



THE PARLIAMENT OF THE  
COMMONWEALTH OF AUSTRALIA

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Joint Committee on Foreign Affairs,  
Defence and Trade

Report on Visit to New Zealand

May 1989

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Canberra

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ISBN

## MEMBERSHIP OF THE COMMITTEE

35th Parliament  
Main Committee

Chairman: Mr G N Bilney, MP  
Deputy Chairman: Hon M J R MacKellar, MP

Senator N Bolkus (to March 88)	Mr M D Cross, MP
Senator B K Childs (from March 88)	Mr R G Halverson, OBE, MP
Senator N A Crichton-Browne	Mr N J Hicks, MP
Senator R Hill	Mr D F Jull, MP
Senator G N Jones	Hon R C Katter, MP
Senator D J MacGibbon	Mr L Kent, MP
Senator P A McLean (from March 89)	Dr R E Klugman, MP
Senator M J Macklin (to March 89)	Mr J V Langmore, MP
Senator G R Maguire	Mr E J Lindsay, RFD, MP
Senator J Morris	Mr G B Nehl, MP
Senator C Schacht	Mr R M Ruddock, MP
Senator G E J Tambling	Mr J L Scott, MP
Senator J Valentine	Mr R F Shipton, MP
Mr P J Baldwin, MP	Dr A C Theophanous, MP
Mr G Campbell, MP	
Mr D E Charles, MP	

Secretary to the Committee:  
Mr P N Gibson, MC

New Zealand Working Group

Mr D E Charles, MP	(Leader)
Senator C Schacht	
Hon R C Katter, MP	
Mr G B Nehl, MP	
Mr P M Ruddock, MP	
Mrs J Towner	(Secretary to the Working Group)

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## INTRODUCTION

### Background

1. Five members of the Joint Committee on Foreign Affairs, Defence and Trade visited New Zealand between 18-22 April 1989 in the first of what will hopefully prove to be regular exchanges between Committees of the Australian and New Zealand Parliaments. This visit was a significant development in the already substantial level of contact between the Parliaments of both countries, and emphasised the recognition on both sides of the Tasman of the special relationship between the two countries.
2. Under the Fraser/Talboys Agreement of 1979, Parliamentary exchanges between the two countries have been conducted periodically on a reciprocal basis. Their prime orientation was to increase the knowledge of members of Parliament about the other country. Discussions had been taking place in various forums for some years on the development of a system to allow joint sittings of committees of the New Zealand and Australian Parliaments. During Prime Minister Lange's visit to Australia in August 1988 the subject was again discussed. After further consultation, approval was given for the annual delegations under the Fraser/Talboys Agreement to be discontinued for a period of two years while the new exchanges were instituted and evaluated.
3. The Joint Committee on Foreign Affairs, Defence and Trade conducted a number of inquiries during the 35th Parliament, including a major inquiry into Australia's Relations with the South Pacific. As part of that inquiry, members of the Committee participated in an official parliamentary delegation to eight countries of the South Pacific in June 1988. New Zealand authorities invited the Committee to visit as part of that

delegation's itinerary, but time did not permit the inclusion of New Zealand on the program. Following a visit by the Chairperson of the New Zealand Foreign Affairs and Defence Committee to Australia, the possibility of a visit by the South Pacific Sub-Committee to New Zealand for discussions with the New Zealand Committee was again raised. The Committee sought assistance to travel, and the Presiding Officers of the Australian Parliament agreed that the South Pacific Sub-Committee of this committee be the first to undertake a visit to New Zealand under the new arrangements. A special working group, based around the South Pacific Sub-Committee, was formed to undertake the visit.

4. The purpose of the meeting was to discuss matters of mutual interest in the foreign affairs, defence and trade areas, and to hold discussions with appropriate Ministers, officials and members of the community. In general the exchanges seek to develop the understanding and expertise of particular committees and through them to better inform the respective Parliaments.

Arrangements

5. The cost of the visit was divided between the two countries - the host Parliament meeting the internal costs of the visiting committee, while the airfares were met by the dispatching Parliament. The New Zealand Government provided an escort officer, Mr Jim Blair, for the duration of the visit and the Australian High Commission in Wellington also provided a liaison officer, Mr Don Dobinson, who accompanied the delegation on its calls. The support provided to the delegation during its visit, particularly by these two officers, was excellent and the Committee wishes to record its thanks to all involved in the organization and administration of the visit.

Program

6. Details of the program are at Appendix 1 to this report.

7. In accordance with the original proposal for the parliamentary exchanges, the program allowed for three full days in Wellington. The program was very full and on a number of occasions discussions could have continued well in excess of the time allowed. The delegation also felt that two separate sessions with the equivalent committee - one at the start of the visit and another at the conclusion - would have been beneficial. This would have provided the visiting committee with a forum to discuss issues raised in the briefings from officials, Ministers and community groups. The Committee recommends that future exchanges be at least 4 days in length, and contain two sessions with the host committee.

Conclusion

8. In presenting this report to the Parliament, the Committee wishes to commend the concept of Committee exchanges between the New Zealand and Australian Parliaments. The visit proved to be a most effective way of enhancing dialogue and understanding between the two Parliaments, on matters of real substance. The Committee fully supports the continuation of such exchanges beyond the two-year trial period.



Gordon Bilney, MP  
Chairman

May 1989

REPORT OF THE JOINT COMMITTEE ON  
FOREIGN AFFAIRS, DEFENCE AND TRADE  
DELEGATION TO NEW ZEALAND  
18-22 APRIL 1989

Meeting with the New Zealand Select Committee on  
Foreign Affairs and Defence

1. The main objective of the Committee's visit to New Zealand was to hold discussions with the New Zealand Select Committee on Foreign Affairs and Defence, chaired by Ms Sonja Davies, MP. That meeting, held on 19 April 1989, having completed its deliberations, widened into a general forum with other Members of the New Zealand Parliament participating according to their interest in the issues under discussion. The Agenda for the joint Committee meeting is at Appendix 2.

2. At the commencement of the meeting, Ms Davies, MP moved the following motion, which was seconded by Mr Nehl, MP:

"that these Procedures for the Joint Meeting of the Foreign Affairs and Defence Committee of the New Zealand House of Representatives and the Sub-Committee on the South Pacific of the Joint Committee on Foreign Affairs, Defence and Trade of the Parliament of the Commonwealth of Australia be adopted and agreed to for this meeting."

The agreed procedures are at Appendix 3 to this report.

3. After opening statements by the Chairperson (Ms Davies) and Deputy Chairman (Mr Charles) the meeting was closed to the public and press. It is therefore not appropriate to reproduce the substance of the discussions in this report. The joint meeting worked through the agenda, but did not complete discussion on all items, the balance being kept for the afternoon forum when other Members of Parliament were in attendance.

4. Discussion was extremely frank and a variety of views on several issues were expressed from both the Australian and New Zealand Committees. Prior to the opening of the meeting in the afternoon to allow participation of non-Committee members, the following resolution was passed:

Ms Davies moved - "that, in view of the value of the discussions held at this meeting, each committee report to its respective Parliament on the discussions and the merit of holding such joint meetings of Australian and New Zealand committees."

Other Meetings/Briefings

5. As noted in the introduction, the delegation took the opportunity to have discussions with relevant Ministers in the New Zealand Government, the Leader of the Opposition, officials from a number of government departments and leading business figures. Among the areas of common interest discussed were the Australia-New Zealand trade relationship, including future progress in Closer Economic Relations (CER); the defence relationship (focusing on the question of New Zealand participation in the ANZAC Frigate Program); immigration; the strategic environment in the South Pacific and the role that Australia and New Zealand could play in this area. A summary of discussions follows later in this report.

6. In all meetings and discussions the extent and depth of the links between the two countries was apparent. Proximity and familiarity, however, may lead to either country making assumptions about the other's likely responses to given situations, and expectations that regardless of what one country might do, the other will always work to maintain that close relationship. There is a danger, the delegation felt, of taking each other for granted and not tending the relationship sufficiently to keep it healthy. The inaugural joint meeting of the two Committees was, therefore, an important sign of both countries' wish to strengthen the trans-Tasman connection.

Areas of Discussion

## Trade

7. The Australian-New Zealand trade relationship is both extensive and long-standing. The Closer Economic Relations (CER) Agreement, which entered into force on 1 January 1983, is Australia's most comprehensive bilateral trade agreement. It reflects the long-standing close trade links between Australia and New Zealand. New Zealand is Australia's fourth largest export market and Australia's second largest market for manufactures. Australia is New Zealand's fifth largest export market (1988).

8. The CER has been periodically reviewed, most recently in 1988. As a result of that review the Australian and New Zealand Prime Ministers finalised a comprehensive package of arrangements which will, among other things, accelerate to 1 July 1990 the implementation of free trans-Tasman trade in goods, five years ahead of the original timetable in the 1983 Agreement. A further comprehensive review of all arrangements will occur in 1992. Because of the developments in CER the delegation was pleased to have the opportunity to meet with officials from the New Zealand Trade Development Board as well as with members of the Australian-New Zealand Business Council.

9. The whole area of the trade relationship assumes a far greater importance for New Zealand and New Zealand Members of Parliament than the delegation had expected, and the issue of CER was the first to be raised in discussions. Despite considerable progress under CER, areas of concern still exist, including residual powers of Australian state governments. State assistance to industries, and state restrictions on access for New Zealand products were raised as two issues of on-going concern from the New Zealand side. From the Australian perspective, restrictions still remain in New Zealand to the

entry of some Australian Textile, Clothing and Footwear (TCF) products, notably footwear and carpets. Despite these areas of difficulty the advances in CER have benefited both countries and the Committee would expect to see trans-Tasman trade continue to grow in the 1990s.

10. In discussions there was considerable support from the New Zealand side for the liberalisation of trans-Tasman travel arrangements, specifically to make the trans-Tasman route domestic, allowing both Australian and New Zealand airlines to operate freely within both countries. New Zealand's deregulation of its aviation sector has made the integration of aviation services into those areas covered by CER much more attractive to the New Zealand side. The matter will not progress, however, until Australian Government intentions regarding aviation services in Australia have been finalised.

11. There were also calls for a restructuring of trans-Tasman shipping services. This would have a dramatic and very positive effect on the costs associated with shipping goods between the two countries. The Committee strongly supports any moves to improve the efficiency of trans-Tasman shipping arrangements and a consequential reduction in costs.

#### Defence

12. The delegation met not only the Minister for Defence, Rt Hon R J Tizard, but also the Secretary of the New Zealand Department of Defence, the Chief of the Defence Staff and officials. Strategic issues, defence planning and the reorganization of the New Zealand Defence Department were discussed. Unfortunately because of the timing of the visit media attention was focussed on the Frigate program, which was not the purpose of the delegation's visit.

13. The question of possible New Zealand collaboration in the ANZAC Frigate program was raised in a number of venues. The delegation heard a range of opinions about the program, and was dismayed at the general poorly-informed level of debate on the whole question. Opposition to the ANZAC Frigates ranged from rejecting the concept of a blue water navy outright, through to support for some sort of vessel, but, by implication, almost any other vessel than the 'Australian' frigate. The debate was often couched in simplistic terms - the frigate vs. improved education/social welfare. Those who supported the ANZAC Frigate program appeared reluctant to put forward the benefits that participation in the program would bring to New Zealand.

14. The delegation took particular care to stress that the decision was ultimately one for New Zealand to make, after a full consideration of all aspects of the arguments. However, when asked, the delegation on a bipartisan basis did express its strong support for the project on strategic grounds and as a means of ensuring interoperability between the Australian and New Zealand Defence Forces. The delegation was advised on a number of occasions that there were at least four other major re-equipment proposals requiring attention within the New Zealand Defence Force. The funds allocated to the Frigate program within defence estimates would thus be reallocated to other defence re-equipment proposals, and not redirected to the social welfare vote, as some anti-frigate groups have suggested.

15. The delegation was also very surprised at the apparent lack of information regarding the benefits to New Zealand industry that would flow from the off-sets program. For example, should New Zealand take four of the proposed 12 frigates, it would receive one third of the total cost of the program in industry assistance and offsets - possibly \$NZ1.5 billion. This would have significant benefits for not only

employment levels in New Zealand, but would have a flow-on effect improving the general level of the industrial skills base. The anti-frigate lobby has ignored the strong economic arguments in favour of participation in the ANZAC Frigate program, and unfortunately New Zealand business appears to have been not only generally unaware but also reluctant to promote these benefits. The delegation believes there are compelling reasons for New Zealand participation in the program and for the rejection of the costly option for New Zealand of buying alternative vessels 'off the shelf'. The delegation recommends that the Australian Government increase its efforts in New Zealand to explain to trade union and business groups the economic advantages of participation in the Frigate program.

16. As a last comment on the Frigate program, the Committee was most concerned to hear it referred to as the 'Australian Frigate' program, and to hear claims that Australia was attempting to 'sell' New Zealand these frigates. The program has been a co-operative effort of over two years standing, reflected in the title 'ANZAC'. Tender redesign work was undertaken to modify the design to meet both RAN and RNZN requirements and a Memorandum of Understanding (MOU) on the program was signed in March 1987. The delegation found it difficult to understand why the debate in progress in New Zealand on the surface combatant, had not occurred at the time of the publication of the New Zealand White Paper (Review of Defence Policy, 1987) or the signing of the MOU.

#### Immigration

17. Under trans-Tasman travel arrangements, Australian and New Zealand citizens may enter each other's country without the need to obtain visas or entry permits. At the 1986 census the New Zealand-born population of Australia was 211 670 persons (1.4 per cent of Australia's population); about 50 000 persons or 1.6 per cent of New Zealand's population was Australian born.

18. . The possibility of a loss of skilled New Zealanders to Australia was a matter of concern raised with the delegation. Serious shortages of highly skilled and professional people could cause serious problems in the long-term for the New Zealand economy. However, the delegation does not support placing restrictions on the movement of people in either direction across the Tasman, beyond those restrictions now in place.

19. The other area of discussion relating to immigration was the perception that people could use New Zealand as an intermediate step to gain entry to Australia or another country. Business migrants are anecdotally referred to in this regard as there is a lesser cash requirement for entry to New Zealand than exists for Australia. Similarly there is also a perception in Australia that because of New Zealand's more liberal immigration laws towards the South Pacific region that there is significant movement from the region to Australia via New Zealand. This perception may arise in part because Cook Islanders, and people from Tokelau and Niue are New Zealand citizens, and Western Samoans are entitled to citizenship after three years of residence.

20. Following discussions with New Zealand Immigration authorities the delegation believes that there is still potential for improved harmonization of entrance requirements to both countries to assist the trans-Tasman travel arrangements. The often expressed concern of large numbers of migrants to New Zealand using that country as a stepping stone to Australia was also discussed. However it was noted that once migrants to New Zealand have citizenship they have the same rights of movement across the Tasman as other New Zealanders and Australians.

### **South Pacific Regional Issues**

21. This Committee tabled a major report on Australia's Relations with the South Pacific on 13 April 1989, and this report was the subject of much discussion and comment during the visit. The delegation was pleased to have the opportunity to discuss developments in the region with various New Zealand politicians and officials from the Bureau of External Relations and the Department of External Relations and Trade, to obtain a New Zealand perspective on developments.

22. Topics included Fiji and its moves toward a new constitution; the constitutional crisis and its aftermath in Vanuatu; land ownership disputes in Papua New Guinea; New Caledonia and the prospects for peace following the Matignon Accords; and the impact on South Pacific states of the continuing rift between New Zealand and the United States. The Committee was pleased at the degree of commonality of views toward the region, and the desire of both countries to assist whenever possible in the maintenance of democratic and stable governments.

23. It was acknowledged on some occasions where Australian and New Zealand perceptions were different, this could have been a result of the fact that New Zealand considers itself to be a Pacific country, whereas Australia, by virtue of its size is a major force in the region but remains somewhat apart from the region. It is important to realise that Australian and New Zealand policies must continue to be complementary, with each using its particular assets and advantages to best bring about the desired common end.

### **Conclusions**

24. The Committee was very pleased with the manner in which this inaugural committee exchange was conducted. The program was most comprehensive, covering as it did discussions

not only with the host Committee and other Members of Parliament, but also briefings and discussions with officials and community groups appropriate to the Committee's area of expertise. The Committee recommends, however, that the exchanges be for a period of 4-5 days, to allow more than one meeting with the host committee, be it Australian or New Zealand, and to enable the visiting Committee to have more extensive discussions and briefings on selected topics. The Committee also recommends that in organizing future programs, the joint Committee meeting should not be on the first day, but rather should come after the visiting Committee has a better grasp of current issues through briefings.

25. New Zealand is not only a close neighbour; it is one with whom we have strong links of language, culture and history. It is therefore important to strengthen the contact between the Parliaments of both countries. The meeting provided an opportunity to add to the knowledge of each other's view of the area in which we live and of the relationship between Australia and New Zealand, and to explore ways where each country can assist the other. The continuation and expansion of such Committee exchanges should receive high priority from both Parliaments.

26. The success of this first exchange was facilitated in many ways by people in both countries to whom the Committee extends its appreciation. Special thanks should go to the Australian Department of Foreign Affairs and Trade, the staff of the Australian High Commission in Wellington, the New Zealand Departments of Internal Affairs and External Relations and Trade, and not least officers and Members of the New Zealand Parliament for their hospitality and assistance.



David Charles, MP  
Leader of the Delegation

APPENDIX 1

JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE  
AND TRADE DELEGATION VISIT TO NEW ZEALAND  
18-22 APRIL 1988

PROGRAM

Tuesday 18 April

10.55pm Met by:

Ms Sonja Davies, MP

Mr Don Dobinson  
First Secretary, Australian High Commission

Mr Jim Blair  
Department of Internal Affairs

11.30pm Leave for Hotel

OVERNIGHT: WELLINGTON

Wednesday 19 April

8.45am Briefing by High Commission staff.

9.30am Meeting with the New Zealand Select Committee on Foreign Affairs and Defence, in the Legislative Council Chamber, Parliament House.

12.30pm The Australian Joint Committee on Foreign Affairs, Defence and Trade (Sub-Committee on the South Pacific) are Guests of Honour at a Parliamentary Luncheon hosted by the Hon. Kerry Burke, Speaker of the Parliament of New Zealand.

2.00pm Luncheon concludes.

Tour of Parliament House.

3.00pm Forum with New Zealand Members of Parliament in the Legislative Council Chamber.

5.30pm Call on the Hon. Mike Moore, Minister of External Relations and Trade.

6.30pm      Return to Hotel  
Evening free of official engagements.  
OVERNIGHT: WELLINGTON

Thursday 20 April

8.30am      Briefing at Australian High Commission.  
9.30am      Meeting with officials of the External Assessment Bureau, Ministry of External Relations and Trade.  
10.30am      Meeting with officials of the Trade Development Board, chaired by Mr Peter Shirtcliffe, Chairman of the Board.  
12.15pm  
to  
1.45pm      Luncheon.  
2.00pm      Attend Question Time in the New Zealand Parliament.  
2.30pm      Meeting with Department of Immigration officials.  
3.35pm      Call on the Hon. Russell Marshall, Minister of Foreign Affairs.  
4.00pm      Call on the Rt Hon. R.J. Tizard, Minister of Defence.  
4.30pm      Call on the Hon. Jim Bolger, Leader of the Opposition.  
5.30pm      Guests of Honour at a Cocktail Reception hosted by His Excellency Mr R.S. Laurie, Australian High Commissioner.  
7.00pm      Return to Hotel.  
Evening free of official engagements.  
OVERNIGHT: WELLINGTON

Friday 21 April

9.00am      Meeting with Dr B. Walker, Secretary of Defence, Lt Gen. J.A. Mace, CB, OBE, Chief of Defence Staff, and officials of the Ministry of Defence.

10.30am      Meeting with officials of the Ministry of External Relations and Trade, chaired by Mr Terence O'Brien, Deputy Secretary.

12.20pm      Attend Luncheon at Plaza International Hotel, hosted by Mr Peter Shirtcliffe, Chairman, Australia/New Zealand Business Council.

2.00pm      Joint press conference, Theatrette Executive Wing, Parliament House.

3.30pm      Afternoon free for informal meetings as required.

5.00pm      Debriefing at High Commission.  
Evening free.  
OVERNIGHT: WELLINGTON.

Saturday 22 April

Depart Wellington.

JOINT MEETING WITH THE SUB-COMMITTEE ON THE  
SOUTH PACIFIC OF THE JCFADT, AND THE  
FOREIGN AFFAIRS AND DEFENCE COMMITTEE

AGENDA

Date: Wednesday 19 April 1989

Time: 9.30am to 12.15pm

Venue: Legislative Council Chamber, Parliament Buildings

BUSINESS

1. Australia - New Zealand Political Issues
  - Current Trends in Political Development in the South Pacific
  - Fiji
  - New Caledonia
  - Melanesia
2. Official Development Assistance (ODA)
  - JCFADT Impressions of ODA delivery in the Pacific
  - Australian Aid after the Jackson Report: Lessons for New Zealand ODA
  - The Impact on the Pacific of the Growing Donor List
3. The Australia - New Zealand Defence Relationship
  - Closer Australia - New Zealand Defence Links
  - ANZUS
  - The ANZAC Frigates
  - Perceived Regional Threats to the Pacific
4. The Australia - New Zealand Trade Relationship
  - The Cairns Group and Prospects for Agricultural Trade Reform
  - Current Trends in CER
  - Economic Issues in Pacific Development
    - SPARTECA
    - PIIDS
5. Migration Issues
  - trans-Tasman Migratory Flows
  - Pacific Island Immigration
  - Migrant Worker Schemes

APPENDIX 3

PROCEDURES FOR THE JOINT MEETING OF THE FOREIGN AFFAIRS AND DEFENCE COMMITTEE OF THE NEW ZEALAND HOUSE OF REPRESENTATIVES AND THE SUB-COMMITTEE ON THE SOUTH PACIFIC OF THE JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE OF THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

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1. The meeting will be conducted in the same manner and under the same procedures and rules as meetings conducted by the host committee.
2. The Chairman of the host committee will be the chairman of the meeting, with the visiting chairman being accorded the status of deputy chairman.
3. The meeting will not hear evidence or seek submissions.
4. The meeting will be able to deliberate, vote, and pass resolutions, which each committee would be expected to report back to its Parliament. The Chairman will have a deliberative vote only.
5. The opening formalities of the meeting will be open to the public after which the meeting will be held in private, subject to the right of any other member of either Parliament to attend the meeting without participating in it.
6. Given that no evidence is to be taken, a verbatim transcript of the meeting will not be made. A record of the meeting will be made by the staff of each committee and, when this has been agreed to by each committee, will be reported to each Parliament.
7. Both the chairman and the deputy chairman of the meeting may make public statements in advance of the report back to the Parliaments with a view to informing the public of the nature of the meeting's proceedings.