5 The monetary policy decisions of the central banks in both Australia and New Zealand are regularly scrutinized by parliamentary committees within their jurisdictions. This is a role of the House Economics Committee and of the New Zealand parliament's Finance and Expenditure Select Committee. Chapter three provides an overview of the role, operations and accountability of the Reserve Bank of New Zealand, with commentary on the Reserve Bank of Australia, where appropriate.
- 1.6 Chapter four discusses the situation in New Zealand in matters which were the subject of committee inquiries in the 41st parliament and also

provides commentary on the Commerce Select Committee's inquiry into housing affordability. The diversification of New Zealand Post Group's activities into banking is also briefly discussed.

Figure 1.1 Delegation members at the Parliament House Buildings, Wellington



New Zealand parliamentary committee exchange program

History and objectives

- 1.7 The Australia-New Zealand Parliamentary Committee exchange program commenced in 1989 primarily as a means of promoting parliamentary relations between New Zealand and Australia.
- 1.8 In most years since 1989 an Australian parliamentary committee delegation has been hosted by the New Zealand parliament. Similarly, the Australian parliament has hosted a New Zealand committee delegation in those years.
- 1.9 As the Australian parliament has three types of committees— House of Representatives, Senate and Joint committees— the delegations are selected from each committee system on an annual rotating basis.

- 1.10 In 2007 nominations for committee delegations came from the House committees. The Presiding Officers select a committee to participate in the exchange on the basis of their application which sets out reasons why visiting New Zealand would enhance the work of the committee.

Aims of the 2007 visit

- 1.11 The delegation identified a range of policy areas for discussion during the visit including retirement savings, the state and future of the manufacturing and services sectors and financial sector issues. These are also particularly topical areas in New Zealand, both in the private and public sector.
- 1.12 The House Economics Committee has an on-going role in the accountability framework of the Reserve Bank of Australia. Similarly, in New Zealand the New Zealand House of Representatives Finance and Expenditure Select Committee (FEC) scrutinises and holds to account the Reserve Bank of New Zealand. It was particularly useful for members of each committee to meet and discuss the approaches used to examine and scrutinise the central banks. The committee also had discussions with the Reserve Bank of New Zealand about its role, regulatory functions, the state of the economy and monetary policy in general.
- 1.13 Underlying the delegation's subject matter objectives was the aim to foster strong inter-parliamentary relations between Australia and New Zealand.

Meetings with New Zealand parliamentarians

- 1.14 The delegation was honoured to meet with the Speaker of the New Zealand House of Representatives; the Honourable Margaret Wilson MP. They had discussions with the Speaker on a number of economic and policy issues. The committee members also commented on the efficiency of question time, which they observed during the visit.
- 1.15 The Speaker generously hosted a dinner for the delegation which provided an opportunity to meet with Dr the Hon Michael Cullen MP, Minister for Finance; the Hon Lianne Dalziel MP, Minister for Commerce, the Hon Peter Dunne MP, Minister for Revenue and Ms Jeanette Fitzsimons MP, Leader of the Green Party.
- 1.16 The delegation met with opposition members with responsibilities for issues of committee interest including Mr Phil Heatley MP, Opposition

Spokesperson on Housing and the Hon Bill English, Deputy Leader of the Opposition and Spokesperson on Finance.

- 1.17 Over the course of the visit a number of parliamentarians took the time to attend meetings and official engagements with the delegation. In particular, the delegation were grateful for the repeated hospitality shown by Dr the Hon Lockwood Smith MP, the Chair of the Australia-New Zealand Parliamentary Friendship group; Mr Shane Jones MP, Chair of the Finance and Expenditure Select Committee, Mr Wayne Mapp MP, Mr Charles Chauvel MP and Ms Moana Mackey MP.

Figure 1.2 Delegation members meeting with the Chair and members of the Finance and Expenditure Select Committee



New Zealand counterpart committees of the House Economics Committee

- 1.18 New Zealand parliament's select committees comprise members of government and opposition parties, represented in proportion to party membership in the House.
- 1.19 Two New Zealand select committees cover similar functions of the House Economics Committee. With no upper house in the New Zealand

Parliament, committee work covers bills, petitions and policy matters referred for inquiry.

- 1.20 The New Zealand House of Representatives Finance and Expenditure Select Committee (FEC) consider matters relating to the audit of the financial statements of the New Zealand Government and departments, Government finance, revenue, and taxation. Their role includes the scrutiny of the Reserve Bank of New Zealand.
- 1.21 The New Zealand House of Representatives Commerce Select Committee ('the Commerce Committee') considers matters relating to commerce, business development, communications, consumer affairs, energy, information technology, insurance, and superannuation.

Figure 1.3 Delegation members meeting with the Chair and members of the Commerce Select Committee



Official visit program

- 1.22 The program compiled for the visit was of a very high standard. It allowed the delegation to consider a number of areas of committee oversight and inquiry work, and also to gain a solid understanding of the New Zealand economy; Australia's seventh most important two-way trading partner.

- 1.23 The role of the FEC in scrutinizing the Reserve Bank of New Zealand (RBNZ) and the operations of the RBNZ were important aspects of discussions during the visit.
- 1.24 The delegation met with the New Zealand Commerce Committee, currently undertaking an inquiry into housing affordability—an area of mutual policy interest, albeit not an inquiry area covered by the committee in the 41st parliament.
- 1.25 The House Economics Committee inquiries highlighted in discussions during the visit were *Improving the Superannuation Savings of People under 40*, tabled in June 2006, and the inquiry into the state of Australia's manufactured export and import competing base, now and beyond the boom—tabled after the visit in August 2007 as *Australian manufacturing: today and tomorrow*.
- 1.26 Discussions also included the committee's recent inquiry into the state and future directions of Australia's services sector—the report *Servicing our Future* was tabled on 18 June 2007.
- 1.27 The delegation met with parliamentarians, market economists, representatives of the finance and banking industry, and officials from a number of government departments on these policy areas.
- 1.28 The delegation also had the opportunity to discuss technology improvements recently introduced to the New Zealand parliament committee office. This included the "E-Committee" program which was being piloted by the Commerce Committee. E-Committee is a secure networked system which New Zealand members of parliament can access via permanent lap-tops set-up in committee meeting rooms.
- 1.29 The official program is included in Appendix A.