



First Session, Forty-eighth Parliament, 2005-2007

Parliamentary Debates
(HANSARD)

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TUESDAY, 4 DECEMBER 2007

Madam Speaker took the Chair at 2 p.m.

Prayers.

OBITUARIES**John Belgrave DCNZM**

Madam SPEAKER: I regret to inform the House of the death on 3 December 2007 of Maurice John Belgrave DCNZM, who was appointed Chief Ombudsman on 1 July 2003. I desire, on behalf of this House, to express our sense of the loss we have sustained and to extend our sympathy to his family. I now ask members to stand with me and observe a period of silence as a mark of respect for his memory.

Honourable members stood as a mark of respect.

POINTS OF ORDER**State Services, Minister—Lodging Questions**

GERRY BROWNLEE (National—Ilam): I raise a point of order, Madam Speaker. I want to raise with you a very serious point of order, from National's perspective.

This morning we attempted to lodge an oral question to the Minister of State Services, David Parker. That question asked whether he stood by all the statements and responses given on his behalf by the Hon Trevor Mallard to oral question No. 6 last week, and if he did not, why he did not. The Clerk's Office advised us that the Prime Minister had determined that all matters relating to Erin Leigh and Clare Curran were to be referred to the Minister of Justice, the Hon Annette King, for a response. The Clerk's Office further suggested that the question was unacceptable unless it was reworded, and suggested that it should be reworded to say: "Does she stand by all responses given on behalf of the Minister of State Services, the Hon Trevor Mallard, to oral question No. 6 on 22 November 2007; if not, why not?"

The suggestion that Annette King might be able to answer a question about whether Mr Parker accepts that answers given to the House by Mr Mallard were, in fact, statements that she or he could stand by makes quite a nonsense of the question process. Although we accept that the Government can choose to have anybody answer a particular question, this question is unique to the Minister of State Services and to circumstances that relate specifically to his involvement in that ministry and the issue that is at hand. We are really concerned, in that while we would say there was a case to be made that the Hon David Parker should not be involved in receiving the report on the investigation into whether he was properly acting when he made a suggestion to the ministry that Clare Curran should be employed, Ministers surely have to be accountable to this House not only for their actions but also for their responses and statements in this House to this House. In this case, all we were asking was for that particular Minister to confirm remarks that had been made on his behalf. If we are not able to ask a simple question like that, then that, I think, seriously attacks the concept of Ministers being accountable to this House.

Madam Speaker, I would like you to consider the appropriateness of the action of the Office of the Clerk in accepting a direction from the Prime Minister that this question to Mr Parker was somehow unacceptable.

Hon Dr MICHAEL CULLEN (Leader of the House): The member raises a very important point in this context. I think that what needs to be clearly put on record is that the Prime Minister has delegated to the Hon Annette King responsibility for those matters within the state services portfolio. Of course, where a matter is delegated to

another Minister, a question on that matter must be addressed to that Minister. The reason for that is obvious, and I think the member himself alluded to it near the end of his statement—that is, that the matters clearly involve actions that occurred during the time that the Hon David Parker was the Minister for the Environment; now that he is the Minister of State Services, it is not appropriate that he have ministerial responsibility in relation to those matters. It must be delegated to another Minister, to avoid any implication at all that, wearing one hat, he is judging his actions when he was wearing a previous hat.

GERRY BROWNLEE (National—Ilam): That sounds all very high and mighty and very fine, but the reality is that, on behalf of David Parker, the Hon Trevor Mallard stood in this House and, speaking as the Minister of State Services, seriously besmirched the character of a contractor to the Ministry for the Environment. Madam Speaker, we were not asking for the Minister to judge himself; we were not asking for the Minister to make any comments about the facts of the particular circumstance that led to this inquiry; we were simply asking the Minister whether he stood by the statements that were made on his behalf, and I think that is the fine point that needs to be considered by yourself.

Hon Dr MICHAEL CULLEN (Leader of the House): Of course, at the time that that question was asked of the Minister of State Services, with Trevor Mallard answering on his behalf, the delegation had not occurred. That delegation has now occurred, and the question on this matter can quite properly be put down to the Hon Annette King.

Madam SPEAKER: I thank members for their contribution. I will take into consideration the comments that have been made, and rule tomorrow.

QUESTIONS FOR ORAL ANSWER

QUESTIONS TO MINISTERS

Fonterra—New Zealand Majority Ownership

1. R DOUG WOOLERTON (NZ First) to the Minister of Agriculture: Does he stand by the statement made on his behalf, with respect to the future capital structure of Fonterra, that the Government's primary concern includes ensuring that New Zealand retains majority ownership?

Hon JIM ANDERTON (Minister of Agriculture): Yes, I do. The Government has been engaging with Fonterra to ensure that New Zealand's national interests were considered as part of the capital structure proposal. The proposal that Fonterra has put to its shareholders places a significant focus on continuing New Zealand in farmer ownership of Fonterra. If the shareholders decide to accept the proposal, the Government will facilitate the development of the necessary legislation to ensure Fonterra can grow internationally as a New Zealand company.

R Doug Woolerton: Is he aware of the experience of Ireland's Kerry Group co-op, which undertook a capital restructure almost identical to that proposed by Fonterra, where a maximum limit of outside ownership was agreed, yet 20 years later the shareholding in Kerry Group held by farmers has reduced from 90 percent to less than 30 percent, and does the Irish situation threaten the Government's primary concern?

Hon JIM ANDERTON: Yes, I am aware of that, and that example has been studied carefully. It is interesting to note, however, that the contribution the Kerry Group has made to the Irish economy is very, very significant, and it is tens of times more significant than it was before the capital restructuring that took place.

Dr Ashraf Choudhary: What opportunities does the Minister see for the New Zealand economy from this proposal?

Hon JIM ANDERTON: I see an innovative and internationally competitive dairy sector that will support New Zealand's goal of economic transformation. The proposed capital structure would enable Fonterra to continue to pursue its strategy of growing internationally as a highly successful New Zealand company. Fonterra believes there are significant opportunities in the international dairy industry and believes the company is uniquely placed to take advantage of these, and members of the House will have seen that in a number of countries around the world where Fonterra is investing as we speak. There are obviously significant and ongoing economic benefits for New Zealand in having large companies with global scale and reach based here in New Zealand. The Government is excited about international opportunities for the New Zealand dairy industry, but, of course, this is a matter for the Fonterra shareholders, who are the dairy farmers of New Zealand.

R Doug Woolerton: Does the Government's concern for New Zealand ownership extend to New Zealand Dairies Ltd, which has been virtually taken over by the Russian company Nutritek, which was able to step around foreign ownership rules, despite more than 75 percent of dairy farmers supplying milk to New Zealand Dairies objecting to Russian control of the company; if not, why not?

Hon JIM ANDERTON: There will be, of course, in the case of Fonterra, a range of mechanisms to ensure that Fonterra monitors the New Zealand shareholding and can act to keep New Zealand ownership above 50.1 percent. The absolute guarantee of a 35 percent co-op ownership means that only 15.1 percent of further New Zealand ownership would be required to ensure majority New Zealand ownership. I expect that New Zealand farmers will be the first ones themselves to take up that 15.1 percent - plus, and therefore I am confident that Fonterra will be retained in New Zealand hands.

Rt Hon Winston Peters: Does the Minister think that one shareholder with 49 percent does not have every chance of defeating a multitude of shareholders at 51 percent, which was the reason why New Zealand always had the 24.9 percent rule, and things started to fall apart in terms of our country's domestic ownership being owned by New Zealanders when we changed that rule?

Hon JIM ANDERTON: The point I have to make to the House is, in the first instance, the shareholders of Fonterra—the dairy farmers themselves—will make this decision. It will be consulted widely, as I understand, in a series of meetings of shareholders. The shareholders will make the decision, and then Parliament itself will decide whether it will facilitate the passage of legislation to allow for that decision to take effect, because the legislation will need a change by this House. So we have the shareholders themselves carefully considering the proposition, and we then have the New Zealand Parliament considering their proposition to this House. So I think there is a fair amount of consultation and deliberation to take effect on this matter.

Electoral Finance Bill—Cabinet Processes

2. JOHN KEY (Leader of the Opposition) to the Prime Minister: Does she stand by her statement that the Electoral Finance Bill went through “full Cabinet processes”; if so, why?

Rt Hon HELEN CLARK (Prime Minister): Yes; because I believe it did.

John Key: Why did Cabinet sign off on legislation that was so full of holes and so Draconian that, even after having some clauses knocked out by the select committee, the Law Society, most political commentators, and every major newspaper in the country are still saying it should be thrown in the bin?

Rt Hon HELEN CLARK: I could quip, just like the DVDs. [*Interruption*] Well, no one over here is being accused of piracy.

Madam SPEAKER: If we can just have the Prime Minister address the question, please.

Rt Hon HELEN CLARK: My understanding is that many organisations came to the select committee fully supporting the objectives of the bill. They had issues with the wording. The bill has been amended. There is a Government Supplementary Order Paper today. I understand there is also a Supplementary Order Paper from the Opposition, and I am happy to say that at first glance a couple of its suggestions already appear useful.

John Key: Can the Prime Minister explain why Cabinet agreed that the electoral period should begin on 1 January of each election year, thereby giving us the longest election period in the democratic world relative to the length of our electoral cycle?

Rt Hon HELEN CLARK: I understand the United Kingdom period begins at the beginning of the year. If the member thinks that this is a long electoral period, he obviously cannot be watching the American election campaign.

John Key: How is a piece of legislation that is so complicated that the Electoral Commission admits it will have to tell people with questions to seek their own legal advice, and that its chief executive fears could lead to an Americanisation of New Zealand politics through endless court battles, going to enhance freedom of speech and democracy in New Zealand?

Rt Hon HELEN CLARK: The Americanisation came with the work of the “hollow men”. The member was one of the key bagmen who went around collecting the money, briefing the Exclusive Brethren, and knowing they were funding the campaign.

Jeanette Fitzsimons: Does the Prime Minister agree that the Electoral Finance Bill is designed to stem the flood of secret money into political parties—for example, the practices revealed by Nicky Hager’s book *The Hollow Men*, whereby the National Party in 2005 received secret millions of dollars from members of the Business Roundtable, including David Richwhite, Alan Gibbs, Doug Myers, and Peter Shirlcliffe?

Gerry Brownlee: I raise a point of order, Madam Speaker. I would ask you to consider whether that question meets all the requirements of the Standing Orders regarding the asking of questions. It does carry a range of allegations, suppositions, and epithets, and those are not allowed in questions. I believe it should be ruled out. The reality is that the member quotes from a work of fiction—[*Interruption*] No, this is fact. We do have Standing Orders in this House, and that question does not meet those Standing Orders.

Hon Dr Michael Cullen: I thought the member did something extraordinarily useful. She not only referred to certain data but provided authentication for that data in the middle of her question—a policy I recommend to many members who ask questions in the House.

Madam SPEAKER: I did not see anything particularly wrong with that, but I think the member, in raising the point of order, does remind us that imputations in questions and answers are contrary to the Standing Orders, so I will of course in the future take a harder line on that.

Rt Hon HELEN CLARK: The member’s question reminded us of just how much big money was sloshing around for the National Party in the last election campaign. [*Interruption*] I know that the National Party does not like the “hollow men” to be exposed. They were exposed, and the reason for this new bill is so that they do not get a chance to do that again.

John Key: If the Prime Minister is really concerned about the use of big money, why does she not move to address the really big money in our electoral system—that is, the use of millions of dollars of taxpayers’ money for parties to spend on election material like the pledge card, and the use of tens of millions of dollars of taxpayers’ money for

soft advertising from Government departments, which we know this Government now treats as part of its own political party?

Rt Hon HELEN CLARK: That is typical of the hyperbole that has come from the Opposition across the whole bill. I refer back to *The Hollow Men* and Mr Goldsmith's email to Don Brash, which talked about Mr Key's schedule being one of "meeting with loads of big donors". That was his role in the last campaign—to thwart electoral law through the Exclusive Brethren and through big donors.

Rt Hon Winston Peters: In the interests of public harmony, is the Prime Minister prepared to switch her concern about the electoral legislation to a concern about commercial law—because, after all, anyone who is paying that sort of money is paying it for a product fit for the purpose: hopefully, that those invested in will one day be in Government and will therefore be able to implement the policies for which the money was supplied; and that being the case, surely it is to do with the Sale of Goods Act and someone should ask those business people to demand their money back, because clearly their investment in politics was wasted?

Madam SPEAKER: Well, I am not sure that the Prime Minister has ministerial responsibility for that.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. The Prime Minister can say she is in charge of any portfolio if a question is put to her, and I am putting to her a very rational, sane question about the ethics of business investment. If one is to invest in a political party for a result, one wants there to be a result, and not for there to be someone with his or her nose pressed against the window of power for the next 12 years—which is sad but true.

Madam SPEAKER: No. I have understood the member's question, and I have ruled on it.

Jeanette Fitzsimons: In view of the millions of dollars in secret donations that, according to the evidence I just produced, the Business Roundtable has made to political parties of its choice, is the Prime Minister surprised, then, that the marches against the Electoral Finance Bill are being organised by John Boscowen, a member of the Business Roundtable?

Rt Hon HELEN CLARK: No, I am not surprised. I understand that he has also been the ACT party's fundraiser. I would have thought that in terms of the return on the capital investment, spending \$120,000 on automated calling to try to get the good people of Ponsonby out to a march, and getting 5,000 people there, was a pretty poor investment.

John Key: Is it not a sign of abject failure on the part of the Government that the Minister in charge of this bill, and the Minister before her, cannot explain it except to say that people will have to rely on common sense; and how does the Prime Minister expect well-intentioned, honest, ordinary New Zealanders to understand a bill that her Government cannot even understand?

Rt Hon HELEN CLARK: One expects people to read it carefully and to consult lawyers—as political parties always have done.

John Key: When is the Prime Minister going to admit that the reason she is forcing this legislation through is not that it is good legislation, not that it meets with the form of protocol and the processes of electoral law, and not that it is good for New Zealand, but that she is so paranoid that without it she thinks she has no hope of winning an election?

Rt Hon HELEN CLARK: I would like our little democracy to be as free from big money, from Mr Key's mates, as other little democracies are.

Rt Hon Winston Peters: Is the Prime Minister aware that not too far from this country are smaller democracies—well, hopefully, growing democracies—where the

character and shape of those democracies have been seriously perverted by the insertion of outside money for a particular purpose; and is that not what this country's sovereignty is all about—which the National Party used to believe in when it knew what the word “national” meant?

Rt Hon HELEN CLARK: I believe it is indeed true that in small neighbouring countries big money from outside has had a considerable impact—and, I submit, an adverse impact—and I think it is time our country kept up with international standards of best practice in electoral law.

Metiria Turei: Does the Prime Minister then agree and share the concerns of John Cain, a former Premier of Victoria, that in Australia a \$10,000 party donation will buy one an audience with the Prime Minister, and does she agree that the Electoral Finance Bill is an attempt to stop that cancer of corruption and bribery from spreading from Australia to New Zealand?

Rt Hon HELEN CLARK: Most certainly I agree that the bill is a strong attempt to get rid of covert funding of the kind the National Party has always encouraged in politics.

Fiscal Policy—Reports

3. CHARLES CHAUVEL (Labour) to the Minister of Finance: Has he received any recent reports on the Government's fiscal policy stance?

Hon Dr MICHAEL CULLEN (Minister of Finance): Yes. I have received Fitch Ratings' New Zealand sovereign rating report, which notes that this Government has run “a broadly neutral fiscal policy stance”. The report also notes that since the early 1990s general Government debt has declined from close to 60 percent of GDP to 25 percent of GDP. Despite this positive review of the Government's fiscal policy stance, we will remain conscious of inflationary pressures when we announce next year our personal tax reductions.

Charles Chauvel: Has the Minister received any reports on the revenue side of fiscal policy?

Hon Dr MICHAEL CULLEN: Yes indeed. Just today, according to the PricewaterhouseCoopers and World Bank joint study *Paying Taxes 2008: The global picture*, which offers data on total tax rates, payment frequency, and the time needed to comply with tax regulations, New Zealand is ranked second best in the OECD, after Ireland, and ninth best in the world out of 178 economies. The report goes on to note that—

Hon Member: Why is everyone leaving, then?

Hon Dr MICHAEL CULLEN: —unfortunately, that member has not—outside of all rich countries and the Maldives, the top performers whose business tax systems may be successfully emulated by other countries are Singapore, Hong Kong, Ireland, and New Zealand.

Hon Bill English: Does the Minister believe that people on \$39,000 who are paying 33c in the dollar in tax are grateful to him for the way he has accumulated all the money that he needed and that he thought they did not need?

Hon Dr MICHAEL CULLEN: What endless public opinion surveys show is that people do not believe that we should borrow for tax cuts, unlike that member; people do not believe that we should cut social services to pay for tax cuts, which that member did in 1999; people do not believe that the entire benefit of tax cuts—

Hon Bill English: That's not true.

Hon Dr MICHAEL CULLEN: That member in 1999 cut New Zealand superannuation and cut taxes. He is far too young to be suffering from that kind of premature amnesia, and I will continue to remind him and bring him up to date.

Ministers—Confidence

4. JOHN KEY (Leader of the Opposition) to the Prime Minister: Does she have confidence in all her Ministers?

Rt Hon HELEN CLARK (Prime Minister): Yes.

John Key: Does she condone or approve of Trevor Mallard's savage attack, using parliamentary privilege, on Erin Leigh when she blew the whistle on political interference at the Ministry for the Environment?

Rt Hon HELEN CLARK: My understanding is that the Minister spoke on advice. Having read the *Hansard*, I consider it rather mild by his standards.

John Key: Has she sought an assurance, then, from Trevor Mallard that he has the evidence to back up his career-wrecking statements about Erin Leigh; if not, why not?

Rt Hon HELEN CLARK: I understand that when the Minister gave the reply he had advice.

Judy Turner: Does the Prime Minister anticipate a drop in confidence in her Minister of Health if he does nothing to reverse the current widespread policy to bring pressure to bear on mothers of newborn babies so that they leave hospital within hours of giving birth; and does the Prime Minister share United Future's concern that this cost-saving policy is, in fact, a false economy and is putting at risk mothers and babies?

Rt Hon HELEN CLARK: The Minister and, indeed, the entire Government deplore the way the Capital and Coast District Health Board has behaved.

John Key: If the Prime Minister thinks that Mr Mallard's comments were mild by his normal standards and if she is confident that he was acting on advice, will she, therefore, encourage Mr Mallard to repeat his comments outside the House, or will she repeat them on behalf of Mr Mallard outside the House?

Rt Hon HELEN CLARK: I would encourage Ministers, and, indeed, the member opposite, to sit quietly while the State Services Commission reports.

John Key: Does the Prime Minister think that it is appropriate behaviour for a senior Minister of her Government, when he himself is having some problems, to look down the barrel of a camera and beg for sympathy from the people of New Zealand but then, on the very first opportunity he gets, to come into this House and rip some woman apart on evidence he does not have, and to do it in such a cowardly way that he will not repeat it outside the House?

Rt Hon HELEN CLARK: I do not think any sensible person—

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. We have parliamentary privilege for a very sound reason. We have had it since the Bill of Rights 1688. The leader of the National Party may not understand that, but it is not because of taking preferential treatment against—*[Interruption]*

Madam SPEAKER: The member will be heard. There is to be no comment during points of order. I need to hear the whole comment. Please make it succinctly, Mr Peters.

Rt Hon Winston Peters: I am doing it as briefly as I can. Just because they cannot understand it, is not a reason why I should not outline the principle of parliamentary privilege. The fact is a member may say something inside this House because he or she can speak honestly without the threat of legal intimidation outside of it. So to accuse someone of being a coward in the circumstances, which is what Mr Key did, is simply unparliamentary, and he should be asked to apologise.

Madam SPEAKER: No. I understand the member's point but it is not a point of order.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. So is it OK with you for someone to be accused of being a coward inside this House? That is the first time I have ever heard that ruling. Is it OK with you for someone—

Madam SPEAKER: I did not hear the word. Would the member please be seated.

Rt Hon Winston Peters: Well, I did.

Madam SPEAKER: Would the member please be seated, or he will be outside this House. I have ruled that the point the member made was not a point of order.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker.

Madam SPEAKER: I have ruled on that point.

Rt Hon Winston Peters: It is a new point of order, Madam Speaker. I seek clarification from you. Is it OK in this House, from that ruling, for someone to call another person a coward?

Madam SPEAKER: I did not hear those words used.

Ron Mark: I raise a point of order, Madam Speaker. I certainly heard those words being used.

Madam SPEAKER: Well, that is very helpful.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. If you look at the *Hansard* or hear the tape, you will know that two members have just told you what happened. The word “coward” was used. Just because you did not hear it, is of no great matter. We did, and that is why we are raising the point of order.

Madam SPEAKER: Unfortunately, it is of some matter. I did not hear it because of the level of noise that goes on in this House. It is almost impossible from this position to hear anything. I am quite happy to look at the record, but I ask the right honourable Prime Minister to please address the question.

Rt Hon HELEN CLARK: I have no doubt that Mr Key accused Mr Mallard of cowardice. That is clearly ridiculous, particularly when Mr Key himself could be accused of being a copyright pirate. [*Interruption*]

Madam SPEAKER: Please be seated. I would ask members please to respect the Standing Orders and to stop these personal references to each other in the asking and the answering of questions.

Ron Mark: I raise a point of order, Madam Speaker. In many instances in this House where one member has alleged that another member has said something unparliamentary, you have taken it upon yourself to ask the member who is alleged to have made the comment whether he or she did make the comment, and, if so, whether that member would care to withdraw and apologise. In this instance—

Madam SPEAKER: I have ruled on this matter, Mr Mark.

John Key: Does the Prime Minister think that it is a good idea that one of her senior Ministers comes into this House and uses parliamentary privilege to defame a member of the public, and if she does think that is the appropriate standard, is she surprised that he will not go outside the House and repeat those statements, as we would expect him to do if he has the information to back them up; and what message does she think that that behaviour from her senior Minister sends to the rest of the people who work in the State Service in New Zealand?

Rt Hon HELEN CLARK: I have no evidence that anyone is being defamed except the regular defamation that occurs from Opposition members.

Hon Dr Michael Cullen: Is the Prime Minister aware that the last time a State Services Commission report on similar matters was presented, Mr Gerry Brownlee in this House described Don Hunn as a liar, described Dr Mark Prebble as a liar—

Gerry Brownlee: No, I didn't.

Hon Dr Michael Cullen: —this is in the *Hansard*—if so, is she aware of whether any action was taken against the third-ranked member of the National Party by the leader of that party?

Gerry Brownlee: I raise a point of order, Madam Speaker. That is a deliberate misleading of the House by Dr Cullen. I made no such comments about Mr Hunn.

Hon Dr Michael Cullen: Speaking to the point of order, I suggest that the member might care to look at his *Hansard* more closely, because I know exactly what he said. But he has just now confirmed that he did call Dr Mark Prebble, the head of the State Services Commission, a liar. He received no rebuke from his leader—no action at all—and why should we put up with Mr Key's questions on these matters when, in fact, clearly he takes no action on these matters when they occur in his own caucus?

Madam SPEAKER: I would just remind members that we get into these situations by the language we use when we are asking our questions and giving our answers. I would ask the right honourable Prime Minister to address the question.

Rt Hon HELEN CLARK: My understanding is that not only was no action taken against Mr Brownlee on that matter but none was taken previously when he lost a civil case for assault, and none was taken against Nick Smith when a judge advised him that he simply did not believe the evidence that member had given under oath in court.

John Key: Will the Prime Minister send a message to the State servants of New Zealand today that they should feel confident that if they have a genuine case where they have seen political interference, they should be able to speak up, or will they know that they will be subject to the sort of callous behaviour that Trevor Mallard meted out; and can she explain whether the reason Trevor Mallard will not repeat his comments outside the House is that one appearance in the dock in a week is one too many and she does not want to make it two?

Rt Hon HELEN CLARK: My advice to public servants is to follow the whistleblowers legislation. With regard to appearing in docks, the member is lucky he did not do that himself on his electoral enrolment.

Rt Hon Winston Peters: Madam Speaker—

Madam SPEAKER: I ask the member whether this is a supplementary question or a point of order.

Rt Hon Winston Peters: It is a supplementary question. I have given up on the points of order—[*Interruption*—]—just temporarily.

Rodney Hide: Get Ronnie to do the same.

Rt Hon Winston Peters: Is the member still alive? Why does the Prime Minister not take the standards set by the leader of the National Party, which is to be the beneficiary of an occurrence, which was that of Mr Connell rising in the caucus and telling the truth, thereupon getting totally expelled from the caucus and not reinstated, and he now being in the position has demonstrated that that succeeds in New Zealand politics—why does she not follow that standard?

Madam SPEAKER: I am sorry, but there is no ministerial responsibility for other standards in other caucuses, so that question is not in order.

Rt Hon HELEN CLARK: Madam Speaker—

Madam SPEAKER: No, it is not in order.

Rugby World Cup 2011—Eden Park

5. RODNEY HIDE (Leader—ACT) to the Minister for the Rugby World Cup: How much is the upgrade of Eden Park expected to cost taxpayers, and how many seats does he expect to be available for New Zealanders for the 2011 World Cup final?

Hon Dr MICHAEL CULLEN (Leader of the House) on behalf of the Minister for the Rugby World Cup: The Government has agreed to underwrite the redevelopment of Eden Park up to \$190 million. This will meet the commitments made to the International Rugby Board for a 60,000-seat stadium of a quality befitting a Rugby World Cup final. Ticket allocations for the 2011 Rugby World Cup are still to be finalised, and will be determined by Rugby New Zealand 2011 Ltd in conjunction with the International Rugby Board.

Rodney Hide: Has the Government made commitments towards the \$270 million “legacy option” for Eden Park; can the Minister explain how the cost has escalated more than 150 percent in the last 10 months, and how much further is it expected to rise, particularly with the Government commitment, before the stadium is completed?

Hon Dr MICHAEL CULLEN: No; the estimate of \$270 million made by, I think, Mayor John Banks includes peripheral costs as well, such as stormwater and roading upgrades and other infrastructure development.

Rodney Hide: I raise a point of order, Madam Speaker. I am sorry, but I just could not hear any of that answer. Could the Minister please repeat it? There was some disturbance to my left.

Hon Dr MICHAEL CULLEN: The answer to the first part of the question was “No”. The answer to the second part was that, as I understand, some of the estimates of apparent increases include peripheral costs—infrastructure such as stormwater, roading upgrades, and so on.

Rodney Hide: Does the Minister consider that paying \$19,000 a seat for a one-off event is good value for taxpayer money, and has the Government considered what benefits this funding could provide for other sporting codes that are desperately short of any money?

Hon Dr MICHAEL CULLEN: This is not just a matter of paying for a stadium for a one-off game; this is part of the Rugby World Cup. We expect to attract a significant number of overseas visitors, which would generate significant increased revenue for New Zealand—including increased taxation revenue.

Ron Mark: Does the Minister not realise that no matter how much money is poured into Eden Park we will still end up with a dog of a stadium in a dog of a location; why does the Government not simply cut from Auckland and put the money into completing the AMI Stadium in Christchurch, where the next All Black coach will come from?

Hon Dr MICHAEL CULLEN: I think the member is prematurely anticipating what may be the outcome of the Rugby Union’s deliberations, which, according to my latest information—newspapers, which, of course, are to be relied upon in these matters—is far from settled in that respect. It is appropriate that the final of the Rugby World Cup is held in New Zealand’s premier rugby location, in New Zealand’s largest city. I am advised by the Prime Minister that that is Auckland.

Electoral Finance Bill—“Capacity as a member of Parliament”

6. Hon BILL ENGLISH (Deputy Leader—National) to the Minister of Justice: Does she stand by her statement that in her view the term “capacity as a member of Parliament” in the Electoral Finance Bill “excludes statements of policy made outside the House that are intended to be enacted by a future Parliament.”; if so, why?

Hon PETE HODGSON (Minister for Economic Development) on behalf of the Minister of Justice: Yes, that is what she said. However, she will be having further discussions with other parties who have identified possible concerns. If the member has identified possible concerns, she would be happy to have further discussions with him.

Hon Bill English: Is the Minister aware that the definition she has given Parliament means that a member of Parliament who said outside Parliament: “Our policy is to cut personal taxes.” would be publishing an election advertisement, and would have to meet the statutory criteria for publication of an election advertisement?

Hon PETE HODGSON: The Minister is yet to have any discussions with that member or other members about their concerns, but I can imagine, for example, a situation where a Government signals that legislation will be introduced after an election, and that might somehow cause members some concern in terms of their ability to take a public position free of any encumbrance.

Hon Bill English: Given that the Minister of Justice has had 2 years to think about what the term means, can she explain further her interpretation of the bill, in that if I as a member of Parliament say next year that National's policy is to cut personal taxes, then whenever I write that down, including in letters to constituents, I will have to get the written authorisation of the financial agent of the National Party, and preface whatever I say with a statement of my name and address; why does she think that is a good idea?

Hon PETE HODGSON: I think the Minister might say that in a House of 121 MPs it is not only her view that is important; rather, it is the view of Parliament. I understand that the Electoral Commission has invited all parties to discuss this matter, and that—I could be wrong—all parties except the National Party are prepared to do so.

Hon Bill English: Is the Minister now telling us that statements the Minister of Justice made just 2 weeks ago, precisely for the purpose of recording in *Hansard* her policy intent so that the courts could refer to that *Hansard*, now do not count, and that he will have some kind of mini-summit with other political parties in the next couple of hours to sort it out?

Hon PETE HODGSON: Maybe it would help the member if I were to remind him that the law he refers to has been on our statute book for a little while. I have here the Electoral Act 1993. It is not new. The member voted for this legislation—as did I—14 years ago. The member ought to try to get over himself. This Act has been a New Zealand statute all this while.

Hon Bill English: Has the Minister advised the minor parties that are supporting this bill of the consequence of her interpretation as stated in *Hansard* for the purpose of aiding the courts when they inevitably pick up this issue, and has he told the Greens that if they put out a pamphlet that states that their policy is to introduce mandatory country-of-origin labelling for food, it will be counted as an election advertisement, even if it is put out by an MP; it will have to be authorised by the financial agent of the party; the cost of the publicity will have to be included as an expense in the Greens' election return; and it will count against the Greens' election spending cap?

Hon PETE HODGSON: One could be excused for being a little confused about the position of the National Party on this issue. The National Party now appears to be holding the view that somehow this Government is taking a line on parliamentary expenditure that is too harsh. I am advised that discussions with the affected parties—including the National Party, if it wishes to be involved—will take place in due course. As to whether they have started, I am afraid I do not yet know.

Hon Bill English: Would the Minister be surprised if other political parties were suspicious of her definition, because it has the effect that Government members will be allowed to talk about what the Government is doing, but Opposition members will not be allowed to talk about what they would do if they became the Government—and how ridiculous is that?

Hon PETE HODGSON: I say again that the position in respect of the Minister of Justice is that she will hold discussions with other parties that wish to hold discussions with her—including the National Party, if it is interested. Concerns have been raised of the order of those that the member raises—although a little less dramatically. The Minister of Justice is very happy to have discussions with those members.

Hon Bill English: Is the Minister of Justice aware that this provision will be debated today, or if not today then tomorrow; is she also aware that she put her comments on record 2 weeks ago in this House in order to clarify the matter, and now this Minister has stood up today—the day we will be debating the bill—and said that it will be resolved by her having talks some time in the future, when by the end of this week it could possibly be the law and no one will know what it means?

Hon PETE HODGSON: What the member has to decide is whether he wants to be part of these discussions.

Disability Issues Policy—International Response

7. JILL PETTIS (Labour) to the **Minister for Disability Issues:** What has been the international response to the Government's disability issues policy?

Hon RUTH DYSON (Minister for Disability Issues): I am delighted to inform the House that yesterday I announced that New Zealand has won the Franklin D. Roosevelt International Disability Award for 2007. The Roosevelt award recognises a nation that makes noteworthy progress towards the goal of full participation of disabled citizens. The award recognises the "extraordinary leadership that New Zealand has shown in this area". It includes our Government's work nationally in developing and implementing the New Zealand Disability Strategy, and internationally in taking a lead role in negotiating the Convention on the Rights of Persons with Disabilities.

Jill Pettis: Can the Minister please advise what progress has been made on implementation of the New Zealand Disability Strategy?

Hon RUTH DYSON: I certainly can, but first of all I advise the House that the Roosevelt award trustees paid tribute to the fact that New Zealand is just one of a few countries in the world to have a disability strategy. The strategy requires the Government to develop and implement a comprehensive approach to disability inclusion. Our Government is continuing to deliver on that requirement. Highlights from the last couple of years include the enactment of the New Zealand Sign Language Act; work relating to the Building Act that will make a real difference in how disabled people can enter and use buildings; repeal of the Disabled Persons Employment Promotion Act; changes to the way we provide services to people who are receiving a sickness or an invalids benefit to focus on what a person can do rather than what they cannot do; and the closure, in New Zealand, of our last residential institution. We will continue to work towards achieving a society in which disabled people can lead the lives that the rest of us take for granted.

Question No. 8 to Minister

GERRY BROWNLEE (National—Ilam): I seek leave for this question to be held over until the Minister—

Madam SPEAKER: Leave is sought. Is there any objection? Yes, there is objection.

State Services Commission—Recent Initiatives

8. GERRY BROWNLEE (National—Ilam) to the **Minister of State Services:** What new initiatives have been undertaken by the State Services Commission since he became Minister?

Hon Dr MICHAEL CULLEN (Leader of the House) on behalf of the **Minister of State Services:** The Minister has been involved in a range of initiatives. [*Interruption*] I confess I was very closely going through Mr Finlayson's Supplementary Order Paper with some interest. The Minister of State Services has been the Minister for only a short period; however, in that time the Minister is pleased to have launched a report transforming the State services. This is the second annual report on the development goals programme, which is designed to transform the State services in a way that is in line with Government priorities and delivers better results for all New Zealanders. A new initiative in 2007 has been the inclusion of a value-for-money State services goal as one of the six goals.

Gerry Brownlee: Under what initiative or protocol was the Acting Minister provided with the information that Erin Leigh had “repeated competence issues”; and who provided that information?

Hon Dr MICHAEL CULLEN: All matters in relation to that have now been delegated to the Minister of Justice, who will reply to any questions in relation to those matters.

Gerry Brownlee: I raise a point of order, Madam Speaker. You can see now, in relation to the point of order I raised at the start of question time today, what a difficulty we have got into. We have had a Minister standing up in the House and making a statement about Erin Leigh’s competence well after the investigation into those matters had begun by the State Services Commission, and now, some days later, realising that there is a problem around this, the Government has decided to use this particular provision of our Standing Orders in order to shield the Minister from having to make statements about the veracity of the claims made to this House. That is not the action of Ministers who are being accountable; it is the action of Ministers who are trying to avoid the sorts of questions they should answer in the public interest.

Hon Dr MICHAEL CULLEN: First of all, I could have raised a point of order about the relevance of the supplementary question to the principal question, which was about new initiatives undertaken by the State Services Commission. Secondly, the member was informed at the time he submitted this question about the fact that a delegation had occurred. He could therefore have put down the question to the appropriate Minister in this respect. The Government is perfectly happy to answer questions on this matter that are addressed to the appropriate Minister. [*Interruption*]

Madam SPEAKER: I have not ruled on your point of order—unless you would like me not to rule on it. I was going to say that I understood the member’s point. The member himself said that the Government’s actions were consistent with the Standing Orders and Speakers’ rulings, but I have undertaken to look at the issue, given that the member does consider it to be a serious issue.

Gerry Brownlee: I raise a point of order, Madam Speaker. My point is simply this: here we have the Deputy Prime Minister, acting today for the Minister of State Services, saying that he cannot answer a question about a matter that relates to a particular issue occurring within the State services, and that, rather than being addressed to him, that question should have been directed to the Minister Annette King, who has been given the responsibility for dealing with it. It is clear to the whole House that Annette King is not present in the House today, either. That raises the question of who might have answered on her behalf, and the recent history of the Government suggests that it would in fact have been the Deputy Prime Minister.

Madam SPEAKER: I thank the member, but he is going over ground that has already been gone over. As was pointed out, he was given notice of this delegation, and if we had all had a little more notice of it, maybe we could have ruled on it.

Gerry Brownlee: Can he advise the House whether the person who provided the Acting Minister with the information was employed by the Ministry for the Environment, or was it someone employed in the Beehive?

Hon Dr MICHAEL CULLEN: As I said, a delegation has occurred in relation to all those matters. The Minister with that delegation will be happy to respond to any further questions.

Gerry Brownlee: Can he, or any other Minister, provide the House with the information upon which Mr Mallard made his allegations last week?

Hon Dr MICHAEL CULLEN: That question should be put down to the Minister with the delegated responsibility for this matter.

Wildlife—Protection

9. LESLEY SOPER (Labour) to the Minister of Conservation: What reports, if any, has she received about the Government's work to protect New Zealand's wildlife?

Hon STEVE CHADWICK (Minister of Conservation): In the past week I officially opened the new yellow-eyed penguin reserve on the Catlins coast in Otago on land bought jointly by the Department of Conservation and the Yellow-eyed Penguin Trust. Securing this habitat is a major victory for conservation. It highlights this Labour-led Government's commitment to protecting New Zealand's unique species.

Lesley Soper: What other work is the Government doing to protect endangered species?

Hon STEVE CHADWICK: The Department of Conservation is actively working to protect 239 endangered species at the moment, with projects including an intensive recovery programme for kākāpō, increased kiwi populations in the wild and in sanctuaries, boosting the survival of the whio, or blue duck, and captive breeding and supporting of wild takahē. So far this season, eight chicks have been incubated and two have already hatched.

Metiria Turei: Do any of the reports on the Government's work to protect New Zealand's unique species estimate how many fatalities of the Māui's dolphin we might expect over this coming summer with increased risk from fishing, from set-netting, from pollution in the waterways, and from boat strike, given the Government's procrastination about doing anything to protect this uniquely endangered New Zealand wild species?

Hon STEVE CHADWICK: The member is absolutely correct about this beautiful species of about 111 Māui's dolphins, the rarest in the world. Yes, we have had an overwhelming response of nearly 2,500 submissions on the discussion document. Because they are so complex we do need to give them due time and due consideration, and we will be reporting on this around March next year.

Environment, Ministry—Employment and Contracting Guidelines

10. GERRY BROWNLEE (National—Ilam) to the Minister for the Environment: Can he assure the House that all employment and contracting decisions made by the Ministry for the Environment have been made according to ministry guidelines; if not, why not?

Hon TREVOR MALLARD (Minister for the Environment): No; my reasons have not changed since the last time I answered this question in the House.

Gerry Brownlee: What is his response to comments made last night by former communications manager Keith Lyons, who stated that David Parker had imposed Clare Curran on the ministry and "He also wanted to boost his own profile. It sounded like, for him, that the appointment was not negotiable. The Minister wanted to ensure his own interests were promoted."?

Hon TREVOR MALLARD: My response is that this is a matter that is being considered by the State Services Commissioner, and that is the way it should be dealt with.

Gerry Brownlee: Why was Erin Leigh required to forward her work to the Prime Minister's chief of staff for approval and comment, and was it the case that Heather Simpson ordered Erin Leigh to make changes that were to benefit the Labour Party's political view?

Hon TREVOR MALLARD: This is a matter that is being dealt with by the State Services Commissioner, but I can assure the House that comments on that work came from much wider than the Department of Internal Affairs.

Gerry Brownlee: Is the Ministry for the Environment party to the Partnership for Quality arrangements with the New Zealand Public Service Association (PSA)?

Hon TREVOR MALLARD: I would have to consult with the Minister of State Services to give a definitive answer, but from my memory, going back as a former Minister, the answer is “yes”—of course that applies to public servants.

Gerry Brownlee: Can the Minister confirm that the amount of Ministry for the Environment funding that has flowed through the Partnership for Quality programme to pay for PSA union delegates to undertake union activities has topped some \$400,000 in recent times?

Hon TREVOR MALLARD: No.

Gerry Brownlee: Is the Minister denying that the Ministry for the Environment has been funding from its vote time and salary for union delegates?

Hon TREVOR MALLARD: No.

Gerry Brownlee: Can the Minister tell the House how much the Ministry for the Environment has used of its vote to pay for the activities of union delegates?

Hon TREVOR MALLARD: No.

Gerry Brownlee: Is there anything this Minister knows about things going on in his ministry?

Hon TREVOR MALLARD: Yes, and I know quite a lot about hot air. I have learnt more, though, from that member than from the ministry.

Emissions—Impact on Health

11. RUSSELL FAIRBROTHER (Labour) on behalf of **Hon MARK GOSCHE (Labour—Maungakiekie)** to the **Associate Minister of Transport:** What steps is the Government taking to reduce the impact to New Zealanders’ health caused by harmful emissions?

Hon JUDITH TIZARD (Associate Minister of Transport): The Government has taken a number of steps to reduce emissions from the New Zealand vehicle fleet. It has improved the quality of fuel, especially diesel fuel, lowering harmful emissions and enabling us to import vehicles to better international standards. The Government has introduced the visible smoke check at warrant of fitness to target the worst emitting vehicles on our roads, and last week it implemented the 2007 vehicle exhaust emissions rule, which sets minimum emission standards for vehicles entering our fleet, ensuring that vehicle emissions will continue to improve over time. The Government is now looking at in-service emission testing for the current fleet, and I expect this work will initially focus on diesel vehicles, which are the most damaging for health and air quality.

Russell Fairbrother: What else is the Government doing to reduce vehicle emissions and improve air quality?

Hon JUDITH TIZARD: The new rule for imported used cars is part of a package of Government measures to improve air quality. Further improvements in fuel quality will allow new technologies to enter the fleet. Other work programmes will see reduced traffic congestion, promoting public transport, and introducing biofuels. The Ministry of Transport recently completed a very successful trial vehicle scrappage scheme where 250 used vehicles were scrapped in exchange for 2-month public transport passes. The ministry is finalising its study on this scheme and I hope it can be continued and expanded in the future. The National Energy Efficiency and Conservation Strategy set a target for a 10 percent reduction in single occupancy trips, which will impact positively on emissions. Policies in the climate change area will reduce the use of vehicles and improve transport efficiency, especially for freight, and are likely to have benefits for harmful emissions as well.

Russell Fairbrother: What impact will this rule have on the importation of vehicles into New Zealand?

Hon JUDITH TIZARD: The rule will prevent the importation of used diesel vehicles made to older Japanese standards, and equivalent standards under other jurisdictions. In some cases vehicles that have been imported into New Zealand have been banned from the roads in Tokyo. These vehicles were actually making our fleet worse when they arrived; why should we allow the importation of used Japanese vehicles that the Japanese will not allow on their own roads? I believe this rule will result in a major improvement in the New Zealand fleet over time.

Peter Brown: Noting those answers, is the Minister aware of the assertion that these new diesel vehicles are a fairly rare species in Japan, and that they cost two or three times as much as an older one, and as a result many diesel operators will hang on to their vehicles for much longer; if she is aware of that, does she not accept that this will do little or no good at all to improving New Zealanders' health?

Hon JUDITH TIZARD: If the member is talking about new diesel vehicles, then as long as they are manufactured to current Japanese standards they will improve the fleet. If he is talking about used Japanese vehicles coming into the New Zealand fleet, then the Japanese Government is continuing to improve their standards. We still have to keep a good eye on the fact that some diesel vehicles are a real problem. However, the vehicle standard is only one of the issues around better vehicle emissions. There is also the issue of better fuel standards, and the use and maintenance of vehicles. So, no, I do not accept the member's assertion.

Health Services—Safety of Mothers and Children

12. Hon TONY RYALL (National—Bay of Plenty) to the Minister of Health: Does he stand by his reported comments, regarding the \$100 “bribe” for Wellington mothers to leave hospital within hours of giving birth, that this was “one organisation's response to a staff shortage and was not Government policy.”; if so, is he confident that the safety of mothers and children is a priority throughout the New Zealand public health system?

Hon DAVID CUNLIFFE (Minister of Health): Yes; and yes.

Hon Tony Ryall: What immediate action will he take to prevent a repeat of the tragic death of the baby reported here in Wellington today—and all members of the House will have great sympathy for the parents—and does he now understand the consequences of hospitals bullying midwives and mothers to get out and go home within hours of giving birth?

Hon DAVID CUNLIFFE: May I first say that I share the member's deep sense of sorrow at this recent tragedy. There is no sufficient answer for any parent who has lost a child, and I think all members' hearts go out to this family and any others who have been in a similar circumstance. The Government takes this situation and any like it very, very seriously. We expect district health boards around the country to take it similarly seriously. By saying that the previous policy of Capital and Coast District Health Board was not Government policy, I think we have made very clear the Government's expectations and that it was not appropriate. Having said that, this case did not reflect that policy, for several reasons. Firstly, this mother would not have been covered because she was a first-time mother and that policy applied only to second and subsequent births. Secondly, there was no bed shortage in the case of this birth, and there is no evidence that I have seen that, to quote the member, the mother was “bullied” out of hospital.

Hon Marian Hobbs: What indications are there of the Government's concern with the safety of mothers and children?

Hon DAVID CUNLIFFE: Perhaps the most telling indicator of the Government's concern and effective action on it is that the infant mortality rate has declined from 7.1 deaths per 1,000 births in 1997 to 4.8 deaths per 1,000 in 2006. That is a 33 percent reduction. Additionally, of course, the Government has undertaken the MeNZB mass immunisation campaign, which has lowered the number of cases of new meningococcal B meningitis by 57 percent. However, I repeat that any infant death is a tragedy, and despite this progress we will relentlessly pursue further improvements. Our heart goes out to any family who suffers this kind of loss.

Barbara Stewart: Will he be approaching the country's 3,000 general practitioners to find out how many of them would be willing to resume providing maternity services in order to alleviate the ongoing midwife shortage and provide a safer service; if not, why not?

Hon DAVID CUNLIFFE: I have received a copy of some reporting on the nationwide workforce priority accorded to the midwifery sector. I am certainly willing to work constructively with the member and others to look at all options to address the shortfalls, and I encourage district health boards to do the same.

Te Ururoa Flavell: Tēnā koe, Madam Speaker. Kia ora tātou. Is the Minister aware that last weekend a woman went into the Capital and Coast District Health Board delivery suite to have her sixth child and was told that she had to go home even though she did not want to, and what action will he be taking with that district health board to address its deliberate refusal to comply with his statement last week that "no woman who needs to be in hospital after giving birth will be sent home."?

Hon DAVID CUNLIFFE: In the first case, if a member wishes to discuss an individual case or to seek information on it, it is always helpful either to get the name in advance or for it to be done in a primary question. Notwithstanding that, I understand that the district health board has had conversations with the Ministry of Health that would underline the point that no mother who is in need of care in hospital should be discharged and that no baby who is in need of care should be so discharged. I understand that the chief executive reaffirmed that position in recent days. Notwithstanding that, I remain very concerned and increasingly concerned at the situation at Capital and Coast District Health Board. I have recently issued a statement clarifying that I am seeking urgent advice on the options available to me, and a further announcement will be made shortly.

Te Ururoa Flavell: What will he introduce to respond to the fact that the number of annual practising certificates issued to midwives has decreased significantly, from 4,914 in 2002-03 to 2,857 in 2005-06, and what does he believe has caused such a severe decrease in midwives?

Hon DAVID CUNLIFFE: It would not be appropriate for me to try to diagnose the problems of the midwifery sector. I do note that the District Health Boards New Zealand organisation has listed that sector as one of its top two workforce priorities, and that it is receiving the full support of the Ministry of Health in addressing a strategy for ensuring we have sufficient midwifery care around New Zealand.

Te Ururoa Flavell: What will this Government be doing to address the training and retention of midwives in the sector?

Hon DAVID CUNLIFFE: As I have just said, the Government will be working closely with District Health Boards New Zealand around a strategy for ensuring that shortages are filled. It is very important that mothers and children around New Zealand get the care they deserve.

Hon Tony Ryall: Has the Minister seen reports that the Maternity Service Consumer Council says that district health board managers up and down the country are

bullying—its word—midwives to get new mothers out of hospital quicker and quicker; and should not New Zealand mothers be entitled to more?

Hon DAVID CUNLIFFE: It is always ironic when a member from a party that has long championed unaffordable tax cuts becomes the champion of more social services, because it is exactly those kinds of trade-offs that this Government, since it became elected in 1999, has stood to address. That is why there are 33 percent fewer dead babies under this Government than when that member's party was in Government.

Hon Tony Ryall: Will the Minister meet with the Maternity Service Consumer Council, which has said that this sort of thing is happening up and down the country as we speak and that other hospitals are sitting on time bombs like this; and will he meet to discuss with the Maternity Service Consumer Council the fact that the council says that midwives around this country are being bullied to discharge mothers home earlier and earlier, and that that is not safe for New Zealand mothers?

Hon DAVID CUNLIFFE: I fully respect the member's efforts to stand up for vulnerable mothers, and I share his concern for those mothers. But the fact is that under this Government our infant mortality rate is one-third less than it was when that member's party was in power. Of course, discussions will continue with District Health Boards New Zealand to ensure that Government policy is given effect to, and we will relentlessly pursue opportunities for improvement in this sector.

TE URUROA FLAVELL (Māori Party—Waiariki): I seek leave to table data from the Nursing Council of New Zealand and the Midwifery Council of New Zealand from the year 2000 to the year 2006.

Document, by leave, laid on the Table of the House.

URGENT DEBATES DECLINED

Capital and Coast District Health Board—Maternity Services

Madam SPEAKER: I have received a letter from Judy Turner seeking to debate under Standing Order 380 the death of a newborn baby whose mother was discharged from Wellington Hospital 5 hours after birth. This is a case of recent occurrence involving ministerial responsibility, but I do not think that I would be justified in giving priority to this particular issue over other business in the House today. There are other opportunities to consider the performance of district health boards. The financial review of the Capital and Coast District Health Board is currently before the Health Committee, and there is, of course, the general debate tomorrow. The application is therefore declined.

TAXATION (ANNUAL RATES, BUSINESS TAXATION, KIWISAVER, AND REMEDIAL MATTERS) BILL

Second Reading

Debate resumed from 22 November.

R DOUG WOOLERTON (NZ First): When I finished speaking for 2 minutes, about a week and a half ago now, I was saying that New Zealand First, unlike the National Party, supports tax cuts wherever they may occur. Again, New Zealand First, unlike the National Party, supports superannuation savings wherever they may occur, be they small or great, or of a design we completely agree with.

In this case, the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill in its content includes KiwiSaver, which, by and large, financial commentators around the country are starting to become enthusiastic about. In the first instances they rubbished it completely, and in some cases said there was no need for the

Government to introduce such a scheme. New Zealand First is pleased to see that KiwiSaver is encompassed within this bill.

Along with that, we are pleased to see tax credits for research, but we understand that that is something that has pitfalls in it. It is an area that has been open to rorting in overseas countries. We are very, very pleased that our taxation people have spent a lot of time studying the Australian example, because in this country if we are to be competitive in the areas we wish to excel in—namely, biotech and high technology areas of all sorts—we no longer want to aim our workforce at unskilled jobs and be the source of cheap exports. We want excellence in this country, and to have that we simply must have research and development of the highest order. If the Government wants that to happen, it must say so, and it must say so in the only sensible manner that business understands—which is to give business a tax credit.

There have been some issues from our State-owned enterprises. They have had concerns that, where they have been in partnership with private entities, they are not eligible for tax breaks. New Zealand First says that they should be, because they are funded by the Government. In those cases their partners, in being private enterprises, will have tax breaks available to them, and we think that that is right.

We implore businesses to play the game; we implore them to do what is right in this area. It would be a pity if our renewed experiences in taxation credits and in research and development were ones where we had businesses trying to rort the system. I have enough faith in our businesses to think that that will not happen, but we will just have to trust and see.

This bill also addresses the area of research and development in software. Overseas—again, in Australia—there has been a little bit of a problem whereby banks in particular have developed new software and attempted to gain a tax advantage on that by saying that it was research and development expenditure, when in fact it was just the redevelopment, or even a new development, of internal software. That is not what this bill aims to have happen, so those things will be looked at very closely if anybody has ideas of getting involved in that.

I think everybody understands that along with this bill there has been a rewriting of our tax law. Attempts have been made to line us up with Australia, which, members may be surprised to know, New Zealand First is very much in favour of. Wherever we can assist our businesses to line up with other countries with which we compete, New Zealand First is right in there voting for that on their behalf.

We are also very happy to see that the area of charitable organisations is taken account of. We in political parties all know—at least, I hope we all know—the huge efforts of people who work for no recompense other than the satisfaction of helping their communities. We are pleased to see that people who give money to, and help, charitable organisations in this country are at long last recognised and can get a tax break.

I think that is about all I wish to say on this bill. New Zealand First is wholeheartedly in support of it. Unlike the National Party, we support those areas that attend to savings, and in the past we have supported those parts that go towards tax reduction and, indeed, tax credits for research.

HONE HARAWIRA (Māori Party—Te Tai Tokerau): Kia ora, Madam Assistant Speaker. Kia ora tātou e te Whare. Whenever Governments propose legislation they must also consider the views of those they purport to represent, and polls are sometimes a good indicator of those views. So it was a very important revelation when, a couple of weeks ago, the results of the Marae DigiPoll were released. It was all bad news for Labour's Māori MPs, with 55 percent of Māori choosing Māori Party candidates and only 33 percent opting for Labour's Māori MPs, and with the Māori Party candidates

winning hands-down in six of the Māori seats and deadlocking in a seventh, for which we did not even have a candidate.

It was also a very clear indicator of Māori opinion that when pollsters were asked who their preferred Prime Minister was they chose three Māori—two from the Māori Party, and nobody from Labour.

Hon Paul Swain: Point of order—

The ASSISTANT SPEAKER (Ann Hartley): I will just deal with it. The member needs to come back to the bill, please. I have been a bit tolerant. Please come back to the bill.

HONE HARAWIRA: I am talking about the importance of public opinion, because in respect of the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill and its reference to KiwiSaver, that same Marae DigiPoll said a lot about how disconnected Labour was in terms of its view on KiwiSaver. We find, when it comes to this flagship savings policy—KiwiSaver, which is referred to in this bill—which was promoted with hundreds of thousands of dollars of taxpayer-funded advertising, that 84 percent of Māori said they had not even joined.

Of course, when challenged about the shattering findings of the Marae DigiPoll, the Minister of Māori Affairs came up with his standard blub, blub, blub that the only poll that matters is on election day. It is all well and good introducing amendments about employer contributions and tax credits, but what is the point of all the pontificating when Māori are not even bothering with it anyway? And why are they not bothering? The reason is that a lot of Māori, Pasifika, and Pākehā, as well, for that matter, simply cannot afford to get into KiwiSaver. That is the reason. Eighty-four percent of Māori surveyed have not even joined KiwiSaver, and one of the main reasons they give is that they simply cannot afford to get into it.

We regularly get reports coming into this House highlighting the reality of food banks being swamped by people in need, and of families who cannot even afford basic housing, heating, food, and health care. These facts are highlighted by the national homelessness forum held to highlight the sheer scale of homelessness not just in American movies but right here in good old Aotearoa. We know how poverty limits a child's options, and we know only too well how many low-waged workers are teetering on the brink of survival. Hence the importance of reference to KiwiSaver. When a family is struggling to make the zero line, the possibility of saving 4 percent a week is just beyond their horizons. Jarrod Rendle from the New Zealand Federation of Family Budgeting Services Inc. says that for many of his clients \$15 a week going to savings means \$15 less being spent on essentials such as food. For too many families, even \$10 is \$10 too much.

We support the recommendations of the New Zealand Council of Trade Unions, the National Distribution Union, and the New Zealand Nurses Organisation about reducing the worker's contribution to 2 percent in order to encourage workers to join. We support too the submission from Ngāi Tahu about amending the withdrawal criteria to make it more flexible and more accessible for people in need, such as that already agreed upon to help second-chance homebuyers. We support, too, changes in the tax structure to help working people to save. We would also like to see real incentives to encourage poor people to save, as well.

Taxation is an important issue for Māori, as evidenced in the Marae DigiPoll, which showed that Māori-roll voters ranked tax cuts as the most significant issue for them right now, for the first time ever. Unfortunately, this bill will not deliver the necessary changes, and we would recommend further changes in order to enable that to happen.

In fact, the focus of this bill is more about enhancements and amendments flowing on from Budget decisions announced some time ago, which we are generally happy to

support, such as voluntary tax compliance, tax exemptions for Pasifika trust funds, tax credits for Aotearoa-based research and development, and tax relief for charitable donations. We liked also the provision to remove the Māori authority net deduction limit of 5 percent of net income, which will mean that Māori authorities with a charitable trust or purpose will now be encouraged to put more money into organisations with a charitable purpose and get a tax benefit from investing in things like education grants and community support projects.

We noted with concern, though, an issue raised by both the National Distribution Union and the New Zealand Nurses Organisation that young workers above the compulsory school leaving age, or with an early release from school, should be eligible to participate in KiwiSaver and that to deny them would be discriminatory. We note that the Finance and Expenditure Committee did not support the proposal, which, I guess, is consistent with this Government's decision to discriminate against youth workers generally by paying them at only 80 percent of the average wage.

We note also an opinion confirmed by Māori voters who were asked who most effectively represented their views in Parliament. At the top of the list of 21 Māori MPs was the Māori Party's Dr Pita Sharples, and three of the top four MPs were from the Māori Party. Again, nobody from Labour appeared. In fact, the Minister of Māori Affairs—Labour's most high-profile Māori MP—could barely scrape up 5 percent of the vote.

We will support the second reading of this bill but will continue to raise issues of equity for young workers and support for those most in need in this country, as part of our wider commitment to a fair and just society. Thank you, Madam Assistant Speaker.

Dr the Hon LOCKWOOD SMITH (National—Rodney): In speaking to the second reading of this Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill, I want to make it clear, and to remind the House, that National is opposing this bill. We are opposing this bill because it resets income tax rates to exactly where they are today and to where they have been all year. If Labour believed in lower taxes, and if Labour believed in reducing income taxes, it could do that right now. In the next 2 weeks Labour could introduce a Supplementary Order Paper to this bill to bring down the taxes that New Zealanders pay. We know that Labour believes in tax cuts only in election years, and this year is not an election year. So Labour says: "To hell with ordinary New Zealanders this year." Labour says that people can continue to pay the taxes that have enabled it to collect \$22 billion extra every year in tax revenue compared with when it came to office.

It is no wonder that New Zealanders are getting really sick of this, when an average full-time income earner is now paying the top tax rate that used to exist before Labour came to office, and when three-quarters of our secondary teachers are now paying the 39c top tax rate that Labour brought in when it came to office. It is little wonder that ordinary New Zealanders are saying they have had enough of all of this.

When families are considered so poor that they receive Working for Families payments, yet they are on the top tax rate, that really is a stupid policy. They are considered so poor that they have to get tax credits from the Government when they have dependent families, yet they are considered so rich that they should pay the top tax rate. That is a really dumb policy, and that is why National is opposing this bill. If Labour genuinely believed in reducing income taxes, it could do it next week during the Committee stage of this bill; it could introduce a Supplementary Order Paper to bring down people's income tax rates.

There are some bits of this bill that we do support. We support the lower corporate tax rate of 30 percent. We support the reduction in taxation on donations to charities—National's policy, which Labour pinched. We support the changes to the unacceptable

tax position penalties in respect of GST and withholding tax. That makes good sense, but I should point out that when this issue was last addressed when section 141KB was introduced into our law, we thought we would be dealing with these issues—and we did not. I suspect that this change will not deal with the issue adequately, either. The relief from unacceptable tax position penalties should really cover voluntary disclosure where people make simple mistakes, but this bill does not do that. If someone pays the correct amount of tax but files the wrong tax returns to pay it, that kind of mistake will still, after this bill is passed, incur the big tax penalties. That is just dumb. Why do we not encourage voluntary disclosure? This bill seeks to do it but does not go far enough. That is an issue that I think should be looked at during the Committee stage. Labour has not listened adequately on that particular issue.

There are a couple of big issues covered in this bill that I want to make some further comments on today in this second reading debate. The first issue is that of research and development tax credits. On 25 July this year the Inland Revenue Department briefed the Finance and Expenditure Committee on the policy of these tax credits, and we were told that the policy was essentially based on Australian tax credit policy for research and development. I will tell members what the Hon Shane Jones said. He is now a Minister; I cannot remember which portfolio he holds, but I congratulate him on his elevation to Cabinet. I wrote down in my book what he said to the Inland Revenue Department officials when we were briefed on 25 July. He said: “Let’s cut to the chase.”—we know how Shane talks; he is pretty much a straight shooter—“Has there been any demonstrable benefit in Australia in terms of economic growth from research and development tax credits?”. Well, the officials just stared back at him blankly. One would have thought that he had farted loudly, because the officials just stared back at him blankly. They did not expect the Labour chair of the select committee to ask them that. This is Government policy! Here he was asking them whether there was any evidence that this policy worked.

Just a few minutes later Shane Jones—chair of the Finance and Expenditure Committee at the time—asked again whether there was any evidence of any benefit from those research and development tax credits in Australia. The officials had to say that they simply did not know.

In theory, research and development tax credits kind of make sense. We want to encourage investment in research and development, because we believe it is a good thing to be doing. But members should remember that research and development expenditure is already 100 percent deductible for tax purposes. The research and development tax credit here is essentially a 15 percent tax rebate, on top of that 100 percent deductibility. Across the country right now we are seeing accountancy firms putting huge effort into advising businesses on how they can get so much of their current expenditure to comply with these new tax credits in order to get the extra 15 percent tax rebate on top of the 100 percent tax deductibility. That is the problem with this kind of fiddling with the tax system. So many submitters to the select committee pointed this out. They said that it would be better to lower tax rates than to try to pick winners.

Let me give members one example where I have a deep concern about this. Our Crown research institutes and our universities, which do most of the research in this country, are excluded from those tax credits. We can understand why; they are essentially Government-funded institutions, and the Government is saying that they should not get these tax rebates on top of their Government funding. But some of the most valuable research that is done in this country is done by joint investment between the private sector and those major research organisations—between private business and the universities, and between private business and the Crown research institutes. Yet

where partnerships are set up to invest in research together, and where we get real synergy out of that investment, this legislation bars those private investors from getting the tax credits.

In other words, this legislation is against that kind of joint investment in research that produces some of the greatest synergy to get great ideas out there into the private sector. In some circumstances the private sector will be able to get tax credits, where it still controls companies and where there is joint investment, but the legislation is not as clear as it could be in this area, and, certainly, for much joint investment the private sector will not get the tax credits. I think this is an issue that the Government should be looking at before this bill completes its Committee stage. It should be looked at again, because that joint investment is just so important for New Zealand's future development.

Finally, I will make some comments about the KiwiSaver provisions. This legislation essentially sets up the framework for the employer contributions; the post-Budget legislation set up the framework for the employee contributions. The submissions were fascinating. Representatives from Business New Zealand came along to the Finance and Expenditure Committee. This is not the Business Roundtable; these are the ones who are supposed to be friendly with the Government. They came along and said, bluntly, that the Government had ambushed employers with this legislation. Those were their words—the Government had “ambushed employers”. That was what they actually said to the select committee. We can understand why, because this legislation will be “ongoing industrial sandpaper”, to use Business New Zealand's own words again. That was what it said to the select committee—ongoing industrial sandpaper.

Do members know why that is so clear? The reason is that where one employee does not have, say, a dependent family, he or she can afford to make the 4 percent contribution that goes into this scheme, but another employee cannot afford to go into the scheme, because he or she might have a dependent family or home mortgage. As Hone Harawira said, many Māori families will not be able to go into this scheme. If the employer says that this person will go into the scheme and will get employer contributions on top of his or her wages or salary but this other person will not, then the remuneration package of the person who is not going into the scheme will be less. So what does the employer do? Does it say it will pay that person a bit more cash to make up for it? We can see the ongoing tensions between employees who go into the scheme and employees who do not.

There were issues that were not properly resolved. The Council of Trade Unions wanted flexible arrangements for lower-income workers who go into the scheme, where they could make a 2 percent contribution and work with employers on how to get the total contribution, and for 16 and 17-year-old workers to be able to join the scheme. Why does Labour hate young people so much? Why have those members banned 16 and 17-year-old workers from joining the scheme? Why do those members hate 16 and 17-year-old workers? Why do they hate older workers? If people are over 65 and are still working, then they cannot join the scheme. Why do Labour members hate people over 65? This is the stupidity that this kind of legislation throws up. If one is a working person in New Zealand, then one should be able to join this scheme, if the scheme is any damned good. Why has this Government locked out young people—16 and 17-year-olds—and why has it locked out old people?

There are real, ongoing issues with this bill. I must say that the one positive thing is that the Minister said these provisions would be reviewed after 3 years, although we must be clear that the excessive taxation, regulation, and compliance costs of this legislation will simply add to the problems of the collapse in our economic productivity growth in this country.

JUDY TURNER (Deputy Leader—United Future): I do not normally take a call for my party on tax law, as it is not something I pretend to be an expert on, but this legislation represents for me personally our finest hour in my involvement with United Future with regard to the rebates on charitable donations. That is the sector I came out of prior to coming to this House, and this is something that has been dear to our hearts since 2002. To finally see this legislation before the House today is a very exciting thing.

What does this legislation do? First of all, let us clarify that on estimate, 1.3 million people in this country take part in voluntary activities. Donations to charities and to other non-profit organisations amount to about \$356 million, and that is just from people who claim tax rebates for their donations. So for many, many New Zealanders this provision in this Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill represents something that they have been looking forward to for a long time. Certainly, in meetings the Hon Peter Dunne and I have had with people from the charitable and voluntary sector, they tell us they are absolutely thrilled.

I would challenge the National member who took a call previously and who tried to take some credit for this policy. I have National's brochure sitting on my desk right now. It has a photo of Paula Bennett and John Key espousing and supporting the policies that this tax bill now delivers. Obviously this policy has been National's policy only since John Key became the leader, but United Future negotiated and secured this deal straight after the 2005 election. Who was leader of the National Party then? It certainly was not John Key. For National members to start to claim that this is somehow their policy and that the Labour Government has stolen it from them is a very shallow claim. The evidence is made very clear by those members' own brochure, with their new leader and new spokesperson for the charitable and voluntary sector.

Rt Hon Winston Peters: So it's not true.

JUDY TURNER: It is not true, at all, I say to Mr Peters.

Rt Hon Winston Peters: So it's a lie, then?

JUDY TURNER: I would not want to use that word, but let us say that those members were careless with their use of the truth.

United Future is hugely thrilled to see this bill going through. What does this mean for the average voter? Let us just imagine somebody who gives \$3,000 a year to various charities and non-profit organisations and who is on, say, an income of \$35,000 a year. Under the current rules, that person would be entitled to a rebate of \$630. Under the new rules, after this law is implemented, the rebate would be \$1,000—33.3 percent of the \$3,000—and that would be a gain for that voter of \$370 of tax rebate. The news is also good for those who are in companies and for Māori authorities. The 5 percent deduction limit on donations is removed and companies are given a much freer hand.

One of the things that I am particularly excited about is the number of New Zealand businesses that really do demonstrate social responsibility. They are regular givers, and they have a charitable wing to their business where they very thoughtfully and constructively give to the voluntary and charitable sector. They welcome this opportunity to be able to give much more generously to causes they believe in. They understand, as many New Zealanders and many Kiwi mums and dads understand, that giving back to the community is a good thing to do and that the health of the community that they rely on does not exist in some sort of vacuum. It exists because people get off their proverbial backsides and commit their time and money to the good of their community.

This bill stops at a certain point—it stops at fixing up the rebates on charitable donations—and United Future is acutely aware that there are some other things that need to be fixed for the voluntary and charitable sector. We have continued to do that

work. I will mention particularly the work the Hon Peter Dunne has done with Inland Revenue Department staff and the charitable and voluntary sector, because there are some other things that need to be looked into. For instance, there is the need for a provision, as is the case in overseas jurisdictions, where people are able to give as part of their payroll provisions, and we are certainly looking into that.

We also need to look at streamlining the tax treatment of volunteers for their reimbursement payments and honoraria, and, again, United Future and the Hon Peter Dunne are taking progressive steps. Peter Dunne has just released a discussion document for New Zealanders to comment on with regard to how these may be implemented. Several models are available for the Government to look at. United Future, along with the Government, is looking for feedback from New Zealanders as to which of those payroll-giving options would best suit them, because we certainly believe that this sector, which we could almost describe as the glue that holds New Zealand society together, deserves this break. United Future has been very proud to be part of that.

CHARLES CHAUVEL (Labour): As the newly elected chair of the Finance and Expenditure Committee—

Hon Paul Swain: It starts too early.

CHARLES CHAUVEL: —apart from starting too early, as Mr Swain says; we try to run a tight ship, that is right, it will be a 10 a.m. start tomorrow—I am very proud and pleased to take a call on the second reading of this Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill. Mention was made of my predecessor as chair, the Hon Shane Jones, and I would just like, in passing at least, to pay a short tribute to his chairmanship of the committee.

Dr the Hon Lockwood Smith: Do you remember him asking whether there was any evidence that the tax credits worked in Australia?

CHARLES CHAUVEL: We will come to the tax credit matters that Dr Smith spoke of earlier.

I do think that the legislation is better legislation for its passage through the committee. We have recommended several changes to the bill, and I would just like to run through some of them. As far as KiwiSaver is concerned, obviously it has been a resounding success to date. Over 260,000 New Zealanders joining the scheme is testament to that. But the aims of the scheme will be enhanced by the changes recommended to new section 101B of the legislation, which will appear in the substantive Act. The changes will clarify, as far as employment agreements entered into before the enactment date are concerned, that if employment agreements seek to effectively move the burden of compulsory employer contributions to the employee, then they will be of no effect. Employer contributions will be in addition to current remuneration. After the date of the Royal assent of the bill, compulsory employer contributions under KiwiSaver can be reduced against pay movements where there is mutual agreement between employer and employee.

In my view, that gives the lie to the submission from Business New Zealand that was mentioned earlier. I think the quote was that it would provide “industrial sandpaper”. Certainly, that was what was said at the committee. I must say, as a former industrial relations lawyer, that I cannot see any merit in that submission. The legislation, as I have explained, permits the parties to the agreement to structure their affairs in an appropriate and sensible manner, given the objects of the scheme.

It is also notable that the definition of “salary and wages” has been reviewed. We have recommended that redundancy payments, accommodation benefits, and living costs overseas ought to be excluded from the definition. That is obviously a common-

sense move. On the other hand, Accident Compensation Corporation weekly payments and paid parental leave payments should qualify.

We have also looked at the minimum employee payments, and we have basically suggested that the ability to split the 4 percent—2 percent plus 2 percent—contribution between employer and employee should remain on offer to all employees until 1 April 2010. This will enhance the attractiveness of the scheme further, particularly to low-paid workers, and it is thus to be commended, in my view.

Another important addition is the recommendation that we extend the second-chance homebuyer eligibility to those who have received a determination by Housing New Zealand Corporation that they are effectively in the same financial position as first-home buyers. For example, somebody who has been through a matrimonial or relationship break-up, and who has had his or her equity in the property or his or her financial position drastically reduced, ought to be able to withdraw funds from the scheme and be eligible for the first-home buyers' assistance if there is a true case of hardship, even if he or she has had that assistance in the past. I think, again, that that will make the scheme more attractive and fairer to people who really need its assistance.

I turn now to the research and development tax credit. In order to increase onshore research and development in the private sector, a research and development tax credit will be introduced for eligible businesses. The submissions we heard, I must say, showed overwhelming support for the introduction of the regime. Keeping in mind the purpose of the tax credit, we have recommended that residents should not be required to have a fixed establishment in order to be eligible for it. Also, a person starting a business within an income tax year should not have to wait until the end of the year for eligibility; he or she should be able to accrue it, subject to other eligibility requirements, during the course of that year.

We have also looked at the rules relating to partnerships and collaborations in order to clarify how to treat combinations of ineligible and eligible partners and joint ventures. The definition of research and development activity should, in our view, be amended to refer to activities that “seek to achieve an advance in science or technology by resolving scientific or technological uncertainty”. We have suggested that the term “appreciable element of novelty” should be clarified according to the Inland Revenue Department's guidelines. Also, we should make it clear that only core activities are actually eligible.

Dr Smith mentioned the exclusion for Crown research institutes, tertiary education institutes, district health boards, and associates of those entities. Well, of course we have excluded those entities; their core business is research. What this tax credit aims to do is to try to stimulate research and development where it is not happening at the moment—that is, in the private sector. We want to stimulate research and development in the core private sector, not in areas where it is already the core business of the entity. It does not make sense to rob Peter to pay Paul within already funded entities. We want to stimulate research and development in the private sector, and that is where we hope to see it as a result of this initiative.

I was astounded to hear Dr Smith allege that the Labour Government cuts taxes only in an election year. That is a most extraordinary claim. The research and development tax credit, along with the company tax rate cuts—which I am about to speak to—amount to a \$3.4 billion tax cut, which this Government has delivered this year. The company tax rate change is a major enhancement to our international competitiveness. We have reduced the company tax rate to 30 percent—the consequential amendments are in the bill. We think the current transitional period ending on 31 March 2010 allows for an appropriate balance between the requirements of certainty and equity.

I will speak briefly about the portfolio investment equity regime. In the select committee we looked at the exemptions, the fair dividend rate methods, and the cost method. We certainly found some of the submissions on these points very helpful, and we have asked the Inland Revenue Department to consider them in some detail. We have looked at the criteria in section 91AAO(2) of the Tax Administration Act, and we consider that it should be replaced by the new criteria that are contained in clause 165 of the bill. We have also looked at the ability of the commissioner to delegate the power to issue determinations under section 91AAO(2), and we have suggested that this should be delegated only to very senior staff, and that the power to issue determinations should be carefully monitored from now on.

In conclusion, the legislation clearly enhances the savings capacity of New Zealanders through the enhancements to KiwiSaver that I have mentioned, and also through the portfolio investment entity regime. The legislation introduces a major corporate tax cut and a research and development tax credit, and this will contribute in a significant way to enhancing our international competitiveness. This is excellent legislation; I commend it to the House.

CRAIG FOSS (National—Tukituki): I rise to speak on the second reading of the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill. I am speaking on a day that is actually a sad and tragic day. This day is when the Prime Minister with her arrogance and her arrogant Government will soon be jumping on her bulldozer to try to push through the most Draconian, anti-democratic, and disgraceful bill that New Zealand has ever seen.

Rt Hon Winston Peters: Rubbish!

CRAIG FOSS: My colleague over there might have another one. It is an absolute disgrace that on this day, when I am speaking about this taxation bill, we will also see the Electoral Finance Bill being bulldozed through. To make my point—

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. I know this gentleman has not been here long, but he knows full well that when you give a speech on the second reading you are required to at least try to focus on it, and not to focus on what might be coming up later on the Order Paper. Now, that is as old a rule in the book as there has been democracy itself, which is one of the great things being upheld today. So I am asking the member to get back to his speech, for which, for some reason beyond my knowledge or understanding, his party put him on his feet.

The ASSISTANT SPEAKER (Ann Hartley): I just ask the member to keep to the bill.

Dr the Hon Lockwood Smith: I raise a point of order, Madam Speaker. I have been a member of this House for some years, and the Standing Orders of this House always provide for members to make passing reference to other matters. They cannot continue to speak about a matter not covered in the bill, but in all the 23 years that I have been in Parliament—and the Rt Hon Winston Peters knows this full well—passing reference can be made to other matters, which is all the member was doing.

The ASSISTANT SPEAKER (Ann Hartley): I just say to the member that what I have ruled is absolutely clear. I am just bringing the member back to the bill.

CRAIG FOSS: I was just about to finish that sentence before I was interrupted by the other member. To make the point here, this taxation bill was introduced not too long after the 2007 Budget. The Finance and Expenditure Committee has been working on it for 6 or so months now. I use that as a comparison against the major, constitution-changing bill that will be debated in the Chamber later today, which has had 2 weeks before a select committee. I want to make the point that there has been a lot of consultation around this bill, and a lot of submissions on it. Submissions have been listened to, the bill has been adjusted and debated, and the common-sense test was

applied along the way—unlike the most disgraceful bill that will be debated later on tonight.

Yes, this is a complex bill. Many, many different activities and issues are addressed in the bill—matters ranging from research and development, to charities, income tax rates, company tax rates, and the foreign investment changes recently announced. It is well worth a read—at least, the first 23 pages are. I suggest that members, for interest, read through the commentary.

I take a moment to thank the members of the Finance and Expenditure Committee, which generally works quite constructively and tries to work towards better law and better legislation. I think history was made when some of the submitters appeared before us. Members will note in some of the transcripts that there was actually a joint submission along the way from the Council of Trade Unions and Business New Zealand. I thought that was very interesting.

The most pertinent and revealing part of the commentary is on page 23, which states the minority view that the National Party has put into this bill: “The National Party recognises that the company tax rates will be dropping to 30 percent, but we believe that personal income tax rates should also be lowered.” That sums up exactly why National is voting against this bill. This bill does not address, go near, or touch on income tax rates, other than to cement the current rates and schedules that are in place as we speak. That is why National is voting against this bill. Also, as I alluded to earlier, we are voting against this bill because its origins come from Budget 2007, which was a confidence and supply issue. Obviously, National does not have much confidence in this current Government—nor does probably 60 percent of New Zealand now—which is why National continues to vote against any and all activities relating to Budget 2007.

In fact, that same Budget forecasts surpluses upon surpluses after 7 years of surpluses. In that same Budget forecast there is about \$56 billion of tax revenue, which is why National members argue that there is plenty of room in there for tax cuts. That same Budget also points out the borrowings that the Government, under the watch of Dr Cullen, will be undertaking this year. Those borrowings will be channelled into the governmental black hole and they may well be used to fund tax cuts. Those same monies raised from those borrowings—of which most are actually offshore—could also be used to fund contributions to the Superannuation Fund of \$2 billion a year. So when Dr Cullen gets up and accuses all and sundry of borrowing for tax cuts, quite frankly, he is obviously doing it himself.

As I said, this bill touches on tax rates for the next financial year. During the committee we heard from the Inland Revenue Department. In the House recently the Prime Minister spoke about the billions of dollars—in fact, the previous speaker alluded to it—of personal tax cuts that the Labour Government has brought in over the last few years. I was scratching my head at that moment, because I could not think of \$1 of personal tax cuts over the last few years—not \$1.

Sue Moroney: Working for Families.

CRAIG FOSS: That is not a tax cut. Labour members need to understand the difference between a tax cut and a tax credit. I asked the Inland Revenue Department officials, who administer tax cuts, income tax, and credit schedules—one would think they would know—whether they could name one lowering of any personal income tax rate or changing of any thresholds, at all, over the last 7 years. They could not name one—not one. In fact, as we started to speak, the only change that everyone could recall was when the Labour Government put up income tax rates in 1999. It took the top rate from 33c to 39c. At the same time it promised that only 5 percent of New Zealanders would be paying that rate. Now about 13 or 14 percent of New Zealanders are paying that tax rate.

We acknowledge the lowering of the company tax rate from 33c to 30c, and we have applauded that in this Chamber and in public. But, again, it actually almost raises more problems than it looks to solve, because by having a 30 percent company tax rate, a 33 percent personal tax rate, a 39 percent higher personal tax rate, and a 33 percent charity rebate, the complexity in and around our tax system is getting worse by the day under this current Government. As I look on the table I see about six volumes of the income tax rewrite bill, which would be an awful lot simpler if the top rates were aligned and there were no need for volumes and volumes of paper to try to stop arbitrage between the company tax rates and the personal income tax rates.

Tax rates have actually increased over the last 5 or so years under the current Government because of fiscal drag. With this current Government pumping up inflation and pumping up interest rates, yes, wages and salaries have gone up—some may be matched with inflation, some may be under inflation—but people have been dragged up, so the notional tax take is a lot higher. It is \$20 billion more this year than it was in 2000.

I will talk about one of the measures in the bill: the research and development initiatives. Again, the committee worked constructively and we like the direction this bill is taking with research and development initiatives. I think it is maybe too little, too late, but there is no time like the present to start. At least it may help to stop the plummeting of New Zealand researchers and developments and scientific researchers overseas. Minister Dunne noted the 3-year review around this policy. That should be commended and applauded. I would be quite keen to see that provision being applied to other legislation coming through this House.

I would like to touch on the finance leases. Supplementary Order Paper 119 originally touched on finance leases in the bill. It raised a concern. I acknowledge that that issue has been pulled from this bill and will be looked at later by Treasury and the Inland Revenue Department. I am concerned that legislation was going to be used for a journey of discovery to discover how these leases were being used and who was using them. It was the threat of litigation and the threat of litigation against retrospective legislation that I think scared off the Minister and Treasury. I suggest that that issue probably should not have been in the bill at the start.

To wrap up, I say that there has been a lot of discussion around KiwiSaver. The committee spent a long time talking about the contribution rates, both within the committee and with our submitters. In the bill there is a transitional period—the one percent plus one percent, two percent plus two percent, etc.—but after 2011 every single contribution rate will be 4 percent from the individual and 4 percent from the employer. What is so special about that date? Why can there not be a transition period after that date for those people who are new to the workforce? That concerns me. I wonder what Dr Cullen has up his sleeve in and around that date for his upcoming Budget.

As I noted at the start, National is voting against this bill because it is a confidence and supply issue for this Government. National has no confidence whatsoever in this current Government.

Hon PAUL SWAIN (Labour—Rimutaka): We live in curious times when National, when presented with a bill that introduces a research and development tax credit, which for as long as I have been here National members have either been talking about in Government or promoting in Opposition, votes against it. The bill cuts the company tax rate from 33c to 30c, which National members talked about in Government but never did—I remember that in 1990-99—yet National is voting against it. National members always talk about the fact that company tax rates are too high, but when they had the chance in 1990-99 to change them they never did. Here National

members are now, presented with legislation that allows that to happen, and they will vote against it.

This legislation increases the tax incentives for people in companies to make charitable donations, which is something that National members have also talked about. They get presented with the legislation and they vote against it. When legislation appears that liberalises tax penalties so as to encourage voluntary compliance with the tax regime—which is something that National has campaigned for alongside Rodney Hide from ACT over many, many years—they vote against it. It is unbelievable that National can vote against research and development tax credits—for which the business community has been calling for, for a very, very long time—and vote against a corporate business tax rate cut from 33 percent to 30 percent.

I think the business community needs to understand that on this kind of thing the National Party is all hat and no horse. Its members talk about tax reform, but when they get the opportunity to vote on it they oppose it. It is an absolute, unbelievable outrage that National can go around and parade itself as, somehow, the business-friendly party.

There are just a couple of quick comments I want to make. Firstly, I want to make one on the KiwiSaver regime because a number of people have talked about that. Then I want to talk a little bit about the research and development tax credit and address the issue that Lockwood Smith raised, which I thought was quite a fair point.

The first point is on the KiwiSaver scheme. Everyone recognises that compared with other countries overseas New Zealand's savings rate is low and we have to do something about it. When we look at the countries that have sustained better economic growth than New Zealand—even though we have had pretty good economic growth over the last 5 or 6 years—we see that all those countries that do better than us have a much better savings regime.

This savings regime that we are promoting—"KiwiSaver I" introduced it and "KiwiSaver II" introduced the employer contribution—does a number of things; it allows a number of things to happen. First of all, it promotes security in retirement. I was amazed to hear the Māori Party oppose this legislation on the basis, somehow, that Māori should not be secure in retirement. I simply just cannot believe that the Māori Party, which is supposed to be talking about the future, is harking back to the past all the time. Its members are always whingeing, always grizzling, and always moaning. Here is an opportunity for Māori in particular to actually get decent security in retirement and the Māori Party members are thumbing their noses at it. I think it is ridiculous. Security in retirement is a critical thing.

The other critical thing KiwiSaver does is reduce consumption. It takes pressure off inflation, and therefore takes pressure off interest rates, which is a good thing for those people who are looking to try, for example, to own their own homes. So that is a good thing, as well. Of course, the final thing KiwiSaver does is that it starts to create and generate a pool of local investment capital that business can use instead of constantly going offshore and thereby picking up the problems of the exchange and interest-rate risks that are associated with that.

No one disagrees with the idea that we need better savings; I have not heard anyone say that. But everyone says: "You should not do it that way; you should do it some other way." Well, here is the way that the majority of us on the Finance and Expenditure Committee thought was the best way and I think it has huge support across New Zealand—as the chair of our select committee went on to say during his speech. The Māori Party asks why we did not just phase something in and says that 4 percent is too high. Of course, the select committee did come up with some changes. We said that, in the end, the minimum contribution from the employee up until 1 April 2010 should be 2 percent and so should the employer minimum contribution. It is a phase-in period where

the total contribution will be 4 percent. That is up to 2010. By the next year, it will be three plus three—3 percent from the employer and 3 percent from the employee—making the contribution 6 percent, and phasing in the total contribution after 2011 to four plus four, or 8 percent. So we did listen to a lot of the submissions and brought in some transition periods, and that is a good thing.

Just finally, I return once again to the tax credit for research and development. The Hon Dr Lockwood Smith says that this tax credit does not apply to Crown research institutes that enter into partnerships or joint ventures with private companies. That is not actually true; it appears that way on the surface. Dr Smith acknowledges that tax credits could not be applied automatically to Crown research institutes because they have already been Government-funded. People came to the committee and said we could not allow Crown research institutes to double-dip. We could not put a whole pile of tax money into them on the one hand and then give them round the back door a tax credit.

So the argument settled on what happens if a Crown research institute enters into a joint venture with a private company. That is a fair issue. The point is that most of those joint ventures are fifty-fifty arrangements. If they are fifty-fifty arrangements, then the tax credit does not apply to that joint venture. But if the joint venture is restructured so that the private sector has 51 percent ownership, then it can get the tax credit. So the Crown research institute has to work out that if it wants the tax credit, it has to lose some of the control—it is as simple as that. Crown research institutes can get the tax credit if they are prepared to restructure themselves in the interest of the joint venture. That was ultimately the point that was made at the select committee and I do not think it is right for Dr Smith to say that somehow this will kill off these joint venture arrangements. It will only kill them off if the joint venture or the partnership cannot restructure—which is what my recommendation to those joint ventures would be, if they want to take advantage of that tax credit.

In conclusion, this is thoroughly good legislation. It is classic, good Labour-led legislation that promotes savings, promotes investment in research and development, and also promotes business confidence by reducing the company tax rate.

I end where I began. Here is an opportunity for National to vote for tax reductions for business and it decides that it will vote against them. The National Party members will vote against a cut in the company tax rate from 33 percent to 30 percent. People may ask why National members would do that. I say to people in business that they need to be able to talk to their local National member of Parliament and ask him or her: “Here was the opportunity to vote for a cut in company tax, which you have been talking about for years, and you voted against it. Why was that?” I can tell members that I was on the select committee and I am still at a loss as to understanding that. It is one of the great National mysteries of all time, like the mysteries associated with such things as climate change and other matters that National seems to be flip-flopping on. The second issue is that National members are voting against the research and development tax credit, when they, and the private sector, have been talking about it for years.

The final thing I say is that when it comes to the election next year, voters need to look at National’s approach to KiwiSaver, because its members have been very, very vague on that. The book called *The Hollow Men* states: “Be vague going into the election”. I say to the New Zealand public, who have overwhelmingly endorsed KiwiSaver, that if they vote National, that KiwiSaver programme is in peril. It is in peril because National will fiddle with it and will ultimately get rid of it. It says in that book that National will say one thing during the election campaign and do something different afterwards.

I think this is great legislation and it is unbelievable that National is voting against it.

TIM GROSER (National): The member who has just spoken, the Hon Mr Swain, is, of course, far too experienced a parliamentarian to believe a word of what he has just said. If that had come from certain other members of the Government, whom I will not mention, we might accuse them of naivety, but we will not accuse Mr Swain of that. Mr Swain has been around here long enough to know that what he said is completely and totally implausible. It would be hard to write up a bill of these dimensions that did not contain individual bits that every single party in this House would support—and this bill is no exception to that. But we are talking about the centrepiece of this Government's economic strategy—the single most important aspect of being in Government, and the single most important responsibility of being on the Treasury benches. The National Party is looking for some policy coherence in the last three terms of this Government; this bill does not give that policy coherence. That is why the National Party opposes this bill. Mr Swain knows that perfectly well. Amidst the barrage of adjectives from him about being outraged, amazed, and whatever you will, he knows that that is the central reality.

When I got hold of this massive bill, the old saying “Brevity is the soul of wit.” came to my mind. Members who remember the Shakespearean origins of that saying, which is from *Hamlet*, will know that the word “wit” in Old English means wisdom. If it was translated into modern English, that well-known saying would be “Brevity is the essence of wisdom.” I will confine my comments to one small passage in this entire bill that I think personifies the very saying “Brevity is the soul of wit.”, and it is the minority view of the National Party. It is only 26 words long, and I will quote the minority view of the National Party: “The National Party recognises that the company tax rates will be dropping to 30 percent,”—exactly the point I made before, I say to Mr Swain—“but we believe that personal income tax rates should also be lowered.” I do not think, in the 2 years that I have been here, that I have ever seen a minority report that does these two things: first, express itself in the briefest possible form, and, second, nail the essence of the reason why the National Party is opposing a taxation bill.

We know perfectly well, as we have been told this by the Prime Minister, that next year, after the Government has built up the kitty, there will be some political manipulation of the very issue addressed by the National Party in its minority report. My best bet is that the Government will make some adjustment to the brackets in order to take some account of bracket creep, after having failed to recognise the essence of the problem for 7 or 8 years to this date. But that will not represent a road to Damascus conversion on the part of Dr Cullen. Dr Cullen, the great surplus denier, has had no conversion on this particular road. Dr Cullen has recognised the need to manipulate the taxation regime of this country, which is central to the functioning of a market economy, for political ends.

I imagine that few New Zealanders will be interested in listening to a parliamentary debate on this taxation bill, but I suspect many New Zealanders are probably now starting to turn up their dials in order to listen to the debate on the next bill that will follow this one, which is on a bill of vital constitutional importance to this country. To those New Zealanders who are starting to tune in, let me just make this point: in a sense, the two bills are linked. After 8 years of failed economic stewardship of this country, the next move by this Labour-led Government is to shift the goalposts politically, and to cover up the failure of its economic stewardship. We know that the chickens are finally coming home to roost.

There was so much wind in the sails of the New Zealand economy when this Government took over in the year 2000. In the previous calendar year the growth rate had been 4.3 percent. The growth rate in labour productivity in the 3 years prior to the Government coming into office averaged 3.5 percent—

Moana Mackey: You had 21 percent unemployment!

TIM GROSER: I am very glad that the member over there mentions unemployment, because unemployment fell from 11.6 percent in 1991 to 6 percent in 1999. That rate, powered by the productivity growth, has continued to fall in the subsequent years. Māori unemployment had fallen from 23 percent in 1991 to around 10 percent by the time this Government took office. So strong was the wind in the sails of the New Zealand economy that the death by a thousand cuts took, essentially, 5 years to show up. That is what the next bill is intended to address. In that sense, these two bills are linked.

What has happened since then is that the growth rate has slumped and productivity has tanked, from a high of 3.5 percent. That growth rate was stellar, by the way; it was slightly higher than Australia's labour productivity, which is powering a 5 percent underlying growth rate in Australia, as we have gone down to 2 percent. It is no wonder that Paul Krugman has said "Productivity growth isn't everything, but in the long run it's almost everything." That is the whole key to the economic failure of this Government, and its failure to put in place a coherent taxation policy is absolutely central to those chickens coming home to roost. It is no wonder David Skilling said nearly 3 years ago: "New Zealand is not facing a crisis in the literal sense. Failure to act is unlikely to lead to terrible outcomes in the short term, but New Zealand's economic platform is gradually subsiding." How right he was, even though at the time of his saying that, nearly 3 years ago, the evidence was not really there.

We have seen a massive, massive explosion in the tax take. In the first 5 to 6 years of this Government we have seen a \$20 billion increase in total tax. This morning I downloaded OECD statistics from October 2007 that counted all taxes—that is, State, provincial, and local taxes. In Australia the figure was 30.9 percent of GDP in 2005, and in New Zealand the figure was 37.8 percent. This bill does nothing to address the lack of a coherent strategy that is behind that problem—that crisis—facing this country.

Unfortunately for New Zealand, there is worse to come. The people of Australia have just elected Kevin Rudd as their Prime Minister. We know that the Australian Labor Party, in contrast with today's New Zealand Labour Party, is a much more politically mature outfit. When we look at the first statements of Prime Minister Rudd and contrast them with the first statements of Prime Minister Clark, we see a remarkable difference in tone, in rhetoric, and in intent. Prime Minister Kevin Rudd has in the last few days talked extensively about continuing the process of microeconomic reform. Has he dumped on his predecessors by referring to their policies—the Keating/Hawke policies—as failed policies of the past, as Prime Minister Clark did with regard to her predecessors in 2000? Oh no; quite contrary to that, he has absolutely endorsed those policies. Three or 4 days ago, on the ABC programme *AM*, one of the prime current affairs programmes in Australia, Prime Minister Rudd said: "I think there's a lot of enthusiasm there for us embracing a reform agenda because if you cease reforming this economy, you start to strangle long-term productivity growth." That is a very interesting statement. First of all, politically, he is not talking about the failed policies of the past; he is accepting economic reality. He describes himself as an economic conservative.

I say to Mr Swain that if we had had some more mature leadership from this Government over the last 6 years, then perhaps today we would indeed see a bill that we could support.

A party vote was called for on the question, *That the amendments recommended by the Finance and Expenditure Committee by majority be agreed to.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Māori Party 4; United Future 2; Progressive 1; Independents: Copeland, Field.

Noes 50

New Zealand National 48; ACT New Zealand 2.

Abstentions 6

Green Party 6.

Question agreed to.

A party vote was called for on the question, *That the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill be now read a second time.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Māori Party 4; United Future 2; Progressive 1; Independents: Copeland, Field.

Noes 50

New Zealand National 48; ACT New Zealand 2.

Abstentions 6

Green Party 6.

Bill read a second time.

ELECTORAL FINANCE BILL

In Committee

Part 1 Preliminary provisions

Hon RICK BARKER (Associate Minister of Justice): The Government welcomes the Committee of the whole House debate on the Electoral Finance Bill, and makes the observation that there has been a lengthy period of consultation and discussion on it. There have been many changes, and the bill has been worked through very thoroughly. The Justice and Electoral Committee received 575 submissions. It heard 101 submissions, and it heard many of those submissions over a period of 6 weeks. On the basis of that, the committee has made some significant changes, and this legislation will be all the better for it.

The second comment I would like to make as a preliminary to this debate, which I think will be quite extensive, is that I welcomed the comments made by the Hon Bill English this morning on radio that the National Party would not be looking to filibuster in this debate, and would be looking to move constructive amendments. The Government side of the Chamber has taken the amendments proposed by Chris Finlayson and worked thoroughly through them. We will go through each of those amendments constructively, and we will consider them. Where we feel there is merit for them we will support them, and where we feel there is no merit for them we will not support them.

The third point I would like to make about this bill—and let us not forget the issue here—is that the genesis of this bill is in the 2005 general election. To make just one point about it, I say that, interestingly, someone in the Hastings area whom I know quite well collects pamphlets from elections. He has collected pamphlets from 1972 all the way through to 2005. He observed to me that he had a pile of pamphlets from the 2005

election that was twice as high as it was for every other election cumulatively. All the pamphlets that went into his letterbox from the 1972, 1975, 1978, 1981, 1984, 1987, 1990, 1993, 1996, 1999, and 2002 elections were half the size of the number of pamphlets that came into his letterbox in 2005. He wondered why that was. The reason for that became very clear with the publication of *The Hollow Men*. That book made it very clear what was going on: the Exclusive Brethren was funding the National Party's campaign, and it was doing so covertly.

The essence of this bill is to identify those weaknesses in our electoral law that have been exploited. Even John Key admits that the law is deficient. The Electoral Act does not have any restrictions in the actions of third parties. As a candidate I was restricted to a certain amount of money that I could spend. My party was restricted to spending a certain amount of money, but third parties had none of those restrictions. The National Party knew that and exploited that loophole. It secretly—

Christopher Finlayson: I raise a point of order, Madam Chairperson. The Minister really does need to show how this immature diatribe is related to Part 1, which deals with preliminary provisions. I know he is not the smartest person in the Chamber, but he needs to be told that we are dealing with preliminary provisions that deal with definitions, appointments, and the listing of third parties, not Nicky Hager's book.

The CHAIRPERSON (Ann Hartley): Before I rule on that point, I remind members that there will be silence during points of order. The Minister is speaking to Part 1.

Hon RICK BARKER: I want to make the point quite clear, and I thought the connection would have been made for the National Party, that this is about publishing. If members look at clause 4, they will find that it talks about publishing and broadcasting, and so on. I was trying to make the point very clearly that the National Party's opposition to this legislation stems from the 2005 election, when it colluded with the Exclusive Brethren to have substantial amounts of third-party literature put out.

The Hollow Men makes it very clear that the Exclusive Brethren went to the Chief Electoral Officer, David Henry, and said it was planning to spend \$1.2 million on an election programme with the goal of getting votes for National. That information comes from an email that is quoted on page 26 of the book—it is very, very clear. The National Party knew about that, and Richard Long, who writes—supposedly independently—for the *Dominion Post* was colluding in this process with the Exclusive Brethren. When Richard Long wrote to Mr Brash and Mr Brownlee, he told them, in answer to questions about “whether they consulted us”—they being the Exclusive Brethren—that they had agreed to say that “they have advised all political parties.” This was a conspiracy; of that there is no doubt.

This bill does two things. First, it reflects the desire by all New Zealanders to see that the election campaign is fair. If people are going to give money to a political party, they want to know who the party is and how much it got—not through the Waitemata Trust, and so on. So if the National Party opposes this bill, it is saying that it wants to continue the secret slush fund of money into its coffers. That is what it is saying.

The second thing about this bill is that it says that people who want to get involved in politics can do so, but they have to say who they are and what they are going to do. A very good example of that can be found in respect of the campaign for MMP. Peter Shirtcliffe said he opposed MMP. He raised lots of money and said: “This is me, I've got my friends around here, and we're going to campaign against it.” New Zealanders understood that and accepted it. The last election in 2005 was the first time that we did not see that, and this bill represents a change in our electoral law that is necessary to ensure that elections are fair.

The Government has put down two Supplementary Order Papers. Supplementary Order Paper 162 contains some substantive amendments and Supplementary Order Paper 163 contains some technical amendments. I will turn, firstly, to Supplementary Order Paper 162. Members will find that in Part 1 we are changing the definition of “broadcast” in order to narrow that definition. We are proposing to delete clause 4(1)(i) relating to the definition of “publish”. That will make quite a significant difference, because that was the catch-all provision that was to bring to the notice of the public any other matter. There has been severe criticism of that provision. We have recognised that, and we are making the change so that the definition will be tighter. We are proposing to roll back the select committee’s definition, which would have broadened the reach of this bill more than it should have been.

The second significant amendment in this part is to omit in clause 17(a)(i) the term “writ day” and substitute the words “the 21st day before polling day”. There was criticism of this particular date from the Electoral Commission and the Human Rights Commission, and for good reason: it was far too far out. We have now rolled it back to 21 days before polling day, which is 3 weeks before election day. If anybody wants to get involved in the political process, he or she has to register 3 weeks before the election day, say who he or she is, and say what he or she is going to do, so as to be open and honest. [*Interruption*] Tony Ryall is opposed to transparency, obviously, because he was the beneficiary of that.

The purpose of this bill, to come back to it, is to ensure that New Zealanders have free and fair elections. As a candidate for an election, there is a cap on my spending. My party’s spending for the election has a cap on it, as well. It is unrealistic to expect that third parties can run campaigns with limitless amounts of money, and to go and campaign for political parties as they did in the last election. There is no doubt about that, at all. I saw the pamphlets from the Exclusive Brethren, and I saw that they were in collusion with the National Party. Members should look at those pamphlets: “Change the Government”, they said. It was all done in collusion with the National Party. It was done to increase the National Party vote, and they were going to spend limitless amounts of money—a minimum of \$1.2 million—to change the Government, without actually having to put anything on the National Party’s vote.

The unions have advertised in the elections. There is no question about that. But the unions have always put their name on their pamphlets, and said who they were and what their purpose was. The National Party’s friends did not do that at all, and they attempted to steal the last election by stealth and deception. This bill is going to say that that is not going to be the case. This bill is going to say: “If you’re going to give money to any political party, you’re going to have to say who you are, over a certain amount, so the public can identify who is giving the money and for what purpose.” This bill is going to say: “If you’re going to advertise in this election campaign, you’re going to have to say who you are and identify yourself.” New Zealanders feel that that is entirely fair and as it should be. This bill protects New Zealanders’ rights to free and fair elections. This bill is going to regulate advertising, not speech, and it is going to control donations. Who can argue with that?

Freedom of speech is not necessarily the freedom to buy as much advertising as one can. I do not think there is any argument for putting a cap on candidates’ spending, putting a cap on party spending, and leaving third parties completely unregulated when they behave as badly as they did in the last election. There were secret donations, secret addresses, and secret agendas, and it was all done in collusion with the National Party. That is the truth of it, and this Parliament will determine what will be fair rules for New Zealand at the next election.

JOHN KEY (Leader of the Opposition): I am going to do something that the Hon Rick Barker did not do, and that is address Part 1 of the Electoral Finance Bill. But before I do that, all I can say is that if Rick Barker is the standard of what it takes to be a Cabinet Minister in a Labour Government, it is no wonder its members need to change the Electoral Finance Bill to stop people competing with them. Rick Barker told us that this is a Government that is going to steamroller over 100 years of democracy in this country, on the back of a two-bit book written by Nicky Hager. This is the same Government that, when Nicky Hager wrote *Seeds of Mistrust*, nothing changed; absolutely nothing changed.

This is what we know about the Electoral Finance Bill. It is a shambles. The Minister does not understand it. Labour MPs do not understand it. The Electoral Commission cannot understand it. Nobody understands this legislation. It is such a mess that the Labour Minister responsible for it has had to drop 150 adjustments in the Supplementary Order Paper before we even talk about the debate—150 amendments have had to be tabled.

Let us talk about Part 1, which addresses the purpose of the bill. Any New Zealander who picks up the legislation will understand in a heartbeat that the purpose of the bill is what Rick Barker said before—all of the partisan stuff we heard. The purpose of the bill is not to do what is written down. The purpose of the bill is as simple as this. It is to pass self-serving legislation that is designed to keep Labour in office. That is what the bill is about. It is not about democracy, freedom, and New Zealanders; it is about passing self-serving legislation to keep Labour in place.

The second thing the bill is about is to funnel the largest amount of taxpayer money possible into the coffers of the Labour Party so its members can spend taxpayers' funds trying to buy an election. This is from people who come down to the Chamber and have the audacity to lecture the National Party about elections, when in election 2005 they spent \$1.5 million in the last week, when their secretary wrote to the Electoral Commission and said they would include the spending of the pledge card in their electoral cap, even though they knew it was way over their cap. Not only did they steal the money from the taxpayers, but they broke the law, and now they are coming down here trying to lecture the National Party.

What they are doing today is setting up a gigantic slush fund of taxpayers' money so that they can use their accompanying legislation that they passed last week to make the equivalent of the pledge card a legal activity. What they will be doing in election 2008 is spending taxpayers' money, at the same time that they are telling taxpayers they cannot spend their own money. They wonder why they are so far down in the polls. Well, they have given up on ordinary New Zealanders, and ordinary New Zealanders know about it.

The third purpose of the bill is to use the gigantic spending budget of Government departments somehow to try to curry favour with New Zealanders. They know that, and that is why there is such politicisation of the public sector. Labour needs its stooges in the communications departments of those ministries so they can sign off on political advertising.

Lynne Pillay: I raise a point of order, Madam Chairperson. The speaker did say that he was going to talk about Part 1.

The CHAIRPERSON (Ann Hartley): I have given one warning, and I will give another one. When points of order are being heard, they will be heard in silence. Secondly, when the Committee Chair is trying to deal with points of order, they will be heard in silence, too. It just makes for proper order.

JOHN KEY: It is no wonder it is a shambles. We are talking about the purpose of the bill, which is in Part 1, and the chairperson of the Justice and Electoral Committee

does not even know what we are talking about. It is no wonder this legislation is a shambles.

The third purpose of the bill is to screw the scrum in favour of the Labour Party, because those members know that they lost 10 electorate seats in the last election. Rick Barker likes this legislation because it hurts him that Craig Foss cleaned his clock last time, in 2005, and he knows that his mate Russell Fairbrother might have won the selection in Napier for a seat he lost for the first time in 50 years and he might know that Nash had the signatory of Michael Cullen on his selection, but he is laughing because he is sitting over there, getting another opportunity to get dealt to in election 2008.

I will give members a very interesting twist on that. This is what some people do not know. In 2002 the person who put up Russell Fairbrother was none other than Michael Cullen's wife, Anne Collins. In 2002 Anne Collins, Mrs Cullen, wanted him in office and in 2008 the Deputy Prime Minister of New Zealand, Michael Cullen, wants him out of office. That is what that is all about.

Sue Moroney: I raise a point of order, Madam Chairperson. The member said he was going to speak to Part 1. The content that he was just talking about had absolutely nothing to do with Part 1. I ask for relevance to this part of the bill.

The CHAIRPERSON (Ann Hartley): The member needs to come back to Part 1. The member is correct. I will give a third warning.

JOHN KEY: The purpose of this bill is quite clear; it is to suppress ordinary New Zealanders' freedom in democracy and in our elections. But that is the bit that cuts the Labour Party to the quick, because its members know that we are right. They know that the campaign the *New Zealand Herald* has been running is right. You see, even in the bill they refer to third parties, as if somehow they do not belong in elections in New Zealand. That is what this is about. The purpose of this bill is to attack democracy—a democracy that has survived for over 100 years in New Zealand. We know that after this legislation New Zealanders will no longer be free. They are used to operating in a democracy in New Zealand where they are free to express themselves on political issues, they are free to criticise the Government, they are free to criticise the Opposition, they are free to promote policies they like and to protest against policies they do not like, and they are free to be part of a country whose core foundation is backed up by an open and transparent democracy.

Our healthy democracy does not just tolerate that sort of behaviour; it requires it. But under Labour that is all changing. The rights of ordinary New Zealanders no longer count. The rights of hundreds of thousands of New Zealanders who want to participate no longer count. Well, I have a message for the very out-of-touch Prime Minister of New Zealand: this bill cost her Minister his job. That is what happened; he is no longer here. And I will tell members this for nothing: this legislation will cost the Prime Minister of New Zealand her job in 2008. You see, she has gone—she has gone. She lacks so much confidence now about winning this election on a fair and even basis that she does not care about toughing out, day after day, the front pages of the *New Zealand Herald* and every editorial around the country. The Labour caucus lacks so much confidence that Labour will win, without screwing the scrum, that it is closing its eyes and doing it.

If any—any—part of the Labour Party thinks that this is going away in 2008, I tell them that it is not. New Zealanders are sick of being told what to do, they are sick of having Labour control every part of their lives, and they are sick of being told whether they can participate in an election. I say to Labour members that they should pick up the *New Zealand Herald*, read the editorial, and for once in their lives recognise that they are not bigger than the people of New Zealand. Those members have a chance to vote

this legislation down; they have a chance to preserve their reputations, albeit they are badly tarnished and badly in tatters. But I will make the prediction that they will not do that, because they lack the confidence to win an election when it is run under the old basis and when electoral law was debated evenly across Parliament.

I make this promise to New Zealanders: when Labour is gone at the end of 2008, the first thing National will do is repeal this legislation. It is gone—it is gone. And we will not indulge ourselves in the kind of behaviour we have seen from the Labour Party where we write self-serving legislation. We will consult, we will actually act in the best interests of New Zealand, and we will not use Nicky Hager and his second-rate book as some sort of compass for the way in which New Zealand's democracy should be run. That is a disgrace, and we all know it.

Rt Hon WINSTON PETERS (Leader—NZ First): Nicky Hager did not write any book; he compiled a list of emails and correspondence, all handwritten by the National Party, and then he assembled it in a book—and none of those members can deny that. I understand the National Party's position. It is that there is no more democracy in New Zealand, no more freedom in New Zealand—

The CHAIRPERSON (H V Ross Robertson): I am sorry to interrupt the member, but I remind the members on my left that they may like to look at Speakers' ruling 57/3. Interjections are to be "rare and reasonable", "relevant" and restrained. If members wish to make a contribution to the debate, they can do so with a 5-minute speech.

Rt Hon WINSTON PETERS: According to the National Party there is no more freedom in New Zealand, and no more democracy. People cannot exercise their right to speak, and they cannot vote. That is what National has argued, alongside the *New Zealand Herald*, that brilliant bastion of democracy and freedom, that tremendous watchdog of the people, which every now and again, every two decades, finds an issue and surfaces.

The truth is that National claims that the bill prevents free speech, except that those members cannot tell us which person in New Zealand is not free to speak now. I ask them please to tell me which New Zealander is denied free speech right now. Of course, they cannot tell us that, because no New Zealander has been denied free speech by this legislation.

The second thing is—

Dr the Hon Lockwood Smith: The bill's not through yet.

Rt Hon WINSTON PETERS: OK, OK! Let us imagine it is 1 January and the bill is through—because it will be through—so can members tell me now which New Zealander on that date will be denied free speech? You see, they cannot name one person, yet they talk about the *New Zealand Herald's* coverage of the bill and about a campaign when 5,000 people marched up Queen Street. For goodness' sake! I have had more people in one of my audiences than that—

Hon Tau Henare: When was that?

Rt Hon WINSTON PETERS: —and I did not get carried away as a result of that. But there are 5,000 people, and all of a sudden we have the difference between the free world and the Iron Curtain. It is extraordinary! Tau wants to know when that audience was. It was when we took him, hopeless though he was, and put him in Parliament. It was when he was hopeless and we put him in Parliament.

You know, which New Zealander, on 1 January 2008—[*Interruption*]; no, members should answer the question—or in this coming election, will not be able to have his or her say? I ask members to name one. Well, they cannot.

John Carter: Garth McVicar.

Rt Hon WINSTON PETERS: Garth McVicar can campaign, and we will campaign alongside him, unlike the "soft on law and order" boys and unlike the convenient "we're

your friend tomorrow” boys. Ron Mark of New Zealand First and Winston Peters will be campaigning with Garth McVicar, because what we say, we mean. And will Garth be able to vote? Of course he will. Will he be able to advertise? Of course he will.

The next question is this—[*Interruption*] With that member it is “Sir”, OK? It is not “Winston” to him; it is “Sir”—OK? He has been here only 5 minutes, so he should learn some respect. You see, this bill ensures that we will know who is campaigning and participating at the next election—not some shadowy figures like the Exclusive Brethren, and not some group that does not want anyone to know about its registered office, its place of domicile, its name, or, above all, what it paid over to the National Party and why it did so. No one pays a million dollars to a political party without asking for something. Members should ask Michael Fay about that. He paid the National Party a million dollars, did he not? And this was the deal: “You bail me out from the BNZ and you get me into State asset sales, and I will get a return of three to one. I will put on that million dollars for you, and I will get, by the freedom of policies, \$300 for every dollar I put down.” That is National; that is its record.

Those ignoramuses can scream and shout, but I know about that. I was there, and I saw what was done. I saw how National was prepared to compromise some hard-working lady down in Gore or some poor guy in Kaitiāia, who were making cakes, organising hoedowns, and picking up membership for the National Party. But National was prepared to put all those people aside for the sake of the few or the very few—or, as Roosevelt put it, those over-mighty subjects. That is why the National Party—no, no, Mr Chairman; I am speaking to clause 3(d) of this bill.

Rodney Hide: Mr Chairman—

Rt Hon WINSTON PETERS: I gave him 10 minutes—

The CHAIRPERSON (H V Ross Robertson): The member’s time has expired.

Rt Hon WINSTON PETERS (Leader—NZ First): I raise a point of order, Mr Chairperson. With regard to Mr Hide, I gave the National Party guy 10 minutes. Surely he could have the courtesy to give me the same? That is what fairness looks like in my book. Otherwise, if he does it there, that is fine; it will never happen again for those guys. They will never extend that—

The CHAIRPERSON (H V Ross Robertson): Will the member please be seated. I have not called anybody yet. Mr Peters, are you seeking another call?

Rt Hon WINSTON PETERS: Yes.

The CHAIRPERSON (H V Ross Robertson): I then call the Rt Hon Winston Peters.

Rt Hon WINSTON PETERS: Do members see what happened there? Even though we gave the National Party guy a fair go, his cohort was not prepared to give us one. How do members like that?

The CHAIRPERSON (H V Ross Robertson): I am sorry to interrupt the Minister, but a number of members are out of their regular seats. Members cannot move in order to facilitate interjection. I have noted that several members who are interjecting are out of their regular seats, and I have nodded to them.

Rt Hon WINSTON PETERS: They are delicate little flowers. They are delicate little flowers when the truth comes out.

But how many people are actually being affected by this legislation? Let me tell members that 56 individuals or trusts, according to the 2005 election figures, will be affected by this legislation—not millions or thousands. Going on the 2005 figures, 56 individuals or trusts will be affected by this legislation. And the National members want us to read the *New Zealand Herald* editorial—

Hon Tau Henare: Pay it back, mate!

Rt Hon WINSTON PETERS: The member should not worry; it is organised. What about the GST? Is that paid back? Is the GST firmly paid back? Is the GST offence acknowledged?

The *New Zealand Herald* wants us to follow its view of a fair go in democracy. Do members recall the election campaign in 1993, when one political party was shut out from advertising on radio or television on pain of paying \$100,000 on each and every occasion that it did so? Who organised that? The National Government did that. Did the *New Zealand Herald* run a campaign about that? Did it write one word about it? No! That is the kind of hypocrite it is, because it is foreign-owned. And it had better get one thing straight: its foreign ownership will not run the 2008 campaign.

Rodney Hide: I raise a point of order, Mr Chairperson. This is a robust debate, but I do not think it is acceptable that a member accuse another party first of all of being a hypocrite, but then more particularly of being foreign-owned.

The CHAIRPERSON (H V Ross Robertson): I did not take it as being that. I understood that Mr Peters was referring to the *New Zealand Herald* when he made that remark.

Rt Hon WINSTON PETERS: Nothing could be more apt. It is true. Back in 1993 the *New Zealand Herald* would not waste a muscle or raise a finger; it said nothing about it. But that is all OK, because, you see, the *New Zealand Herald*—a foreign-owned media company—thinks it is going to organise the 2008 election from abroad. It thought so in 2005. The reason it was so mad post-election night was that it had just blown it, again. The people who sit in the boardroom of the *New Zealand Herald* office think that because they are from a newspaper, they will run the 2008 election. Well, I have news for them. It is all bad, and it is also based on the past. Members should look at clause 3(d) of the bill, which is about transparency. They do not need to show me the bill; I know what I am talking about. The point here is about the number of New Zealanders who are affected by this legislation. Only 56 trusts or private individuals are affected by it.

I have the National Party gifting list here. It is total deceit, of course; it is not true. The National Party's problem is that it finds it very hard—as every kid in primary school will tell us—to fit \$10 million into \$2.4 million. It finds it very hard to fit \$10 million into \$2.4 million, which is the campaign cap.

The *New Zealand Herald* did not tell the public this, but in the 2005 election campaign the National Party had spent all its money before the 3-month period. National Party members are screaming now, because apparently they cannot run an 11-month campaign. I do not know about Mr Key's predecessors, but if he wants to lead a political party he has to have stamina. He cannot go out like a show pony for 1, 2, or 3 months; he has to go out for the whole 2008 period. On 1 January the campaign starts. Mr Key is either up to it or he is not. Either he has the energy, the drive, and the stamina or he does not, but he should not ask the rest of us to stay home for 9 months and then turn up. The campaign period we are asked to have is no different from that in the UK.

Those members' arguments are humbug arguments, and I ask them please not to tell me again that people died for what they are talking about. Men and women died in the wars. Men and women from New Zealand died in the world wars so that their country would not be run from outside, so that it would not be governed from outside, and so that elections would not be organised from outside. That is why they died, so let us not hear the hypocrisy from the National Party members one more time that somehow calling on the sacrifice of the dead gives some colour of right to their spurious arguments.

Every New Zealander who wants to vote in 2008 can vote. Every New Zealander who wants to campaign in 2008 can campaign. Every New Zealander who wants to take

out advertising in 2008 can do so, except that there will be some rules against those people who think—and this has been demonstrated abroad—that money can buy elections. There used to be a party once that believed in that. Sadly, it no longer does.

I raise a point of order, Mr Chairperson. Surely the kind of barrage that came from Mr Henare, who yelled out things like “Sit down!”—which, although it has no point to the argument, is probably the most intellectual thing he has said all day—is not really the standard of intervention that we should have in this Chamber. If members want to interject, their interjections should be rare and reasonable. But a barrage about paying the money back, when, frankly, I actually spent more money on the National Party than all of its members put together—

Hon Members: Aw!

Rt Hon WINSTON PETERS: Oh, yes, I did. Those members are just takers. Doug and I were givers. I am saying that if that is the best they can do, then they should be asked to leave the Chamber, because the debate should be conducted in such a way that people can actually hear it.

The CHAIRPERSON (H V Ross Robertson): I just say that sometimes directing a series of questions across the Chamber actually invites interjection, as well.

RODNEY HIDE (Leader—ACT): Mr Peters and Mr Barker have shown us, very clearly, what is wrong with this bill and what is wrong with the process by which we are passing it. First of all, elections, and the rules that govern our democracy, are not something that we in Parliament own. They do not belong to us; nor should they be something that we control and direct. Sadly, this is what is happening with this Electoral Finance Bill.

Second, to the extent that we are to have these rules, we would expect not only that the public of New Zealand would be involved in their formation, with an independent body of wise people, away from the hurly-burly of politics, giving us advice, but also that there would be multiparty involvement and concurrence with the broad structure of the way the rules of an election should be run. Mr Barker and Mr Peters showed us that the genesis of this bill, the process by which it has been developed, and now the process by which it is to be passed, are mired deeply in partisan politics. What we heard from Mr Barker, the Minister in the chair, was just a long diatribe against the National Party, which leads everyone to the conclusion—which is obvious from the bill—that this bill is not about a fair election but about an attack by one political party on another.

Why would the Minister in the chair not stand up and defend this bill on its merits, rather than attack a particular party? It is the people of New Zealand who will judge the political parties; it should not be the Minister in the chair passing an Electoral Finance Bill.

All Mr Peters could do was to reinforce that view. It was not about how to conduct a fair and proper election in a modern democracy; it was all about how bad the National Party is, and that this bill is somehow designed to put down the National Party. That is not the point of what we should be doing in this House with an Electoral Finance Bill.

We have also seen from Mr Barker what else is wrong with this bill. We are in the last 2 weeks of this sitting of Parliament, before an election year, debating a bill that has been hastily cobbled together, a bill that the public do not want and on which they have not had a say. This bill has been radically changed from the bill as it first appeared, because it was such a dog. It is still a dog, and now the Minister is bringing in a raft of further amendments. Is that any way to run a democracy in an open and free society?

I say to the Minister, to the Prime Minister with respect, to Mr Peters, and to the Green Party, that that cannot be the case. I say to the Minister and to the Prime Minister that if they will not listen to the ACT party or particularly the National Party, then they should listen to what the people are saying about this bill. I know that Mr Peters thinks

that all the news media of New Zealand are somehow part of a foreign-owned conspiracy against himself, and that all around the world they sit conspiring to stop Mr Peters, and that somehow Audrey Young is a puppet of the corporate boardrooms around the world.

We should listen to what the media are saying. We have had not just the *New Zealand Herald* stating that this bill is a dog. We have had every newspaper in the country say that the bill is a dog. We have had the *Dominion Post* state: "It fails to promote participation in parliamentary democracy ... it is so defective and incoherent as to be irredeemable and should be withdrawn."

Rt Hon Winston Peters: Who owns them?

RODNEY HIDE: Mr Peters has had his chance. We know that everything and everyone who disagrees with him is a conspiracy against the world. He can have that view, and I am happy that he is entitled to it, but that sort of paranoia is more fitting to a psychiatrist's couch than this Chamber in debating an important bill like this.

We had the *Christchurch Press* stating that the bill "remains a botched and misconceived proposal that should be scrapped and started again." We had the *Sunday Star-Times* stating that Labour must "scrap the bill". We had the *Hawkes Bay Today* stating that it is "a Byzantine contraption to kneecap political opponents." We had the *Otago Daily Times* stating that "a cobbled-together, self-serving compilation giving Big Brother control of all private political funding in an election year is not the means to achieve fairness." Then we had the *Waikato Times* stating that it is "a flawed bill steeped in controversy. Preferably, they should scrap it and start again." I say "amen" to that.

If we look at the purpose clause, not one of the purposes is advanced by this bill. Demonstrably this bill puts us further away from achieving each and every one of these purposes. I would have thought that every one of us in this Parliament, as New Zealanders and as elected parliamentarians, would have an interest in elections that are fair and democratic, but, more particularly, that give all Zealanders a right to have their say, even when we disagree with them. Is that not the point? We do not have to agree with the Brethren, but do we not defend their right to have their say? Do we not in this Parliament defend their right to spend their own money to have their say? Is it any wonder, in the climate of fear that is developing in New Zealand, that private citizens who do want to have a say think twice before putting their name out there when they express their political view, for fear of attack and reprisal? Can one not do that in a free society?

I say to Mr Peters that all citizens who want to spend some of their hard-earned money expressing their political view, one year in three, will be affected by this bill, then every New Zealander is affected. He asked who was affected, and that is the answer. All citizens who want to have a political say and spend some of their hard-earned money to have that say will be affected by this bill.

That is why the ACT party opposes this bill. I have to say we were very pleased to hear John Key say that one of the first things a National Government would do on assuming office would be to repeal this legislation, because it is a dog. I say that also to Mr Peters. This bill has to be defeated, it has to go, and I am afraid to say that Prime Minister Helen Clark, who has been a Prime Minister who has been in touch with New Zealanders on many, many issues and has been a Prime Minister able to turn the ship of State around when she gets offside with public opinion, is out of touch with what people are saying on this bill.

I say to Mr Peters: "Stand up for some principles that New Zealand First said that it was founded on." I say to the Greens: "Please support the right of all New Zealanders to express their political views and to spend their resources expressing those views." How

can the great Green Party be opposed to that? Do we not live in a democracy where we rejoice that people differ on the political issues of the day, and that we do have disagreements? Why cannot people express that view, or will we all have to register with the Government and declare what we are doing, when we might not agree with the Government or support it? How ironic it is that we will be taxed to pay for Government propaganda but cannot spend the pittance that we are left with to express our own political views. This bill is a dog, it should go, and it will go; if it is passed by this Parliament, I am with John Key when he said he would repeal this bill, on taking office.

JUDITH COLLINS (National—Clevedon): When we look at the purpose of the Electoral Finance Bill we need to look no further than at young 16-year-old Simeon Brown of Manurewa, who took the time to email Chris Carter, Minister for Ethnic Affairs, to say that he thought the bill would stop people having their democratic say. And what did Chris Carter do? He emailed back: “Are you an Exclusive Brethren?”. Simeon Brown is not an Exclusive Brethren; the Exclusive Brethren apparently do not use email.

What would have happened if, in fact, Chris Carter had emailed back: “Are you a Muslim?”, “Are you a member of al-Qaeda?”, “Are you a member of the Buddhist religion?”, or “Are you a member of New Zealand First?” If he had said anything like that—[*Interruption*] I raise a point of order, Mr Chairperson. The Minister in the chair, the Hon Rick Barker, should know that he should not be interrupting me from the chair.

The CHAIRPERSON (H V Ross Robertson): I might say that I reminded him of that.

JUDITH COLLINS: Simeon Brown, aged 16, wrote back a very detailed email to Chris Carter. He came to my electorate office yesterday and gave me a copy of it. That email explained why he thought this bill was very bad, and he asked Mr Carter to explain his behaviour.

Mr Carter, the Minister for Ethnic Affairs, who would be the first to jump down anyone’s throat for saying anything about any group that he might wish to associate himself with, said: “Well, that is what I always say.”, or words to that effect. He always asks whether someone is a member of the Exclusive Brethren. Now we have a Labour Minister of the Crown vilifying people because of their religion.

Jill Pettis: It’s not a religion; it’s a cult.

JUDITH COLLINS: It has become an issue only because those people want there to be a change of Government. The previous member for Whanganui, Jill Pettis, says the Exclusive Brethren are not a religion; they are a cult. Let us just ask ourselves whether, if we used the words “Jew” or “Muslim”, there would be a problem. Yes, there would.

When we look at the purpose clause, we find we need to look no further than that to see this bill is about closing down dissent that does not agree with the Labour Party and its poodles. That is what the bill is all about.

I was one of the 5,000 members of the public who marched in Auckland on Saturday. I can tell the Labour members, who dismiss such marches, that it was not a march full of National Party people; they were people from completely across the board. It was not the “rent a mob” that the Labour Party normally turns up with for anything. They were good people who wanted to express their view. About 70 percent of them said that they had never marched for anything before.

R Doug Woolerton: Grow up, for God’s sake!

JUDITH COLLINS: We hear from the member Doug Woolerton. He used to be a National Party member. He would once have thought that democracy was important—and he has still not paid his bill, by the way—and we would once have heard from him that that is actually what this issue is all about.

We need to look no further than the bill itself and particularly Part 1 of it, because that part is so riddled with errors that the Minister has lodged Supplementary Order Paper 163 with about 150 changes in it. One of the changes that my colleague Chris Finlayson is promoting is to clause 14. Clause 14(2) states—and I read this directly from the bill—“The following are ineligible to be a third party: (a) a party other than a non-contesting party: ...”. What does that mean—a party is not to be a third party other than a non-contesting party? It is absolute drivell!

Then I thought that perhaps the Minister’s Supplementary Order Paper 163 might have some clarification of that. Supplementary Order Paper 163, which the Minister has put forward, states with regard to clause 14: “To omit ‘non-contesting party’ ... and substitute”—members guessed it—“ ‘non-contesting party’.” So now we are to omit the words “non-contesting party” and substitute the words “non-contesting party”? I ask the members of the Committee who can read well to look at that amendment. They will see it states that the words “non-contesting party” are to be substituted for the words “non-contesting party”. I would ask what the Minister of Justice is supposed to be saying there. That is the same Minister who said we do not need to worry about what is in the law, because we can just use some common sense and, apparently, that will rule.

Well, I support the submission of my colleague Chris Finlayson that we should omit the words “other than a non-contesting party”, because quite clearly a third party will not be a political party that is involved in the whole process, and we should not have to say that it is a non-contesting party.

We can go further on into the bill, and we would suggest that we omit clause 14(3), because that is all about non-contesting parties that are listed as third parties. Either they are political parties or they are not.

CHARLES CHAUVEL (Labour): The main criticism of this part of the Electoral Finance Bill has clearly been that the definition of “election advertisement” could have been interpreted to include issues-based advocacy, and would thus have regulated and effectively limited public participation in political life, which is the opposite of the goal of this bill.

I remind members that this Labour Government is the heir to the party in Government that enacted the New Zealand Bill of Rights Act 1990, and that the party of members opposite voted against that legislation. We are the party that upholds and values freedom of expression and this legislation gives real effect to that value, not just effect in form but also effect in substance. Accordingly, the Justice and Electoral Committee has recommended that the definition of “election advertisement” be amended. It has been reviewed carefully in the committee, and the majority of the select committee—that majority comprising Labour, Green, New Zealand First, and United Future members—has recommended that it be changed. So clause 5(1)(a)(iii) is to be omitted, as was suggested by the Human Rights Commission amongst other bodies, including many non-governmental organisations that came before the committee. It is now abundantly clear that taking a stand on the issues will not fall under the definition of “election advertisement” for the purpose of the legislation.

Let us make this point perfectly clear: the bill does not limit anyone’s right to comment on the issues. It is only where people seek to advocate for a vote for or against a candidate or a party or a combination that the law will intervene, and when it does so, it does so lightly. The requirements are simply that those who seek to participate in that way should do so openly rather than covertly, they should do so transparently, and they should do so subject to the very high expenditure cap of \$120,000. That is an important point to have cleared up right from the start.

The original clause 10 has also been omitted. This related to the need for a candidate to appoint an auditor. This was seen to be a burden with no practical value. So here

again we have proof of the select committee process working as it should. The submissions were heard on this point and the majority of the select committee agreed that there ought to be a recommendation to omit that provision. Accountability and transparency are still ensured for candidates, because they are required—as they are now—to file a return as to election expenses.

Another point that I draw the attention of the Committee of the whole House to is the eligibility criteria for membership of third parties. These have been revised. As long as a majority of the members are registered electors in respect of an unincorporated society, then third party registration is open, and no minimum age limit will apply. So any person who wishes to be involved in a third party and satisfies those eligibility criteria, which essentially include that there should be a majority of people onshore, can participate freely in the affairs of a third party. Any person involved in the administration of the affairs of a party or a candidate may not be listed as a third party. Again, this excludes the possibility of covert, undeclared conflicting interests or collusion between primary and third parties.

Another significant change that appears in this part is that the Electoral Commission will administer third party listing under clause 15 of the bill, and under clause 16 it will be empowered to prescribe an application form for the registration of third parties. I am very confident that this change will require all the necessary information for that process to be provided transparently so that people can know the true identity of third parties seeking to involve themselves directly in advocacy for political parties, candidates, or a combination of these.

This part of the bill is greatly improved as a result of the select committee process. Once again, freedom of expression is protected and preserved, as is the principle of one person, one vote, rather than one dollar, one vote.

METIRIA TUREI (Green): Tēnā koe, Mr Chairman. So much hysteria about this bill has been propagated by National and the ACT party, and it is unfortunate because it is misleading members of the community. It is driving up the level of fear and concern amongst them unnecessarily, and it is propagating the view that somehow the right to spend money is the most important and crucial human right in our democracy. That is false, that is not the principle on which this country has been built, and it is a disgrace that those political parties are undertaking that kind of action.

It is quite interesting to note that the hysteria is being propagated by political parties with powerful financial backers, particularly ACT and National. You know, National benefited enormously from the loopholes in the law, as was evidenced at the last election. National ruthlessly and purposefully exploited those loopholes. One example, of course, was its active assistance with the Exclusive Brethren's campaign. It is neither here nor there that it was the Exclusive Brethren, as opposed to somebody else, but the National Party's campaign people talked to this other group and said: "Use these kinds of words in your campaign and so will we, and we will then be able to run these two parallel campaigns together, but yours will not be caught under our spending cap. Ours will be, and we will be able to double the bang for our buck. We can double the use of our money by running this dodgy system with another group outside the political realm."

That was the loophole that was exposed, and that was the loophole that National exploited. Now it is being closed and we are hearing the hysteria from National members—the hysteria—as they say that they do not want that loophole closed. I am concerned about ACT's involvement in this, but I guess it comes from that side of the House. John Boscawen—I think that is how one says his name; I am not quite sure—is an ACT member and a member of the Business Roundtable. Clearly he is also an organiser of the marches in Auckland. Clearly, what is really important here is that he is

using money as a campaign tool because that is the only way to try to drive up the fear in the community in order to get support.

This is not a community campaign; this is a money campaign, which this member of the Business Roundtable is using to try to get support to oppose this bill. There have been vast and very expensive ads in the newspaper. It is a classic example of the problems that we are trying to deal with here—the fact that money can be used to mislead and frighten the community and drive it into a fury, when really what is needed is accurate information and a clear understanding of what the legislation does and what it is designed to protect. Frankly, this legislation is designed to protect our electoral system—to protect it from the use of big money, to protect it from the cancer of corruption that is infecting our electoral system and can continue to infect our electoral system if we do not do something about it. It is a manipulation by National and by ACT of the communities and their very real concerns about human rights.

It is fantastic that our community is so concerned about human rights. We want them to be concerned about human rights; it is very, very important. But human rights are not to be relegated to the right to buy; that is not a fundamental human right. A fundamental human right is the right to express ourselves, to have the freedom of association; to be able to do the things we need to do to make good lives for ourselves, our families, and our communities. It is not a human right to buy. This is the whole focus of the National Party and the ACT party campaigns against this bill, and what John and all his work outside with the marchers is designed to do. It is using money to try to manipulate the community members' views and feelings so that they begin to see and attach the idea that one can use money, and that money and the right to buy is a fundamental human right. It is a pro-money campaign designed, in the end, to enable the buying of votes—because that is what would happen if we end up not being able to get this bill through. They will then be able to use their vast resources to buy votes. This is what it comes down to. We must protect our electoral system from their doing that. It is part of the cancer of that corruption around buying votes that the right to spend money to gain influence is seen as somehow being honourable. That is what their campaign is doing, and what John Boscawen's campaign is doing—it is saying to the public that the right to spend money to gain influence is an honourable thing to do. It is not honourable; it is a disgrace.

Our whole democracy is built on the principle that people have the right to have a say, that they have the right to bring issues forward. It is part of the basic inheritance of our future generations and of the people who are here today that we are able to bring forward issues in our elections; democratically vote for representatives in this House based on the programme, the policies, and the principles that they bring here; and that this House is a representative place based on the needs of the community. It is not a place where influence should be bought. Those are not the principles for which all of those people have fought in past wars. All of those people are concerned about protecting their rights to freedom of speech and to be free New Zealanders. But that is not the same thing as saying that it is right to be able to buy influence.

The National Party campaign, the ACT party campaign, and the marches are all exact examples of the purchase of influence, and they are examples of why we need to control advertising, in particular. We have to remember that this bill deals only with the purchase of advertising; it does not deal with what one says or what one does. This bill deals with the purchase of advertising, and we see from the campaign against the bill how easy it is to use advertising to purchase influence over the community, and how easy it is to mislead and to frighten. We saw that at the last election actually. If we look at the “Iwi/Kiwi” billboards, we see that they were a direct attempt to frighten Pākehā New Zealanders into thinking that Māori would steal their beaches. The National Party

put out those billboards at 90 sites across the country. It cost over \$1 million to run that billboard campaign, which was all designed to frighten people. National used money to do it, because it had the money to buy those billboards and to pay for the sites, and therefore it could influence people into thinking that Māori was somehow a threat to Pākehā society. It was a direct, manipulative attack, and National used money to do it. That is what we are trying to stop. We are trying to make sure that when people go to the ballot, they go there because they have real information about the real policies that the political parties and the candidates are putting forward, and they know the truth around the issues. That truth will be disrupted and misled if we allow unfettered money to be the determinant of what those issues are, and if other people's voices are lost in the process.

Here we go with the National Party and the ACT party wanting to be able to use unlimited money in the campaign. But what about those small groups like Plunket? What about the small community groups? What about all of those little community organisations that have real issues that they want to bring to the table? They just do not have the money to compete with a million-dollar campaign, which is being proposed by National members or by friends of National members—like we have seen with the Business Roundtable, the Sensible Sentencing Trust, or some of these other organisations, which have hundreds of thousands of dollars to spend. What about those smaller groups? What about the ordinary New Zealanders who are trying to get their voices heard? They will be lost in the noise and the fury of the misleading, manipulative, and deceptive campaigns that are run because National has enough money to run them. That is the disgraceful situation that we are trying to stop here—and we will stop it, despite all of the money that has been thrown against this bill, and despite the hysteria from the National members, who can see their loopholes fading before their eyes.

I can understand their worry. I can understand why they are upset about it; they will have to fight the rest of the election on a level playing field. They will not have a special advantage just because they have very big financial backers—for example, from the Business Roundtable. I can see that it is a worry for National members. But it will be good for them, because every election should be fought on a level playing field, every election should be fought transparently, and every election should be fought on the basis of real policies and real principles that candidates and parties put forward to the electorate, so the electorate knows exactly what will happen with their vote. That is an absolutely crucial part of our democracy, which National is trying to fight against.

I feel sorry for National members—I think it is because their backers come from the old, neo-liberal, big-money kind of environment. I would like to see National go back to its traditional, conservative roots, where the people who had those kinds of values understand the importance of democracy, understand the importance of a level playing field, and understand the importance of equality and equity, because that is what this country was built on. Those are the values held by those people, and they have been deserted by the National Party. Those people have been deserted by National, and instead the big-money backers have come in and taken over.

Hon TONY RYALL (National—Bay of Plenty): That was a most interesting speech from the Greens' expert on electoral law, who says that this bill is only about the purchase of advertising. Well, that is such a load of rubbish. Let me just tell the Committee about that Green Party member. This is the woman who sat in the select committee and said that if a German tourist attends a meeting, or walks past a Green Party collector shaking a bucket and puts \$20 in there, then that Green Party collector should ring the Green Party headquarters in Wellington to check whether the tourist is on the electoral roll. If he or she is not on the electoral roll, then the \$20 should be given

back or returned to the Electoral Commission. That is exactly what the member said—that the Green Party would ring up and check whether anyone giving 20 bucks was on the electoral roll.

So, frankly, she is a member who has no understanding of democracy. If she did have any understanding she would have told us what the English organisation JMG Foundation got from the Greens for the \$15,000 that it gave them at the last election. The member says that money buys influence. Well, what did Mr and Mrs Goldsmith from England get for the \$25,000 they gave to the Green Party in 2002? What did the Greens offer the JMG Foundation for the \$15,000 that it paid in 2005? The member's argument is nonsense.

National is strongly opposed to this bill. How ridiculous it is that the Labour Party dumped 150 amendments to this bill less than 90 minutes before this debate started. Less than 90 minutes before this debate started, Labour dumped 150 amendments to this bill. Does anyone recall a time when such important legislation—legislation that is part of the constitutional and electoral framework of this country—was subject to 150 amendments that were dumped only moments before the debate began? Absolutely never. Never in the history of this country has someone sought to table 150 amendments only moments before the debate on a bill began.

Let us look at the purpose of this bill and see whether the jackboot approach of this Government towards electoral law matches the purpose of the bill. Its first purpose is to “maintain public and political confidence in the administration of elections;”. Does anyone think that the public believe that this Labour Party will run the electoral system of this country with any fairness or repute? Not at all. The legislation has failed its basic first purpose, which is to maintain public confidence. Public confidence in this country is best summed up by the headline “Democracy under attack”. New Zealanders say that democracy is under attack from this legislation. It is full of anti-democratic values. It is an attack on our democratic values. There is no way that it meets even the first purpose that the Government is proposing, which is to maintain public confidence in the administration of elections.

Let us look at the second purpose of the bill, which is to “promote participation by the public in parliamentary democracy;”. How does the bill promote public participation when ordinary people are referred to sneeringly as “third parties”? I have news for the Labour Party: we, the people of New Zealand, are not third parties to our electoral system. We, the people of New Zealand, are the core of the electoral system. We are not third parties. So this bill fails even its second purpose, which is to promote the participation of the public in parliamentary democracy.

Let us look at the next purpose, which is to “prevent the undue influence of wealth on electoral outcomes;”. Let me tell members about that. Not only is there preservation in this legislation of money from big unions, which can spend as much as they like, but the bill was specifically amended to allow Owen Glenn to give another half a million dollars to the Labour Party. I will tell the Committee what happened. The members opposite proposed an amendment that stated that anybody who was not on the New Zealand electoral roll and who lived overseas could not make a donation. They said that would be illegal. It was the party opposite that brought an amendment to the select committee and said that no one who lives overseas and is not on the electoral roll should be allowed to vote. Then we asked about Owen Glenn.

Rt Hon Winston Peters: I raise a point of order, Mr Chairperson. I sought your intervention, in the case of John Key, on the question of the principle of allowing someone to speak for 10 minutes. I was talking about someone who is a party leader; I was not talking about fly-by-nighters who turn up and decide they will indulge

themselves and get 10 minutes, as well. The member can have a go later on, but not two calls in a row.

The CHAIRPERSON (H V Ross Robertson): The decision is that of the Chair.

Hon TONY RYALL: I am here today representing more people in Tauranga than that member ever will. More people in Tauranga voted for me than for that member.

But let us get back to the third subclause, which is to “prevent the undue influence of wealth on electoral outcomes;”. The Labour Party brought forward an amendment to state that someone could not donate money if he or she was overseas and not on the electoral roll. We made a comment about Owen Glenn. A very hasty coffee break was organised and within about 15 minutes down came Lynne Pillay, who said that they wanted to change the rules so that someone can donate from overseas if he or she is a New Zealand citizen. That is the Owen Glenn subclause. Owen Glenn can now give another half a million dollars to the Labour Party. So much for preventing the undue influence of wealth on electoral outcomes!

What about the bit that states that the purpose of the bill is to “ensure that the controls on the conduct of the election campaigns—(i) are effective; and (ii) are clear; and (iii) can be efficiently administered, ...”? Does anyone think that a bill that is now subject to 150 amendments could be described as being effective, clear, and efficient? No way! This bill fails every single purpose before the Committee. This bill does not maintain public confidence in the electoral system; it does not promote public participation—in fact, it sneeringly refers to us, the people of New Zealand, as “third parties”—it does nothing about wealth and the electoral system; it does nothing about transparency or accountability; and it does nothing about the effective, clear enforcement legislation that one would expect. One hundred and fifty amendments were tabled only moments before the bill was debated.

Frankly, I have to say to the Committee that although this Government thinks New Zealanders will forget about this legislation over the next year, I have news for the Government. Right now, up and down the country, New Zealanders know that this bill is all about Helen Clark’s paranoia. Helen Clark knows that she is in the dying days of her Government. The Government is lurching from crisis to crisis. Time after time we have seen what a dying Government looks like. It is skewing the playing field in favour of itself. It is making it harder and harder for ordinary New Zealanders to have a say, and easier and easier for big Government money, big union money, and big-spending Government department advertising to influence the election of this country.

New Zealanders are appalled by what this Government is proposing. We strongly oppose this legislation. New Zealanders will not forget what this Government is doing, because it is an affront to the democratic values of this country.

LYNNE PILLAY (Labour—Waitakere): What a story! What a good story Tony Ryall tells. If anyone takes the time to read National’s minority view in the select committee report they will see again what a story the National Party tells.

The Electoral Finance Bill is not an attack on free speech; it is an attack—and quite unashamedly—on big-buck speech. We want to see—as I heard my good friend Charles Chauvel saying before—the principle of one person, one vote. That is what the Labour Party—and in fact the majority of people in this Parliament—wants to see. I saw the huge advertisement in the *New Zealand Herald*—which was paid for by an ACT member—and I saw Rodney Hide, who had popped a bit of sticky tape across his mouth to prove a point, which is probably the only way we would see Rodney not being able to talk—

Hon Member: That’s the best part about that ad. I liked it.

LYNNE PILLAY: That is right. The *New Zealand Herald* states that free speech is going to be stifled. We know that is not the case. The illusion that it is creating in its

paid advertisement with its cronies is that ordinary people will not be able to speak freely. It talks about people not being able to speak with megaphones, and all that sort of thing.

People do not even have to be listed as a third party unless they spend more than \$12,000. I know that to the National Party, whose mates spent \$1.2 million on its parallel campaigns, \$12,000 seems like chicken feed. But to the majority of New Zealanders, \$12,000 is a lot of money. The majority of New Zealanders—and the majority of people who came to the select committee in support of the bill—want to see transparency and accountability. What is wrong with that? I am pleased the select committee listened very, very carefully to what submitters said. Again, the illusion is that no one supports the bill. That is absolute rubbish. The whole non-governmental sector supports the bill. It had concerns, which we fixed, that it would be caught by the definition of advertising.

I want to stop there just for a moment. Do members remember the huge fuss Opposition members made about the fact that non-governmental organisations, which receive Government money for the good work that they do, were advocating about things like smoke-free legislation? One would ask “Why?”, because where does the National Party get its big money from? Where were the National Party members then, talking about freedom of speech? Where were they then, talking about advocacy? No, they did not want to hear it, not when those things interfered with their fund-raising, and with their money.

There is no question that the National Party’s opposition to this bill is absolute naked self-interest, and it is appalling. It is absolutely appalling. We heard from members of the Human Rights Commission who came to the select committee and talked about the third party cap. I had to congratulate Rodney Hide, who had a good idea. He said: “Let’s consult the Human Rights Commission about the proposed changes.” So we got the Human Rights Commission members to come back. They said—and this is what we do not see in the advertisements—that they absolutely supported the purpose to provide for transparency and accountability in the democratic process and to prevent the undue influence of wealth, and to promote participation in the parliamentary democracy. I quote from its report back to the select committee on 31 October, which members will never see in the *New Zealand Herald* or anywhere else: “The commission strongly supports the following recommended changes which it believes better enhance freedom of expression and the right to participate in electoral processes.” Why do we not see that, Mr Chairman?

R DOUG WOOLERTON (NZ First): I do not like to say this with my leader in the Chamber, but I talked to John Boscawen—Rodney’s mate—this morning. We were talking about this bill. He called me to ask whether there was any chance New Zealand First would change its stance on it. He has never called me before. He has never talked to me, right through the last 5 months, but he called me this morning. National Party members are busy saying that people are doing things at the last minute. I asked him what the problem was and he said to me that he did not like the way this bill was being done behind closed doors. I said: “Excuse me?”. He said: “You’re doing this thing behind closed doors.” I said: “How so? There were 600 submissions to a public select committee, and over 100 were heard verbally at a public select committee meeting.” They say there were 5,000 people—and I do not believe that—in Auckland, at a meeting—

Dr Wayne Mapp: The police said that.

R DOUG WOOLERTON: The police said that, did they? I do not believe that figure but the police said it, so there you go.

Dr Wayne Mapp: You weren’t there!

R DOUG WOOLERTON: No, I was not there. I do not march in the street; I come to this place and speak my mind here. I do not march up the street like those other guys do.

John Boscawen was telling me that this legislation was being done behind closed doors. I said to him: “Mate, they would be the biggest closed doors I have ever seen in my life.” This legislation is not being done behind closed doors. There has never been a bill that I have seen before this House that has come under so much public scrutiny, and so much scrutiny within this Parliament, as this one. So it is absolutely rubbish to say it is being done behind closed doors.

Do members know what he then said to me? He said: “Oh, but there are some amendments coming up today that I do not know about.” Well, one could have said to him: “Well, excuse me, who the hell are you?”. But I did not do that.

Dr Wayne Mapp: Arrogance from New Zealand First!

R DOUG WOOLERTON: No, there is no arrogance involved in this—no arrogance whatsoever. If that member talked to me he would soon find that out, but because he does not know me he would not have a clue. But the fact is—

The CHAIRPERSON (H V Ross Robertson): Order!

R DOUG WOOLERTON: Yes, I am coming back to Part 1, Mr Chairman. I asked him what was behind closed doors and he said: “The changes, the SOPs coming up today.” I said that that always happens. There is a dotting of i’s and crossing of t’s, and the changing of mistakes. This guy does not know about parliamentary democracy.

Hon Darren Hughes: What’s his name?

R DOUG WOOLERTON: It is John Boscawen. He does not know about politics, and he does not know about parliamentary democracy. He has been put up to the job by people on the opposite side of the Chamber—that is what the deal is. He spent half of that conversation telling me how he made his money. I said: “Good luck to you. I hope you go on and make a hell of a lot more.” The other thing I said was that this legislation does not disbar the Brethren from involving themselves in election campaigns. It does not disbar them at all, but at least it makes sure that we know who is doing the job out there. Nor does it stop private citizens, at all, from involving themselves in elections, but members would never know that from reading the *New Zealand Herald*.

If the *New Zealand Herald* was going to do things straight, would it not say that it is time for these third parties, which are lobby groups—not individuals—called third parties when they spend second only to the two big parties in election time, to come under the Electoral Act and the electoral law of this country? We on this side of the Chamber say “Yes, it is.” It is time we had some law surrounding the election process in this country that is actually meaningful and does not let a party run two campaigns—one by another third party or lobby group, and the other by the proper party itself, which is called the National Party. Those days are over. That method did not elect them, it did not work at the last election, and it is not going to work in the future because it had to stop. The people who made that happen, who brought this bill about, were the people who made the mistakes in the National Party. By and large the public should know this—[*Interruption*] No, no, the public should know this. They were not people like David Bennett, who is a backbencher; it was the people at headquarters who did this.

GORDON COPELAND (Independent): I want to speak to the purpose of the Electoral Finance Bill, and particularly to clause 3(b), which states that the purpose of the bill is to “promote participation by the public in parliamentary democracy;”. This bill does not achieve that purpose; rather, it introduces new and—in my view—totally unnecessary restrictions and roadblocks that inhibit New Zealanders from maintaining even their present ability to participate in our democracy.

It is a deeply flawed and dishonest bill. I say “dishonest” because the only need for such a bill, which the Government has consistently appealed to as a justification for this Draconian, complex, bureaucratic, interventionist bill coming into a perfectly satisfactory electoral finance situation, comes from the involvement of the businessmen who spent, from their own pockets, money in the last election and who happened to be members of the Exclusive Brethren. As Doug Woolerton has just informed the Committee, their involvement did not work. It did not actually have much effect on the final outcome of the last election, so this whole bill is based on a foundation that is shaky and that does not stand up to any analysis whatever. I know for sure that people actually turned off voting for National when it became clear who was behind the leaflets that came through letterboxes telling people to bring the Labour Government’s reign to an end. In fact, Labour was re-elected, and therefore the argument is surely self-fulfilling.

There was no problem, and there was no mischief that needed to be fixed. This whole bill is really predicated on ensuring that in the future any advantage that parties other than National might have enjoyed in terms of financial support is actually removed. I think that this is the action of a Government that is desperate to stay in office.

Sitting suspended from 6 p.m. to 7.30 p.m.

GORDON COPELAND: In the 1990s Bob Jones spent a considerable sum of money in Nelson trying to unseat Nick Smith, but, in fact, Nick Smith was re-elected with an increased majority. I think that just goes to show that once New Zealanders know who is behind leaflets and other material, they are quite capable of making up their own minds, and they do not need to be treated like children.

This bill is badly drafted. The Minister in charge of the bill, Annette King, tries to reassure the nation that that does not matter, because the law of common sense will apply. In the 2002 election the Hon Peter Dunne gained quite some traction around the notion of common sense, but I would say that Annette King has single-handedly given common sense a bad name. If we want to promote public participation in a parliamentary democracy, common sense says that we should make it easier, not harder, for that to happen. Common sense means that we write a bill that is comprehensible, clear, and user-friendly if we genuinely want to promote greater participation in democracy and not write gobbledegook. Common sense would mean that we give third party trusts a ceiling above \$120,000 for advertising, when it costs much more than that simply to make a single national letterbox drop.

The whole way in which this bill has been put together is nothing but a complete breach of common sense. Common sense would conclude that an extension of the 3-month electoral period right back to 1 January in election year restricts rather than promotes participation in New Zealand’s democracy. That is completely obvious. Would not common sense conclude that this bill should be ditched? It is unnecessary and, more important, it has a negative impact on the likely participation of New Zealanders in our democracy, which is the best democracy, and the oldest, I would say, in the world. Our democracy has been robust. It is tested and it is tried. There is no justification or necessity for this bill. It is a solution seeking a problem that does not actually exist in the real world—a world, sadly, that this Government has become more and more out of touch with as the years have gone by.

Let me say that it is time to bin this bill. It is time to assign it permanently to the rubbish bin. I will be voting against this bill, and I urge other members of the House to do likewise.

CHRISTOPHER FINLAYSON (National): I want to focus tonight on a number of key terms in clause 4, which is the interpretation clause. Clause 4 is a very important

clause, and over the past couple of weeks my deputy leader, Mr English, has been asking various Ministers of Justice a couple of questions in the House focusing on the particular words. I have done the same, and for our efforts the Prime Minister last week called us nitpickers—a phrase that is reminiscent of Sir Robert Muldoon and Simon Walker. Then, today she said there was a slight change and that what we need to do—that is, members of the public and members of Parliament—is read the provisions carefully and consult lawyers. Then, later this afternoon we heard a press release from the Prime Minister saying that in fact the Government was willing to talk to the National Party about various provisions we have proposed in our Supplementary Order Papers, because they seemed to make a lot of sense. Well, that is kind, but more about that later.

Let us focus for a moment on the word “publish” in clause 4. Even though the Minister has proposed a number of amendments, the situation with that word is still hopeless. We can deal with paragraph (i) of the definition very briefly. This paragraph was inserted by majority. It states that one is publishing an advertisement if one brings it to the notice of the public in any other manner. That phrase was clearly an extravagant phrase. It was clearly hopeless, and, indeed, the National Party members on the select committee pointed that out to the Labour members time and time again. But it was inserted by the hopeless majority, because they would not listen. Mr Benson-Pope was too busy trying to save his career from the Claire Curran challenge, and Mr Chauvel was too busy writing press releases announcing his appointment as Dr Cullen’s private secretary. Of course, as we have seen—and it has been very well exemplified by her performance tonight—the chair was incompetent.

So paragraph (i) of the definition of “publish” is going, and, of course, it should go, because it is absolutely and utterly nonsensical. The other amendments that the Minister has included in Supplementary Order Paper 162 are unsatisfactory and National cannot support them. Paragraphs (b), (e), and (g) are amended, but those amendments are minor and trifling and do not deal with the essential concerns of the National Party. I ask the Labour members to take these hypothetical situations: if a person is carrying a placard at a demonstration, for example, and that placard praises a particular party or candidate, or, conversely, criticises them, then that will be deemed to be the publication of an advertisement. I refer, in clause 4 to paragraph (b) of the definition of “publish”, which refers to someone displaying an advertisement.

Another example I ask members to reflect on is the situation whereby someone sends an email to anyone saying that he or she thinks Labour is hopeless or the National Party is fantastic. Apart from that being a self-evident statement of the truth, it would also be publication of an advertisement in accordance with paragraph (c) of that definition. So this definition of publishing is far too broad. It is an unsatisfactory clause. It should be amended, as the National Party has proposed. We have suggested in the first of my Supplementary Order Papers that we amend the definition of “publish” so that it is consistent with section 214B of the Electoral Act 1993. In other words, the activity comprises advertising in any way: broadcasting on radio or television; publishing, issuing, distributing or displaying addresses, notices, or posters; and so on. It is consistent with the Electoral Act 1993, and it is not expressed in the very broad terms that the Electoral Finance Bill has.

Hon MAURICE WILLIAMSON (National—Pakuranga): I say from the outset that I really want to concentrate on only one very specific clause in Part 1, and that is clause 5(2)(g). I say that because I want to alert members of this Committee to what technology will do in this area. I see that this bill is concerned with something that is “commonly known as a blog”, and that it tries to include that in the area of “Meaning of election advertisement”.

I want to say to this Committee tonight very clearly that I have worked in Eastern Europe. I worked with LOT airlines in Poland and I worked with Aeroflot in Moscow in the early 1980s, and I found that the most frightening thing about those societies was that their citizens could get no information about the outside world other than what their Governments would let them have. That statement has nothing to do with National, Labour, or anything else. Let me tell members that in the Eastern European regimes of the early 1980s we had Ceausescu running Romania and Egon Krenz running the Eastern Germany operation, and when I was in Moscow in 1981 Brezhnev was running the place. Those citizens could not get advice from anywhere else in the world.

A decade later something happened that took my breath away: the Berlin Wall came crashing down. I got in touch with some of my colleagues and friends from Aeroflot and from other airlines and asked: "How did that happen? That came out of left field. I cannot believe it happened." Members should listen to what they said; I thought it was amazing. I was told that the thing that brought down the Berlin Wall more than anything else was the fax machine. I said: "You've got to be dreaming! What are you talking about?" They said that up until about 1986 the fax machine was illegal in Eastern Europe. Do members hear that clearly? The fax machine was illegal. If one was caught with a fax machine in one of those Eastern European bloc countries one could be jailed, but companies and businesses, in order to try to be internationally competitive, had to communicate with the outside world.

Members should listen to this, because I thought this was a cracker. In 1987—the year that John Carter and I got elected to this place—the Soviet Government licensed the fax machine. People were allowed to have a fax machine, but they had to report to the Government each year on what they had done with it. They had to show a copy of every incoming and every outgoing fax. What happened in Eastern Europe was that within the next 3 years the Government lost total and absolute control, because the people just rode roughshod over such rules. Finally, faxes between people and the *New York Times* or the *Washington Post* were flying in and out of Eastern Europe. By 1990 down came the Berlin Wall and with it the entire oppression of a nation and regimes that had stopped their citizens from hearing the facts.

I will repeat to members again: the fax machine brought down the Berlin Wall, and the fall of the Berlin Wall is probably the greatest change that has occurred in the history of this planet. If members think that the fax machine was stunning, I tell them that I simply do not even use one any more. The Internet has about 10,000 times the power of the fax machine. The Internet will democratise information. One will not be able to stop people from having their say. One will not be able to stop groups from saying what they believe. The "Nazi Party of New Zealand", even if it has the most disgraceful and outrageous beliefs, may be able to have its own website.

ANNE TOLLEY (National—East Coast): I would like to speak to a particular clause here tonight, too. I would like to talk about clause 17, which is the clause that prohibits third parties from being registered in the lead-up to an election. The original bill that came before this House proposed 42 days—that is, from writ day the listing of third parties would be prohibited. I want to refer to the information that was provided during the Justice and Electoral Committee hearing, because submissions from a whole range of people, including Associate Professor Andrew Geddis, Family First New Zealand, Libertarians, the Employers and Manufacturers Association, the Human Rights Commission, David Farrar, the New Zealand Law Society, Mr Graeme Edgeler, and about 13 other submissions, focused on this clause. Of course, their concern was that the effect of this was particularly unfair if an issue arose late in an election campaign—that is, in the 6 weeks leading up to an election, when the election campaign proper is going. If a third party, or an interest group, had not formally registered it could

not take part, even if it was forming part of an intense electoral debate. Let us say that a party came out with a proposition in that 6 weeks, in the election campaign proper—for instance, someone said they were going to ban the SPCA. If the SPCA had not registered as a third party prior to that, it would not be able to take part in the debate and it could have its future debated amongst political parties and candidates without it being able to put its side of the case. A large number of organisations made representations to the select committee.

I have to say that the New Zealand Labour Party supported the provision that was in the bill originally—that is, banning unregistered people from taking part in that last 6 weeks of an election campaign—because apparently it wanted to ensure that there were no surprises late in a campaign. Well, actually, nobody has told political parties about the “no surprises” clause because that is when political parties spring their surprises, and that is the very time when organisations and individuals out in the community should be able to get involved in an election campaign. That is, in fact, the very time that the public are listening to an election campaign.

So this Labour-led Government wants to ban unregistered people from taking part in that 6-week lead-up, and we heard that in the select committee from the members opposite. Interestingly enough, of course, groups like the Human Rights Commission said, and I quote from its original submission: “It is difficult to conceive of a greater limitation on freedom of speech than this, and it cannot be imagined that the degree of restriction was intended. The effect of the bill is to muzzle a person or group which finds itself in this situation.”

Jill Pettis: Quote from the second one!

ANNE TOLLEY: I hear some raucous talk from across the way, saying “Read the second one.” Well, I will, actually, because the commission, having had a look at the changes to the bill—and let us remember that in the bill that has come back we still have the words “on writ day”—said in its follow-up after the bill was reported back to the House: “The commission requests further consideration of clause 17.” In its original submission it proposed its deletion. In fact, the Human Rights Commission said that that clause should be deleted, and, in fact, it is continuing to say that it should be deleted. It accepts that there may well be legitimate administrative reasons for a close-off date, but it should be as close as administratively practical to polling day. So the commission is rejecting this proposal from the Labour Government and its lackeys.

The other organisation that commented on this clause was of course the Electoral Commission. It said, in its comments to the select committee, that it also recommended removing this clause. The commission said that that would effectively prevent individuals and groups from making a contribution to debate during the critical campaign period if they had not listed as a third party. So did anyone listen either to the Human Rights Commission or to the Electoral Commission? Only National listened.

Hon RICK BARKER (Associate Minister of Justice): I will take just a brief call to reassure the member Anne Tolley that if she looks at Supplementary Order Paper 162, at the proposed amendment to clause 17(a)(i) of the Electoral Finance Bill, she will see that the words there state: “To omit ‘writ day’ and substitute ‘the 21st day before polling day’.”

Anne Tolley: It’s 3 weeks.

Hon RICK BARKER: It is 3 weeks—a significant improvement and a significant advancement—and it meets the requirements of the Electoral Commission and the Human Rights Commission to be as close as administrably possible to polling day.

I am pleased to be able to advise the member that both the Human Rights Commission and the Electoral Commission say they endorse the amendment. That is

my advice. They have said the amendment is fine. I just want the member to get up to date.

The next point I want to bring up is the point raised by the member Chris Finlayson, who talked about a placard. I am pleased to be able to advise the member that the placard is currently provided for under the current Electoral Act. If people are carrying a placard then it should be authorised by the party they are promoting.

The next point I want to raise was raised by Judith Collins, who noted that a substantial number of amendments to this bill had been raised. I say to that member—and this is her point of criticism—that if we had not raised a substantial number of amendments she would have criticised that too. Some of the amendments here are very important, and some are drafting amendments. The one she highlighted is in Supplementary Order Paper 163. The proposed amendment to clause 14(3) states, in ordinary type, “To omit ‘non-contesting party’ and substitute”, then in bold type, “ ‘non-contesting party’ ”. She said it is a ridiculous amendment.

The point about this amendment is that the convention is to put things in bold type to highlight to people reading the legislation that there is a definition somewhere else in the bill. This is a drafting error. It should have been done at the time. There are many other drafting technical errors that should be corrected. I am pleased to see the National Party is echoing support for making sure the bill is well drafted.

The last point I make to members is simply that in all of the discussions they have had so far, they have not identified the main point. I come back to what Rodney Hide said. This is not an issue about the National Party or about the Labour Party; this is an issue about all parties. The issue for all parties here, I say to Mr Hide, is to make sure that the public has an assurance that when people give money to a political party they know where it comes from.

The threshold in New Zealand is reasonably high. In other countries there are lower thresholds. The public have a right to know who is putting money into which political parties and what are the consequential changes in policy. I think it is a fundamental right of transparency for the general public.

The second very sensible thing about the bill is that if we put a cap on candidates—like we have currently—and a cap on political parties, then we need to have a cap on third parties. As we saw at the last election, some people, because the rules are slack, are prepared to play the rules to the nth degree and have other people campaigning on their behalf so that it does not touch their budgets at all.

This bill is about fairness to everybody. It is about transparency, openness, and making sure that all people in the electoral system are treated the same. Candidates are capped, parties are capped, and third parties are capped. That is it. When the money moves, people need to know who is paying it and where it is going to.

NICKY WAGNER (National): We have already heard from my colleagues that National considers election time to be the time of people power, not political control. It is the one time in the election cycle when politicians can be held to account by the people. At election time politicians should be listening to the people. It should not be the people being dictated to by the politicians.

But here, in clause 18 of the Electoral Finance Bill, is a set of rules that determine when the listing of a third party must be refused. These third parties must be refused by the Electoral Commission, the very commission whose chief executive officer has already expressed concerns that it will not be able to understand the Electoral Finance Bill’s rules and that it may have to refer cases to the courts for judgment.

The whole principle, that this Government is creating legislation that must refuse to allow individuals or organisations to be involved in political debate, is repugnant. Labour constantly pays lip-service to encouraging public participation and consultation

in political discussion, but shuts down debate when it really matters—in election year. This bill and its regulations make a mockery of democracy, showing up this Government's arrogance and its refusal to accept any sort of accountability during election year. That is almost a third of the election cycle.

National is not the only organisation to believe these provisions are unacceptable to the public. The Law Society has made it very clear that the third party regime unduly restricts participation in elections. Clause 18 states that unless individuals or organisations are prepared to fill forms, make statutory declarations, and appoint financial agents who must sign consent forms, they must be refused the opportunity to have their say. Clause 18(1)(c) focuses on the names of third parties. Unlike Shakespeare's declaration, "What's in a name? That which we call a rose, by any other name would smell as sweet.", it seems that for this Government it is all in the name. The right of free speech is prohibited if the Electoral Commission finds the name offensive, if it could lead to confusion, or if it could mislead members of the public. I see plenty of problems here. What say the third party was called "The Tax is Too High Party"? Would that be offensive to Labour? Probably it would. Could it be challenged by the Labour Party, for instance, with the argument that tax is not too high? Possibly it could. Could Labour declare it misleading to the public by even considering such a thing? Well, maybe.

This all goes to highlight the concerns of Helena Catt, the chief executive officer of the Electoral Commission, who fears having to interpret the law. She says that everywhere that we have areas where interpretation is not clear, parties will start using that as part of their attack on each other, and that will not do anything to encourage public interest in politics or trust in the electoral programme.

I am concerned about an existing lobby group in my city, Noise Off. They are passionate about changing the legislation around noisy vehicles. They are angry with Labour, because Harry Duynhoven promised at the last election to fix the noise laws within 6 months, but has done nothing since to solve the problem. No doubt this group will want to campaign in 2008, but will its name Noise Off be considered offensive? Could it be refused the opportunity, because of its name, to tell this Government just how unsatisfactory it has been?

Shakespeare figured that a name mattered little. Not this Government! Someone might be refused the right to have his or her say if the Electoral Commission does not like that person's name. Could it be that this rose has the sweet smell of incumbency arrogance, or the sickly scent of nanny knows best—political interference?

JOHN CARTER (National—Northland): First, I have to give one little bit of advice. The best thing the Minister can do, if he wants to make a contribution, is not make one. That is the best contribution, because I am certain that if all of us around here took a bet as to what he said, none of us would know. I am certain there are people outside who are listening who would not know, either. I will concentrate on clause 5(2)(da) of the Electoral Finance Bill, which is about editorial material. I will read out part of a very fine editorial that appeared in the *Northland Age* written by the very good editor, one Peter Jackson who—

Hon Maurice Williamson: I've seen his movies.

JOHN CARTER: Yes, exactly. He is a very talented guy. Peter writes this: "Whatever becomes of the government's attempt to re-write this country's electoral laws, it has demonstrated that it is interested only in its self-preservation. There is nothing, apart from moves to limit the ability of political parties to accept anonymous contributions to their election spending, that offers any benefit to anyone in New Zealand apart from those parties that are currently in power, and those that will assume power in the future. That is the most alarming aspect of all, that Helen Clark's

government and its allies,”—that is, the Greens and New Zealand First—“care nothing for the future of the people they supposedly serve, or indeed the future of their own parties. Whatever else she might be, Helen Clark is not stupid. She knows, obviously, that proposals to severely limit the extent to which third parties, and even opposition parties already in Parliament, can campaign will give the incumbent administration a massive advantage. She knows, too that one day, perhaps as soon as next year, Labour will lose a general election, and that the rules she now seeks to put in place will favour the party that replaces it. And she doesn’t care. The entire thrust of what is now proposed is aimed at perpetuating her prime ministership, end of story. There can simply be no other interpretation.” Mr Jackson goes on: “The minor parties that support this legislation have attempted to defend their position by decrying the past funding of ‘right wing’ parties by big business, much of it covert, but miss the point, deliberately, one suspects. They are present in Parliament courtesy of MMP, an electoral system which was foisted upon this country on the basis that it represented a more democratic process than that which it replaced. And now those minor parties are using their electoral success to shut the gate on those who might aspire to follow them into Parliament. It hasn’t taken long for the often disproportionate power that has fallen into their hands via a ridiculous electoral system to corrupt them, and to persuade them that their continued presence is more important than any genuine expression of the people’s will.” So writes the editor of the *Northland Age*.

Peter Jackson also makes a number of other points. I raise that—and Mr Jackson can continue, under this law, writing that—because who else will be able to make those sorts of comments once this bill becomes law on 1 January? No one else will be able to make those comments. People will not even be able to write a letter to the editor on behalf of someone who may be standing, or on behalf of some political party. They will not be entitled to do that. They will be breaking the law and it will be interpreted as somebody out there deliberately supporting a political party, which means that these people here tonight listening should be afraid. If they want to express a view in their local paper, they will be breaking the law.

I want to let the people of this country know how serious this bill is. This is an absolute restriction on the freedom of speech in this country, and if people ever thought that one day we would have to be here defending the democratic right of people in this country to express their views, well, I say to them that we have got to that stage. The problem is that the Labour Government, and its allies in New Zealand First and the Green Party, has got to the stage where it thinks it does not matter. But it is just a start; we should be afraid.

PETER BROWN (Deputy Leader—NZ First): I say to the member who has just resumed his seat that either he is being deliberately mischievous or he clearly does not understand the bill. I will give him the benefit of the doubt. He clearly has not read the bill and does not know why we need it. The question that should be answered is, why do we need this bill? Why do we need this purpose clause, as we are dealing with Part 1? The answer is in the *New Zealand Herald* that National members displayed some time ago. It was in that paper. Let me read from the article in the *New Zealand Herald*—oh, they will love this. It is written by Audrey Young, and she is talking about the email sent to the former Chief Electoral Officer, David Henry, by the Exclusive Brethren.

In case members over on the Opposition benches have not read this article, or heard of it, let me read the email: “We represent a group of Christian businessmen concerned as to the course and direction of the current Labour-led Government. Accordingly, we have put together an election programme with a budget of \$1.2 million, with the goal of getting party votes for National as this is the only way that change will come about.” It goes on to say: “Our programme involves extensive publications throughout the

country, with a theme showing and demonstrating mistrust in the current Government and building trust in a Brash-led National Government. We write, seeking clarification and direction re the election funding issue, specifically that anything we do does not compromise National's funding position."

Then typically it asks a few questions. Firstly: "Does it compromise National's position if we communicate to MPs and candidates our strategy?". Secondly: "Does it compromise National's position if we show them draft publications before they are published?". Thirdly: "Is there any legality prohibiting us from printing 'vote National, vote Brash' and including a photo of Dr Brash on the advertising? Can this be done without compromising National's funding position?". Fourthly: "To what extent can we legally advise, direct, assist, communicate, or other, with National MPs and candidates?". That is why we need this bill. But what did the *New Zealand Herald* say? It did not pull this email apart. Can members imagine what it would have said if New Zealand First had sent that email? What would that paper have said then if Winston Peters had been the author? We can imagine it.

I ask those members over there whether they honestly believe that this is an honourable tactic. National had \$1.8 million in donations from sums over \$10,000, plus funds raised from membership and fund-raising activities, plus the \$1.2 million it was getting from the Exclusive Brethren. That made over \$3 million or \$4 million. National was trying to buy the election; I have no doubt about it. What did the royal commission state? It is in the report of the select committee, in the commentary on the bill: "As the Royal Commission on the Electoral System wrote: 'It is illogical to limit spending by parties if other interests are not also controlled. Supporters or opponents of a party or candidate should not be able to promote their views without restriction merely by forming campaign organisations "unaffiliated" to any party ... Nor should powerful or wealthy interest groups be able to spend without restriction during an election campaign while [the parties] are restricted.'" That is what the royal commission stated. This is why we need this bill.

The National Party had one attempt at the last election to buy itself into power. I guess its members thought they could get away with it. Bill English and John Key knew all about this—I have no doubts about it. [*Interruption*] Those people on the backbenches did not have a clue. I know that they did not have a clue, but Dr Brash and John Key knew all about it.

Hon MARIAN HOBBS (Labour—Wellington Central): I move, *That the question be now put.*

The CHAIRPERSON (H V Ross Robertson): I am going to call the honourable member Chris Auchinvole, because he was on the Justice and Electoral Committee.

CHRIS AUCHINVOLE (National): Expressing a view on a critical opinion is not immoral, any more than it is a crime to have created and earned wealth. Yet this Government treats both as obnoxious. It does not want views, and although it fleeces the wealth generators for tax, it holds them in disdain. It is frustrated by the reality that private enterprise is a more positive force for progress than is big Government bureaucracy, so it despises private enterprise as a consequence.

New Zealand is a liberal, centrist community, best arrived at by mature observation of real life and human nature. This bill reflects a completely immature lack of observation, maturity, and real-life consideration, and embodies the worst aspects of human nature.

I am speaking in the Committee stage of Part 1, with particular reference to the interpretation of "third party" in clause 4. Few clauses emphasise more the Labour Party's apprehension, fear, and phobia that others might exercise an influence on the public beyond its own. I reflect on the comments of the first true speaker during the

Committee stage—those of the leader of the National Party, John Key—who emphasised that the whole purpose of this legislation is to screw the scrum to set favourable conditions on a partisan basis, and to hang with the view of the general public and to hang with democracy.

What is it that gives Labour and the cling-on parties such a strong sense of apprehension? I think I know what it is. I think Rick Barker got it right—it is the only thing he got right—when he introduced the Committee stage and inadvertently said it all. He said that the genesis of this bill—and I think he was actually quoting from Mr Benson-Pope—was the 2005 election. I recall during my maiden speech, when I became a member in September 2005, saying that I was at a loss to understand why Labour members looked so miserable—and they still do look miserable. They had won the election and they had formed a Government, of sorts. They should have been magnanimous in victory. Were they? No, they were defiant. National on the other hand was magnanimous, because in many ways, when we consider how close it got to being the elected Government, it had had a tremendous victory. It had had a tremendous reversal of previous misfortune. This was in spite of Labour having a very favourable economic circumstance to campaign in. The sweet scent of National's success quickly became a stench in Labour's nostrils. The sweet scent of others success becomes a stench in Labour's nostrils.

And so we look at this particular definition of “third party”. What do third parties say about it? What does the New Zealand Law Society—a relatively prestigious body, I would have thought—feel about it? It considers that the bill fails in almost every respect. It states that “accountability rules are so complex that volunteers in political parties face a discouraging degree of complexity and prospects of prosecution” in terms of trying to promote participation by the public in democracy. The third party registration limits the public role, and some cannot even register.

Clearly, the Government thinks that members of the public are only observers to a process where candidates and political parties are the principal parties. Indeed, they are treated like interlopers who must be controlled. The public interest is in transparency, not in shutting down the free range of ideas that may be the effect of a third party regime as it has been written.

Let us look at the chiller effect of this bill. I have heard the present Minister of Justice say that it will be just a matter of common sense. I think she said that in response to one of Mr English's questions, when he asked how people would feel free to discuss politics with this sort of legislation and penalty hanging over them. The response from the Minister of Justice, the Hon Annette King, was that it was perfectly easy to follow. All they had to do was to read the Act from one end to the other. This is a whole new scenario that is totally foreign to New Zealand politics.

As the Law Society says, the third party regime unduly restricts participation in elections. If participation of those not directly standing for election is to be regulated, it should be done carefully and to the least degree practicable to achieve the desired outcomes. Let us reflect on that: the third party regime unduly restricts participation in elections.

JILL PETTIS (Labour): I move, *That the question be now put.*

The CHAIRPERSON (H V Ross Robertson): I think I will hear one more.

Dr RICHARD WORTH (National): Thank you, Mr Chairperson, for the opportunity to contribute on a narrow, but, I think, important aspect of this bill. It focuses on clause 5(1)(a). The clause is headed “Meaning of election advertisement”, and it is clearly one of the central definitions in the bill. It is also the subject, incidentally, of a National Party amendment. I would like to start by asking why this

particular clause is a central definition. The reason is that Subpart 5 of Part 2, which has eight clauses in it, contains the general rules governing election advertisements.

I will take one example to show the linkage. Clause 53 is headed “Election advertisements not to be published in regulated period unless certain conditions met”. I would like for a moment to take the time of the Committee to look at clause 5(1)(a), because three points arise that I think are deserving of further consideration. The first issue is the meaning of the phrase “any form of words”. I ask what “any form of words” means. It seems to me that “any form of words” can mean only two things: either orally or in writing. So in this use of the words “any form of words” are we talking about the possibility of oral-type statements? I think that needs to be made clear.

The second issue that is tucked away in clause 5(1)(a) is the phrase “can reasonably be regarded”. I would say to the Minister in the chair, Rick Barker, that that is an unusual form of drafting in this particular context. It poses a possibly objective test, but who is the judge, the determiner, of the phrase “can reasonably be regarded”? If we look at the body of the legislation, we see that the possibilities are the Chief Electoral Officer, the Electoral Commission, the police, and the courts. There needs to be greater certainty around that. This is not, as another Minister has said, all to be judged by the law of common sense—whatever that phrase of gibberish actually means. There needs to be clarity around both those issues.

There is a third issue that I think is critical to be decided in the context of clause 5(1)(a), and that relates to subparagraph (ii). There we are talking about comments that attract scrutiny that can extend to three classes of case defined in the legislation. Those three classes of case are “view, positions, or policies”, and presumably the draftsman has very deliberately chosen those three categories of activity. But what this bill is supposed to be all about is capturing policy advertisement that should be caught by “election advertisement”.

I give the example of a radio interview being given by a politician, or a politician making comments at a public meeting, and he or she says: “In my view what the National Party should do if it comes into Government is”, then says whatever that might be. Is it intended that that type of comment would be picked up by this extended definition of election advertisement? I do not think so. I think it is intended to attract proselytising for votes—statements that are more related to policy. What if these aspects of politics do not have any aspect of policy in them? That, I believe, is a significant shortfall. I invite the Minister to respond to that point, because it seems to me that in a setting where what we are looking for on ballot box day and the days that follow—certainty—may well be denied us.

The Minister started off a few moments ago by offering the view—and I noted the words—that this legislation was substantially about some people who give money to a party and want to know where it came from. That is an amazing test, when we think about it, because those who presumably gave the money know exactly where it came from. It came from precisely their pockets. It is an example of very loose wording in a statutory setting, which causes concern.

DAVID BENSON-POPE (Labour—Dunedin South): I move, *That the question be now put.*

ANNE TOLLEY (Senior Whip—National): I raise a point of order, Mr Chairperson. Prior to the call being given to my colleague Dr Worth, you indicated that you would take only one more call. Could I point out that this bill has two substantive parts: the one we are debating, and the next part. This bill is not huge in terms of the number of parts, and the substantive issues are confined to Parts 1 and 2. National has tabled two Supplementary Order Papers with 17 amendments. Members on this side are

addressing individual amendments to clauses, and I crave your indulgence to allow a bit more debate on this substantive part of the bill.

The CHAIRPERSON (H V Ross Robertson): We have had a considerable number of speeches. Parts 2 and 3 are substantial, and I assure members that they will be given every opportunity to have their say.

GERRY BROWNLEE (National—Ilam): I raise a point of order, Mr Chairperson. I appreciate that your ruling is consistent with what the Chair may rule in these circumstances, but you must take account of the considerable public interest in this bill. In fact, the prospect of this bill passing has caused considerable public odium. If presiding officers are prepared to shut down the debate after just a short period, what do you think that does for Parliament? I have been able to get to the Chamber only in the last few moments, because of other duties.

David Benson-Pope: Ha, ha!

GERRY BROWNLEE: There is the laughing Benson-Pope on the other side of the Chamber. Everybody knows how valuable his contribution is around this place! Therefore, it should not be taken into account, at all. I would be disappointed if, Mr Chairperson, you fell for the pressure that he clearly is trying to bring upon you.

I think it would not hurt if the Committee spent the rest of the evening debating this part. There is no hurry to get out of this place. There is a very limited amount of work that the Government proposes for us, before the House rises sometime around 21 or 22 December. I would ask you to consider the public attitude towards this bill, the requirement that it is properly debated, and the fact that members come and go from the Chamber according to other duties they have.

DAVID BENSON-POPE (Labour—Dunedin South): I welcome the member's contribution. I think it is good that people have been able to get to the Chamber to debate the bill. This part has not been discussed for only a short period of time—contrary to the comment that was made. We have been discussing this part for 2 hours and 20 minutes. That is more time than would be given to a lot of other issues in Committee to be dealt with. Mr Chairperson, your ruling was quite clear. I think it is entirely appropriate that you make it—and you are able to, of course. I would welcome members on the opposite side of the Chamber focusing on the issues rather than personalities as Mr Brownlee has done.

The CHAIRPERSON (H V Ross Robertson): Thank you. I have not made a decision yet.

Hon MAURICE WILLIAMSON (National—Pakuranga): Mr Chairperson, I think you and I are the only two people in the Chamber who have been here the length of time we have, and I have to say that in my time I have not seen debate on a bill of this magnitude, which is a constitutional issue and which changes the very fundamentals under which Parliament is elected, be truncated. Let me tell you that I have watched with great interest tonight and I have listened clearly to the various contributors, and all of them, including myself, have chosen a specific aspect of the bill, have addressed their speeches to a specific clause—every member on this side. I have listened very carefully, trying to see whether there was even one sentence of either repetition or irrelevant debate, and, Mr Chairperson, you cannot say that that has occurred tonight. So I ask you to think about this. We are making a fundamental, constitutional change to the way this democracy of New Zealand works. I will support your putting the question to close down the debate, if anybody's speech is either repetitious or irrelevant, but that has not yet happened. I would ask you to give those members—be they from our side or from any other party—who have a very heartfelt view to express the opportunity to do so.

GERRY BROWNLEE (National—Ilam): There are 19 clauses in this part, and they are very, very substantial clauses. There are 17 amendments to those clauses. Mr

Chairperson, if you think about anybody trying to deal with each clause and each amendment, then you will see that, so far, about 4 minutes and 10 seconds has been allowed for each one. On a bill that is of constitutional importance for New Zealand, it would be difficult for the Chair to mount an argument that adequate time has been given to each one.

The CHAIRPERSON (H V Ross Robertson): I thank the honourable members for all of their contributions, and I assure members that they will be given a fair opportunity. I have noted down the number of members seeking the call. I consider that we have had sufficient time on this part, and I am going to put the question. The question is that the question be now put. As many as are of that opinion will please say “Aye”, of the contrary opinion will say “No”—

GERRY BROWNLEE (National—Ilam): Point of order, Mr Chairperson—

The CHAIRPERSON (H V Ross Robertson): I refer members to Speaker’s ruling 9/6. Once I have accepted a closure motion and commenced to put the question, all progress is deferred until the closure is considered.

GERRY BROWNLEE (National—Ilam): I raise a point of order, Mr Chairperson. You referred earlier to the Standing Orders, and presumably you will back those up with a Speaker’s ruling, and no doubt you would be proved right. But there is one thing where you have failed, and that is to recognise that prior to your accepting Mr Benson-Pope’s plea, there were calls for a point of order. Your responsibility is to look to the floor of the Chamber to see what comments are arising as a result of proceedings. Points of order are legitimate comments. I seek leave to recall the Speaker.

The CHAIRPERSON (H V Ross Robertson): I want the member to reconsider his seeking leave to recall the Speaker. We have had a considerable length of time to debate this issue. I am happy to consider the will of the Committee—if that is the wish of members.

GERRY BROWNLEE: You have given 4 minutes and 10 seconds to each of the substantial points that people on this side of the Chamber wish to speak to. Actually, that is wrong, because peppered throughout that time have been comments from the Minister in the chair, and comments offered in 5-minute slots from members on the other side of the Chamber. Mr Woolerton, for example, made a contribution earlier in the day.

Judith Collins: And Mr Brown.

GERRY BROWNLEE: I am told that Peter Brown also did. These are people who support this bill. The argument opposing this bill has been severely shut down to well below the 4 minutes and 10 seconds that might have been allocated, in the total debate, to every substantive point of view here. Although, Mr Chairperson, you know that this side of the Chamber has enormous respect for you personally, I think it is a matter that the Speaker should rule on.

The CHAIRPERSON (H V Ross Robertson): The reality is that a motion may be moved that the Chairperson obtain the Speaker’s ruling on a matter of procedure. There is no debate on the question. The member is perfectly entitled to recall the Speaker, if the member wishes to do so. It is under Standing Order 179. I would just say to members that there will be ample opportunity, and I will allow ample opportunity, to speak in the rest of the debate. There are still Parts 2 and 3 to debate. They are significant parts—I believe, more so than Part 1 is.

GERRY BROWNLEE (National—Ilam): I raise a point of order, Mr Chairperson. It is unseemly for the Committee to get into a debate with you in the Chair—quite unseemly—but it is equally unacceptable for the Chair to suggest to members of the Committee that their personal view of what is most important in this bill should be what guides the Committee’s will and wish to speak on the bill. Core to this particular part is

the purpose of the bill, and we know that the entire purpose is driven by the paranoia that Labour has, for fear that it might be driven out of office by honest voters in this country; but to simply say: “This is not such a relevant part, and therefore I will curtail the debate.”, after the entire Committee, those for and those against, have been restricted to just 4 minutes on each of the substantive issues, is a disgrace.

The CHAIRPERSON (H V Ross Robertson): I thank the member. Can I just say that I am the sole judge of relevancy on this matter, and I have judged that the speeches have been relevant to date, but I am happy to put the question. However, if the member wishes to recall the Speaker, then the member can put that motion.

GERRY BROWNLEE (National—Ilam): I move, *That the Speaker be recalled to give a ruling on the matter.*

Motion agreed to.

House resumed.

Speaker Recalled

The CHAIRPERSON (H V Ross Robertson): Madam Speaker, the House has decided that you should be recalled. We are debating Part 1 of the Electoral Finance Bill. As the Chair, I considered that we had had sufficient time to debate the issue and the clauses. However, members felt that there was insufficient time given. As the sole judge of relevancy and as the Chair of the Committee, I judged that it was time to put the question. However, members have not agreed with that, and they have asked that you be recalled.

Madam SPEAKER: Thank you.

GERRY BROWNLEE (National—Ilam): I raise a point of order, Madam Speaker. Recalling the Speaker to the Chamber is not a decision that has been made lightly. We realise that when we recall the Speaker to the Chamber, the Speaker is immediately put into a difficult position, because the person who is acting as the Speaker’s representative—in fact, the Chairman of the Committee—is doing so with the best wishes of the House perched firmly upon his shoulder and with the authority that you carry as Speaker. However, this bill is not one where there is a clear-cut opinion, and if we look at the public opinion on this matter, then that assertion is well backed and very clear.

In this case we are also aware that at the moment the Government itself is conducting negotiations with other parties to see which of the many, many amendments the National Party has put forward in the name of Chris Finlayson, our shadow Attorney-General, may win the vote of the House. It seems to us that each of those amendments, along with the particular clauses that those amendments relate to, should be debated thoroughly by this House.

The proposition was put to us that this is not a substantial part in the whole bill. People need to understand that there are some 19 clauses in this part, so there are 19 points of law that the House has to consider under this part. There are 17 amendments proposed to this part and, as I said before, a good number of those are being considered by the Government as we speak. We have discussed only four of those amendments through the last 1 hour and 40 minutes of debate, meaning that there has been only a cursory consideration of these matters by the House.

This is an extremely important bill, because it limits the rights of some New Zealanders and it enhances the rights of some other New Zealanders. Our argument is simply that when members are wishing to take a call and when there has been virtually no incidence of repetition through the debate so far—and we would suggest that *Hansard* would verify that claim—then there is still time, surely, when we have so

much time between now and the Christmas break, to consider all of the matters in this very, very important bill, and also to consider some of the matters in the House that we know are being discussed in some of the back rooms of Parliament tonight.

TIM BARNETT (Senior Whip—Labour): I support the position taken by the Chair, and in doing that I will make five distinct points. Firstly, the time of the debate, according to our records here, is 2 hours and 20 minutes of debate, followed by 15 minutes of discussion. It began at 4.32 p.m., so a considerable time has been spent on this part. Secondly, certainly we accept that there has been a range of speakers and viewpoints, but the bulk of the speakers in that time have been from the National Party. Thirdly, the Minister in the chair, Rick Barker, has been the Minister in the chair right through that period and he has responded to each issue raised as we have gone through. So there has been genuine debate, and that is exactly what this part of the bill's progress is about. Fourthly, as has been mentioned, there are three further questions to be put—the two further parts of the bill and then the initial clauses and commencement—so a lot of the issues raised will be covered in those further debates. Lastly, there is a mechanism in the House by which it is possible to structure debate on significant bills, which is to go to the Business Committee and raise proposals for how that can be structured. I have attended the last few meetings of the Business Committee and I am not aware at all that the National Party has raised those matters. Thank you, Madam Speaker.

R DOUG WOOLERTON (NZ First): As you heard from previous speakers, Madam Speaker, there has been extensive debate on this bill. I can think of many occasions when we have had far fewer speeches on any number of debates that I have listened to in the House. I can say fairly that the National Party, in my view, has been well represented. I can tell you, just as a matter of interest, that there have been many comments from the National Party to the effect that the bill is a nonsense and is not worth pursuing, and that was also those members' attitude in the Justice and Electoral Committee. I say this only to make the point that I am amazed at the seriousness with which National members pretend to take this closure motion and at the hurt feelings they tend to portray, because I can tell the House that that is not what they have portrayed hitherto.

PHIL HEATLEY (National—Whangarei): There is also a procedural matter to consider here. What happened was that the Chairman indicated that he would take a final call and he turned to do that, but the National Party challenged it through our senior whip, and there was a series of points of order about it. During those points of order David Benson-Pope rose to argue that putting the closure motion would be the appropriate thing to do. After those points of order the Chairman said that the question was whether the question should now be put, but no Labour member or any other member of this House, including David Benson-Pope, actually moved the motion that the question be now put. So that vote was—

David Benson-Pope: Did so!

PHIL HEATLEY: No, *Hansard* will show that the members opposite never actually moved the motion. The Chairman put that question to the Committee before a member had moved it. David Benson-Pope took a point of order, but he never moved that motion before the Committee.

Hon MAURICE WILLIAMSON (National—Pakuranga): I want to canvass what I think is now a very serious issue with regard to one of the most major constitutional reforms that this Parliament may process. I expressed before, when Mr Ross Robertson was in the Chair, that he and I were probably the only two members in the House who have been here as long as this. I have been through debate after debate in this House where members of both Opposition and Government have repeated the same old mantra

time and time again, and I think we are so sick of it that we would have liked to see a closure, as well. But tonight I have specifically followed every speech. Not only are there 19 clauses in this bill but also in some cases those clauses fragment—like clause 5, which fragments into clause 5(1), clause 5(2), down to clause 5(2)(da).

The speech I gave focused solely on clause 5(2)(g). If the Chairperson of this Committee were to rule that there had been repetition and irrelevant debate, then I would go with his ruling. But I do not believe that anybody listening to tonight's debate would say that had yet been the case. I know that there are members on the Opposition side of the Chamber who still have points on fresh fractions of clauses within the 19 substantive clauses, and I see no reason, as long as those people are given a right to make the claims and arguments that they want to, and as long as they are not repeating themselves, why this House would not want to allow that to happen. I think that there would be a severe breach of the democratic right of this Parliament should that debate be shut down.

DAVID BENSON-POPE (Labour—Dunedin South): I will respond just very briefly to the statements made by Mr Heatley. It is my understanding of events—and it is confirmed by my colleagues sitting beside me—that this discussion, and ultimately your recall, Madam Speaker, started when I was granted the call by the Chairman of the Committee and I moved, in the proper language, the closure motion.

Madam SPEAKER: I thank members. We have had sufficient argument on this, so I thank the member. As members have said, and as I appreciate, the point is an important one. But I would refer members to Speakers' rulings 60/7 and 60/8—but in particular Speakers' ruling 60/7—where the position is set out quite clearly that in these instances the Chair is the sole judge of whether a closure should be accepted. The Chairperson has been the person who has listened to the debate, and, even though I have also listened to the debate, it is the Chairperson who has been in the Chamber listening to the debate who is the best person to judge that. It is not for the Speaker, in accordance with the Speakers' rulings, which I uphold, to second-guess the Chair's judgment in that respect. Of course, if in fact the Committee does not agree with the Chair's decision to accept the closure, then it is always open to the Committee to vote down the question—and that question be now put.

In Committee

Debate resumed.

Part 1 Preliminary Provisions (*continued*)

A party vote was called for on the question, *That the question be now put.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Noes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Motion agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to Part 1 to omit “third party” in each place where it appears and substitute “interest group” be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to insert new clause 3A be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 4, to insert the definition of **interest group**, be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 4, to add new paragraph (c) to the definition of **periodical**, be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 4, to omit and substitute the definition of **publish**, be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 4, to omit and substitute the definition of **regulated period**, be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 4, to omit the definition of **third party**, be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to omit clause 5 and substitute new clause 5 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment, set out on Supplementary Order Paper 166 in the name of Christopher Finlayson, and the following amendment in his name, to clause 9 be agreed to:

to add to *paragraph (c)* the words “; and”

Amendments agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 14(1)(b) be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 14(2)(a) be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 14 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 16 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 17 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 18 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendment set out on Supplementary Order Paper 166 in the name of Christopher Finlayson to clause 19 be agreed to.

A party vote was called for on the question, *That the amendment be agreed to.*

Ayes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Noes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Amendment not agreed to.

The question was put that the amendments set out on Supplementary Order Paper 162 in the name of the Hon Annette King to Part 1 be agreed to.

A party vote was called for on the question, *That the amendments be agreed to.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Noes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Amendments agreed to.

The question was put that the amendments set out on Supplementary Order Paper 163 in the name of the Hon Annette King to Part 1 be agreed to.

A party vote was called for on the question, *That the amendments be agreed to.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Noes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Amendments agreed to.

A party vote was called for on the question, *That Part 1 as amended be agreed to.*

Ayes 65

New Zealand Labour 49; New Zealand First 7; Green Party 6; United Future 2; Progressive 1.

Noes 56

New Zealand National 48; Māori Party 4; ACT New Zealand 2; Independents: Copeland, Field.

Part 1 as amended agreed to.

Part 2 Election campaigns

Hon ANNETTE KING (Minister of Justice): I begin by thanking my colleague the Associate Minister of Justice Rick Barker for shepherding through the first part of this bill. I was unable to participate in the debate on the first part because I was returning from the far north, where I have just opened the new Kaitiāia hospital. It was a great day, I have to say, because it was in the 1990s that the previous National Government said it

would close that hospital, and 7,000 people marched. I went back to honour that promise today.

John Hayes: I raise a point of order, Mr Chairperson. None of this speech has anything to do with the part of the bill under consideration.

The CHAIRPERSON (Hon Clem Simich): They were remarks that the Minister used by way of introduction.

Hon ANNETTE KING: Thank you, Mr Chairman. I went back to honour that promise that was made, and that is what Labour is doing with the Electoral Finance Bill, which is before this Committee today. We promised to bring in a fairer, more transparent election financing approach, to do away with the sneaky approach and the backroom deals we have seen in the past, and to stop the National Party members from screwing the scrum—and they are old scrum-screwers from a long way back. There is not a trick that they have not tried. The latest one—in an effort to get themselves a few more votes before this bill is in place—is to bring out a shonky DVD that breaches copyright. We want to shine the light on those who believe that money can buy anything, including democracy. We want to give clearer rules.

What members have heard are the protests from the self-interested. National Party members have shamelessly used organisations like the Human Rights Commission and the Electoral Commission in their adverts and in their speeches, and not once have they acknowledged that the Human Rights Commission and the Electoral Commission have said that changes made to this bill have considerably improved it and that they support most of this bill. Those members never mention that. That is how dishonest they have been. How could anyone trust them to bring in such a bill? I have been very disappointed with what I have heard in this debate today as I travelled around. The debate has not been about the bill, except, perhaps, for Christopher Finlayson's speech. It has been about making political points.

We are discussing Part 2, which deals with election campaigns. It contains the financial rules proposed for candidates, political parties, and third parties. It contains the key definitions and general provisions relating to the disclosure of donations. It establishes a new regime for protected disclosures, which enables donations over \$1,000 to be made to political parties or third parties via the Electoral Commission. It sets out general rules relating to all election advertisements, whether published by candidates, political parties, or third parties. Part 2 sets out the regime for election expenses of candidates, political parties, and third parties. The Justice and Electoral Committee made some very important and far-sighted changes to the donation regime. The overwhelming message in the submissions to the select committee was that the public wanted stricter rules in this area. That is what the public said they wanted.

I listened to Nicky Wagner tonight. She said that we need to have people power. She said we need to listen to what the public say. Well, the public said they wanted stricter rules in this area. Why is the National Party opposing stricter rules in this area? If it really believes in people power and in listening to the public, why does it not listen to those submissions on this bill? The public wanted greater transparency about the source of political funding. Being transparent about where one gets one's money from must be an absolutely basic element in a decent and proper democracy. Why would we not want people to know where our money comes from? Why would people want to hide where they got their money from, unless they have something to hide?

Members of the select committee listened to submissions and increased the threshold for those who are listing as a third party, from \$5,000 to \$12,000. People do not need to list if they want to spend under \$12,000 in the campaign. So if a person wants to spend less than \$12,000 promoting a particular party, he or she is able to do so without listing as a third party. A third party can also be a lobby group. It can be an individual. It can

campaign for an individual member or on behalf of a party and it can spend up to \$120,000. Every member of a family could be an individual who could spend money, if that individual wanted to, as a third party.

Part 2 also deals with anonymous donations. There were a large number of submissions around anonymous donations. The candidates wanted anonymous donations dealt with—anonymous donations to candidates, to political parties, and to third parties. Do members know what they said? They said they should be capped at low levels. That is what the people power said. That is what the public said. They wanted anonymous donations capped at low levels. Why do the National Party members not want to listen to the people? Why do they not want to have an anonymous donations regime in the bill? They do not want it because that is where they got most of their money from, and they do not want any fetter on their ability to buy the next election.

Part 2 also deals with the issue of Government advertising. Some submitters raised concerns that Government departments would engage in election advertising. It is very clear now in this bill that they cannot.

I want to mention clause 80(d), which covers a member acting in his or her capacity as a member of Parliament. The Electoral Commission has asked Parliament to give it some clarification as to how we interpret that. We are not going to put it in law; the commission has asked for an interpretation. That is what it has asked for—it wants an interpretation.

Well, I gave my view 2 weeks ago. I gave my view, and my view, I have to stress, is my view. But what the Electoral Commission is interested in is what this Parliament thinks, what the members of this Parliament think, and it wants to be guided. The Electoral Commission said that it wants to be guided by what this Parliament says. I am prepared to say that my interpretation could be wrong. I might be wrong. In fact, I am prepared to admit that I could be wrong. I read the comments of Bill English today in a question to the House. He might be right in terms of that interpretation.

What this Parliament needs to do now, in the Committee stage of this bill, is to give its views, which will be listened to. Of course, Bill English is very worried. He said, about the interpretation I gave, that political parties would be suspicious of my definition because it would mean that Government members will be allowed to talk about what the Government is doing, but Opposition members will not be allowed to talk about what they would like to do if they become the Government. He said: “How ridiculous is that?”

I am prepared to listen to the views of this House. Of course, the members opposite do not want to listen to anyone else’s view, but I am prepared to listen—and not only to the noisy National Party. I welcome comments, because there are other parties in this House and they deserve to have a say as well.

I also want to mention an amendment to clause 22A. This is a National Party amendment, because this clause will make it clear that one has to include one’s GST. Which party did not pay its GST? The National Party. It has squirmed and wormed its way around that issue. It did not pay its GST, and it is very clear that it will not be able to blame it on the publishing company, or the publicity agent, because it is in the bill—National pays GST just like everybody else.

These are important amendments in this bill. Part 2 is an important part, and I look forward to the debate on it.

GERRY BROWNLEE (National—Ham): What an utter disgrace it is, and what an incredible admission it is, for the Minister of Justice to come down to the Committee at 20 past 9 at night, after almost 12 months of consideration of the Electoral Finance Bill, and after standing in the House for a couple of weeks and putting in the *Hansard* record a view that was designed to give judges, who ultimately will have to determine many

aspects of the bill, some clarity—that Minister went on the record, and put her views with regard to what an MP may and may not do according to clause 80—and say: “I might be wrong. I might be wrong, and I am prepared to listen to the views of the other side of the Committee.” Well, I ask the Minister where the ministerial Supplementary Order Paper is that sorts that out. It is non-existent, is not there, will not be there, and Labour does not care.

We have had the ignominy today of the Prime Minister standing in the House and saying that if a candidate is not sure what the new electoral law means, he or she should consult a lawyer—go and consult a lawyer. So Queen’s Counsel up and down the countryside will be advertising their services as election consultants, while poor old candidates out there try to work out what all this means.

It is worse than that. We have had the particular Minister who just spoke saying that many of the interpretations in this bill, if they cannot be sorted out by common sense, will be sorted out by the courts. Worse than that, we had the Attorney-General stand in the House today and say that the Electoral Commissioner was now happy enough with this bill. Having seen it move from being completely unworkable to now being somewhat unintelligible, she is happy enough to call all the parties together for a seminar, after the bill has been through the House, after it has had this mickey mouse consideration, to work out what it all means—a bit of a handholding gathering where those who consider themselves to be tinpot experts on this matter decide, with the Electoral Commissioner, what the law means. Well, the law should be very clear about what it means when it leaves this Parliament.

I want to make this comment to you, Mr Chairperson, and I intend it to also be a message to others who might sit in the Chair tonight. On the last part there were some 33 speeches in total. The National Party got only 11 of those 33 speeches. That is hardly proportionate, it is hardly fair, and it is hardly reasonable. Although I am a great subscriber to the view that anyone elected to this House—no matter how he or she is elected—is no more or less elected than anyone else, I want to make it clear that it is unacceptable for the Government to run the jackboot over this Committee on a bill of such constitutional importance as the Electoral Finance Bill; a bill that the Acting Minister of State Services is uncertain about what it means, a bill that the Attorney-General is uncertain about what it means, a bill about which the Prime Minister is saying “I don’t know what it means; just consult a lawyer.”, and a bill that the Committee itself is struggling to work out what are the good aspects of it and what are the bad. The reality is that the vast majority of it is bad.

I make this observation: this week in Venezuela, the home of President Hugo Chavez, a vote was taken among the people as to whether he could stay in power for longer than the constitution currently allows—

Hon Tony Ryall: For life.

GERRY BROWNLEE: Could he stay there for life? Well, by a narrow margin he was prevented from doing that. But the interesting thing is that, in this country, if this bill was about whether the Labour Party could stay in Government forever, the margins that we are seeing in the votes tonight would be enough to carry it through. There are no constitutional thresholds in this country. We simply have the tyranny of the majority. It is a disgrace for Helen Clark to be exercising that principle on a bill like this.

We see the member over there exiting the Chamber, screaming at the top of his voice. I do not doubt that he is off to circumvent the provisions of this part of the bill by picking up another brown paper bag full of cash over a lovely tea of fish and chips with one of that party’s great funders.

A number of things in this bill are utterly ridiculous. We know through the political process that many people in this country have interests that prevent them from

expressing a political view in a public way—hundreds of people. We are a small country. We have recently seen a debacle over the State Services Commission and the horrible politicisation of Government departments. We know and accept that many people who do good work for a Government have a view that is politically different from that of the Government of the day. But this bill makes it clear that they cannot exercise their right as a citizen in this country to make any sort of substantial donation to a political party, without their name coming into the public arena.

We see the provision for anonymous donations. The word “anonymous” means that no one knows. Someone might anonymously choose to go along to the Labour Party, perhaps to Mr Owen Glenn, and say to him: “Owen, I want to support the Labour Party. I want to support Helen Clark.” Actually it would be a very short queue; none the less, it is possible. He or she goes along to Owen Glenn and says: “I want to make an anonymous donation.” He will now be required to say: “Well, thank you for your money. I’m going to have to record your name, I’m going to have to record your address, and I’m going to have to record the amount that has been given to the Labour Party, and I’m going to have to put that into the mix, so that a number of people know about it.” I would ask this simple question: if no New Zealander goes to the ballot box having to declare how he or she votes, why should any New Zealander have to say what small amount he or she wants to give to any particular political party?

Lynne Pillay: What about the trusts?

GERRY BROWNLEE: I have a question for that member: “What about the unions?”. [*Interruption*] The brains trust from Wanganui says: “Well, the unions have to declare who they are.” So we see the Amalgamated Engineering, Printing and Manufacturing Union up there, and apparently that gets past the anonymity thing. Well, I do not know, and no one in this Chamber knows, where that union gets its money from. No one knows that. No one dives in behind that union and says “We want to know where you got your dough.” Well, hang on, here we go.

Jill Pettis: Got it from the members.

GERRY BROWNLEE: Mrs Pettis says that it got it from the members. I apologise for the damage I have done to the walls in impersonating Mrs Pettis. She says that it comes from the members. Well, what is wrong with individual people, unnamed, as union members are, making a donation to a trust? Oh, here she goes.

Lynne Pillay: What about your cake stalls?

GERRY BROWNLEE: The outgoing member for Waitakere has just said “What about your cake stalls?”. The classic example was given in the select committee of a cake stall that raised \$1,800. That member said: “Oh my goodness. How does anybody raise \$1,800 from a cake stall?”. That is the sort of anonymous money we are trying to get to.

Tonight we see a bill before the Committee that is driven by the paranoia of the Labour Party. It is not paranoia about where the money comes from, but paranoia and fear that Labour may be tipped out of Government at the next election. There is no doubt that that is where it is heading. Mrs King said: “What about people power?”. I tell her to go and look at the opinion polls, go and look at what the focus groups are telling the Labour Party about this bill. No one likes it. No one in this country likes the idea that any single politician is going to create advantage for himself or herself through the laws of this country. That is what this bill does.

The members on the other side talk about wanting to stop wealth from being a big factor in the coming election. What about the wealth of New Zealanders that the Labour Government is going to put its hands on to promote its programmes, quite legally, if this bill passes, to convince New Zealanders that they should vote for it? Does anyone in

this Chamber think that New Zealanders will be happy that \$15 million of taxpayers' money is used to promote Labour Party policies?

ANNE TOLLEY (Senior Whip—National): I raise a point of order, Mr Chairperson. Could I ask, please, that the *Hansard* of the Minister's address that opened the debate on this part be made available to us in writing by the end of the sitting tonight? I believe that the Minister laid out some quite pivotal information that will be necessary for us to continue this debate tomorrow.

The CHAIRPERSON (Hon Clem Simich): No, that is not something that is done for members, I am afraid to say. The member who made a speech may inquire into doing that, but not other members.

Hon MARIAN HOBBS (Labour—Wellington Central): I rise to address the issues raised in Part 2 of the Electoral Finance Bill, which is about election campaigns, candidates' election expenses, parties' election expenses, and third parties' election expenses. It is not third parties' advocacy expenses but third parties' election expenses, and there is a difference. For me, this is an essential part of the bill.

Many of us have been invited to meet with women from the United States of America who are involved in politics. Some of us have been delighted to meet with the women who are involved in Emily's List, and they say to us so often that it is extremely hard for a woman to stand for Congress in the United States. To stand for Congress in the United States one has to earn millions of dollars. Women do not have access to millions of dollars, so we immediately—*[Interruption]* I am quoting from Emily's List, and that is exactly what Emily's List says. I am sorry for Opposition members if they have never met the women from Emily's List, who describe that that is why they have raised money, as women—because women are not able to get corporate money and support.

However, those people who do get corporate money and support find that they become lobby fodder, that they are there to support the cigarette companies, that they are there to support the National Rifle Association, and that they are there to support abortion or not abortion. They are lobby fodder. That is one thing this bill and this part is about—it is about stopping the buying of votes. It is about stopping the buying of elections.

The Opposition has been calling out for freedom of speech. I support freedom of speech, probably more than anyone on that side of the Chamber. I have been arrested for exercising my freedom of speech. But I do not support the freedom to buy speech, and this is what this bill is about.

I very much support one person, one vote, and not \$1.2 million, one Government. I support one person, one vote. The Opposition supports \$1.2 million equalling one Government. That is the difference, and that is what I stand here for. *[Interruption]* I do not care who is doing the buying. I want to say this again, because I have heard this conversation come up before: I do not care who is doing the buying. If it were the Royal Forest and Bird Protection Society, or my friends the Society of Friends, the Quakers, I would be just as angry as if it were the Exclusive Brethren. I do not care who is buying the election. What I care about is that one group puts itself above the law, puts itself above human rights, and says "Because we have money, we have the right to buy an election." It is not who the buyer is. It is the fact that someone is trying to buy a Government, rather than vote for a Government.

Mr Hide argued earlier this evening that it was the right of the Brethren to spend their money in order to have their say. He might have said that it was the right of the Society of Friends, or the right of the Royal Forest and Bird Protection Society. He added that he defended the Brethren's hiding who they were. I so disagree with that; that is so anti-democratic. If a group wants to buy an election or support somebody, it

should put its money on the table, put its real name on the table, and put its real address on the table—be honest, be brave, be upfront, be democratic—and that is what I am here to support tonight.

Hon TONY RYALL (National—Bay of Plenty): What an amazing admission was made by the Minister of Justice in the Committee not 20 minutes ago. Two weeks ago the Minister of Justice took particular pains to read into *Hansard* her definition of an MP's activities that would not be covered by the spending rules. She specifically said that for the avoidance of doubt and so the judges know, she would outline the activities of members of Parliament that would not require them to declare their spending to be for election purposes. She came down to the Chamber not 20 minutes ago and admitted that what she had said was wrong, that it did not count, and that she was now open to further discussions about what that would mean.

So there she was 2 weeks ago, trying to instruct the judges by way of *Hansard*, and there she was 22 minutes ago, saying that she was completely wrong, that Bill English has a point, and that now she wants us all to talk about it. She said we should have a seance and try to get it right; that is what she said in this Chamber 22 minutes ago. And Anne Tolley is dead right to try to get the *Hansard*, because I bet when we ring up and ask the Minister's office for it at 8.30, we will not get it. The Minister said she was wrong, and the Government was going to have to rethink what she had said. Even though she had tried the gimmick of reading the legislation into *Hansard* 2 weeks ago in order to try to guide the judges, she has had to stand in the Chamber today and say that she had got it wrong, that Bill English has a point, and that we need to work on it.

Well, that is what we said to the Government when it first brought this loathsome legislation to the House. We asked why we did not do what parliaments have done for generations, and try to get agreement from the major political parties about how the matter should be dealt with. But instead we have had the remarkable sight today of the Minister of Justice coming down to the Chamber and admitting that the advice she tried to give the judges 2 weeks ago was wrong—and that is summed up even further by the 150 amendments that she tabled only hours before this debate began earlier today. She has been in the Chamber, together with the outgoing member for Taupo, trying to justify all the provisions in this bill, yet 150 amendments have come through. And the Minister came down 24 minutes ago and admitted that the advice she gave to the judges was absolutely wrong.

Then we listened to the debate of Marian Hobbs. Well, Marian Hobbs does not want to tell the Committee that she was elected to Parliament on the back of over \$800,000 of anonymous donations to the Labour Party in 1999. What did the donors get from Marian Hobbs in return for that? And she did not talk about the fact that she was re-elected in 2002 on the back of \$350,000 of anonymous donations to the Labour Party—

Anne Tolley: Plus the unions.

Hon TONY RYALL: —plus the big union money. But she stood up in this Parliament and said such donations buy influence, and that all that money has to be controlled because it buys influence. Well, she was a Cabinet Minister; she was the Minister for the Environment. So what about the money that the big forestry companies donated to the Labour Party? Did she change her actions as the Minister for the Environment because of the money that forestry companies donated? Did she do that? Oh, there is silence from that member. So that is the question. Marian Hobbs can stand up and say that people are bought because of donations, but she was a Minister, so let us hear her explanation of the \$800,000 of anonymous donations that Helen Clark pocketed at the 1999 election in order to get herself elected—\$800,000 from what New Zealand First says are the secret manipulators of New Zealand politics.

The Labour Party received \$800,000 of anonymous donations, yet we sat for days in the Justice and Electoral Committee as Labour members tried to say that people knew who the anonymous donators were. It was amazing. Lynne Pillay would sit in the select committee and say that we needed to make sure that people really knew they were anonymous. Well, Mike Smith, general secretary of the Labour Party, signed off that the \$800,000 of anonymous donations that Helen Clark received in 1999 were completely anonymous, and once we had pointed that out to Labour members, they never said a word again about that—never said a word again.

Let us also talk about the really “honest” Labour Party, and ask about the “Owen Glenn clause”. It is clause 25C(1)(a). Into the select committee those members came on their little ponies, being really tough and saying they were going to stop foreigners donating to political parties. They were going to stop foreigners donating to political parties, said Lynne Pillay, Charles Chauvel, David Benson-Pope, and the rest of the lefties on that select committee. So they proposed an amendment they brought forward that said any individual who is not a registered voter in New Zealand may not donate money—that every person who lives overseas and who is not a New Zealand - registered voter may not donate. Do members remember that the whole debate centred on Chris Finlayson’s brother in Germany, and whether he could make a donation? So those members decided that anybody who is not registered as a New Zealand voter would not be able to donate to parties.

Then we asked how that left Owen Glenn, the man who has donated over half a million dollars to the Labour Party.

Judith Collins: What does he get for that?

Hon TONY RYALL: Well, I ask Mrs Collins what he gets in return for that, because Marian Hobbs says that if people donate to political parties, they expect something for that. Let me tell members about the “Owen Glenn amendment”. Mrs Pillay and her friends came into the select committee, and said they would stop foreigners donating money. They said that because foreigners were not on the electoral roll, they could not donate to parties. Then we said: “Well, what about Owen Glenn?” Within minutes a coffee break was announced. Those members said they would just break the committee and deal with that.

Fifteen minutes later came the announcement that some amendments would have to be made to that provision.

Lynne Pillay: That is such a story—yeah, right!

Hon TONY RYALL: Every member opposite on that committee knows that is exactly what went on. All of a sudden, what happened? Well, the Labour members must have gone to check on the residency status of Owen Glenn, because what came back was the wording that an overseas person is “an individual who—(i) resides outside New Zealand;”. That is Owen Glenn. He lives in Australia, and he gave the Labour Party half a million dollars. I do not know whether he gave it any of the \$800,000 of anonymous donations in 1999. Here is the “Owen Glenn clause”: “and (ii) is not a New Zealand citizen or registered as an elector”. Everyone knows that Owen Glenn is a New Zealand citizen, so that provision will allow him to make his big donation to the Labour Party again, even though Labour’s original proposal would not have allowed him to do that.

So I tell members opposite not to give us the high and mighty stuff from Marian Hobbs about Labour not wanting there to be any money in politics. The fact is that Labour Party members wanted the big money when they were trying to get elected in 1999 and Helen Clark pocketed \$840,000 of anonymous donations. It was \$340,000 at the next election. Hundreds of thousands of dollars came from Owen Glenn. So let us not start all that nonsense about what Labour is trying to do.

The fact is that this legislation is all about skewing the playing field in favour of the Labour Party, to give it every advantage in the run-up to the next election. It is absolute hypocrisy for anyone to stand up and say the things that have been said by Labour Party supporters, not only in this House but around the country, about this issue. This bill is an abomination. It is a breach of democratic principles in this country. It is based on the political manoeuvrings and scheming of the Labour Party, because if it really did want to stop anonymous donations it would have prevented Owen Glenn from giving it another half a million dollars. And if those members opposite really wanted to stop anonymous donations, they would have made other movements.

In fact, did members hear the Minister of Justice say that Labour wanted to stop anonymous donations? The bill as introduced was silent on anonymous donations; there was not a word in it on anonymous donations. Labour members decided they wanted to put a provision about anonymous donations in the bill because someone else pointed that issue out to them. There was not a word in the bill about anonymous donations when it was introduced, but they subsequently decided they wanted to put a provision about anonymous donations into the bill because someone else pointed that issue out to them. Although there was not a word about it in the bill as introduced, they brought amendments to the select committee, and now in the Committee of the whole House they have come in with another 150 amendments.

The failed Minister of Health, who is the short-term Minister of Justice, came into the Chamber not half an hour ago and announced that what she gave to the House 2 weeks ago was absolutely wrong, and that the judges should ignore it. That is what she said—that the judges should ignore it. That is simply no way for a Minister of Justice to treat the House.

The CHAIRPERSON (Hon Clem Simich): Before I call the next speaker, I ask the member who has just resumed his seat whether he used the word “hypocrisy” in relation not only to people outside the Chamber—he mentioned it in relation to supporters, which he is entitled to do—but also to members in the Chamber. Did he mean to include members in the Chamber?

Hon Tony Ryall: That would have been unparliamentary, Mr Chairperson. It was certainly not my intention.

The CHAIRPERSON (Hon Clem Simich): Thank you, Mr Ryall.

R DOUG WOOLERTON (NZ First): I find it amazing to have all the bits and pieces wheeled out from the Justice and Electoral Committee—not in total; just little excerpts. I enjoyed the pony bit, but none of them are actually accurate. That concerns me, because that is what we have seen depicted in the newspapers up and down this country in recent times. We have heard all sorts of things, except what actually happened in the select committee and except what the bill is actually about.

The bill will not stop the Exclusive Brethren Church from spending money on an election campaign for the National Party, or on anything else, and it was never designed to. What the bill does do is make sure that everybody knows who the players are. It makes sure that people who spend \$1.2 million or \$1.4 million on an election campaign come under the caps and come under the electoral law, just like political parties do. That is what it is all about.

There were two groups of submitters in the main, and their concerns were exactly as the Minister of Justice read out. The first group was concerned about anonymous donations to political parties and where the money was coming from. The second group had concerns about whether they could participate or whether this electoral law would close down advertising campaigns, how much they could spend, and that sort of thing. That part of it was completely taken out of the bill by the select committee, but we will not hear National members talk about that, because, sadly, they chose not to participate

in any meaningful way in the select committee. They chose a line of obstruction and belittlement, and that is what they continue to do. I believe that if National had used John Key, with his formidable negotiating skills, to talk to the Labour Party and to the other parties in the House in a proper, upfront manner, then National members could have changed this bill quite a bit. But, no, those National members chose a line of obstruction.

One of the things that has concerned me a bit is when Dr Helena Catt said that she could not define what an MP did. Unlike the National Party, I welcome the Minister's honesty and candour in saying that she would like to hear from people what MPs do. How we are going to define that when the National Party quite obviously is not going to participate in that debate, either?

The one good thing about this is that the whole of New Zealand, if this issue is being reported correctly, now knows that the National Party was invited to participate. In spite of what third parties say, in spite of what newspapers say, in spite of what lobbyists in the National Party say, MPs do have a unique role in this country. We have a job of representation—I am getting so excited that I am fogging up my glasses. It is our unique job to represent people. It is our job to bring their concerns to this Parliament and to debate them. It is not the job of the lobbyists or the job of the newspapers; it is our unique role, and one we take seriously. It is one that I believe can be defined, even though it may take a little bit of doing.

Quite clearly, if we are asked to go to Invercargill, or to Whangarei, from one end of the island to the other—and the Minister in the chair, the Hon Annette King, has said she was up north today—then we should do so. If we are called to account to address a meeting and to tell people what we as a political party intend to do, we should be there.

Hon BILL ENGLISH (Deputy Leader—National): There are any number of stupidities in Part 2 of the Electoral Finance Bill that we could talk about—for instance, that it is illegal for Television New Zealand to run the election ads it is obliged by the Broadcasting Act to run; that if people carry a placard in a protest, they have to put their name and address on it and get it authorised by their party's financial agent; and that there are now 97 different requirements that people have to meet to have a public opinion in election year.

Hon Tony Ryall: How many?

Hon BILL ENGLISH: There are only 97 in this part of the bill. The Government had 2 years; why could it not come up with 197? Then at least it would have something to show for it.

I am going to be selfish; I am going to talk about the effort that MPs have made to understand how they can comply with this part. If they do not, there is a \$40,000 fine.

Progress reported.

Report adopted.

The House adjourned at 9.56 p.m.

