



**New Zealand Productivity Commission
and
Australian Government Productivity Commission**

Fujitsu Australia and New Zealand

**Submission in response to
“Strengthening Trans-Tasman Economic
Relations: discussion draft”**

Joint Productivity Commission

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Proposal Information

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1 Introduction

On behalf of Fujitsu Australia and Fujitsu New Zealand we would like to submit the following response to the Joint Study on Strengthening Trans-Tasman Economic Relations as commissioned by the Australian Productivity Commission and the New Zealand Productivity Commission.

As the third largest provider of ICT Services across Australia and New Zealand, Fujitsu is extremely supportive of the objectives of the CER initiatives in general.

Fujitsu has invested significantly in Australia and New Zealand in creating jobs, solutions and services (in fact we employ over 5000 staff across Australia and New Zealand), and we engage with all levels of Government and commercial enterprises.

We have developed a very effective Trans-Tasman business model and use services provided by New Zealand to service Australian (and New Zealand) customers, and Services provided by Australia to service New Zealand (and Australian) customers. In some cases we support customers in other countries from Australia and New Zealand.

We believe we are therefore, well qualified to comment on the study.

2 Submission

On close reading of the document we are very concerned about the almost total lack of consideration of the removal of barriers to ICT trade, and the benefits of harmonising regulations and trading environments for ICT, especially in relation to ICT services.

Although the document does discuss the 'Second Freedom: Trade in Services', and canvasses some issues relating to telecommunications services, in particular roaming charges and tariffs, there is no other mention of ICT at all in the document (apart from a passing comment about cyberbullying and privacy laws). We consider this to be a grave oversight.

One of the key issues facing both countries is the globalisation of 'knowledge processing' and the provision of offshore services to Australia and NZ from other parts of the world, in particular Asia. To survive the new economy, often referred to as the 'digital economy', both Australia and New Zealand need to actively and jointly participate as net creators of IP and services, rather than net consumers. Australia and New Zealand should position itself as the region of choice for the provision of services to the rest of the world, especially Asia.

The advent of Cloud computing on a large scale, enabling ICT services and applications to be provided to anyone, anywhere at any time, under a self-service, pay per use (or utility model), creates a number of opportunities for Australia and New Zealand organisations to increase their participation in, and influence over, the global economy – especially considering the acknowledged advent of the 'Asian Century'. Cloud computing can either be used by other countries to provide services to us (in which case we eventually become third world ICT economies) or we can embrace Cloud computing to become a provider of safe, secure, reliable cloud services, from a politically and regulatory safe environment, to the rest of the world.

Cloud computing by its nature requires the transmission of data between processing centres. This data could be commercial trading data (stock, shipments, etc.), or it could be financial or citizen data (banks, insurance, Government services). Australia and New Zealand each have privacy legislation and financial regulations effectively prohibiting the offshore transmission and storage of consumer/citizen data unless certain very onerous conditions can be met.

At the moment Australian legislation (and the even stronger legislation currently being created) does not easily allow Australian citizen data to be processed in New Zealand. Likewise, New Zealand citizen data cannot be processed in Australia. (This is a simplification of the actual laws and regulations, but in general summarises the net effect).

In short, the benefits of cloud processing across the two economies are not able to be realised. Therefore, the current state is actually a significant barrier to one of CERs objectives of 'enabling Products or services supplied in one jurisdiction being able to be supplied in the other'.

Fujitsu Australia and New Zealand recommends as part of the CER initiative, that harmonisation of the privacy laws relating to the transmission and storage of citizen data between the two countries be a major priority. With the aim of enabling cloud providers in both countries to freely process data of all types across the Tasman.

Some of the benefits we believe this will provide are as follows:

- A combined economy of Australia and New Zealand would rank us as the 12th largest economy in the world, and would encourage stronger investment in ICT infrastructure in our countries, thus creating employment.
- The ability of New Zealand companies to access an Australian cloud and Australian companies to access a New Zealand cloud would provide economies of scale, as well as geographical separation of processing thus providing a high degree of business continuity (backup to either country).

- This would enable the development of a combined initiative (Australia and New Zealand IT?) to create Australia and New Zealand as the region of choice for the provision of safe, secure, reliable Cloud Services to the rest of the world (especially Asia).
- Australian companies would be more likely to use ICT services provided in New Zealand not only due to cost differentials, but due to the creation of trusted and identical privacy legislation and security measures. This benefits both economies. New Zealand companies would provide services to Australian based companies (thus competing with India and Philippines), and Australian ICT providers could use New Zealand services to deliver to local and global customers.

3 Summary

In summary, harmonising the privacy and data sovereignty legislation would directly encourage the creation of a single economic market, enhance productivity and competitiveness, strengthen both economies and increase ICT services projection capabilities to Asia and the rest of the world. This would also satisfy one of the CER objectives of creating a 'domestic-like' ICT experience in either country enabling seamless operation across the Tasman.

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