

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE  
REFERENCES COMMITTEE**

**INQUIRY INTO GENERAL AGREEMENT ON TRADE IN  
SERVICES AND AUSTRALIA/US FREE TRADE AGREEMENT**

**SUBMISSION**

**Submission No:** 22

**Submittor:** The United Trades & Labor Council of  
South Australia

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# The United Trades & Labor Council of South Australia

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12 March 2003

The Secretary,  
Senate Foreign Affairs, Defence and Trade References Committee  
Suite s1.57  
Parliament House  
CANBERRA ACT 2600



Dear Secretary,

Please find attached a submission from the United Trades & Labor Council of South Australia in relation to the General Agreement on Trade in Services.

Yours Sincerely,

Janet Giles

# Submission regarding the General Agreement on Trade in Services.

The South Australian United Trades and Labor Council [UTLC] is concerned to contribute to the call for greater public debate on trade policy and trade negotiations in response to the Office of Trade Negotiations at the Department of Foreign Affairs and Trades [DFAT] invitation for public comment regarding the General Agreement on Trade in Services [GATS] negotiations and related matters.

We write to support submissions made by the Australian Council of Trade Unions [ACTU] and the Federal unions to which the UTLC's affiliates belong. Additionally, we strongly support the Australian Fair Trade and Investment Network [AFTINET] submission to DFAT on Australia's negotiations on the GARS.

We do this because of our serious concerns about the consequences and potential impact of further trade liberalisation under the auspices of the World Trade Organisation [WTO] and the GATS on the provision of public services and workers in South Australia.

The Council represents the interests of over 100,000 South Australian workers via its affiliated unions:

- Ambulance Employees Association of SA
- Association of Non-Government Education Employees
- Association of Professional Engineers, Scientists and Managers, Australia
- Australasian Meat Industry Employees' Union - SA Branch
- Australian Education Union - SA Branch
- Australian Liquor Hospitality and Miscellaneous Workers Union - SA Branch
- Australian Manufacturing Workers Union - SA Branch
- Australian Maritime Officers' Union
- Australian Nursing Federation - SA Branch
- Australian Services Union - SA & NT Branch
- Australian Workers Union (Greater SA Branch)
- Communications, Electrical, Electronics, Plumbing and Allied Services Union
- Community and Public Sector Union
- Construction Forestry Mining & Energy Union
- Finance Sector Union of Australia – SA/NT Branch
- Health Services Union of Australia - SA Branch
- Maritime Union of Australia - SA Branch
- Media Entertainment & Arts Alliance - Actors Equity Section SA Branch
- Musicians Union of Australia - Adelaide Branch
- National Tertiary Education Industry Union SA Division

- National Union of Workers – SA Branch (Inc NT)
- Police Association of South Australia
- Australian Rail Tram and Bus Industry Union – SA & NT Branch
- Textile Clothing and Footwear Union of Australia – SA Branch (Inc NT)
- United Fire Fighters Union of SA

Members of our affiliates are located across all the service sectors being considered in GATS negotiations: professional services; computer services; research and development; real estate and other business services; postal and courier services; telecommunication services; audiovisual services; construction and related engineering services; distribution services; educational services; environmental services; financial services; health and related social services; tourism and travel related services; recreational, cultural and sporting services; transport services and energy services.

As such the majority of South Australia's workers stand to be affected by the outcome of the GATS negotiations through their employment and as citizens and members of their local communities. Both as workers and as citizens they are entitled to full public disclosure from a Government which claims to be negotiating on their behalf.

The UTLC also has a history of commitment to internationalism and we are concerned to add our voice to those calling for the rights of working people and the provision of public services in other countries to be protected throughout the GATS negotiations. As the submission of the Australian Manufacturing Workers Union [AMWU] puts it:

While it may be true in a formal sense to say nations are "free to choose" their GATS commitments, this "choice" is severely circumscribed by the circumstances nations find themselves in and the activities of others in the international trade negotiations system ... [and we are] concerned that the Australian government, and other more powerful governments do not act in a predatory way in relation to other nations on behalf of large multinationals. In this context the AMWU notes that Australia has made undisclosed GATS requests to a large number of developing and debt burdened nations.

The UTLC shares the ACTU's grave concerns that the manner in which past and current trade negotiations are being conducted by the Government represents a major threat to Australian jobs, labour standards, environmental standards and sovereign rights to democratic determination of national priorities for public subsidy or regulatory autonomy.

Because of this concern the UTLC wishes to strongly assert its belief that the maintenance of a strong public sector is vital to the social and economic development of both the nation in general and the state of SA in particular.

Like the ACTU the Council also believes that fundamental democratic standards demand that treat-making be based on government transparency and public consultation. We share the concern that to date publicly available documents and government-based analysis are exceedingly general and that "the breathless assurance of benefit is superficial and there is no analysis of who loses." Further, "that Executive Government is 'not a company with the excuse of 'commercial in confidence' rules, and that the Australian people have a right to independent economic and social impact modelling as a basis for broad consultation and parliamentary debate".

The UTLC and its affiliates vigorously support the ACTU view that we will oppose trade agreements where the public:

- 1) is not made aware of who wins and who loses in 'the great game of global monopoly';
- 2) is not given the opportunity to debate such; and
- 3) does not have the assurance of a parliamentary debate where democratically elected representatives can be accountable for arguing the views of their constituents.

The UTLC is strongly of the view that glib statements about "level playing fields" and failure to give due consideration to the dominant features of the global economy will have serious negative consequences for Australia and its people. Among the more significant of these features are:

- the rise of large transnational corporations with branches of their business spread over many continents.
- that the main aim of large national and international corporations to strategically locate (geographically) the various aspects of business in order to maximise profits.
- that labour intensive processes are moved to or situated in countries or areas with lower wage rates and least industrial protections for workers.
- that one of the main features of a global economy driven by the interests of transnational business has been the loss of many manufacturing sector activities in so-called 'high-waged' western economies and a subsequent higher rate of employment in the service sectors.
- that Australia, along with many other countries, has experienced high levels of long-term unemployment and an overall loss of full-time (mainly male) jobs.
- that for those in employment there is a greater threat of redundancy.
- that new jobs offered in the service sector are increasingly insecure and irregular characterised by short term contracts which are largely part-time, with casual hours and without 'traditional' benefits such as paid leave.
- that the pattern of outsourcing work and casualising employment has become a means to provide a source of 'just-in-time' labour that complements profit margins without accepting responsibility for workers' industrial rights; ie corporate globalisation has introduced versions of industrialisation that benefit business objectives but that actively resist industrial rights for workers.
- that government policies have assisted the profit- focussed requirements of the corporate sector with detrimental outcomes for workers.
- that the segmentation of the global labour force is essential to maintain profit maximisation for international business.

The UTLC believes that the actual and potential impact on Australia of a political and economic environment dominated by these features is particularly significant for a state such as South Australia.

The recent Economic Development Board report, *The State of the State Report: Status Report on the South Australian Economy* (October 2002) commissioned by the State Government, notes that South Australia faces serious additional challenges in dealing with intense global competition, from both developed nations with their

advanced technologies and skilled workforces, and from the mass production of goods in the rapidly industrialising countries of Asia.

As the Report's introduction states:

The intensity of this competition will continue to grow, brought about by falling trade barriers, rapid technological change and faster, cheaper and more reliable transport and communications. To succeed in this global economy, South Australia must meet the challenges head on and carve out its own niche in areas where the State can be competitive. In doing so, the State will need to overcome some real challenges; namely its small domestic markets; its geographic isolation from substantial trading markets; being the 'driest state in the driest continent'; and its low population growth.

The Report highlights the added vulnerability of South Australia in a rapidly changing world increasingly subject to the forces of globalisation, and the importance for the future of public services and workers of changes to international trade agreements.

As such, the UTLC is vitally concerned that workers and their unions in South Australia have access to information which will enable them exercise their democratic right to be informed participants in much-needed public debate on matters which have a profound impact on their working lives.

Regarding the principles for formulating Australia's initial offers in GATS, the UTLC is of the view that the government's commitment that it "will not agree to any diminution of our overall right to regulate that would constrain our ability to pursue legitimate policy objectives in the regulation of services sectors, or compromise the capacity of governments to fund and maintain public services", must be given some substance. What, for example, does the Government and its negotiators actually mean by "legitimate policy objectives" and "maintaining public services"?

Other union submissions detail developments which reveal the lack of credibility of assurances by the Federal Government on the exclusion of particular public services, and argue that the only way that assurances can be credible is if the Federal Government formally excludes such services from the negotiations. In doing so these submissions note that other national governments have made substantial commitments to protect their public services, and we urge the Australian Government

to make similar commitments as we believe it is in the national interest to protect Australian public services, its citizens and its workers.

We share the concern noted in the submission by the Australian Manufacturing Workers Union that GATS negotiations should not only avoid restricting current policy objectives but also ensure that future policy decisions will not be compromised by the present government commitments. As the AMWU argues:

If a certain type or level of liberalisation does not serve the Australian people well, future Australian governments must be free to regulate, or re-provide public services, without incurring costly obligations for compensation to other nations.

The UTLC remains unconvinced by unsubstantiated assurances that public services and public sector workers have nothing to fear because Article 1.3 of the GATS states that GATS may cover any sector “*except* those services supplied in the exercise of governmental authority” [1.3b)], with the accompanying definition [1.3(c)] of such a service supplied by government as “any service which is supplied neither on a commercial basis, not in competition with one or more service suppliers.” In the current political and economic climate, both in Australia and internationally, this is highly ambiguous and calls into question the status of many services within the scope of the GATS.

For example, in the sectors of educational provision in Australia performed by AEU members, the Commonwealth Government has been pursuing a policy of subsidising private providers to provide for users to opt out of the public systems. As the AEU points out: “there is no distinction drawn on the basis of income or educational targets or gender or race or any other grounds which are “unique” to public provision. It is simply competition subsidised by the Commonwealth against public services provided by the States.” No further argument is presented as to why the Government’s claim that they recognise and support the significant role of governments in financing, regulating and delivering education services, and that this provides adequate protection to both the services and those who deliver them, should be accepted.



We note also, as have other key union submissions, that no jurisprudence exists to support the Government's interpretation and insubstantial assurances. No dispute has arisen to date that has been subject to a WTO ruling via the GATS dispute resolution mechanism to test this fundamental issue.

The UTLC wishes its general concern that the Australian Government attempt, by all means possible, to ensure that public services, including education, health, education, water, postal and telecommunications, and environmental protection, are not subject to the GATS, and our specific demand that such public services be formally exempted from the GATS, to be on the public record. So to our very serious concern about the lack of openness in the processes of the World Trade Organisation, the GATS negotiations in general, and the specifics of the Australian Government's involvement and position. The dearth of meaningful accessible public information is a serious threat to democratic accountability and public debate.