

## **The Anzac Connection: Trans-Tasman Ties in the Century since Beersheba\***

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### **The Trans-Tasman political ‘family’**

It has become a habit for leaders on both sides of the Tasman to refer in their official remarks to our two countries—New Zealand and Australia—as ‘family’. One may well argue that the recent parliamentary dual citizenship revelations simply take that sentiment to its logical—and literal conclusion—because a closer analysis shows the trans-Tasman political family tree to be surprisingly deep-rooted.

At a rough count, we have furnished each other (voluntarily) with no less than three prime ministers, possibly four, if John Gorton was indeed born in Wellington as has sometimes been claimed.<sup>1</sup> At least two Australian state premiers in recent decades—Joh Bjelke-Petersen and Mike Rann—came to Australia from New Zealand.

Remarkably, nearly every current major political party (or its predecessor) on either side of the Tasman has at one time boasted a leader or deputy leader who allegedly or actually hailed from the other side of the ditch.<sup>2</sup> Notably, although coincidentally, this includes the first Labo[u]r prime ministers of both countries—Michael Joseph Savage in New Zealand in 1935 and Chris Watson in Australia in 1904.

Indeed, in a situation people today might regard as a bit ironic, at the time Watson’s New Zealand heritage and upbringing was reportedly invoked to *support* his constitutional eligibility for Australian office. This was on the basis that it made him a subject of the Queen, notwithstanding his birth father’s more constitutionally questionable South American and German ancestry.<sup>3</sup>

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<sup>1</sup> *Australia’s Prime Ministers: Fast Facts: John Gorton*, National Archives of Australia website, <http://primeministers.naa.gov.au/primeministers/gorton/fast-facts.aspx>.

<sup>2</sup> They include New Zealand Liberals (predecessor of the National Party)—Prime Minister Joseph Ward (born Melbourne), New Zealand Labour Party—Prime Minister Michael Joseph Savage (born Victoria, Australia), New Zealand Greens—leader Russell Norman (born Brisbane, Australia), Liberal Party of Australia—Prime Minister John Gorton (allegedly born in Wellington, New Zealand), Australian Labor Party—Prime Minister Chris Watson (New Zealand mother and upbringing), The Nationals—Barnaby Joyce (New Zealand father), Australian Greens—Deputy Leader Scott Ludlam (born Palmerston North, New Zealand).

<sup>3</sup> ‘The new prime minister: sketch of his life’, *The Morning Bulletin*, Rockhampton, 30 April, 1904, p. 3. Accessed at National Library of Australia (NLA) Trove database.

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Legal interpretations aside, one of the better personal reactions to the dual citizenship story of the moment came from the Sky News commentator who observed that the relevant section in the Constitution existed to guard against politicians who were subjects of a ‘foreign power’ and that, with all due respect, New Zealand was neither.

In many ways, that kind of sentiment might hold a few clues about how we have arrived at the bond our two countries enjoy today.

### **The battle of Beersheba**

I should, however, return to the thematic starting point for this paper. On October 31 2017, Australian and New Zealand political and military leaders will meet in Israel to mark the centenary of the battle of Beersheba in World War I. Just like another watershed moment in our countries’ history, this one also features a battlefield in a far flung corner of the Mediterranean.

In some ways it will be an unusual commemoration. First, the outcome was somewhat different to that other Mediterranean campaign. Compared to Gallipoli—not to mention some of the other Middle Eastern battles—and certainly in comparison to the scale of our contribution and casualties on the Western Front, Beersheba was a relatively minor action. But to co-opt a clichéd phrase often used in relation to both New Zealand and Australia, it certainly ‘punches above its weight’ in name recognition. Like most such events in our national histories, that is probably because it’s a cracking yarn and a genuine piece of Anzac history.

For a start, unlike on the Western Front, Beersheba, and indeed the whole Middle East campaign, featured a combined New Zealand and Australian fighting unit—the Anzac Mounted Division. Formed in the wake of Gallipoli, this division included the New Zealand Mounted Rifles Brigade, the 1st, 2nd and 3rd Australian Light Horse Brigades and even the British Royal Horse Artillery Brigade.

By the time of Beersheba in October 1917, the Anzac Division, together with the Australian Mounted Division, had defended the Suez Canal in 1916 and played a key role in the critical victories at Romani and Magdhaba in January 1917 which drove the Ottoman forces back across the Sinai. In March and April 1917 the Anzac Division fought side by side with the Australian Mounted Division against heavily-defended Turkish positions in the first and second battles of Gaza.

At the time, the Anzac division was commanded by Australia’s then Major General Harry Chauvel. The failure of the Imperial forces to take Gaza in those battles saw him promoted in April 1917 and given command of the entire Desert Mounted

Column (shortly after renamed the Desert Mounted Corps). So in addition to being commanded by the first ever Australian corps commander, the Anzac division's antipodean credentials were further enhanced when Chauvel was succeeded by New Zealander, Major General Ted Chaytor. Notably too, Chauvel's new command also featured another unique Anzac unit—the Imperial Camel Corps Brigade (animals the Australians were perhaps more familiar with than their New Zealand counterparts).

In the wake of the unsuccessful Gaza battles, the new commander of the Egyptian Expeditionary Force, Sir Edward Allenby, decided Gaza needed to be enveloped rather than frontally assaulted. Chauvel's Desert Mounted Column was accordingly despatched to the eastern end of the Turkish lines and the town then known as Beersheba. The ensuing battle was a textbook case of trans-Tasman cooperation.

History has predictably focused on the famous late afternoon charge of the 4th Australian Light Horse Brigade. In fact, a fair dose of the day's action fell to the Auckland and Canterbury Mounted Rifle Regiments who took the strategic and heavily fortified high ground of Tel Sheva, to the north-east of the town, supported by the 3rd Australian Light Horse Brigade. At the same time, the 20th Corps, supported by the Anzac cameleers, conducted a separate attack on the town's south-western defences. Tel Sheva's capture and the 20th and camel corps' attacks paved the way for the famous Australian charge through the middle of the Turkish line.

From their hard-won position atop Tel Sheva, the New Zealanders had ringside seats for the charge. The highly decorated Auckland Mounted Rifles officer, Frank Twistleton, described the charge as 'the most showy fight I have ever witnessed... the Australians showed plenty of nerve and dash'.<sup>4</sup> By contrast, the 4th Australian Light Horse Brigade might well have thought back apprehensively to another famous cavalry charge sixty-three years earlier in Balaclava. In this case though, instead of Russian cannon, it was 'camels to left of them, Kiwis to right of them...' Not exactly the stuff of Tennyson. Happily for this Light Brigade, at least, no one had blundered.

Back on Tel Sheva, Lieutenant Colonel James McCarroll, Commander of the Auckland Mounted Rifles, described 'a great sight suddenly sprung up on our left, with lines and lines of horsemen moving. The Turks were on the run and the Aus Division was after them. Beersheba was ours'.<sup>5</sup>

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<sup>4</sup> F.M. Twisleton, *Letters from the Front*, Gisborne, New Zealand, 2009, p. 100.

<sup>5</sup> Entry for 31 October 1917, 'The private diary of Major James McCarroll', held by the Kauri Museum, Matakōhe.

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## **The Anzac centenary**

Fast forwarding one hundred years to the centenary commemoration, our representatives will no doubt reflect on that joint Anzac effort. As the Beersheba centenary commemoration is also one of the last major joint commemorations for the First World War centenary, they may also reflect briefly on the past three years of Anzac centenary commemorations, particularly the recognition given to the letters 'NZ' in Anzac. The Australian government has been scrupulous in acknowledging New Zealand throughout the centenary period. It is an approach we have seen echoed across the Australian community.

In practical terms, it has meant the Australian Governor-General attended the 2015 Anzac Day Dawn Service in Wellington, reciprocated by the New Zealand Governor-General travelling to Canberra later that evening to attend the Last Post Ceremony (the logistics of this transfer alone may have done more to unite our bureaucracies in shared horror than many other recent joint policy initiatives). Senior political representatives from both countries have attended each other's national services, and formed units from both the Australian Defence Force (ADF) and New Zealand Defence Force (NZDF) have participated in major commemorative activities in New Zealand and Australia and overseas.

The commemorations have led to a huge array of collaborative projects between our sound and film archives, cultural and community groups, and to nearly 200 requests to the New Zealand High Commission from schools and RSLs around the country for New Zealand flags and anthems to include in their own ceremonies. You can probably imagine the nervousness in our office as the New Zealand flag referendum came and went. It has been a great illustration that the bonds between both countries run much broader and deeper than the formal, government-to-government relationship.

Maybe we shouldn't be surprised by this. Australian public sentiment has been clear for a while. In the ten years the Lowy Institute has conducted its annual 'thermometer' of Australian attitudes towards other countries, New Zealand has consistently ranked as the country most warmly regarded by Australians. This year that sentiment maxed out at 85 degrees. That's hot, even by Australian standards. At the top of a 'real' mountain like Aoraki Mt Cook it would be pretty near boiling point.

It is a sentiment which few, if any, countries today could claim to match—let alone consistently over more than a century. In the current international context where many other long-standing and close relationships are appearing to fray, the resilience of the trans-Tasman bond seems even more impressive. However, the past hundred years

has been quite a journey, so it is worth briefly reflecting on some of the similarities and differences between 1917 and today to understand how far we have come.

### **The Australia–New Zealand relationship in 1917**

At face value, much about the Australia and New Zealand of 1917 would seem familiar to us today. Then, as now, Australians and New Zealanders travelled freely and extensively across the Tasman as tourists and migrants. This migratory pattern saw large numbers of New Zealanders and Australians serving in each other's defence forces. There were more than 2000 New Zealand-born soldiers in the Australian Imperial Force (AIF)—a remarkable figure given New Zealand's population was just on one million at the time. Of those 2000 soldiers, three would go on to win the Victoria Cross (VC) for Australia.<sup>6</sup>

The trans–Tasman migratory trend is also evident from the Beersheba casualty records. At least two of the 173 identified Australian casualties buried in the Beersheba cemetery are recorded as having been born in New Zealand. Likewise, one of the 31 New Zealand soldiers buried there is recorded to have been born in Australia.

The famous Anzac mateship was genuine, although even then it was not without its familiar ribbing and rivalry. Notwithstanding their recognised contribution, New Zealanders in the AIF were known for some time as 'Bill Massey's tourists'.<sup>7</sup> Gallipoli may have also produced one of history's more memorable trans–Tasman insults, from the Wellington Regiment's hard-bitten Lieutenant Colonel, William Malone, who once bluntly described his Australian comrades at Quinn's Post as a 'loose, beery lot with a Garibaldean, boy scout, scally wag look'.<sup>8</sup>

Also familiar are the accounts of sporting rivalry. One New Zealand record tells of a particularly 'fast and willing' game of rugby played on Lemnos Island between teams from the AIF and New Zealand Expeditionary Force, which the New Zealanders won.<sup>9</sup> Other official records also mention various cricket matches, but remain oddly silent as to the results.

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<sup>6</sup> Captain Alfred John Shout VC (born in Wellington), Private Thomas Cooke VC (born in Kaikoura) and Captain Percy Storkey VC (born in Napier).

<sup>7</sup> James Bennett, "'Massey's Sunday school picnic party': 'The other Anzacs' or honorary Australians?", *War & Society*, vol. 21, no. 2, 2003, p. 42. 'Bill Massey's tourists' was a reference to then New Zealand Prime Minister William Massey.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Otago Daily Times*, 16 December 1915, p. 4.

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Despite the rivalries, the 1917 trans–Tasman sporting relationship was perhaps even closer than it is today. Prior to the war, New Zealand and Australia sent combined ‘Australasian’ teams to two summer Olympics in 1908 and 1912. Even more remarkably, a New Zealander won gold in the pool (albeit as part of the relay team). The 1908 gold for rugby union was competed for and won by...the Wallabies!

Our leaders may well pause at Beersheba commemorations to reflect on how the world has changed since then. No doubt the New Zealand representatives present on 31 October will be too diplomatic to mention that date’s other trans–Tasman anniversary—the 2015 Rugby World Cup Final at Twickenham. Just as I am sure the Australians won’t mention Rugby Women’s Sevens or compare our respective Olympic rugby medal tallies. They might instead reflect on that historic Australasian effort, and note that if a similar joint team had competed at Rio in 2016, it would have won 47 medals, including 12 golds, placing Australasia fifth on the overall medal table. Not bad for a combined population of 29 million.

Sport, military and migration aside however, in other ways, the trans–Tasman relationship of 1917 was surprisingly a lot thinner than it is today. Politically, New Zealand’s decision not to federate with Australia (in spite of the Constitution’s optimistically premature preamble) had long been settled. Undoubtedly this decision was informed by a range of strategic and policy considerations, but it certainly seems to have accurately judged the public mood in New Zealand—at least insofar as this is reflected by an 1899 edition of a short-lived Wellington journal called *The Critic*, which published what it rather loosely described as a ‘poem’ warning against joining the Australian federation. The ditty predicted that if it joined the federation, New Zealand would be:

overrun with larrikins, bookies, spielers, medical quacks, yes-noes,  
uncaged gallows birds, sundowners, and others afflicted with delicate  
health and chronic fatigue, but active, however, in all the shades of  
iniquity...<sup>10</sup>

Whatever the reasons, because New Zealand remained a dominion of the British Commonwealth, Britain retained responsibility for its foreign and defence policy, which meant that the bilateral political relationship between New Zealand and Australia was largely transacted via London.

However, perhaps more striking was the relative absence of meaningful economic integration. The contemporary investment relationship consisted mainly of a few New Zealand branches of Australian trading banks, most of which were headquartered in

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<sup>10</sup> ‘What did you call me? Oz-NZ abuse’, *Sunday Star Times*, 31 January 2009.

the UK. Our shared emphasis on pastoral agriculture and exporting to Britain meant that New Zealand and Australia both accounted for less than 10 per cent of each other's total trade.

### **The trans-Tasman relationship today**

In the hundred years since 1917, the links between New Zealand and Australia have evolved to cover a broader, deeper and richer landscape. A 2015 study by McKinsey Global Consultancy described New Zealand and Australia as two of the most 'connected' countries on the planet.<sup>11</sup> It ranked the two ahead of Canada and USA, Malaysia and Singapore, and even the core EU member states France and Germany. The story of that evolution and the thickness of the modern relationship reflect a number of strands.

### **The Anzac (defence) connection**

The defence relationship provides a material example and a logical starting point. It is a bond that pre-dates Gallipoli, but in the past one hundred years has seen New Zealand and Australian defence forces serving or training alongside one another in conflict and peacekeeping operations on nearly every continent. This includes a sixteen year-long commitment in Afghanistan, and, in a distant echo of a century ago in Beersheba, it is continuing with the joint deployment of the Australian and New Zealand defence forces to the Building Partner Capacity mission in Iraq.

The relationship was underscored by New Zealand's 2016 Defence White Paper which restated Australia's place as New Zealand's only formal military ally. It is reflected in the day to day defence cooperation between the two countries. In 2016 more than two thousand NZDF and ADF personnel travelled across the Tasman on a range of business from training to study to pre-deployment preparations for Iraq. That is a rate of roughly seven people per day. At any given point in time, there are more than 80 NZDF personnel posted in Australia, either on training courses or embedded within the ADF. Of those that are in Australia for training, one in four serves as an instructor.

Those training exercises have come a long way too. For instance, on 4 March 1955, residents of the New South Wales town of Currarong reported their surprise at finding themselves under naval bombardment from none other than the New Zealand cruiser HMNZS *Black Prince* on a training exercise in nearby Jervis Bay. Fortunately no one

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<sup>11</sup> David Pralong, James Manyika, Sree Ramaswamy, Ben Fletcher and Kate Yang, 'Companions Abroad: Australia and New Zealand's participation in global flows', McKinsey & Company, 2015, <https://www.mckinsey.com/australia-and-new-zealand/our-insights/companions-abroad-australia-and-new-zealands-participation-in-global-flows>.

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was killed or injured by the half dozen or so errant shells. Local media reported a ‘gracious’ admission of responsibility from the vessel’s captain.<sup>12</sup> A subsequent naval inquiry determined the cause of the bombardment as a faulty firing mechanism. However, by then the *Melbourne Argus*, in the best traditions of Australian journalism, had issued a thunderous editorial laying full blame for the incident with the federal government in Canberra!<sup>13</sup>

Occasional broadsides aside, the intensive schedule of joint training exercises, personnel exchanges and deployments have continued to reinforce both countries commitment to our alliance relationship through doctrine, interoperability and a ‘mateship’ that is more or less unchanged from a century ago.

### **Bilateral relations and treaties**

In contrast to the defence relationship, in some respects the broader trans–Tasman political relationship has had to play catch-up. At the rarefied heights of world statecraft, international connections are usually measured by things like numbers of treaties and the intensity of diplomatic engagement. In the trans–Tasman case, however, formal diplomatic relations are a surprisingly recent phenomenon.

New Zealand did not appoint a High Commissioner to Australia until 1943—twenty-eight years after Gallipoli, twelve years after the first Bledisloe Cup match, and a decade after the suspicious death of New Zealand’s most significant agricultural export to Australia, Phar Lap. In other words, the appointment was perhaps somewhat overdue. In true trans–Tasman tradition, the New Zealand government thought long and hard about the best New Zealander for the job and settled on an Australian! Sir Carl August Berendsen was born in Sydney and spent the first twelve years of his life in Woollahra.

After serving as head of the New Zealand Prime Minister’s Department and effectively founding our Department of External Affairs, Berendsen was despatched as New Zealand’s first High Commissioner to Canberra in March 1943. His first task was to immediately commence negotiations towards our first significant bilateral treaty—the remarkably broad and prescriptive Canberra Pact—which was signed nine months later on 1 January 1944. All of this in the midst of the Second World War.

Impressive though Berendsen’s career may be, he was undoubtedly eclipsed by his Australian counterpart in Wellington—the extravagantly named and larger than life Thomas George De Largie D’Alton. A boilermaker by trade but boasting skills

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<sup>12</sup> ‘A captain courageous’, *The Argus*, 11 March 1955, p. 4. Accessed at NLA Trove database.

<sup>13</sup> *Ibid.*

including juggling, fire-eating, amateur theatre and navigating Tasmanian Labor party politics, D'Alton's overseas postings read a bit like a diplomatic cautionary tale. While in Wellington, he reportedly boasted the city's finest wine cellar (admittedly a slightly less impressive feat given the realities of 1940s New Zealand). D'Alton raised eyebrows after getting into a fistfight at a theatre and his posting was also memorably curtailed by having to return to Tasmania to answer criminal charges from historic corruption allegations.

Indeed, such was D'Alton's diplomatic 'brand' that a subsequent attempt in 1950 to appoint him Tasmania's agent-general in London prompted the outraged Speaker of the Tasmanian Legislative Council to dissolve the House and force a general election. Remaining in Tasmania, D'Alton spent the twilight of his career using his skills as an impresario to promote the Miss Tasmania Quest to raise money for the Spastic Children's Treatment Fund. Still, the mere 21 days between his commencement of duties in Wellington on 10 December 1943 and the signature of the Canberra Pact on 1 January 1944 is undoubtedly a record, one to which any High Commissioner would only hope to aspire.

Today, the trans-Tasman treaty architecture is a bit more substantial. New Zealand now has 77 treaties in force with Australia. This is more than we have with any other country apart from the UK. That comparison is slightly unfair though given many of the British agreements were automatically inherited from the colonial relationship, which effectively gave the British a couple of hundred years' head start. However, in addition to those 77 treaties, there are also more than 150 non-treaty level arrangements that we know of. So Australia is definitely catching up.

### **Prime ministerial meetings**

Formal treaties aside, the pinnacle of the political relationship today is the annual Australia New Zealand Leaders' meeting. Interpersonal relations between our political leaders have long been a mainstay of the trans-Tasman relationship, helped no doubt by the many family connections mentioned earlier.

Familiarity of course can also breed contempt and the antipathy reflected in some of our prime ministerial sledges is the stuff of legend. Sometimes these have been almost lyrical, like Sir Robert Menzies' quip, in response to a pretentious remark by New Zealand Prime Minister Keith Holyoake, that 'from such little acorns, great holy oaks grow'.<sup>14</sup>

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<sup>14</sup> Richard Woolcott, *Undiplomatic Activities*, Scribe, Melbourne, 2007.

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Others have been more pointed. For instance, in his memoir, Bob Hawke described David Lange as someone who ‘seemed to find sustained sessions of concentration difficult’.<sup>15</sup> Lange of course gave as good as he got, remarking that Hawke’s book ‘needed to be read by a psychotherapist rather than a politician’.<sup>16</sup> Then there is of course Sir Robert Muldoon’s famous response to the claim New Zealand’s best and brightest were leaving for Australia—he said their departure raised the IQ of both countries—which remains unparalleled even by rhetorical masters such as Keating. Compared to this, the ‘bromance’ and ‘pyjama diplomacy’ between Prime Ministers Key and Turnbull is a world of difference.

Whatever the reasons, for much of our history, such prime ministerial meetings occurred largely on an ad hoc basis. They were also not without their perils. In 1906, New Zealand’s longest-serving Prime Minister, Richard ‘King Dick’ Seddon famously died at sea en route from an official visit to Australia. Happily for High Commissioners today, trans-Tasman crossings are a less risky proposition. Though anyone who has flown into Wellington during a north-westerly crosswind may disagree!

The modern practice of annualised prime ministerial meetings is a surprisingly recent phenomenon, being a product of the Howard/Clark era. The sheer number of issues on the agenda demonstrates their necessity as well as the breadth of the modern relationship. For instance, during Prime Minister Turnbull’s visit to New Zealand in February 2017, the communique included topics ranging from the Trans-Pacific Partnership trade agreement, Brexit, the conflict in Syria, cybersecurity and the threat of terrorism, people smuggling, and the Pacific Islands Forum to the Paris Agreement on climate change.

The two prime ministers also witnessed the signing of a science and innovation agreement (which, when ratified, will take our total number of treaties to 78) and discussed ways to further integrate the trans-Tasman economies.

### **Governmental connections**

Prime ministerial meetings may be the apex of the political relationship, but the intensity of official contact that underpins them speaks to a much deeper agenda in which both countries are heavily invested. This is illustrated by the sheer volume of ministerial and official traffic between our two countries. In the year to June 2017, the New Zealand High Commission facilitated a total of 89 official visits in both directions across the Tasman. This included 36 ministerial-level visits as well as the

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<sup>15</sup> ‘What did you call me? Oz-NZ abuse’, op. cit.

<sup>16</sup> ‘Egos won’t get in the way with Rudd says PM’, *New Zealand Herald*, 27 November 2007.

annual meeting of prime ministers. The 89 trans–Tasman visits combined official and ministerial travel and also reflected two-way traffic. Set against the annual suite of Australian overseas travel, it is not a bad showing.

It also doesn't include many other points of engagement at places like the Asia-Pacific Economic Cooperation forum, East Asia Summits, the World Trade Organization and the World Economic Forum. Or indeed overseas commemorative events like Anzac Day at Gallipoli or at Beersheba. Nor does it include the numerous and regular ministerial interactions by email, phone or that bane of cautious diplomats the world over—texting. But it does provide a rough metric for the breadth and intensity of the cooperation between our two governments.

Some of those visits might even be for meetings of the Council of Australian Governments (COAG), where New Zealand is represented. On some COAG councils, New Zealand has voting rights to reflect those areas where we maintain joint regulatory agencies, such as on food standards. And on occasion we have even hosted COAG meetings in New Zealand. Below the ministerial level, our police forces, customs and border protection agencies, maritime safety, health, environment, science, education and treasury officials collaborate extensively on issues as diverse as:

- Antarctic conservation
- regional economic architecture
- whaling
- illegal fishing
- tax administration
- countering terrorism and transnational crime.

Recently, the Financial Markets Authority of New Zealand announced a further trans–Tasman collaborative initiative in respect of the emerging FinTech industries in both countries.

We have certainly come a long way since declining to join federation at the turn of last century. Although that decision has never been revisited—and isn't likely to be—all these interactions play a major role in reinforcing the principles, if not the letter, of cooperative federalism through the exchange of policy ideas across the Tasman.

### **Economic relationship**

As I mentioned earlier, it is in the economic sphere where the trans–Tasman relationship has undergone its most significant transformation over the past century.

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From its low point in the mid-20th century where Australia lagged many of New Zealand's regional trading partners to account for less than 10 per cent of our trade, it is now unquestionably our largest economic partner.

Former New Zealand Prime Minister John Key often remarked that the five guarantors of New Zealand's success were:

- water that falls on the right places at the right time
- the ability to produce protein in a world increasingly demanding it
- our English language
- geographic security
- a strong and prosperous Australia.

In his previous role as finance minister, Bill English would often list the four economic metrics he focused on more closely than any other—the milk powder price, the NZD exchange rate, the Australian House Price Index and the price of iron ore.

On almost any metric Australia matters to us more than any other international partner. Despite its recent displacement by China as our largest goods market, Australia remains New Zealand's number one trade and investment partner—our largest economic partner by far. Two-way trade totalled A\$25 billion in 2016. Australia takes nearly 20 per cent of our exports and provides 13 per cent of our imports. And in 2016 two-way investment across the Tasman exceeded A\$150 billion.

Underpinning all this is a suite of agreements which collectively are regarded as the world's leading trade and investment framework. Its centrepiece is the Australia–New Zealand Closer Economic Relations Trade Agreement (known as ANZCERTA or the CER Agreement). Although many in New Zealand would love to take the credit, the record shows it was very much an Australian initiative.

The idea was first proposed during a series of trans–Tasman political exchanges by Australian Deputy Prime Minister Doug Anthony in 1979. His motivations reflected a mix of the strategic and commercial, including to bolster the economic security of a key regional partner and to find ways to work better together internationally. He also wanted to prise open New Zealand's famously closed and protected market, which at the time was also Australia's number one export market for elaborately transformed manufactures.

Given the benefits that have since accrued, surprisingly the merits of the Australian proposal were not immediately apparent to New Zealand. Though some agencies embraced the idea, records from the time reveal significant nervousness from others.

In one Australian report, the author expressed frustration at the failure of New Zealand officials to see the big picture and the fact that they remained ‘fixated on specific tariff lines for whiteware’.<sup>17</sup> Another report of a meeting between trans-Tasman agency heads noted the acrimonious exchange between the two transport secretaries on the issue of air services ‘had to be seen to be believed!’<sup>18</sup>

New Zealand accounts note similar frustrations. For example, New Zealand officials felt their Australian counterparts seemed unable to acknowledge the country’s manufacturing sector or that New Zealand was ‘more than just a farm or holiday destination’.<sup>19</sup> As *The Pretenders* might say, ‘some things change, some stay the same’.

Fortunately, the leaders of the time grasped the value of the initiative and managed to cut through the bureaucratic reservations—no mean feat given their own interpersonal differences. Although it was negotiated by the governments of Malcolm Fraser and Muldoon, the CER Agreement, which was signed in 1983, helped catalyse the massive structural economic reforms of the Hawke/Keating and Lange/Douglas Labo[u]r governments.

Successive administrations have assiduously built on the CER foundation over the years. Later agreements and arrangements have delivered mutual recognition for goods and qualifications, liberalised investment screening thresholds, established joint standards regulators, and harmonised our business law regimes.

The most recent addition to the economic piece has been the signature in 2017 of a science, research and innovation treaty. This agreement builds on extensive research and institutional collaboration between Australia and New Zealand and strategic co-investment in major science infrastructure like the Australian Synchrotron and Square Kilometre Array. It aims to give effect to the vision of both governments for a trans-Tasman innovation ecosystem. The agreement also forms part of an intensive whole of government and business agenda to deliver a single economic market across the Tasman.

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<sup>17</sup> Cablegram from L.H. Border (Australian High Commissioner) to N.F. Parkinson (Secretary of the Department of Foreign Affairs), 12 April 1979. Cited in Pamela Andre, Stephen Payton and John Mills (eds), *The Negotiation of the Australia New Zealand Closer Economic Relations Trade Agreement 1983*, Department of Foreign Affairs and Trade, Canberra, 2003, p. 5.

<sup>18</sup> Letter from B.F. Doran (Acting Head, New Zealand Section, Department of Foreign Affairs and Trade) to G.R. Bentley (Australian Deputy High Commissioner to New Zealand), 29 February 1980, *ibid.*, p. 223.

<sup>19</sup> Report to New Zealand cabinet by Brian Talboys, New Zealand Deputy Prime Minister, 30 March 1978, *ibid.*, p. 21.

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## **Culture and people**

The significance of the modern relationship between Australia and New Zealand is of course not limited to the military, government or even the economy. For most New Zealanders, Australia assumes a far greater importance. Free movement across the Tasman has been a foundation principle of our two countries since the 18th century.

Today, we are coming closer together in population terms. There are currently around 640,000 New Zealand-born people living in Australia (that's about 12 per cent of our population) and around 80,000 Australian-born people in New Zealand. This difference is also a surprisingly recent phenomenon. It was not until 1967 that the numbers moving from New Zealand to Australia overtook those coming the other way. Although the absolute figure may seem like a big difference, as a percentage of host population, it is actually surprisingly proportionate. It means that New Zealanders in Australia and Australians in New Zealand both constitute roughly two per cent of our respective populations.

That trans-Tasman population has carried its passions with it. New Zealand's rugby, soccer, basketball and even American football teams all play in Australian domestic competitions. We listen to musicians like Crowded House, Gotye and Kimbra, watch TV shows like *Neighbours*, *Home and Away* and *Top of the Lake*. We are even united in our mutual attempts to variously claim and then disown actors like Russell Crowe!

These ties are also reflected in the vast array of professional and cultural Australasian associations spanning the ditch. From chartered accountants to philosophers, convenience stores to pharmacies, even our parliamentary staff cooperates outside of work hours through the Australia and New Zealand Association of Clerks-at-the Table.

## **New Zealand's value proposition**

As the McKinsey report made clear, our relationship is deeper and broader than nearly any other country, but it is also incredibly intimate. Yet while Australia's significance to New Zealand is well-established, the question remains, what's in the relationship for Australia? In New Zealand, we think quite a lot.

Economically, New Zealand is Australia's seventh-largest two-way trading partner and we are Australia's fifth-largest market for services exports. However, headline export statistics only tell part of the story, especially those based on value during a commodity boom. One often overlooked aspect of New Zealand's trade with Australia is that we are disproportionately important to small and medium-sized enterprises in Australia. More than 18,000 Australian businesses export to New

Zealand, compared to 6000 exporting to China. While China predominantly buys mineral commodities, New Zealand is a particularly important market for higher cost and labour-intensive industries like Australian pharmaceuticals, medical devices, engineering and manufactured goods, as well as IT and especially services. The growth rates in these export sectors have been even more impressive.

New Zealand and Australia remain each other's largest source of foreign tourists. In 2017 an estimated 128 flights a day—that's 47,000 a year—carried nearly seven million individual passengers back and forth across the Tasman. Put simply, this means New Zealand underpins a lot of Australian jobs and a lot of good times.

Recent experience has also shown that free movement across the Tasman is not a one-way street. Since 2012, the traditional dynamic of trans-Tasman migration has almost completely reversed. Australian migration to New Zealand is now up 50 per cent. While some people have been tempted to describe this in triumphal terms, the reality simply reflects that the automatic stabilisers of our single economic market are working precisely as they were intended to adjust to shifting economic conditions to the benefit of both our economies.

Integration is also literally paying dividends for Australia. Between 2000 and 2016 Australian investment in New Zealand tripled, meaning we are now the fourth largest destination for Australian investment, accounting for A\$106 billion in 2016. New Zealand is also Australia's eleventh largest source of foreign investment with over A\$45 billion invested in Australia. That represents a greater investment than from Canada, from Germany and France or from Korea and India combined.

Drilling below the headline stats to the enterprise level, among New Zealand investors are companies like Fonterra, which is now Australia's leading foodservice and dairy ingredients provider, processing 1.7 billion litres of Australian milk a year and employing 1650 Australians. It also includes companies like Meridian and Trustpower, which are among the largest investors in renewable wind energy in Australia. Their investments continue a venerable tradition of New Zealand contributions to greening Australia's energy mix, dating all the way back to New Zealand engineer Bill Hudson, who headed the construction of the Snowy Hydro scheme.

Such investment also extends to the technology sector, with companies like Datacom, which was chosen last year by international healthcare provider Bupa as the preferred vendor for 7000 residents and 8000 staff across 70 of its aged care facilities in Australia and New Zealand. The deal represented a multi-company collaboration involving two other trans-Tasman companies—Medi-Map from Christchurch, and

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SmartWard, a Canberra-based business. It also opened opportunities for all three with Bupa in other international markets.

In Australia, investment in New Zealand is sometimes portrayed politically as a negative, particularly relative to smaller sums invested in other Asian markets. One answer to this is that governments don't invest, companies do. This means investment does not always reflect political imperatives, but rather a clear-eyed commercial decision about risk, stability, and the predictability of return. These factors are why so many Australian companies decide to invest across the ditch.

New Zealand also adds plenty of value outside the economic sphere. On the defence side, New Zealand and Australia are trusted and interoperable security partners with a proven track record of working together well. The decision of the two countries to collaborate in Iraq is the continuation of a century of joint security efforts. Royal New Zealand Air Force aircraft and Royal New Zealand Navy vessels have been used as substitutes and supplements for Australia's own deployments, even on occasion patrolling Australia's southern waters.

The two defence forces have worked incredibly closely in responding to any number of humanitarian and disaster recovery efforts in the Pacific. Our frontline agency collaboration has also extended to Australian police helping out in Christchurch following New Zealand's worst ever natural disaster and to New Zealand firefighters battling bushfires in Australia on nearly an annual basis for the past decade.

We have been each other's first port of call—and the first to offer assistance—following major disasters and other domestic events. When Australia hosted the G20 in Brisbane, more than 200 New Zealand police were deployed to Queensland and sworn in as temporary Australian police officers. The in-depth familiarity this reflects in terms of law, doctrine, operating procedures and trust is remarkable and shows just how connected our two systems are.

The cooperation between New Zealand and Australia is so instinctive that it can be easy to forget that we are talking about two separate countries and not—as even the Australian Constitution suggests—another Australian state. We are separate countries, with distinct identities and often different approaches, albeit with enduring values which are fundamentally aligned.

To many outsiders we look, sound and are the same. Although a growing acknowledgment of our distinctiveness has enabled us to better complement one another on the world stage. From 2013 to 2016, Australia and New Zealand concluded

consecutive terms on the United Nations Security Council, a scenario that would have been unthinkable a decade ago.

### **Unfinished business**

As close as our two countries are, like any family we have had, and continue to have, our differences. As with most siblings, many of these differences have become less significant as we have matured. Even underarm bowling may be forgotten eventually!

Equally, neglect—real or perceived—can make even the closest relationships brittle. For all our genuine success, Australia and New Zealand are not immune to the same global trends eroding so many other long-standing relationships around the world. Whether that trend is protectionist sentiment threatening to roll back firms' access to government procurement markets, or fiscal pressures being invoked to tighten people's ability to move, live, study and contribute across the Tasman.

Most of these issues are of course long-standing and do not lend themselves to easy fixes. Nonetheless, our two countries need to remain focused on them and their very real, immediate and longer-term consequences for our increasingly integrated populations. In doing so, we must also remain mindful of how far we have come and of the investment that so many successive governments, institutions, businesses, organisations and people have put in to creating, growing and maintaining the relationship New Zealand and Australia enjoy today. Not least because it reminds us what is at stake and the importance of getting it right because in an increasingly uncertain global environment family relationships matter more than ever. As has always been the case, so much of New Zealand and Australia's success in the world is underpinned by getting things right between ourselves—just as we did a century ago at Beersheba.

