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UPGRADE
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MEDIA
TVNZ is under heavy from independent producers, wondering why it's switching charter funding to commercial programmes that would be made anyway. Page 2.

ADDRESS IN REPLY
Don Brash highlights tax, the RMA energy and transport in his first major post-election go in the House. Page 3.

JOB CUTS
There is pressure on the government over Air NZ's plans to cut engineering jobs and NZ post is to cut hundreds more. Pages 3-4.

GERMANY
The German elections, held the day after ours, produced a tax raising, super-slashing, labour-law loosening coalition of left and right. Page 4.

COMMENTS?
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World Trade

Dead as a Doha

The outlook for a successful Doha round in December looks more bleak than ever as Apec leaders gather this weekend.

Crucial talks last week were hyped in advance as the 'do-or-die' opportunity for the Doha talks. They flopped. Now negotiators are reduced to calculating how far to push at Hong Kong in December. Their choice is to continue to try for a breakthrough, with the prospect of flaming out in December; or to use the Hong Kong meeting to lay groundwork for more talks in the Northern spring, and risk losing credibility and creating a sense of Failure.

The Doha round began in 2001 with the aim of reducing barriers to world trade. The talks broke down in 2003 at Cancun when poor countries got tired of rich nations' intransigence over agricultural barriers.

Rhetoric coming out of Apec has been strident towards the EU and there have been conspicuous attempts to isolate France. It looks like no one is softening the ground for a compromise to be reached next month. So there won't be a December deal. But nor have things got so bad yet that hope of a breakthrough is forever lost. The signs suggest, though, Doha is going down the gurgler sooner or later.

France has been a main focus of pressure from the US and UK. That's not because France alone is holding out to retain the advantages it believes it gets from EU subsidies and tariff protection, but because it is (a) the most powerful and obstinate opponent of liberalisation, and (b) France is deadlocked with the US, and especially the UK, on a range of other matters - some related, some not -- and the larger game is to put Doha on the table to be (quietly) negotiated alongside other issues.

The EU has offered some cuts to tariffs and there is mystification that the inch it is offering is not being taken by developing countries as better than nothing. But poor countries think the EU offer is close to nothing - even the US offer would destroy most of the gains to poor countries of free trade in agriculture, according to a World Bank report. The offered tariff cuts of up to ninety percent - sixty percent on those that most distort world trade).

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Weekend update

TVNZ is taking heavy fire at the SPADA conference this week as TVNZ executives front producers who wonder why commercial programmes are being put up for charter funding.

TVNZ believes the more NZ On Air funds artsy programmes the less cash is available for mass audience shows it needs to screen. So the Festival series of documentaries, fresh from winning Best Documentary at the Qantas Awards for a Colin McCahon doco, has been axed. In its place TVNZ is understood to to be seeking charter cash for the brainless, popular Dancing With Stars. What exactly is the point of the charter again?

Finance and programming executives are trying to pressure the government to either accept a lower dividend or front up with far more charter cash. After the cuts to charter programmes announced to producers last week - days after some had been told their programmes would receive backing for NZ On Air funding -- programmer Anne Marie Duff has been nicknamed 'Anne Marie Snuff'.

For the most part though, TVNZ's claims to news media it has 'masses of other' charter documentaries planned are untrue. Combined with the earlier cancellation of Kim Hill's interview programme, resources are being switched to programmes that would be successful whether or not there was public sector involvement in broadcasting. For producers though, the question is why the taxpayer should pay for programmes that only a small minority want to watch.

Parliament

Parliament got back to business with question time on Tuesday and the first round of select committee meetings. On Monday Cabinet approved the national civil defence emergency management plan and version 14 of the influenza pandemic action plan.

Helen Clark is jetting from Dublin (It's a goal!!!) to Apec in Pusan, Korea. She will return on Sunday but is off again to the Commonwealth heads of Government Meeting in Malta, where she will address a Commonwealth business forum on expanding trade and investment, before heading to Brussels and a meeting with EU officials.

Also on Sunday New Zealand First will hold its annual general meeting combined with a perfunctory annual conference. It will elect a new president – likely former MP Dail Jones – to replace Doug Woolerton

Attacks on the Government's integrity and pressure on NZ First will be National's theme in this term if Don Brash's Address in Reply speech is a guide. The priority policy areas will be tax, energy and transport.

Dr Brash says productivity growth is still well below the OECD average. Top of his list of priority fixes were 'delays and obstacles' in the Resource Management Act and 'growing problems' in the road network.

He hinted the government should intervene in publicly owned electricity companies including Transpower to deal with the prospect of electricity brownouts and blackouts. The Government was also criticised for spending 'nine times as much on Wananga O Aotearoa as the Modern Apprenticeships scheme' -- although he also called funding for an extra five thousand Modern Apprenticeships 'rather trivial'.

Dr Brash said the Government should respond to the appreciation of the dollar by reducing compliance costs because 'the business sector has been under very considerable pressure from the appreciation of the New Zealand dollar in recent years'. But he also said 'the Clark Government has coasted along, enjoying the prosperity arising from excellent prices for meat and dairy exports on international markets'. (So are businesses under considerable pressure, or doing so well the government can coast along on them?).

National wants living standards not just improving 'in absolute terms, but improving relative to those in Australia and other countries to which New Zealanders can readily move.'

NZ Post will cut 550 jobs over five years.

The job losses are being blamed on modernisation as the company brings in modernised mail-sorting equipment.

Most of the cuts are expected from attrition and voluntary redundancy. The company is saying it will accept applications for voluntary cuts from those with the most service (that is, the most expensive to pay out).

Last year NZ Post declared a profit after tax of $137 million, up from $36 million the year before, on operating revenue of $1.208 billion, up twenty percent from $1.05 billion in 2003-04.

The government is pledging 'special re-training assistance' for more than 600 aircraft maintenance engineers whose jobs Air NZ wants to outsource overseas.

Finance Minister Michael Cullen told parliament 'the fact that the Government is a majority shareholder-but not by any means a 100 percent shareholder-is a strong reason for not intervening.' He was immediately skewered by National's John Key, who pointed out the government is prepared to pressure the board of TVNZ over salaries paid to Susan Wood and Judy Bailey.

"The role of the govt as shareholder at Air New Zealand is not to take a hands-off, 'it's operational' stance, but to clearly tell the Air NZ board its objectives are a high-value economy, with high-value work and an airline with long-term viability," one industry source told us. "It should scrutinise and challenge the business case put up to it by managers and take all the time it needs to do so. No decisions need to be rushed. Claims of saving $20 million a year are chicken feed against the turnover of Air NZ and would be wiped out by a movement in the dollar."

NZ First's Peter Brown, who raised the issue in parliament, showed the Immigration Service lists aircraft engineers as as a skill-shortage occupation allowing fast-tracking for visas and work permits.

Significant tax increases are part of the price Germany's conservative leader Angela Merkel has paid to become chancellor of the world's biggest exporter.

The arrangement, much like Labour and National forming a coalition, resulted when neither party could form a government without the other in MMP elections the same September weekend as New Zealand's.

The SDP will take the foreign affairs portfolio under the coalition agreement. (ummm - inside the cabinet).

Germany's value-aded tax will rise from sixteen to nineteen percent . The top rate of income tax will rise from 42 to 45 per cent on annual income over 250,000 Euros. Many tax breaks are being removed as the government looks to close a thumping fiscal deficit.

The retirement age is being increased to 67, though it will take until 2035 to increase from the current age of as low as 58 for some workers. Much of the rest Germany's programme will sound familiar to New Zealand, including investment in research and infrastructure, energy efficiency, help for small and medium companies and pledges to review company tax and compliance costs.

Germany's labour laws will be considerably loosened to reduce unemployment in an economy where jobless are more than ten percent of the workforce despite ongoing solid growth.

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