



28 November 2023

Minister of Foreign Affairs

For action by

5 December 2023

Our Australia Relationship

BRIEFING Overview Submission

PURPOSE To provide an overview of the trans-Tasman relationship and set out priorities that currently guide engagement with Australia.

Recommended referrals

Prime Minister	For information by	5 December 2023
Minister for Trade	For information by	5 December 2023
Minister of Climate Change	For information by	5 December 2023
Minister of Defence	For information by	5 December 2023

Contact details

NAME	ROLE	DIVISION	WORK PHONE
Andrew Robinson	Acting Divisional Manager	Australia Division	s9(2)(a)
Chantal Hickey	Senior Policy Officer	Australia Division	

Minister's Office to complete

<input type="checkbox"/> Approved	<input type="checkbox"/> Noted	<input type="checkbox"/> Referred
<input type="checkbox"/> Needs amendment	<input type="checkbox"/> Declined	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by events	<input type="checkbox"/> See Minister's notes	

Comments

Our Australia Relationship

Key points

- We have no better friend than Australia. Australia is New Zealand's indispensable partner across almost every portfolio of government. Our values are closely aligned, our history intertwined and we share unique regional interests. As our largest economic partner, it is fundamental to our economic prosperity. As our only ally, it is fundamental to our national security.
- The bilateral relationship is uniquely leader-led. The Prime Minister and key portfolio Ministers set the agenda and level of ambition for the relationship with Australia. It is important that Ministers engage with Australian counterparts early and establish a habit of ongoing, regular contact. There is an established architecture of regular meetings for the Prime Minister and Ministers of Foreign Affairs, Trade, Defence, Finance and Climate Change to support this. ^{s6(a)}
- We prioritise investment in the Australia relationship by:
 - active, regular and open communication at all levels of government;
 - ^{s6(a)}
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- Overall the relationship is in very good shape. The Albanese Government is positively inclined to New Zealand and our engagements are warm. Australia sees New Zealand as a trusted friend, partner and potential force multiplier on the international stage. We cooperate across every sphere of government, working at both federal and state level.
- ^{s6(a)}
- New Zealand's approach to the relationship centres around four enduring objectives:
 - maximising economic opportunities;
 - advancing national and regional security;
 - close cooperation in the Pacific ^{s6(a)}
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- ^{s6(a)}
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- We rely on each other as close likeminded partners to achieve our objectives in the Pacific.
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- “People issues” are now largely on track following Australia’s implementation of a direct pathway to citizenship this year. s6(a)

Taha Macpherson
Deputy Secretary
Europe, Middle East and Africa and Australia Group
for Secretary of Foreign Affairs and Trade

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Our Australia Relationship

Recommendations

It is recommended that you:

- | | | |
|---|---|-----------------|
| 1 | Agree that, consistent with successive previous governments, priority areas for work with Australia should remain: <ul style="list-style-type: none">• Maximising economic opportunities;• Advancing national and regional security;• Close cooperation in the Pacific^{s6(a)}• | Yes / No |
| 2 | Agree that it is in New Zealand's interest to prioritise investment in the Australia relationship, by: <ul style="list-style-type: none">• active, regular and open communication at all levels of government;^{s6(a)}••• | Yes / No |
| 3 | Advise if you would like to discuss the information in this submission with officials or to receive more information on specific issues. | Yes / No |
| 4 | Refer a copy of this submission to the Prime Minister and other Ministers for information, and to encourage early ministerial engagement with Australian counterparts. | Yes / No |

Rt Hon Winston Peters
Minister of Foreign Affairs

Date: / /

Our Australia Relationship

Report

Why the Australian relationship matters to New Zealand

1. Australia is an indispensable partner for New Zealand across almost every portfolio of government. Our values are aligned, our history closely intertwined with profound shared national experiences that have built deep kinship, and our economic, security and regional fortunes are interdependent.
2. Australia is our most important economic partner. Our economies are tightly integrated under the Closer Economic Relations (CER) free trade agreement,¹ the Single Economic Market (SEM) agenda,² and the Trans-Tasman Travel Arrangement.³ Australia is New Zealand's second largest destination for exports (16.3%), with a total trade value of \$31.45 billion in the year to June. Australia is our largest services market (\$13.45 billion total two-way trade), our largest source of foreign investment (50.3% of FDI) and our biggest source of tourists (40%).
3. Australia is New Zealand's only ally. Australia's defence and national security policy has a fundamental impact on our own security.^{s6(a)}

Our security relationship is embodied in the Joint Ministerial Statement on Closer Defence Relations (CDR) 1991, which was most recently refreshed in 2018.
4. Our populations are highly integrated. Over one million people in Australia were born in New Zealand or have at least one New Zealand born parent. One in seven Māori live in Australia. New Zealanders are also Australia's best migrants. New Zealanders living in Australia are more likely to be engaged in full time employment and have a higher average income than Australians.

A leader-led relationship

5. The bilateral relationship with Australia is uniquely leader-led. The strength of the relationship between the two Prime Ministers is critical to the success of the relationship. The Prime Minister and key portfolio Ministers set the agenda and level of ambition for the relationship. There is an established architecture of leader and ministerial level meetings to support this (see attached A3). The annual Australia New Zealand Leaders Meeting (ANZLM) is the most important of these, setting the priorities and workstreams for line Ministers to take forward over the year ahead.
6. In addition to the bilateral architecture, some New Zealand Ministers have unique access to the Australian system, through receiving invitations to attend portfolio-specific meetings under the National Cabinet structure. These meetings give access to insights about Australian thinking^{s6(a)}

¹ The New Zealand-Australia Closer Economic Relations Agreement (CER) is one of the world's most comprehensive free trade agreements. Signed in 1983, CER now comprises 80 treaties, arrangements and informal understandings and remains a solid foundation for our world-leading level of economic integration.

² The Single Economic Market (SEM) agenda builds on CER. In place since 2004, the SEM is a process designed to create a seamless trans-Tasman business environment.

³ Under the Trans-Tasman Travel Arrangement, signed in 1973, Australians and New Zealanders can visit, reside and work in each other's country without restriction.

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Guiding principles for the relationship

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Firstly, the personal relationships and formal relationship architecture need to be used to their best advantage. Early and sustained engagement by all Ministers with their portfolio counterparts is critical to build trust, s6(a) and ensure momentum.

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10. As with our other closest partners, through successive New Zealand and Australian governments, this has required:

- active, regular and open communication at all levels of government;
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The view from Australia

11. Anthony Albanese is in his 19th month as Prime Minister. s6(a)

Australia is now facing formidable economic headwinds with cost of living pressures, weak growth, high inflation and labour market shortages. At the same time, the government is also undertaking a major pivot on climate change, with Australia making the most significant advances towards ambitious climate policy that the country has seen in over a decade.

12. s6(a)

Our Australia Relationship

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The state of the trans-Tasman relationship

13. Overall the relationship is in very good shape. The Albanese Government is positively inclined to New Zealand, and our engagements are warm. Australians like New Zealand and have a strong sense of kinship and shared endeavour with us. Australia sees New Zealand as a trusted friend, partner and potential force multiplier across its interests. We cooperate across every sphere of government, working at both federal and state level.

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Key elements of the relationship

16. New Zealand's approach to the trans-Tasman relationship has historically focused on four core objectives:

- maximising economic opportunities;
- advancing national and regional security;
- close cooperation in the Pacific ^{s6(a)}
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17. These were given deliberate shape during the 2023 year of anniversaries (CER 40, Trans-Tasman Travel 50 and Diplomatic Missions 80) through ^{s6(a)} relationship roadmap to 2035.

Maximising economic opportunities

18. ^{s6(a)} New Zealand places ^{s6(a)} emphasis on economic issues, in particular keeping CER fit for purpose and maintaining momentum in economic integration through the Single Economic Market (SEM). ^{s6(a)}

- New Zealand is a high-value, dependable, familiar market with room to grow.

Our Australia Relationship

- The SEM agenda, which aims to align business environments in both countries, provides a unique testing ground for integration initiatives that can then be rolled out to other partners.
 - The current pace of technological and industrial transformation provides huge scope to work together to build 21st century economies. We have shared interests in collaborating to facilitate transition to high tech, low emissions and climate-resilient economies supporting the transition to net zero.
19. We are also continuing initiatives to improve alignment on key regulatory issues including digital and border settings, so that moving products, services and people across the Tasman becomes even more seamless. With Australia a top export destination for small and medium enterprises, businesses are telling us clearly there is work to do to ensure our relationship lives up to its potential. We also need to work to protect gains already made, by ensuring that any new regulations align across both sides wherever possible.

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Managing our shared strategic environment

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22. The key principles of our defence relationship are clear: Australia is our only ally⁴ and fundamental to New Zealand's national security. Our security is inextricably linked to one another, ^{s6(a)} The defence and security relationship spans all areas. This includes strong engagement in defence policy, operations, national security and intelligence engagement. In the Pacific, we cooperate closely and work together across a range of regional security initiatives.

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24.

⁴ Formalised under the Australia, New Zealand and United States (ANZUS) Treaty.

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Close cooperation in the Pacific

25. Australia is our bedrock partner in the Pacific. We rely on each other as close likeminded partners to achieve our objectives s6(a)

Australia is the largest donor to the region and has the widest diplomatic footprint. It brings a speed and a scale of action in the region that vastly outweighs our own resources. s6(a)

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People issues

29. The new direct pathway to Australian citizenship for New Zealand citizens, announced in April 2023, s6(a) Australia estimates at least 300,000 people will be eligible. s6(a)

In January, Australia announced a “common sense” change to its visa cancellation and removals policy with decision makers now required to take greater account of time spent in Australia, and family connections. It is likely to be well into 2024 before any trend can be observed s6(a)

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30. New Zealand has been helping to resettle 450 refugees subject to Australia's offshore processing policy over a three year period.^{s6(a)}

31. Indigenous connections are a growing feature in the bilateral relationship.^{s6(a)}

At a national level, links on indigenous issues are underpinned by the Indigenous Collaboration Arrangement (ICA).⁵ The greatest potential for collaboration is probably at state level with some Australian states already actively forging links with Iwi and New Zealand government agencies to understand New Zealand experiences and test ideas. Australia is an important market for the Māori economy.^{s6(a)} there is significant opportunity to grow relationship capital and support Indigenous communities on both sides of the Tasman to advance their collaboration and interests.

Climate change

32. Our shared focus on addressing climate change cuts across all the priorities above.^{s6(b)(i)}

33. The Albanese Government has made the most significant advances toward ambitious climate policy that Australia has seen in over a decade. This is a positive development for New Zealand and Pacific partners – and it has become an important pillar of the bilateral relationship.^{s6(a), s6(b)(i)}

The inaugural 2+2 Finance and Climate Ministers' Meeting opened up a conversation on how we can work together to support our respective transitions to green economies and advance our individual climate change commitments, taking into account CER and SEM. There is appetite from Australia to continue this dialogue.

Next steps

34. It will be important for the Prime Minister and Ministers to prioritise early travel to Australia as soon as practicable after a government is formed. Officials would recommend that this be led by Prime Minister-level travel to Australia before Christmas if possible,^{s6(a)}

⁵ Signed in 2020, the Indigenous Collaboration Arrangement (ICA) promotes and deepens indigenous linkages for policy collaboration and closer people to people links to benefit indigenous communities.

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separate advice to Ministers on travel in 2024.

These meetings are included in

35. ^{s6(a)}

An early indication of New Zealand Ministers' preference on timing and sequencing would be useful to inform this discussion.

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