

**Regional Development Conference
24-26 September Timaru**

Report prepared by Gary Russell for the Waitakere City Council: (comments sections (*italics*) are reflections of the authors own opinions)

Theme: Making most of our regions strengths

Conference registration: 5.30pm-7pm Wed. 24th Sept.

Cocktail function:

Comments:

Met with Hon. Jim Anderton. Minister of Regional Development. Tended apologies of the Mayor for his absence due to monthly Council meeting agenda items.

Thursday 25th Sept.

Official Opening:

Mayor of Timaru: Wynne Raymond. Highlighted the Aoraki regions growth, and key products of the region and how this growth was being sustained.

Comments:

An interactive display of the Aoraki regional development programme was very entertaining and original and made an impact on the conference attendees.

Ministerial Speech: Hon. Jim Anderton.

Strengths:

1. 26 regions recorded regional growth of between 2.6 to 4.2 percent in last year to June.
2. This was due to regions developing there strengths by setting their own goals
3. All but three regions have developed an economic strategy plan.
4. Government is already funding specific regional development initiatives
5. Some regions were already developing there second major regional initiatives (MRI's)
6. Continuing funding for these regional initiatives
7. All 86 District & LTAs surveyed expected to sustain or increase economic development spending.

Weakness:

1. A number of regions that have not completed there first MRI's while others are starting there second.
2. Encourage more innovative thinking at regional development level.
3. Government still had to remove economic barriers to growth, this included infrastructure constrains-roading, power, water and wastewater, and skill shortages.

4. Business development skills still need to be raised.
5. Still requirement for a wide regional debate on economic development.

Opportunities:

1. Programme offers the opportunity for regions to get second, third etc regional development funding grants.
2. Local government is the key component to the vital development of regional economic expansion.
3. Good weather and trading climate formed the base for regional development growth but the key is regional confidence in development.
4. Most LTA's have indicated they will spend more on economic development, regions had to believe in themselves.
5. Regions that invest in themselves passed this confidence on to investors.
6. The regional development fund was not just a one off 'honey pot' it was intended to be expanded in relationship to the MRI's put forward.

Threats:

1. Lifting the infra-structure, skills shortage and energy needs to meet the regional development growth.
2. The delivery of the objectives of the Resource Management Act must be worked through.
3. Delegates must be pro-active in the delivery of the MRI's, and avoid the Critics as this were too important nationally to be used as a political football.
4. The National media ignoring the positive developments in economic initiatives in the regions.
5. Coming up with new winning ideas.

Summary:

In the last two years percentage economic growth in the regions were:>

Canterbury 9.2% leader, Otago 9.19%, Northland 8.65%, Auckland 7.7%
Southland 3.8% lowest. (refer to the web site)

Comments:

A concern is the compliance cost and the burden on ratepayers of central government legislation. Property owners(ratepayers) are shrinking in number and more national legislation enactments costs have to come from ratepayers rather than from the national tax collected fund. We are seeing an induced capital gains tax coming on property owners through the rates collection to cover more central government policy is a concern if LTA's are to fund MRI's economic development initiatives.

A key factor missing is the 'well-being' of the social and cultural aspects of the community, this must not be forgotten in the economic drive and this is an outcome of regional development growth. Important point in finding winning ideas for MRI's , Creative economics thinking rather than social economics.

Plenary Session. Speakers: P. Dalziel & C. Saunders:

Topic: Think Globally, Think regional- Regional Development in the International Context.

Issues:

1. New Zealand was the only OECD country to abandon regional development funding schemes in the last 30 years.
2. This meant New Zealand had a long way to go to catch up to other OECD countries.
3. The UK with Thatcher in power still retained its regional development funded programmes.
4. Australia has always put a lot of support behind its regional development programmes.
5. East Midlands region of the UK has a very effective integrated regional development programme.
6. Sustainable regional development growth needed planning and leadership to be successful and the competitive market place did not provide this.
7. The clusters approach is one successful mode of getting collaboration in regional industries, using both horizontal and vertical models to achieve value added outcomes.

Full set of notes to be put up on the web site of MED/TE

Comments:

The Scottish Regional Development council programme is the longest running programme and is used as a model for other regional development programmes. This model and Wales are more relevant to the NZ situation and there have been joint partnerships between NZ and Scotland over the years. EU has adopted a number of programmes also, example is the Interreg., which operates on the QBL sustainable policy approach. Denmark has a central advisory regional development programme based on SME's, a one stop advisory shop. (Minister Regional Development visited it and was impressed.) When working in Denmark at the Bornholm Research center the approach was based on research cluster of us economic policy advisors on sustainable economic development for the Baltic state countries, its success can be seen in the recent rapid economic development of these countries.

WORKSHOPS: REFER TO PROGRAMME BOOK:

Notes below from the selection I attended, Jen and I worked in unison to cover the most appropriate topics relevant to WCC.

Theme: Inspiring Regional Development

Leading the Way:

Encouraging quality governance: John tenant-Mayor of New Plymouth, Clive Geddes Mayor of Queenstown & Mary Bourke South Taranaki Mayor, Amohaere Houkamau of Ngati Porou & Edward Ellison of Ngai Tahu.

Points made:

1. Be pro-active on issues, lead the way.
2. Lead by example and aim high-have high expectations
3. Ask the question what can I do for my community?
4. Be honest and inclusive about what is important in leadership.
5. Team building approach and you as the coach.
6. Make personal contacts, keep at the grassroots.
7. Timing, customer relations is important in solving problems and offer refunds if problem not fixed by a certain time period-e.g. issuing building permits.
8. Utilise all your councillor's skills.
9. Set decision-making parameters, with no 'I' or statement comments, Councillor's ego's are left outside the chamber.
10. Treat your staff well, and identify the right person for the job.
11. Be open to ideas but keep your eye on the ball
12. Benchmark against other councils and there achievements
13. Be an advocate for the community on issues.
14. Open up the council facilities and buildings for community use
15. Forget the past, get on to the new issues
16. Be positive in media releases and avoid the complaints.
17. Have no secrets, must be open and use collective decision-making approach, it must be transparent in dealings with the community.
18. Hold to traditional values and involve Maori, all ethnic groups.
19. Stick to the fax roots-best practice.
20. Watch the conflict of interests.
21. Empathy
22. Plan, plan plan.
23. Be prepare to fly your teams flag, you must brand yourself.
24. Believe in yourself, and engage with the people.
25. Ensure you have a clear vision of where you are going, who communicates it, and make sure the community buy into it, everyone must pull in the same direction.
26. Have a passion and show confidence.
27. You must have a model of governance-what is it that you are trying to make your organisation look like?

Comments:

Further points and a decision-making model on Sustainable Leadership in Public Sector Governance the title of a chapter I wrote in a book on 'Sustainable Leadership'.

Concerned that the workshop was used politically to bandstand certain political party positions. NZ First.

The Missing Link

Steve Canny. Venture Southland, Ian Reid. CEO Vision Manawatu, Richard Green. Of Hitlab. Christchurch. (I attended for the last 30 minutes of this session)

Key Points:

1. Before you develop your initiative, have a clear idea of the barriers and problems.
2. Plan how you are going to identify and bring key stakeholders on board.
3. Consider your funding sources-what is available and how to access them
4. Potential opportunities between business and academia are often underestimated.
5. You must augment reality, not simulate it ?
6. Waitako and Southland LTA's already own the network
7. The network must be seen as infra-structure and own by the LTA's
8. The network must link up all public sector agencies and avoid competitive funding, as a waste of public funds.

Comments:

WCC must start now and establish its own network before private groups get into the scene, it maybe already too late? Establish formal process and mechanism to imprint the format and governance structure of the regional network, probably best in cooperation with Rodney and Northshore. Vodaphone will have in place 3G next year. Important the tertiary sector lock into this development also.

Plenary Session:

Paul Collits. Manager Regional Policy at NSW State Govt. regional Development Dept.

Topic: The Regional divide- Trends, Successes and policy issues around small town survival.

Summary of speech notes: refer to the TE Web site for full set of OHPs.

Key points:

1. Population growth or decline is not to be seen as an indicator of a town's success
2. Main reason for people leaving small towns was to further education needs, thus in today's world education is seen as an important component Of national growth.

3. Job expectations were totally different now and people did not expect to stay in the same job for life, thus not the same town.
4. The challenge today was for towns to be not only economically attractive but also culturally attractive (Richard Florida)
6. People will return to the smaller towns with enhanced skills if the strategies are put in place to attract them.
7. The answers to what and how to attract regional development were complex and varied.

Comments:

No right answers given, just more questions. The information was not informative and the focus was on Richard Florida's and Peter Hinton books. It was a case of Social or Creative capital being the best means of leading economic growth? Check out the web site on Collaborative Economics for some answers.

Plenary Session

Topic: Collaboration

Partnering with Iwi. Economic Growth through collaboration with Iwi and Maori Business.

Evan Nathan, Ministry of Maori Development, Group Manager of Operations.

Tumu Te Heu Heu CEO Taupo Iwi economic development Unit.

David Casselli of I-Grow-Investment banker & Amohaere Houkamau of Ngati Porou-Financing M11aori Business.

Evan Nathan: Ministry of Maori Affairs.

Key :

Read a copy of the MED and Ministry of Maori Affairs, Maori economic report.

Points: The report must be read in the context of Maori Social and Cultural development.

1. The focus is on Tourism, Arts and Media as traditional areas of Maori development. Maori Arts exhibition in Montreal sold out in the first day.
2. Maori pay 2.2 billion in taxes each year 69% Maori are under 40 years of age.
3. Implications of 49% of Maori between 15-40 years, future workers and tax base.
4. A new perspective on the role of Maori as an economic resource.

Tumu Te Heu Heu. Taupo Iwi.

Key points:

1. Tongarira was gift to all New Zealand, first indigenous people to gift land to all. 1st national park in the world.
2. Public rights to access needs to be maintained for all.
3. Sustainable tenure of the land.

David Caselli & Amohaere Houkamau.

Iwi investment with I-Grow as investment broker relationship., NZ Maori has a 180 million-asset base

1. Iwi developing inter-funding of projects from a business base.
2. Ngai Tahu investing in other iwi schemes.
3. Ngati Porou has invested in 90 businesses.

Comments:

The venture capital pakeha lending institutes are now working with Maori, though major commercial banks still not assisting. New ventures are being investigated in partnerships with established companies. The economic development future is with forestry and utilisation of the land as an agriculture resource. In discussion on Maori MRI's in Waitakere.

**Plenary: Lewis Holden. MED. Regional Development.
Role of Government in Regional Development (NZ Context)**

Speech on the MED web site.

Comments:

Picking the winners, MED is the bookie?

Friday 26th September:

Ministerial Speech: Regions taking on the world. Hon. Jim Sutton. Ministers of Agriculture, Forestry, Trade and Rural Affairs.

MP for Aoraki, it was a hard sell of the Aoraki region, and well deserved but as stated if the primary industries are doing well so is the rest of the country. It is a case of doing what we know best, which is the land and doing it even better? Regional development agencies must focus on there strengths. Check the Minister of Agriculture web site.

Workshops:

Stretching the Future:

Staying Power: Gearing up to make development sustainable.

Alison Dalziel. PM Dept. Neil Hodgson. Nelson/Tasman Regional Partnership
Jeremy Smith. GM. Holcim Cement.

Key Points :

1. Sustainability is not just an environmental issue-development and sustainability go hand in hand.

2. There are business benefits to be gained through sustainable development.
3. A pure model of sustainable development does not exist
4. Sustainable development does not necessarily mean impossible trade-offs.
5. Think about your risk thresholds very carefully...

Comments:

A need for micro and macro threshold measures of sustainability so a review of the LTA's & EDA's policy and its benchmarking can be achieved. Told that the Stats Dept. are working on data for this to be achieved, there are examples of models used overseas. Still long way to go in NZ to achieve a level of measurability of the 'well being' factor that underlies the sustainability goal. The RMA still only mechanism to ensure sustainable issues can be ruled on? A problem of integration of a broad-brush measure for establishing sustainable goals across the public and private sector.

Lunch:

Had lunch with the Right Hon. Helen Clark PM, Hon. Jim Sutton and Hon. Jim Anderton.

Ministerial Speech: Right Hon. Helen Clark PM. News Clipping attached.

Reference to WCC interests:

A strong positive message was given to the delegates on the regions and there economic growth, a pat on the back. Government was doing its bit, by addressing the infrastructure barriers. It was turning the immigration around with new migrant entry criteria with a focus on industries with skill shortages. The fact that 23 out of 26 regions had MRI's strategies in place and eight had MRI's in operation.

Important Concluding Point:

At the Mayor's cocktail party, which I attended on behalf of the Mayor it was clearly indicated in the Minister of Regional Development speech that those EDA's and Local bodies who had no representatives at the conference had sent a message to the Minister on where they saw regional development, and it was not a positive message. This message was forcefully given and direct in its content and needed to be taken on board.

Last Points:

Christchurch's new Art Gallery is well worth a visit as is the town of Timaru, I was very impress with the conference organisation and the workshops. Still need to look at our own regional development initiatives, and be selective of what ideas are adopted from overseas?
Check out the TE web site for a full summary

Thanks to Papakura DC hospitality in hosting me at the conference.

...the plan...
 ...markets, such as the medical and electronics industries, could change the economics of the system and make
 ...findings...
 ...ference, ...
 "We need significant funding. It would be great if it could come from New Zealand."
 —NZPA

PM lauds development progress

Regional development has come a long way in New Zealand, Prime Minister Helen Clark told the regional development conference in Timaru yesterday.

Four years ago the Government set out on a new path to foster regional development with a vision of lifting performance and creating world-changing

ideas, she said. At that time the country faced a brain drain, but it was clear there were regions that were well down the path of regional development.

Now, 23 of the country's 26 regions had a growth strategy in place.

The Government had created initiatives to encourage growth,

and New Zealand was starting to see the results, Ms Clark said.

There was also strong net migration, meaning fewer Kiwis were leaving and more wanted to come home. But Ms Clark said turning immigration rules on their head would help the skills shortage by seeking people with skills the country needed.

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Report from the ASTE Conference Workshops. Wellington:

1. Impact of the GATS on the Education Sector by Peter Conway CTU Economist. Material attached.
2. Hon. Margaret Wilson. Report on the Work-Life Balance Study. Report brief attached.
3. Bullying in the workplace. Excellent report and studies show that the Public sector is the worst place for work place bullying, A major NZ problem with the result being poor implementation of innovative and creative ideas for industry growth and development.
Management pressure is on employees to conform in the workplace and not experiment or show initiatives.
4. Quality In Education. Paper available on request from me.
5. Corporate and Education Partnership. Identify the barriers, this needs a further workshop. The Probe project has potential to make a major impact on this opportunity for partnerships.

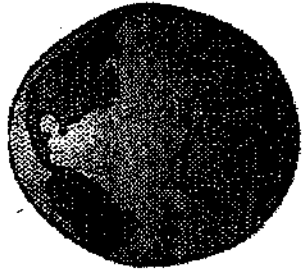
I was presented with my Silver Badge for service.



COUNCIL OF TRADE UNIONS



GATS Union Concerns



Key Issues for New Zealand Unions in the negotiation of the World Trade Organisation (WTO) General Agreement on Trade in Services (GATS)

Unions have been raising a number of concerns about the current round of the GATS negotiations in the WTO which are set to continue throughout 2003 and 2004.

The rules of the GATS say that foreign companies have to be given open and equal access to provide services in areas that countries commit to. The question now is what further services the New Zealand Government will offer to commit.

Unions are saying that our Government has already gone too far and given away too much in the first negotiations that ended in 1994. Rather than going further down the road of deregulation and privatisation, the Government should be withdrawing some of its existing commitments, such as education, from the GATS.

Unions have argued for more time for consultation and for more open discussion. Too much of the negotiation is being done behind closed doors without proper public discussion, consultation, or assessment of the consequences.

New Zealand was one of very few countries that rushed through its offer by the March 31 'deadline' set by the WTO. The urgency claimed by our Government was shown to be unnecessary as other

countries took more time to consider their position.

Unions have raised particular concerns over protection of public and social services, Treaty of Waitangi references, and a range of issues specific to particular sectors.

We were disappointed in the Government's initial offers to open up access to foreign companies in postal and courier services, air transport services, and maritime services, as well as extending temporary entry of skilled personnel.

While we were pleased by the Government statement, attached to its offer, that said it reserved the right to provide some services and put conditions on some of its offers, we are worried that these were cautiously worded and have no legal standing.

Overall, the union campaign certainly had an effect in opening up debate and limiting what the Government put on the table.

Discussions on New Zealand's initial offer, requests made to New Zealand, and requests New Zealand made of other countries will continue in Geneva.

As a minimum condition in the lead-up to further negotiations, the CTU demands that the following concerns be addressed.

Union Concerns

Open and Public Discussion

The talks on the GATS occur through a process of requests and offers between countries for access by foreign companies. Final agreements apply to all countries. It is essential that MFAT (Ministry of Foreign Affairs and Trade) negotiators, Government officials and Ministers consult with unions on ongoing developments in the talks. For instance, on postal and courier services, the New Zealand offer depends on a "critical mass" of other countries making similar offers. We need to know if such a critical mass is developing.

Protection of Public Services

In response to public pressure, the Government attached a statement to its initial offer saying it is allowed to provide, regulate and fund (including through subsidies) public services such as public education, public health and social welfare services. But this is not adequate protection, and unions are seeking the inclusion of such wording in the final agreement. In addition, the union perspective is that public services protected this way in the agreement should be broadly defined to include services of a public good and socially beneficial nature, such as public transport, water services and electricity, and should not be restricted to a limited range of core public services like health and education.

Education and Cultural Services

The CTU is advocating the withdrawal of commitments already made in education and cultural services on the basis that they do not belong in a free trade agreement. Commitments to audio-visual services by previous governments prevent the Government implementing policies on compulsory local content quotas for TV and radio.

Postal and Courier Services

The New Zealand initial offer includes postal and courier services. The offer says that postal operators engaging in anti-competitive behaviour may face tough rules and penalties. Also, UPU designation (which acts as the clearing house for international mail) is reserved for a New Zealand operator under the Postal Services Act 1998 and there are restrictions on using stamps bearing the words "New Zealand". The Government has stated that a critical mass of high-quality commitments from other countries would be the only acceptable

circumstances for NZ to maintain a postal commitment in an initial offer under the GATS. If this critical mass is not achieved officials would recommend to Cabinet that the initial postal offer be withdrawn. It is essential that unions are involved in defining a 'critical mass' and are kept informed at every stage of the negotiation process. We do not want to see postal services in New Zealand sacrificed, and jobs affected, so that Transend can seek further opportunities in foreign markets.

Air Transport Services

The offer includes aircraft repair and maintenance services. Although this is deregulated at present, there are union concerns that any GATS commitments might be a barrier to re-regulation and subsidisation of local firms in the future. The offer also includes other auxiliary services such as cargo and baggage handling, ramp handling, storage and warehousing, airport management services, airport operation services, other supporting services for air transport and air catering services. Unions are concerned that in the interests of gaining access to such business in other countries, New Zealand jobs may be affected, and any opportunity to manage such services in the national interest could be lost.

Maritime Services

In the last GATS round the US prevented any agreement on maritime services but, instead of being withdrawn, the offers were left on the table in case the US changed its mind. The New Zealand Government has insisted on submitting an offer on maritime services. It includes wording such as "Maritime Cargo Handling Services: activities exercised by stevedoring companies, including terminal operators, but not including the direct activities of dockers when this workforce is organised independently of the stevedoring or terminal operator companies. The activities include the organisation and supervision of the loading/discharging of cargo to/from a ship; the lashing/unlashing of cargo; the reception/delivery and safekeeping of cargoes before shipment or after discharge". Unions are concerned that such an offer could further promote the use of casual or alternative labour at ports. It also adds to concerns about the employment of New Zealand seafarers on coastal shipping, given the absence of cabotage

Union Concerns

arrangements. In addition, it has been very difficult to get MFAT to explain what the offer actually means and how it links to existing commitments on other transport services.

Crown obligations to Māori

There is a reservation in the commitments made in 1994 regarding the treatment of Māori persons or organisations. However this applies only to commercial or industrial activities and does not cover the full spectrum of rights under Te Tiriti o Waitangi. MFAT say a broader restriction is not necessary. But in the NZ - Singapore Closer Economic Partnership Article 74 there is much stronger wording; "Nothing in this Agreement shall preclude the adoption by New Zealand of measures it deems necessary to accord more favourable treatment to Māori in respect of matters covered by this Agreement including in fulfilment of its obligations under the Treaty of Waitangi". It also exempts any such government action from being challenged. This should be a minimum requirement in this GATS round. There is concern that the protection does not cover important Māori economic, social, and cultural development. The agreement potentially restricts Māori development in terms of the protection of taonga and the promotion and development of the language and culture through research and education. GATS rules restrict favourable treatment to tangata whenua and thus could override Te Tiriti o Waitangi.

Domestic Regulation

The WTO Council for Trade in Services is discussing changes to the GATS rules in respect of domestic regulation. This has major implications for the right of government, including local government, to decide how best to regulate when services are not performing in the public interest. It currently applies to rules on professional regulations, arrangements on occupational recognition licensing and technical standards, but could become much broader. We need to know what proposals the New Zealand Government is making in these discussions and what their effect might be.

Subsidies

The WTO Council for Trade in Services is also discussing changes to the GATS Treaty in respect

of subsidies. This could severely restrict the ability of central and local government to fund services in the public interest, and increase pressure to contract out and privatise provision of public services. We need to know what proposals the New Zealand Government is making in these discussions.

Government procurement of services

Discussions are also being held on applying GATS to the Government's ability to buy services. The use of government procurement to encourage local economic development could be constrained by such changes, and would further threaten public services. Again, we need to know what proposals the New Zealand Government is making in these discussions.

"New Issues"

The WTO is considering whether negotiations should commence on the so-called "new" or "Singapore" issues (to create international agreements on competition, trade facilitation, government procurement and investment). Unions support developing countries who are opposing negotiations on these new issues. The proposal to negotiate an investment agreement is a flashback to the fatally flawed MAI (Multilateral Agreement on Investment) which never got off the ground in the late 1990s. In the context of the GATS, any proposal to start negotiations on investment would result in further reductions of local autonomy and social and economic development options, and require countries to roll back and eventually abandon any restrictions on foreign investment. A competition agreement could have similar effects. Unions are concerned about the NZ position on these "new" issues.

New Zealand Requests

There are major concerns that MFAT is not respecting the principles that apply to the New Zealand offer when it makes requests of other countries. Unions do not want to see our Government exerting pressure on other countries, especially developing countries, to privatise public services, and make significant concessions that lock open their services to control by foreign firms.



THE NEW ZEALAND COUNCIL OF INDUSTRIAL UNIONS

What New Zealand unions are doing

New Zealand trade unions, headed by the CTU, will continue to lobby the government leading up to, during and after the WTO ministerial meeting in Cancun, Mexico from 10-14 September 2003.

We will be trying to make sure that the government considers what is good for workers as well as what is good for business. That means a commitment to protect jobs and to maintain the government's right to form economic and industrial policy that is independent from international corporate control.

We want to ensure that services designed to meet social and environmental objectives (such as education, health, and water supply) and the pre-eminence of our founding document the Treaty of Waitangi are not subject to the free market rules of the GATS.

We want the government to protect its right, and the right of future governments, to govern in the interests of all the country, not just business.

What you can do

- Talk with your fellow unionists about the threat, and get them to join the campaign
- Write letters to local and national newspapers
- Lobby your local MP and City/Regional Councillors
- Write to the Prime Minister and the Ministers of Trade Negotiations, Education, Health, State Services, Broadcasting, and Transport. Postage to parliament is free. MP's contact details are at <http://www.clerk.parliament.govt.nz/YourMP/ListMPs/>.
- Inform yourself further about GATS:

The useful publication 'Serving whose interests?' can be downloaded from www.arena.org.nz

For more information, including links to international sites, check out the GATS campaign on www.union.org.nz.

GATS - trade in services

See www.union.org.nz and go to campaigns, scroll down to GATS and download any resources

The WTO

- GATS is one of a number of agreements under the World Trade Organisation (WTO)
- The WTO and GATS were both established in 1995
- The WTO now has 148 member countries.

The goals of the WTO and GATS

- To establish global rules for trade between nations
- To ensure trade flows freely and predictably
- To remove any restrictions such as government regulations that are considered to be 'barriers to trade' in goods or services.

The scope of GATS

GATS limits governments from taking measures that inhibit free trade in services

What is a service?

- | | |
|---|---|
| - Business Services (e.g. accountants, midwives) | - Financial Services (e.g. insurance, banking) |
| - Communications Services (e.g. postal, telecommunications) | - Health Related and Social Services |
| - Construction and Engineering Services | - Tourism and Travel Services (e.g. restaurants, travel agents) |
| - Distribution Services (retail and wholesale shopping) | - Recreational, Cultural and Sporting Services (e.g. libraries, museums, rugby) |
| - Education Services (incl. professional standards) | - Transport Services |
| - Environmental Services (e.g. water supply, sewage) | - And other services not included elsewhere |

Service includes the production, distribution, marketing, sale and delivery of that service.

What is trade in services?

- **How to 'trade' in services**
- Services can be delivered
 - across borders (e.g. internet, call centres) to consumers who travel abroad (e.g. students, tourists)
 - by foreign companies establishing a local presence (e.g. privatisation, takeover)
 - by personnel from overseas (e.g. consultants, skilled labour contracts) - Mode 4

What are 'measures' taken by member countries?

- Each country is restricted from taking measures which are considered barriers to trade of services. This includes measures taken by:
 - Central, regional and local governments and authorities
 - Non-governmental bodies exercising powers delegated by them (e.g. water companies, professional organisations)

Are any services exempted from GATS?

- GATS does not cover services supplied in the exercise of governmental authority
- However a service supplied in the exercise of governmental authority is defined as any service which is supplied:
 - neither on a commercial basis
 - nor in competition with one or more service suppliers
- This does not exempt most public services such as post, schools, hospitals, water supply etc.

GATS Obligations

- There are two types of obligations GATS member countries have:
 - The first set is top-down or 'general' obligations which apply to every service, whether a country has scheduled it or not.
 - Secondly, there are specific obligations which each country can choose to individually sign-up to in their schedule.

Most Favoured Nation Status

- MFN means that each member country must treat all other member countries equally favourably.
 - E.g. Tonga could not choose to have free trade in health services with Samoa but not the USA. It must treat them both the same.

Transparency

- All members must publish all relevant measures that affect their trade in services and inform the WTO of any changes to laws, regulations or administrative guidelines that will affect trade in services.
- They must respond promptly to requests for information from any other member country.

Increased participation of developing countries

- Developing countries will be 'facilitated' towards increased participation in trade of services by developing greater competition and effectiveness, improved access to distribution channels, and the liberalisation of market access in services of export interest to them.

Domestic Regulations

- Each country will establish and maintain administrative tribunals or procedures which provide for prompt review and appropriate remedies at the request of an affected overseas service supplier.
- Each country will ensure that any measures it takes that affect foreign companies are not more burdensome than necessary or act as unnecessary barriers to trade.

General Exceptions to GATS

- GATS rules cannot be used to prevent measures:
 - Necessary to protect public morals or maintain public order
 - Necessary to protect human, animal or plant life or health
 - Necessary to prevent deceptive or fraudulent services
 - To protect individual privacy and confidentiality
 - Relating to safety
 - To collect taxes on traded services or service suppliers
 - To protect security interests

Subsidies

- Subsidies are subject to GATS rules
- WTO members recognise that sometimes subsidies have 'distortive effects' on trade. Members shall enter into negotiations to avoid such distortive effects
- Any Member that considers it is adversely affected by a subsidy of another member can request consultations with that member and must be afforded sympathetic consideration

Specific Commitments

- Each country draws up a schedule of services which they commit to open to trade
- They can also list limitations on their commitments
- If a particular service is specified in a schedule then it is subject to the following specific commitments:
 - Market Access
 - National Treatment
 - Additional Commitments

National Treatment

- Each country must treat foreign service suppliers no less favourably than it treats locally owned service suppliers
- Foreign service providers may be treated the same or better, but not worse
- The rules for foreign and local services do not have to be identical

Progressive Liberalisation

- 'Members shall enter into successive rounds of negotiations ... with a view to achieving a progressively higher level of liberalisation'

Modification of Commitments

- A member can modify any commitment in its schedule once it has been in place for three years
- First however it must negotiate a necessary compensatory adjustment to its other commitments that leaves all other members no less well off
- Compensatory adjustments are made on a MFN basis – every country is entitled to them
- Any member that is not happy with this adjustment can refer the matter to arbitration to enforce its right

Dispute Settlement and Enforcement 1

- A member that breaches GATS may be reported to the WTO's Council for Trade in Services
- The council can refer the matter to binding arbitration
- The guilty member will be required to make adjustment in its schedule that compensates for any benefit that other members *could reasonably have expected to accrue* if it were not for the breach

Dispute Settlement and Enforcement 2

- The case is heard in secret before a WTO panel of trade experts
- If the government is found in breach of GATS rules the WTO can order that the offending measure be withdrawn
- If the government refuses the WTO can authorise the complaining country to impose trade sanctions to the value of what that country's services suppliers have lost or could reasonably have been expected to lose

Current GATS negotiations

- The promised assessment of the impact of GATS prior to new negotiations has not occurred
- WTO argues that the assessment is technically not possible
- GATS negotiations began in 2000 and include changes to the agreement as well as new commitments
- A full new round of negotiations began in 2001 at Doha and are due to complete in 2005
- Each country was meant to make initial offers of further liberalisation by 31 March 2003

CTU issues

- The need for ongoing consultation and transparency throughout the negotiations;
- Proper cost/benefit assessments of the impact of current and proposed commitments;
- Decisions about services in their own right, not as a trade off for agriculture;

- Stronger protection for public and other socially beneficial services;
- The need to withdraw current commitments in cultural services and education;
- The new offers made on postal and courier services, air transport services, and maritime services;

- The wording in respect of the Crown's obligations to Maori;
- The position of the New Zealand Government in negotiations at the WTO to restrict the way services can be regulated;

- The position of the New Zealand Government on proposals to discuss a multilateral investment agreement at the WTO;
- The conduct of New Zealand officials and nature of NZ requests to other countries (including developing countries);

Education

- GATS may allow foreign franchise early childhood centres the same access to government funding as local community operated centres
- Curriculum Resources with local content and issues will not be able to be able to be favoured over mass produced foreign curriculum resources

Education

- Governments may not be able to decide which institutions can and cannot educate teachers or what standards they should be required to meet to register
- Private schools may be entitled to funding on an equal basis to public schools
- Policies that favour internationalisation over local culture and society will not be able to be repealed

Tertiary Education

- Foreign tertiary education providers are given the right to treatment *at least as favourable* as domestic private providers – but the distinction between private and public has been blurred by funding and other changes during the 1990s
- Competition and privatisation will increase and be locked in, contrary to current Government policy.

Tertiary Education

GATS could threaten:

- staff and community representation on councils;
- restrictions on the presence of foreign owned institutions or requirements on their ownership;
- limits on the number of particular types of institutions such as the number of universities, either nationally or regionally;
- limiting the number of PTEs;
- limits on the number of institutions that can teach a particular subject either nationally or regionally;
- limits on the number of students undertaking a particular qualification;
- preferential access of domestic tertiary institutions to research grants and funding;
- regulatory requirements re quality of provision and qualification requirements