



# **POLICY AND FINANCE COMMITTEE**

## **AGENDA – 15 July 2015**

### **A Conduct of Business**

The meeting will be held in the Council Chambers, 19 Kitchener Street, Martinborough and will commence at the conclusion of the District Council meeting. The meeting will be held in public (except for any items specifically noted in the agenda as being for public exclusion).

- A1. Apologies
- A2. Conflicts of Interest
- A3. Public Participation
- A4. Minutes for Confirmation: Policy & Finance Committee 3 June 2015      Pages 1-3
- A5. Action Items      Page 4

### **B Policies and Reports**

- B1. Trans Pacific Partnership      Pages 5-17

### **C Finances**





# POLICY AND FINANCE COMMITTEE MEETING MINUTES

3 June 2015

- Present:** Mayor Adrienne Staples (Chair), Councillors Margaret Craig, Dean Davies, Brian Jephson, David Montgomerie, Viv Napier, Colin Olds, Julie Riddell, Solitaire Robertson and Max Stevens.
- In Attendance:** Kim Whiteman (Policy and Reporting Manager), Kyra Low (Finance Team Leader) and Suzanne Clark (Committee Secretary).
- Conduct of Business:** The meeting was held in the South Wairarapa District Council Chambers at 19 Kitchener Street, Martinborough and was conducted in public between 11:30am and 12:10pm.

## A Preliminary Matters

### A1. Apologies

There were no apologies.

### A2. Conflicts of Interest

No conflicts of interest declared.

### A3. Public Participation

There was no public participation.

### A4. Policy & Finance Committee Minutes 22 April 2015

*P&F RESOLVED (P&F2015/15)* that the minutes of the Policy and Finance Committee meeting held on 22 April 2015 be received and confirmed as a true and correct record.

*(Moved Cr Jephson/Seconded Cr Craig)*

Carried

### A5. Action Items

*P&F RESOLVED (P&F2015/16)* to receive the action items from 22 April 2015.

*(Moved Cr Olds/Seconded Cr Riddell)*

Carried

## B Policies and Reports

### B1. Naming of Public Roads, Private Roads, and Rights-of-Way Policy

*P&F RESOLVED (P&F2015/17):*

1. To receive the report.

*(Moved Cr Napier/Seconded Cr Craig)*

Carried

2. To adopt the policy as shown in Appendix 1.

### DISCLAIMER

*Until confirmed as a true and correct record, at a subsequent meeting, the minutes of this meeting should not be relied on as to their correctness*

3. To delegate to community boards the task of approving naming of public roads, private roads and rights-of-way.
4. That the delegated road naming power may not be sub-delegated.  
(*Moved Cr Riddell/Seconded Cr Jephson*) Carried
5. Action 364: Alter the road naming policy to reflect the delegation of road naming to the community boards; M Buchanan

## **B2. Adoption of Policies**

*P&F RESOLVED (P&F2015/18):*

1. To receive the information.
2. To adopt the Smoke Free Environment Policy.
3. To adopt the Street Days, Appeals and Raffles Policy.
4. To adopt the Council Representatives on Other Organisations Policy.
5. To adopt the Procuring Goods and Services Policy.
6. To adopt the Financial Delegations Policy.
7. To adopt the IT Policy.
8. To adopt the Hire of Council Facilities Policy.
9. To adopt the Community Housing Policy.
10. To adopt the Community Group Use of and Access to Council Parks and Reserves Policy.
11. To adopt the Leasing of Property Policy.
12. To adopt the Fraud Policy.
13. To adopt the Grants Policy.
14. To adopt the above policies with minor amendments and corrections as discussed.  
(*Moved Cr Napier/Seconded Cr Robertson*) Carried
15. To remove the Fire (Urban) Policy.
16. To remove the Planting Policy.
17. To remove the Management of Reserves and Domains Policy.
18. To remove the Travel Policy.  
(*Moved Cr Jephson/Seconded Cr Craig*) Carried

## **C Finances**

The Finance Team Leader tabled the finances for the period ended 30 April 2015 and discussed the minor variances with councillors. Budget over runs in solid waste were being investigated and were potentially related to clean-ups following high winds.

*P&F RESOLVED (P&F2015/19)* to receive the tabled finances for the period ended 30 April 2015.  
(*Moved Cr Napier/Seconded Cr Olds*) Carried

### **DISCLAIMER**

*Until confirmed as a true and correct record, at a subsequent meeting, the minutes of this meeting should not be relied on as to their correctness*

**Confirmed as a true and correct record**

.....(Mayor)

.....(Date)

**DISCLAIMER**

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**Policy & Finance Committee  
Action Items  
From 3 June 2015**

Ref #	Meeting	Date	Action Type	Responsible Manager	Action or Task details	Status	Notes
151	P&F	11-Mar-15	Resolution	Paul	<p><b>Gliding Hanger Underwrite</b> P&amp;F RESOLVED (P&amp;F2015/12):</p> <ol style="list-style-type: none"> <li>1. To receive the tabled information.</li> <li>2. To authorise the Chief Executive to continue negotiations with Gliding Wellington with a view to securing a 35-year lease and long term license to occupy and to accept underwriting of the hanger understanding the risks as presented.</li> </ol> <p>(Moved Mayor Staples/Seconded Cr Olds) Carried</p>	Actioned	22April15: Lease signed in 2-3 weeks
362	P&F	3-Jun-15	Resolution	Paul	<p>Adoption of Policies P&amp;F RESOLVED (P&amp;F2015/18):</p> <ol style="list-style-type: none"> <li>1. To receive the information.</li> <li>2. To adopt the Smoke Free Environment Policy.</li> <li>3. To adopt the Street Days, Appeals and Raffles Policy.</li> <li>4. To adopt the Council Representatives on Other Organisations Policy.</li> <li>5. To adopt the Procuring Goods and Services Policy.</li> <li>6. To adopt the Financial Delegations Policy.</li> <li>7. To adopt the IT Policy.</li> <li>8. To adopt the Hire of Council Facilities Policy.</li> <li>9. To adopt the Community Housing Policy.</li> <li>10. To adopt the Community Group Use of and Access to Council Parks and Reserves Policy.</li> <li>11. To adopt the Leasing of Property Policy.</li> <li>12. To adopt the Fraud Policy.</li> <li>13. To adopt the Grants Policy.</li> <li>14. To adopt the above policies with minor amendments and corrections as discussed.</li> </ol> <p>(Moved Cr Napier/Seconded Cr Robertson) Carried</p> <ol style="list-style-type: none"> <li>15. To remove the Fire (Urban) Policy.</li> <li>16. To remove the Planting Policy.</li> <li>17. To remove the Management of Reserves and Domains Policy.</li> <li>18. To remove the Travel Policy.</li> </ol> <p>(Moved Cr Jephson/Seconded Cr Craig) Carried</p>	Actioned	Policies updated, to be distributed and placed on the web

# POLICY AND FINANCE COMMITTEE

15 JULY 2015

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## AGENDA ITEM B1

### TRANS-PACIFIC PARTNERSHIP

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#### **Purpose of Report**

To provide information on the Trans-Pacific Partnership (TPP) to enable Council to consider a request from the TPP Action Network to lobby central Government in relation to the TPP negotiations.

#### **Recommendations**

That the Council:

1. *Receives the report.*
2. *Resolves to support the request of the TPP Action Network by encouraging central Government to conclude negotiations of the Trans-Pacific Partnership in a way that provides net positive benefits for Wairarapa and New Zealand and achieves the following objectives;*
  - i. *Continues to allow South Wairarapa District Council and other councils, if they so choose, to adopt procurement policies that provide for a degree of local preference; to choose whether particular services or facilities are provided in house, by controlled organisations (CCOs) or by contracting out; or to require higher health and safety, environmental protection, employment rights and conditions, community participation, animal protection or human rights standards than national or international minimum standards;*
  - ii. *Maintains good diplomatic and trade relations and partnerships for South Wairarapa and New Zealand with other major trading partners not included in the agreement, including with China;*
  - iii. *Provides substantially increased access for our agriculture exports to those markets;*
  - iv. *Does not undermine PHARMAC, raise the cost of medical treatments and medicines or threaten public health measures, such as tobacco control;*
  - v. *Does not give overseas investors or suppliers any greater rights than domestic investors and suppliers, such as through introducing Investor-State Dispute Settlement, or reduce our ability to control overseas investment or finance;*
  - vi. *Does not expand intellectual property rights and enforcement in excess of current law;*

- vii. Does not weaken our public services, require privatisation, hinder reversal of privatisations, or increase the commercialisation of government or of South Wairarapa District Council or other local government organisations;*
- viii. Does not reduce our flexibility to support local economic and industry development and encourage good employment and environmental practices and local initiatives;*
- ix. Contains enforceable labour clauses requiring adherence to core International Labour Organisation conventions and preventing reduction of labour rights for trade or investment advantage;*
- x. Contains enforceable environmental clauses preventing reduction of environmental and biosecurity standards for trade or investment advantage;*
- xi. Has general exceptions to protect human rights, the environment, the Treaty of Waitangi, and New Zealand's economic and financial stability;*
- xii. Has been negotiated taking into account a full social, environmental and economic impact assessment.*

## **1. Executive Summary**

The Trans-Pacific Partnership (TPP) agreement is an Asia Pacific regional free trade agreement currently being negotiated between 12 countries including New Zealand.

There is limited information on the content of the draft agreement as it is not publically available. There are mixed views from the business community and the wider community around the impacts of the agreement to New Zealand.

The Ministry for Foreign Affairs and Trade (MFAT) is responsible for negotiating the agreement on behalf of New Zealand. They estimate significant benefits to NZ exporters from extending free trade across the 12 prospective member countries within the Asia Pacific region which collectively represent more than US\$27 trillion in GDP. The Ministry has estimated that the TPP will result in estimated GDP gains for New Zealand of US\$2 billion in the year 2025 (a 0.9% increase in GDP), estimated export gains for New Zealand of US\$4.1 billion in the year 2025 (a 6.8% increase in exports) from a lift in the terms of trade and greater consumer access to goods and services.

There is significant concern from community action groups across the country that the TPP has the potential to adversely impact on New Zealanders' and our way of life. Concerns centre around the potential weakening of New Zealand's sovereignty in favour of strengthening the position of multi-national corporations. Specifically in relation to local government, there is fear that Councils' power to exercise choice in relation to procurement, policy and regulation will be eroded by the trade agreement.



Through the SWDC Long Term Plan consultation process, the TPP Action Network, Ngati kahungunu ki Wairarapa and Jayne Routhan presented their concerns to Council seeking that SWDC adopt a position which encourages central Government seek to achieve 12 specific objectives when concluding negotiations on the TPP.

Council officers consider it appropriate to support the 12 objectives, subject to some minor amendments.

## **2. Background**

The TPP Action Network in conjunction with similar groups across the country are requesting that Councils across New Zealand adopt a position which encourages the government to conclude negotiations on the Trans-Pacific Partnership (TPP) in a way that provides net positive benefits for the territory and New Zealand.

On 10 June 2015, Greg Rzensniowiecki on behalf of the TPP Action Network presented a set of 12 objectives (attached as Appendix 1) regarding the Trans-Pacific Partnership Agreement for Council's consideration.

The TPP Action Network seek that SWDC encourage the New Zealand Government to, amongst other things:

*"conclude negotiations on the Trans-Pacific Partnership and Free Trade Agreements in a way that provides net positive benefits for Wairarapa and New Zealand".*

Council instructed staff to report back on the matter for consideration at the July Council meeting.

### **2.1 What is the Trans-Pacific Partnership?**

The Trans-Pacific Partnership (TPP) is a high level, multi-national trade agreement that is currently being negotiated between New Zealand and eleven other countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, United States, Peru, Singapore, and Vietnam.

The agreement originates from the Trans-Pacific Strategic Economic Partnership (TPSEP or P4) which included New Zealand, Brunei, Chile and Singapore and was agreed in 2005. Over time the P4 has expanded as additional countries have joined negotiations. The United States joined in 2008 followed by Australia, Peru and Vietnam. Malaysia joined in 2010, Canada and Mexico in 2012 and Japan in 2013. The agreement has now evolved in to what is now known as the TPP.

The Ministry of Foreign Affairs and Trade (MFAT) is responsible for supporting the Government through the process of negotiating the agreement.

Negotiations between the 12 countries are ongoing. Government has signalled that until those negotiations are complete and an agreement is signed there will be no public release of the contents of the TPP.

### **3. Support for the TPP**

According to MFAT, the 12 economies negotiating the TPP are all doing so because they see benefits in a regional free trade agreement. Collectively the 12 TPP economies represent more than US\$27 trillion in GDP.

MFAT states the provisions under discussion are intended to reduce costs for traders, develop more seamless trade and investment networks across the Asia Pacific region, further facilitate the participation of small and medium-sized enterprises in international trade, and promote economic growth and higher living standards.

Central Government's view is that by negotiating free trade agreements, New Zealand ensures a level playing field for our exporters. If we are not involved in free trade agreements involving key trading partners, our exporters get left behind, and experience real economic disadvantages operating in offshore markets.

MFAT is of the view that the TPP will result in the following benefits:

- Estimated GDP gains for New Zealand of US\$2 billion in the year 2025 (a 0.9% increase in GDP);
- Estimated export gains for New Zealand of US\$4.1 billion in the year 2025 (a 6.8% increase in exports); and
- Further income gains (up to US\$2.1 billion) are estimated from a lift in the terms of trade and greater consumer access to goods and services.

These benefits will be derived through tariff elimination and reduced compliance costs for goods exporters; more opportunities to access government procurement contracts and reduced barriers to services trade and investment.

Federated Farmers is publically supporting a speedy resolution of the TPP saying that "New Zealand farmers will support leaving countries behind that are not prepared to eliminate agricultural tariffs."

### **4. Concerns over the TPP**

Concerns about the TPP focus on the potential for negative impacts on national sovereignty, local procurement, increases in the cost of medicines and greater restrictions on the use of the internet and intellectual property as well as the lack of transparency in negotiations.

The following information is sourced from "It's Our Future" - a campaign that seeks to make the negotiations public - ([www.itsourfuture.org.nz](http://www.itsourfuture.org.nz)). It is

difficult to assess the implications of the TPP as very little is formally known about the content of the potential agreement. The campaign's website acknowledges that their knowledge of the TPP comes from leaked documents. Their concerns include;

- United States is using the TPP to include significant proposals that inhibit or prohibit the exercise of national autonomy and are not trade issues.
- The TPP may affect national legislation. Although the extent of any impact is unknown at this stage, one area that may be affected is any preference for local suppliers in procurement policies. 'It's Our Future' suggest that the TPP will enable large trans-national firms with more competitive rates to squeeze out smaller local firms.
- Librarians, archivists, scientists and educators are particularly concerned about the TPP's digital rights management (DRM) provisions. DRM is placed on content, such as on DVDs or e-books, to prevent the material from being copied and shared. While there are fair use provisions that provide exceptions to copyright, the TPP's provisions would make it extremely difficult for people to access content for these purposes because the tools to break the locks are themselves illegal to distribute and share.

MFAT response to concerns:

- Staff have contacted the Ministry's TPP negotiators seeking comment on the specific issues raised by the TPP Action Network. They advise;
- The provisions in TPP will protect all existing local government activity in the regulation and provision of services. Exceptions will also provide policy space to modify or adopt new approaches in the future to deliver social services at all levels of government, while there will be no obligation in TPP that requires the privatisation of any government service or asset.

Specific exceptions for health and other public welfare issues, including tobacco, alcohol and gambling policies, will also be included in the agreement. MFAT are also seeking exceptions in TPP relating to the Treaty of Waitangi and prudential regulation of the financial sector which reflect the established approach to free trade agreements.

Government procurement obligations remain under negotiation, but MFAT expects New Zealand's commitments will include thresholds similar to those found in existing free trade agreements (procurement below these thresholds are not required to be offered on a non-discriminatory basis). In previous Free Trade Agreements these rules have not applied to procurement by regional or local councils. MFAT are seeking to mirror this approach in TPP also.

The Government has been clear that New Zealand will not negotiate on the fundamentals of the public health system. This includes the Pharmac model and the tools that it uses to deliver to its statutory objective to ensure that New Zealanders get the best possible health outcomes from the money the Government spends on pharmaceuticals. The Government is committed to

ensuring that TPP does not adversely impact on New Zealanders' access to medicine.

The Government supports the inclusion of commitments in TPP that will promote labour rights and environmental protection.

## **5. Position of Other Local Government Organisations on the TPP**

Several other Councils have been approached by members of their communities and the "It's our Future" campaign to consider the TPP and the approach Government is taking on the negotiations.

The following Councils have all resolved to encourage Government to conclude negotiations on TPP in a way that has net positive benefits for regions and NZ and achieves objectives endorsed in the 'policy solution' attached as Appendix 1;

- Auckland Council,
- Nelson City Council,
- Christchurch City Council,
- Dunedin City Council
- Greater Wellington Regional Council,
- Wellington City Council
- Tasman District Council
- Horizons Regional Council
- Palmerston North City Council
- Horowhenua District Council
- Tauranga City Council

Some Councils have requested amendments to the policy solution;

**Upper Hutt City Council** adopted the resolution in appendix A with amendments to point 12 to remove the requirement to publically release the draft agreement.

**Tasman District Council**, Horizons and Palmerston North City Council have requested that any agreement be subject to consideration by a Select Committee before a decision is made on signing the agreement.

**Wanganui District Council** has encouraged the Government to conclude TPP negotiations in a way that provides net positive benefits for their district and will consider whether to make a submission to the Select Committee when it is formally released for public consultation.

**Local Government NZ** have written to Minister Groser expressing support for initiatives to open up trade opportunities and requesting clarity on likely implications for local government in particular the ability to:

- Require CCOs to pursue social and cultural objectives.
- Set bylaws which may restrict commercial rights to trade in the interests of public health and safety.
- Set regulations on land use in the interests of social, environmental and cultural objectives.

The Ministers response (attached as Appendix 2) states that negotiators will not sign an agreement if it was in conflict with New Zealand’s interests. In summary, he provides an assurance that the TPP will protect all existing local government activity in relation to regulation and service provision. He states that many aspects of the agreement will not apply directly to local government and although this may change in the future, full consultation with the local government sector will occur prior.

## 6. Conclusion

Whilst it is clearly central Government’s responsibility to negotiate trade agreements on behalf of New Zealand, it is considered that there is nothing in the proposed resolution that would adversely affect Wairarapa or New Zealand during these negotiations. In addition, the adoption of the proposed resolution would align Wairarapa to the other Councils making collective messaging to Government more effective.

Council Officers consider it appropriate to adopt the position outlined in Appendix 1 with the following amendments (additions underlined, deletions struck-through):

Objective No.	Amendment	Reason
iii.	Provides substantially increased access for our agriculture exports, <del>particularly those from the Wairarapa region,</del> to those markets	It is not feasible or equitable for central government to negotiate a free trade agreement with specific reference to particular regions. The purpose of the agreement is to promote NZ Inc.
viii.	Does not reduce our flexibility to support local economic and industry development and encourage good employment and environmental practices and <u>local</u> initiatives <del>like the Mayor’s Taskforce for Jobs which enable marginalised young people to develop their skills and transition into meaningful employment;</del>	The point here is to provide for and protect local initiatives. The Mayor’s taskforce for jobs is only one of several national examples.
xii.	Has been negotiated <u>taking into account a</u> <del>with real public consultation including regular public releases of drafts of the text of the agreement and ratification being conditional on a full social, environmental and economic impact assessment. including public submissions.</del>	It is not realistic to expect the government to negotiate a free trade agreement with public consultation prior to ratification.

These amendments have been incorporated into the version of the objectives listed in the recommendations.

### **6.1 Significance and Engagement**

Whilst the substantive issue of whether New Zealand enters into the TPP has very high public interest, this is central Government's responsibility and is not the subject of this report.

Under the Significance and Engagement Policy 2014, the decision to encourage Government to negotiate the agreement in a way that provides net positive benefits for Wairarapa and New Zealand is of low significance. By adopting the policy position outlined in Appendix 1, SWDC is requesting central Government undertake public consultation including a public submission process.

The decision does not have any direct financial implications on South Wairarapa District Council.

### **6.2 Implementation**

If Council agrees to the recommendation in this report a letter will be then be communicated to central Government through the Ministry of Foreign Affairs and Trade.

## **7. Appendix**

Appendix 1 - TPPA resolution for South Wairarapa District Council consideration

Appendix 2 - Minister Groser's response to LGNZ dated 20 April 2015

Contact Officer: Kim Whiteman, Policy and Reporting Manager

Reviewed By: Mark Allingham, Group Manager Infrastructure and Services

**Appendix 1 - TPPA  
Resolution for South  
Wairarapa District Council  
Consideration**

## **Attachment A: TPP Resolution for Local Government Consideration**

That South Wairarapa District Council encourages the government to conclude negotiations on the Trans-Pacific Partnership and Free Trade Agreements in a way that provides net positive benefits for South Wairarapa and New Zealand, that is, provided the Partnership and Agreements achieve the following objectives:

- i. Continues to allow the South Wairarapa District Council and other councils, if they so choose, to adopt procurement policies that provide for a degree of local preference; to choose whether particular services or facilities are provided in house, by council-controlled organisations (CCOs) or by contracting out; or to require higher health and safety, environmental protection, employment rights and conditions, community participation, animal protection or human rights standards than national or international minimum standards;
- ii. Maintains good diplomatic and trade relations and partnerships for South Wairarapa and New Zealand with other major trading partners not included in the agreement, including with China;
- iii. Provides substantially increased access for our agriculture exports, particularly those from the South Wairarapa region, into the US market;
- iv. Does not undermine PHARMAC, raise the cost of medical treatments and medicines or threaten public health measures, such as tobacco control;
- v. Does not give overseas investors or suppliers any greater rights than domestic investors and suppliers, such as through introducing Investor-State Dispute Settlement, or reduce our ability to control overseas investment or finance;
- vi. Does not expand intellectual property rights and enforcement in excess of current law;
- vii. Does not weaken our public services, require privatisation, hinder reversal of privatisations, or increase the commercialisation of government or of South Wairarapa District Council or other local government organisations;
- viii. Does not reduce our flexibility to support local economic and industry development and encourage good employment and environmental practices and initiatives like the Mayor's Taskforce for Jobs which enable marginalised young people to develop their skills and transition into meaningful employment;
- ix. Contains enforceable labour clauses requiring adherence to core International Labour Organisation conventions and preventing reduction of labour rights for trade or investment advantage;
- x. Contains enforceable environmental clauses preventing reduction of environmental and biosecurity standards for trade or investment advantage;
- xi. Has general exceptions to protect human rights, the environment, the Treaty of Waitangi, and New Zealand's economic and financial stability;
- xii. Has been negotiated with real public consultation including regular public releases of drafts of the text of the agreement and ratification being conditional on a full social, environmental and economic impact assessment including public submissions.



**Appendix 2 - Minister  
Groser's Response to LGNZ  
Dated 20 April 2015**



## Office of Hon Tim Groser

Minister of Trade

Minister for Climate Change Issues

20 APR 2015

Lawrence Yule  
President  
LGNZ  
PO Box 1214  
Wellington  
NEW ZEALAND

Dear Mr Yule

Thank you for your messages last year regarding the Trans Pacific Partnership (TPP) negotiations. I apologise for the delay in my response.

I welcome your comment about Local Government New Zealand's support for trade negotiation initiatives. Our goal in TPP is to reduce the barriers our exporters face and improve their competitiveness in the Asia-Pacific region. Such an outcome will contribute to our stronger economic performance so that we can generate more jobs and higher incomes for New Zealanders. Independent economic modelling (available at [http://asiapacifictrade.org/?page\\_id=106](http://asiapacifictrade.org/?page_id=106)) points to significant gains to the economy from a high quality, comprehensive TPP agreement.

I also acknowledge your organisation's concerns about the implications of trade agreements for local government. I appreciated the opportunity to meet you last week to brief you on developments in the negotiation and to discuss the questions you have on TPP.

Further to our discussion, I wanted to provide reassurance over New Zealand's approach in TPP negotiations on issues raised in your letter:

- Like our existing free trade agreements (FTAs), the provisions in TPP will protect all existing local government activity in the regulation and provision of services.
- Exceptions will also provide policy space to modify or adopt new approaches in the future to deliver social services at all levels of government.
- Specific exceptions for health and other public welfare issues, including tobacco, alcohol and gambling policies, will also be included in the agreement.
- Government procurement issues remain under negotiation, but I would expect our commitments in TPP will include thresholds similar to New Zealand's existing FTAs (procurement below these levels, as you note, is not required to be offered on a non-discriminatory basis).

- At this stage I also anticipate that government procurement and state-owned enterprises rules in TPP will not apply to regional or local councils. However, a future negotiation programme is under discussion which may involve consideration in the future as to whether each TPP member is prepared to extend commitments on these issues beyond the central level of government. No up-front commitments will be made – the undertaking is simply to consider the possible extension of TPP rules. For New Zealand, any such consideration would require extensive consultation with local government in order to formulate a position. This process would likely only begin once TPP has been in effect for some years.
- TPP will likely not include the 'best endeavours' provision to which you refer. However, I note that under customary international law, the central government will be held responsible for any violation of TPP, regardless of whether the violation results from an action of the central government or of a sub-national government. (This is, of course, in situations where the obligation in question actually applies to sub-national levels of government; there are some obligations that only apply to the central level of government.) In such cases the central government would seek to engage with sub-national governments should their actions appear likely to cause a violation of the Agreement, given the central government's ultimate legal responsibility for such a violation.

Our overriding position in the negotiation of regulatory rules in TPP is to ensure that New Zealand preserves policy space to allow all levels of government to continue to regulate for legitimate public policy purposes. All of New Zealand's existing agreements have been carefully negotiated to preserve this outcome, while maximising the economic benefit for New Zealand exporters and investors. In TPP, we will likewise hold out for a similar result.

Once we have concluded negotiations I would be happy to speak with your members, should an appropriate opportunity present itself, to explain the significance for New Zealand of what has been agreed in TPP.

Yours sincerely



Tim Groser  
Minister of Trade