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THURSDAY, 22 NOVEMBER 2007

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THURSDAY, 22 NOVEMBER 2007

Madam Speaker took the Chair at 2 p.m.

Prayers.

BUSINESS STATEMENT

Hon Dr MICHAEL CULLEN (Leader of the House): Next week the House goes into a 1-week break. When the House resumes on Tuesday, 4 December, priority will be given to the completion of the second reading of the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill; on the assumption that that second reading is not finished today, the remaining stages of the Electoral Finance Bill; and the third reading of the Education (Tertiary Reforms) Amendment Bill, if there is time.

GERRY BROWNLEE (National—Ilam): Noting the rather extensive list of work the Government hopes to get done in the short hours that remain between now and the end of the year, can we assume that the Government is taking notice of the Law Society, which has indicated that the Electoral Finance Bill is, in fact, unworkable and should be returned to the select committee?

Hon Dr MICHAEL CULLEN (Leader of the House): Of course, my statement was in reference to the first week back. There are 2 other weeks after that in which there will be further business for the House to consider and a considerable number of bills ready for their first reading. The main thing I heard on the news was that the Law Society objected to the fact that anonymous donations should remain anonymous.

BUSINESS OF THE HOUSE

Hon Dr MICHAEL CULLEN (Leader of the House): Pursuant to an agreement in the Business Committee, I seek leave to move the Government notices of motion in my name, relating to the appointment of auditors for the Officers of Parliament, without amendment or debate.

Madam SPEAKER: Leave is sought for that purpose. Is there any objection? There is no objection.

OFFICES OF PARLIAMENT**Appointment of Auditors—Office of the Ombudsmen**

Hon Dr MICHAEL CULLEN (Leader of the House): I move, *That pursuant to section 31A of the Ombudsman Act 1975, and having regard to section 45F(1)(b) of the Public Finance Act 1989, this House appoint Deloitte as the auditor to audit the Ombudsmen for the financial years ending on 30 June 2008, 30 June 2009, and 30 June 2010, commencing on the date on which the House resolves to make this appointment; and that the House revoke the resolution made by the House on 18 October 2001 to appoint the Controller and Auditor-General as the auditor of the Ombudsmen on the date of this resolution.*

Motion agreed to.

Appointment of Auditors—Parliamentary Commissioner for the Environment

Hon Dr MICHAEL CULLEN (Leader of the House): I move, *That pursuant to section 26 of the Environment Act 1986, and having regard to section 45F(1)(b) of the Public Finance Act 1989, this House appoint PricewaterhouseCoopers as the auditor to audit the Office of the Parliamentary Commissioner for the Environment for the financial years ending on 30 June 2008, 30 June 2009, and 30 June 2010, commencing on the date on which the House resolves to make this appointment; and that the House revoke the resolution made by the House on 18 October 2001 appointing the Controller*

and Auditor-General as the auditor of the Office of the Parliamentary Commissioner for the Environment on the date of this resolution.

Motion agreed to.

Appointment of Auditors—Controller and Auditor-General

Hon Dr MICHAEL CULLEN (Leader of the House): I move, *That pursuant to section 38 of the Public Audit Act 2001, this House appoint CST Nexia Audit as the auditor to audit the financial statements, accounts and other information of the Controller and Auditor-General for the financial years ending on 30 June 2008, and 30 June 2009, commencing on the date on which the House resolves to make this appointment.*

Motion agreed to.

POINTS OF ORDER

Parliament Buildings—Public Access

GORDON COPELAND (Independent): I raise a point of order, Madam Speaker. On returning to my office yesterday immediately after question time, I discovered that a young man from Christchurch, who is known to me, had been in touch to say that he had been denied access to the parliamentary complex and therefore to the gallery to observe question time. Security had intervened to prevent his entering the parliamentary complex, on the basis that he had participated in yesterday's march in opposition to the Electoral Finance Bill, and because of a ruling from your office, which stipulates that people in that situation are denied entry to the parliamentary complex for 24 hours. I was able to vouch for the young man so that following contact with your office he was eventually admitted to Parliament Buildings and to the gallery late in the afternoon.

However, I found through this incident yesterday that I would like to ask you to reconsider your ruling in regard to that matter—or the ruling of your office, because I am not sure whether it is your ruling or one by one of the former Speakers of the House. I want to suggest to you some reasons why the reconsideration should happen. Firstly, the security arrangements for Parliament Buildings are now far more stringent than was the case, say, 12 months ago. Secondly, I think the application of the ruling is very arbitrary. I had to ask that young man how parliamentary security knew he had been in yesterday's march. He said that he guessed they must have recognised him. You will appreciate that there are sometimes hundreds—if not thousands—of people on such marches. Therefore, a blanket ban of that sort must always be arbitrary in its application. Thirdly, I hold the view that, subject to normal security checks, etc., access to Parliament Buildings should be the right of all New Zealand citizens as part of the fundamental freedom that is a cornerstone of our democracy.

Madam SPEAKER: I would just note that this is a matter that I am prepared to look at. It is not normally a matter for this Chamber. It is not appropriate to bring it up here, but I can indicate that, yes, I am happy to look at the matter, and to get back to both members.

KEITH LOCKE (Green): Madam Speaker, you will remember that I sent you a note on this issue months ago. There is a problem, I think—

Madam SPEAKER: As I indicated to the member, we are taking time from the House at the moment. I have already indicated I am happy to look at the issue. If any other member would like to make a representation on it to me in writing, would he or she please do so, so it can be thoroughly looked at.

QUESTIONS FOR ORAL ANSWER**QUESTIONS TO MINISTERS****Tertiary Qualifications—Reports**

1. Hon MARIAN HOBBS (Labour—Wellington Central) to the **Minister for Tertiary Education**: Has he received any reports on the proportion of New Zealanders holding a tertiary qualification?

Hon PETE HODGSON (Minister for Tertiary Education): Yes, I have. The Ministry of Education advises me that almost 40 percent of all New Zealanders—all New Zealanders—now hold a tertiary education qualification, compared with 25 percent a decade ago. Similarly, about 14 percent have a bachelor's degree or higher qualification, compared with just 8 percent around a decade ago.

Hon Marian Hobbs: Has the Minister seen any reports that demonstrate how much easier it has become to learn on the job?

Hon PETE HODGSON: Yes; the figures speak for themselves. Since 2000, workplace learning has more than doubled, from about 80,000 trainees per year in 2000 to about 180,000 trainees per year—[*Interruption*]

Madam SPEAKER: Please be seated. We are at the beginning of question time, so I just ask members to respect each other in the House. Some members may wish to hear the answers to the questions, and the questions being put, so please be considerate of others.

Hon PETE HODGSON: Since 2000 workplace learning has more than doubled, from about 80,000 trainees per year in 2000 to about 180,000 trainees per year in 2006.

Hon Brian Donnelly: Will the Minister confirm that in 1990 New Zealand had the second-lowest tertiary participation rate of the 24 OECD countries, and that the “bums on seats” policies of the 1990s, which were put in place to rectify the situation, took us to fifth in the OECD but did not create close alignment with the economic and social needs of the nation?

Hon PETE HODGSON: I can confirm precisely that history. We were second lowest—above Turkey—as I recall. We were then fifth highest, as the member suggests. But we have some issues around quality, which is why the legislation going through the House at the moment is so very, very important.

Metiria Turei: I seek leave to table a document showing that the number of tertiary students accessing student allowances has steadily declined from the year 2000 until today.

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

Electoral Finance Bill—Electoral Commission View

2. Hon BILL ENGLISH (Deputy Leader—National) to the **Minister of Justice**: Does she agree with the chief executive of the Electoral Commission, Dr Helena Catt, that interpreting parts of the Electoral Finance Bill is “almost impossible”; if not, why not?

Hon ANNETTE KING (Minister of Justice): No, I do not; because Dr Helena Catt has advised me that she did not use those words.

Hon Bill English: Is the Minister aware that Dr Helena Catt, in her capacity as chief executive of the Electoral Commission, will be the person to whom anyone should go to get an interpretation of what the legislation means, and that she has said this morning that for almost any piece of the legislation there are three, four interpretations?

Hon ANNETTE KING: Yes.

Lynne Pillay: What other reports has she seen recently in relation to the Electoral Commission?

Hon ANNETTE KING: I have seen the UMR Research telephone survey undertaken by the commission and released yesterday, which shows that 67 percent of those polled support the proposition that any individual or group should be able to run an election-related campaign as long as they are clearly identified and spend within a set limit. The majority of parties in this Parliament—but not the National Party or ACT—have ensured that the bill, as reported back from the Justice and Electoral Committee, does just that.

R Doug Woolerton: Does the Minister agree that any law, including electoral law, requires the participants to do what is morally right as well as what is legally right, and does she think that this is the reason the National Party is having so much trouble interpreting the Electoral Finance Bill?

Madam SPEAKER: No, the second part of the question is obviously out of order. The first part is within the ministerial responsibility of the Minister of Justice.

Hon ANNETTE KING: Yes, I do.

Hon Bill English: What confidence does the Minister believe it gives the public or anyone who wants to take a position in an election year, when the chief executive of the Electoral Commission responsible for enforcing the bill said today: “On any situation where we’ve got one, two, maybe three, four different interpretations, then we run the risk of problems during the time between 1st January and election day.”?

Hon ANNETTE KING: I think the chief executive of the Electoral Commission has made it clear there are two main areas that she has concern about. It is in the interpretation of the words “in his or her capacity as a member of Parliament” and “inducement to vote”. I understand that the select committee did attempt to address this issue. In fact, it was the subject of a meeting between the Ministry of Justice, the Electoral Commission, and the Clerk of the House. Dave McGee provided advice on this issue, and I will table the advice for Parliament to see. He suggested three options. The committee decided to go with his third option. That third option states that if the committee does wish the phrase “in his or her capacity as a member of Parliament” to be used within the legislation, it may wish to provide any guidance or clarification of the meaning of that phrase for the purpose of the bill in the commentary rather than in the bill itself. In fact, it is provided in the commentary of the bill, but I can see that it could have further clarification during the second reading debate.

Hon Bill English: What confidence does the Minister think it gives the public, when the chief executive of the Electoral Commission is told this: “It is your problem, because you’re the one in the hot seat, or one of two senior officials in the hot seat, making just those decisions” about what the bill means, and Dr Catt replies: “Yes, we can’t make them. What we said to the select committee was as it stands at the moment, the advice we would have to give to parties is to seek your own legal advice.”?

Hon ANNETTE KING: Dr Helena Catt has made it clear that the commission would welcome further clarification in the commentary on this bill. I believe that is possible. It is also the role of the Electoral Commission, as was pointed out by the select committee, to give guidance in terms of interpretation as well.

Hon Bill English: How much confidence does the Minister think it gives the public or anyone who wants to participate in democracy next year, when the person who is meant to be the expert on the law says people should go and get their own lawyer; and when they do go to the lawyers they tell people to go and ask the Electoral Commission; and when I have said to the lawyers we will go and ask the Minister of Justice, and the Minister of Justice has said the law of common sense will be applied, not the law that is written?

Hon ANNETTE KING: I believe the law of common sense will apply. There will also be adequate interpretation for the Electoral Commission to be able to make some decisions. I have greater faith in the Electoral Commission's ability to do that and to work with the Government to do that than that member has. His whole role has been to undermine this bill so that it is not enacted by next year, for one purpose—and this has been highlighted over and over again in this Parliament by many parties—and that is to allow National's big backers to spend their money in any way they like to buy the election for a National Government.

Hon Bill English: Has the Minister read the commentary on her own bill, in light of the comments by the chief executive of the Electoral Commission that she finds it hard to define party election expenses—and she is the expert—when the commentary states “The activities that are permissible will need to be confirmed by the Electoral Commission or Chief Electoral Officer case by case”, and when that person has said she does not know what the law means; how stupid is that?

Hon ANNETTE KING: I suggest that the member should not be “Mr Angry”. He should keep calm and read the rest, because he has done what he always does: he did not complete the reading from the commentary. The commentary came from the select committee, and it states: “but we expect that guidance on excluded communication might draw a distinction between communications that make statements of policy, and those that involve inducement to vote for a candidate or a party, or soliciting financial support for membership of a political party.” That is the full quote from the select committee. That is in the commentary. Bill English did not read that out, and I have already made it clear that the Electoral Commission has sought further advice on the words “inducement to vote”. That can be provided in the commentary during the second reading of the bill.

Hon Bill English: Can the Minister understand how frustrating it is for members of Parliament who want to comply with this law when they find that they need to ensure that their activities as a member of Parliament do not constitute a “party” activity and therefore count as an election expense, yet when they try to find out what they are allowed to do by going off to the Electoral Commission and its chief executive and asking her what they are allowed to do, they are told that she does not understand this bit of the law, so they should go and get their own legal advice? If I get it wrong, I am guilty after the fact of corrupt practice and can get kicked out of Parliament—what kind of law is that?

Hon Dr Michael Cullen: It's exactly what happened in 2005!

Hon ANNETTE KING: I thank the Minister of Finance for that; it is exactly what did happen in 2005—exactly.

Hon Bill English: Is it now the case that MPs who want to comply with this law should go and ask the Electoral Commission's chief executive, who has said she does not understand it and we cannot rely on what she says, and that we therefore have to go off and get our own legal advice from people who know even less than she does?

Hon ANNETTE KING: I think that any party or member of Parliament who wanted to approach the Electoral Commission would be perfectly able to do so, and I suggest that many people probably will.

Hon Bill English: How can the Parliament have any confidence in the Minister, when it is the chief executive of the Electoral Commission who is meant to decide these things and who is meant to give opinions in order to assist MPs to comply with the law and avoid the penalties of corrupt practice, and when the Minister is telling us to go and ask that person, who has said explicitly today that it is precisely that bit of the law that she cannot interpret; how stupid is that?

Hon ANNETTE KING: I would have a lot more faith, if I were the public, in the Minister of Justice than the public have now in the National Party, which was prepared to allow the system to be rorted and to allow a third party to buy it the Treasury benches. That did not work then, and we are going to make sure it does not work next time.

Hon Bill English: I raise a point of order, Madam Speaker. I know that in question time there is the opportunity for Ministers to make political points, just as there is for the Opposition in asking questions, but this is a serious matter. This is about trying to get advice from the Government, which is pushing through the Electoral Finance Bill, about the way MPs can get legal advice in order to comply with the law. There is hardly a more serious issue for the members of this House and for the accountability of the executive. Otherwise we are put in the position where the Government says that the law may mean anything and that by the way, if members break it, they will be kicked out. This is a forum—in fact, the very forum—where MPs should be told by the Minister how to avoid corruption in politics, and she is not answering the questions.

Hon ANNETTE KING: Speaking to the point of order, I say that the member needs to go back and look at his question. He asked: “How can the Parliament have any confidence in the Minister ... ?”. I answered the question. The fact that he does not like the answer is not my fault. However, I would add that it is also not my role to interpret the law for individual members of Parliament. That has never been the role of the Minister of Justice. How many former Ministers of Justice on that side of the House had MPs coming to them and asking them to interpret the Electoral Act as it is now? Not one of them.

Madam SPEAKER: Given the way that the original supplementary question was phrased, the Minister did address that question.

Hon Dr Michael Cullen: I raise a point of order, Madam Speaker. That was actually a point of order. This side of the House listened to Mr English in complete silence. There was an enormous amount of barracking on the Minister of Justice, but she was still speaking to the point of order at that stage, not giving an answer to a question.

Madam SPEAKER: I remind Mr English that points of order are heard in silence. His was. In future I am afraid that I will be asking members who do not respect that ruling to leave the Chamber.

Gerry Brownlee: Madam Speaker, you have just ruled that Mr English’s question was inappropriate.

Madam SPEAKER: No, I did not make that ruling.

Gerry Brownlee: It was appropriate for the answer that the Minister gave. I know that Mr English is not a new member, but then, the Minister is not a new Minister either. I think she knew full well what was intended by that question. I seek leave for the National Party allocation to be unaltered by Mr English having a second crack at that question. That courtesy is often extended to other people who offer a question that is either directly or inadvertently misunderstood by a Minister.

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

Metiria Turei: Is the Minister aware that the Exclusive Brethren are, right now, running a smear campaign against the Australian Greens, accusing them of immorality and starting race riots, and does she agree that if the Electoral Finance Bill was scrapped, as the National Party wants, then associated groups, such as the Exclusive Brethren, with access to millions of dollars could dominate the election debate with lies and drown out those who raise legitimate issues, thereby undermining their right to freedom of expression?

Hon ANNETTE KING: I agree with the member. In fact, I have also read the press release that has come out of Tasmania in Australia about the Exclusive Brethren’s

activity in the election right now. They are accusing the Greens not only of those things but also of bestiality as well. This Parliament has decided we will not have that sort of campaign again, and we will pass a bill that stops the sort of campaigning the National Party supported at the last election and tried to cover up.

Cardiac Health Care—OECD Statistics

3. JILL PETTIS (Labour) to the Minister of Health: How does New Zealand perform in terms of OECD statistics in cardiac health care?

Hon DAVID CUNLIFFE (Minister of Health): New Zealand's health professionals should be very proud of the latest OECD figures. New Zealand, as this graph I have here shows, has the best 30-day survival rate for hospital treatment of a heart attack in the entire OECD. It shows that cardiac health services in this country are among the best in the world. The Government is preventing heart disease by tackling obesity through programmes to improve nutrition and to get people physically active.

Jill Pettis: What other successes are being reported in health?

Hon DAVID CUNLIFFE: This Government is getting real results in health and it is tackling the disparities of the 1990s. There has been a 24 percent increase in consultation rates for the elderly, as we have lowered general practitioner fees—something Mr Ryall seeks to reverse. The latest cancer waiting times show that 97 percent of people referred for radiation treatment receive it within 6 months, and 80 percent receive it within the first 4 weeks.

Barbara Stewart: Will the Minister make respiratory illness, including asthma, a priority population health objective in the New Zealand Health Strategy, now that the OECD report has highlighted our shortcomings regarding deaths from asthma?

Hon DAVID CUNLIFFE: There is no doubt that investing in primary and preventive health care, including investing in respiratory illnesses, pays big dividends for the welfare of our people and the downstream cost to the health budget.

Dr Jackie Blue: Why is it that according to these latest OECD statistics, New Zealand's death rate from heart disease is almost 50 percent higher than Australia's; and is it maybe because Australia chooses to invest upfront in more modern medicines that actually prevent heart attacks and strokes, which is an approach that saves both lives and money?

Hon DAVID CUNLIFFE: As shown in this graph, New Zealand's fatality rates, post - heart attack trauma, are lower than those of Australia.

Barbara Stewart: Is the Minister aware that one in four New Zealand children are affected by respiratory disease; and will that influence his priorities?

Hon DAVID CUNLIFFE: Respiratory disease, like diabetes and the other complications of obesity, is amongst some of the primary drivers of ill health in our young people, and it must be addressed.

Electoral Finance Bill—Election Advertisements, Government Publicity

4. Hon BILL ENGLISH (Deputy Leader—National) to the Minister of Justice: Is it the Government's intention that publicity should not be considered an election advertisement under the Electoral Finance Bill if it refers only to "the Government" and does not mention any particular political party; if so why?

Madam SPEAKER: Right, given the noise at the beginning of the question, we will have this question in silence.

Hon ANNETTE KING (Minister of Justice): It depends entirely on the context in which the term "the Government" is used.

Hon Bill English: Is the Minister aware that this is one of the areas that the chief executive of the Electoral Commission targeted as having one, two, three, or maybe four different interpretations; and to whom do we go to find out what the situation is?

Hon ANNETTE KING: It is certainly not my job to decide, but I think any sensible person would think that this press release, which is headed: “Press release by the New Zealand Government—The Government has approved new investment of \$2.8 million to relocate and upgrade the adult orthopaedic ward at Wellington Hospital.”, informed the public, provided facts, was made within months of an election, and was the bread-and-butter job of the Government of the day. It was made by Wyatt Creech.

Hon Bill English: Is the Minister aware of the exchange this morning on Radio New Zealand National during which the presenter said: “That’s a new provision. Can the Government technically be regarded as a type of party?”, and the chief executive of the Electoral Commission, who is meant to decide these things, replied: “Given that there are more than one party in the Government, then, yes, governmental parties are a type of party, as are parliamentary parties, as are Opposition parties.”? That means the chief executive says the Minister is wrong.

Hon ANNETTE KING: I certainly do not believe that is the case. It depends on the context in which the advertisement is used.

Hon Bill English: What about the context of an ad published in the *New Zealand Herald* yesterday, at least, by the Imported Motor Vehicle Dealers Association, which attacks the Government, and not Labour; would that ad, which attacks the Government, and not Labour, count as an election advertisement next year?

Hon ANNETTE KING: It is not my job to interpret that.

Hon Bill English: Does the Minister’s willingness to give interpretations that favour the Government, whenever she is asked questions, indicate that she will apply the law of common sense to Labour but apply the actual law of Parliament to everybody else?

Hon ANNETTE KING: No, because the example I gave was the Government of the day, which happened to be a National Government.

Hon Bill English: Given that the Government has had 2 years to consider this law, why can she not tell the House whether the ad I referred to before, which attacked the Government over its policies, would count as an election advertisement?

Hon ANNETTE KING: Because it is not my job to do so.

Electoral Finance Bill—Amendments

5. Hon PETER DUNNE (Leader—United Future) to the Minister of Justice: Is the Government considering further amendments to the Electoral Finance Bill; if so, what are they?

Hon ANNETTE KING (Minister of Justice): I have already signalled one policy change to amend, in clause 17, the date from which third parties cannot list with the Electoral Commission. Any other changes are likely to be technical. Officials are looking at these, and I expect to receive advice soon. I would certainly be discussing any amendments with the member.

Hon Peter Dunne: Does the Minister acknowledge that the Prime Minister’s comments yesterday that the Government was looking at further amendments, the chief executive of the Electoral Commission’s comments this morning about some of the practical difficulties she envisages with the law, and the Minister’s own comments in the House this afternoon in response to earlier questions imply a level of uncertainty that gives strength to the Law Society’s call for the bill to be referred back to the select committee for further consideration?

Hon ANNETTE KING: No, I do not. I have said to the member that I propose one policy change, and it is actually one that has been discussed with parties. It was

expected that the correction would be made in the select committee before the bill was reported back to the House, but that did not happen. It ought to be corrected. I am told that there could be some technical amendments. I have not seen them yet. But I know that the member has been here long enough to know that often, in any bill, technical amendments are made to make sure that we have, as the Law Society would like us to have, the best bill possible.

Gordon Copeland: Are the enforcement, penalty, and prosecution provisions of the Electoral Finance Bill sufficient or do they require amendment, having regard to the fact that when the Labour Party exceeded its electoral spending cap for the 2005 election by several hundred thousand dollars, no prosecution followed?

Hon ANNETTE KING: The penalties in the bill are those decided by the majority of members on the select committee. I accept the advice the select committee has given to this House.

Hon Peter Dunne: Do I take it from the Minister's earlier answers that she is ruling out any significant policy changes being introduced by way of amendment to this bill as it proceeds to its Committee stage, including making reference to an independent review of electoral spending arrangements as part of this bill?

Hon ANNETTE KING: I have signalled the major policy change—if the member wants to call it that—that I would bring in; it is the Supplementary Order Paper. That is the only one that I know of. [*Interruption*] I do not have that as a Supplementary Order Paper.

Heather Roy: Will the Minister consider introducing amendments to ensure that people exercising freedom of speech who carry a placard, speak through a microphone, or upload a video to YouTube are not criminalised through this bill; if not, is it her intention that New Zealanders who participate in democracy in the way that hundreds of people did yesterday, by protesting outside Parliament with placards and megaphones and by putting up videos on YouTube, will be charged under this legislation?

Hon ANNETTE KING: Eighty people protested outside Parliament yesterday. In fact, I saw more people protest about the change from glass milk bottles to cardboard ones than we saw outside here yesterday. However, those people have the right to protest, and nothing they did out there, in my view, could be seen to mean they could be put in jail or be charged with an offence that would criminalise them, because the law of common sense would apply. Carrying a 1c placard would hardly be seen to be a criminal offence.

State Services Commission—Inquiry into Curran Appointment

6. GERRY BROWNLEE (National—Ilam) to the Minister of State Services: What are the terms of reference for the State Services Commission inquiry into the Ministry for the Environment's employment of Labour Party activist Clare Curran, and will the inquiry investigate claims made by Erin Leigh that Ms Curran was "being employed to look after David Parker's personal political agenda"?

Hon TREVOR MALLARD (Acting Minister of State Services): The issues to be covered are those outlined in the State Services Commissioner's letter of 21 November to the Leader of the Opposition. I am surprised that Mr Brownlee welcomed this inquiry yesterday at 3.13 p.m., but resiled from that position this morning before 7.30. National Party flip-flops generally take longer.

Gerry Brownlee: I raise a point of order, Madam Speaker. That was an interesting response from the Minister, but it very skilfully avoided the question that was asked, and surely that answer cannot be considered to address a question that asked whether the investigation will take account of Ms Leigh's revelations, which did not come about until the TV3 news broadcast last evening?

Madam SPEAKER: Does the Minister have anything further to add to his answer?

Hon TREVOR MALLARD: No.

Gerry Brownlee: Has he seen the damning public statement by Erin Leigh that “the ministry didn’t have much choice about whether Clare Curran was coming to the ministry or not”, and does he think it was the Minister’s naivety that created such a climate of submission among senior executives at the Ministry for the Environment?

Hon TREVOR MALLARD: I would rather rely on the robust inquiry run by the State Services Commissioner, and, in practice, by his deputy, to get to the truth of the matter. I would rely more on them to tell the truth than on someone who was not in the room at any time, I understand.

Gerry Brownlee: If Minister Parker did not insist on the appointment of Clare Curran, then why did the Ministry for the Environment phone Erin Leigh after she resigned over this matter to try to persuade her to stay and to explain to her why the Minister wanted Clare Curran in the ministry?

Hon TREVOR MALLARD: Erin Leigh had repeated competence issues. She had to fix up the piece of work that she was employed to do six times after complaints from senior officials from a number of departments. As a result of that, someone had to come in and fix up the mess. Clare Curran was employed to do that.

Gerry Brownlee: If Miss Leigh was the person who, according to the Minister, had mucked up the “fart tax”, had caused the carbon tax to be dropped, and had caused the need for change, then why did they phone her after she resigned to explain why the Minister wanted Clare Curran there and ask her to come back?

Hon TREVOR MALLARD: The last record of contact that the ministry had with Erin Leigh was when she came in, in an agitated state, for a quarter of an hour in order to clear out her desk. It is my understanding that the last non-physical contact was when she sent an invoice to the ministry for that quarter of an hour.

Gerry Brownlee: Did the Minister misunderstand my question? I did not ask when her last contact was with the ministry, I asked him this question: why did staff in the Minister’s office phone her after she left, ask her to come back, and say they wanted to explain why David Parker wanted Clare Curran in the ministry?

Hon TREVOR MALLARD: No.

Gerry Brownlee: I raise a point of order, Madam Speaker. I just want to clarify with the Minister whether he is denying that the Minister’s office phoned Erin Leigh, asked her to come back, and asked for an opportunity to explain why David Parker wanted Clare Curran appointed to the ministry.

Hon TREVOR MALLARD: Speaking to the point of order, Madam Speaker, I say to the member the question asked whether I misunderstood the question. I said “No”.

Madam SPEAKER: That has clarified it.

Gerry Brownlee: Does the Minister still wish to claim that New Zealand has a politically neutral public service when it is now evident that the Minister had insisted on Clare Curran being appointed in order to fix up and put a Labour spin on ministry documentation, and then, upon becoming worried about what the effect of that might be, attempted to explain to Erin Leigh why he insisted on the appointment of Clare Curran; and does that not indicate that we do not have a politically neutral public service, we have public servants whom Ministers want?

Hon TREVOR MALLARD: Ministers have the right to insist on competent advice. That has been established for a long period of time. When something comes to them six times and is criticised by officials not only from the Ministry for the Environment but also from other Government departments, I think that any reasonable chief executive would look for someone who could do the work. When there is someone available to try

to fix up the mess who did climate change strategic work for the Australian Liberal Government, I can understand why the ministry employed her.

Greenhouse Gas Emissions—Reductions

7. HONE HARAWIRA (Māori Party—Te Tai Tokerau) to the Minister responsible for Climate Change Issues: Kei te hari koa a ia ki te mārō o te noho here a te Kāwanatanga, ki tana kaupapa whakaheke hau kino tukunga ki te rangi; meina āe, he aha ai?

[Is he happy with the Government's commitment to reducing greenhouse gas emissions; if so, why?]

Hon PETE HODGSON (Acting Minister responsible for Climate Change Issues): Yes, but the recently re-released figures on emissions levels reinforce the need for more action.

Hone Harawira: Can the Minister please explain to the House what that action might be, given the findings that New Zealand's greenhouse gas emissions per capita have actually increased dramatically, from 69 million tonnes in 1999 to 77 million tonnes in 2007—a 12 percent increase over the term of this Labour Government?

Hon PETE HODGSON: Yes, I can tell the member what more action from the Government means. I am pleased to be able to tell the member that the Government has signalled its intention to introduce legislation for an emissions trading system before the year is out. The Minister responsible for Climate Change Issues, on whose behalf I am answering this, has said that he is confident that the current projected deficit can be halved through the implementation of an emissions trading scheme and associated complementary measures. I look forward to the Māori Party's support for that legislation to go to the select committee.

Hon Dr Nick Smith: When the Prime Minister said that New Zealand would be a world leader on climate change, did she mean that we would lead the world in increasing greenhouse gas emissions; if not, how does the Minister explain yesterday's United Nations report that showed that New Zealand greenhouse gas emissions had increased by 12 percent from 1999 to 2005—compared with 8 percent for Australia, 5 percent for the US, 2 percent for Japan, and minus 2 percent for the UK over the same period—and the United Nations projections that, under current policy, by 2010 New Zealand's percentage increase in emissions would be greater than that of any other developed country?

Hon PETE HODGSON: Let me try to answer the member's question by quoting the Prime Minister from this morning. She said: "the economy [has] kept growing rather faster than predicted." She also referred to the fact that we have had "deforestation, largely driven by the fact that dairy for example was a much more prosperous land use, ... There's a whole lot of reasons for it. But we now have a substantial and comprehensive program to deal with it, which is considerably in advance of many countries." I look forward to the National Party voting for the forthcoming legislation to proceed to the select committee; 121 votes in favour of that legislation would be good.

Peter Brown: Is the Minister aware that the Castalia report on the emissions trading scheme that he has just referred to stipulates a number of worrying concerns, such as that "substantial economic risk would be imposed on the New Zealand economy and businesses"; if he is aware of that report and the concerns, can he advise what the Government will do in regard to addressing them, or is it simply a case of dismissing them?

Hon PETE HODGSON: I am afraid to say that, in the case of Castalia reports over the years, it has often been a case of our dismissing them. From time to time the

Government has taken this, that, or the other Castalia report and subjected it to peer review; it rarely turns out to be good for Castalia.

Hone Harawira: With this Labour Government's record of actually increasing greenhouse gas emissions by 9 million tonnes during its term in office, can the Minister understand the concern of Greenpeace that this Government seems more concerned about meeting international obligations than actually reducing greenhouse gas emissions?

Hon PETE HODGSON: In the case of the Kyoto Protocol, meeting international obligations and reducing greenhouse gas emissions are pretty much one and the same. The whole idea of an emissions trading scheme is to reduce emissions growth from what it would otherwise be, and the obligations under Kyoto are to take responsibility for emissions no matter what they are.

Hone Harawira: With this Labour Government's record of increasing air pollution during its term in office, what response does the Minister have to comments from the Independent Motor Vehicle Dealers Association that Labour's vehicle policy will increase the average age of the vehicle fleet and actually further increase air pollution; and what steps will the Minister be taking either to reverse the Government's high-pollution vehicle policy or to abandon its plans to reduce emissions?

Hon PETE HODGSON: The answer to the member's question—with respect—is that I simply do not agree with the way the question has been framed or with the claims that lie behind it. You see, when one is trying to improve environmental standards, it is often the case that those who want no change will use an environmental argument to fight it. The environmental arguments are usually junk, and, in this case, most certainly are.

Jeanette Fitzsimons: Will the Government further demonstrate its commitment to reducing greenhouse emissions by supporting my member's bill—the Climate Change (Transport Funding) Bill, which was drawn from the ballot this morning—which would gradually change transport funding priorities in order to achieve the Government's target in the National Energy Efficiency and Conservation Strategy to reduce by 10 percent the number of single-occupant vehicle trips in cities on weekdays?

Hon PETE HODGSON: I am sorry but I am not able to give the member a straight answer to that question. I have not yet had the privilege of reading her legislation. However, in my experience, it is usually the case that the member's legislation is at least thoughtful in the way that it is put together.

Environment, Ministry—Curran Appointment

8. Hon Dr NICK SMITH (National—Nelson) to the Minister for the Environment: Does he stand by his statement on Tuesday this week, in respect of the decision by his ministry to employ Labour Party activist Clare Curran for strategic communications on climate change, that it was “in breach of the operating policy” and that “There is a fast-track authority method that could have been used quite properly in this case, and it was not.”; if so, who does he hold responsible for this breach?

Hon TREVOR MALLARD (Minister for the Environment): Yes; that is a matter that the State Services Commission is currently looking into.

Hon Dr Nick Smith: Which is right: the Minister's statement on Tuesday that Clare Curran's appointment was “in breach of the operating policy” or the statement by David Parker yesterday that “Nothing was wrong or inappropriate about Clare Curran's appointment.”?

Hon TREVOR MALLARD: David Parker was referring to his role; I was referring to the ministry's role.

Hon Dr Nick Smith: Why did the Minister firstly tell the House on Tuesday that the reason the current contract was not declared in response to very specific questions from the select committee was that it was in the name of Clare Curran's company, when that company is not listed in this year's financial review, then excuse that omission on the basis that the contract was not in that financial year, when the State Services Commission report states that the contract was signed on 16 July and the committee requested all contracts after 1 July; and what explanation can he now give as to why the ministry hid this politically sensitive contract to Clare Curran from the select committee?

Hon TREVOR MALLARD: The contract was declared the year before, which was the appropriate time to declare it. It was in the name of Clare Curran's company. The engagement, which the member asked about at the select committee, was in the previous financial year.

Hon Dr Nick Smith: How does the Minister explain the contradiction between David Parker's statement in the *New Zealand Herald* this morning that a ministry official had, at last Thursday's select committee, "clearly stated he did not direct the ministry to appoint Ms Curran" and the transcript from that select committee meeting, which shows that a ministry official said: "My recollection was that Clare Curran was employed to do a short piece of contract work. We cannot confirm anything further about the matter, but the ministry will get back with details."; and why are the public again being misled about this Government's dodgy interference in the ministry's staffing?

Hon TREVOR MALLARD: The Minister did not direct that Clare Curran be employed, just as he did not direct that Anna Hughes, Anna Kominik, or Therese Anders be employed. All of those people were employed. I accept there was a breach. There should have been an approval for not having proper quotes, but there was not. That is being looked into.

Hon Dr Nick Smith: I raise a point of order, Madam Speaker. My question was very specific. David Parker said in the *New Zealand Herald* this morning that the ministry had given evidence to the select committee. I have checked the select committee record, and what David Parker said about what had happened there was not correct. My question to the Minister was why that was the case, and the Minister went off on another tangent. I think the House is entitled to an answer to the very simple question of why David Parker said today in the *New Zealand Herald* that that happened in the select committee, when that is not supported by the transcript.

Hon Dr Michael Cullen: That then becomes a very simple issue. That Minister is not responsible for what another Minister said about what happened in a select committee. He cannot have ministerial responsibility for that.

Hon TREVOR MALLARD: Adding to what my colleague Dr Cullen has said, I am also not responsible for the *New Zealand Herald*—fortunately.

Hon Dr Nick Smith: My question to the Minister was how he could explain the contradiction between the statement in the *New Zealand Herald* and what his ministry official said at the select committee. This is a Minister who is responsible for his officials, so I am asking him to explain why it is that the Minister David Parker is contradicting the ministry officials, for whom Minister Mallard does have responsibility.

Madam SPEAKER: Would the Minister clarify the point for the member. I did think it was addressed, but would the Minister please clarify it.

Hon TREVOR MALLARD: I am prepared to elucidate if the House wishes. To date, no person who has been in a meeting with David Parker has suggested that he directed the ministry. Someone who is a sad person, who had six attempts at doing a

piece of work, and who was replaced on that job is the only person—other than Opposition members—who has suggested that.

Hon Dr Nick Smith: If the only issue was in respect of Erin Leigh's performance, why did senior manager Neal Cave also resign in protest over this politicisation of the ministry; and is not what is really going on here that this Government has banked on the issue of climate change as its future chance of getting re-elected, but, as the evidence of the United Nations' report today shows, its progress has been awful and it has politicised the communications wing of the Ministry for the Environment to try to save its bacon?

Hon TREVOR MALLARD: The only person I know who says that Mr Cave resigned for that reason is Erin Leigh. I would prefer to rely on the word of the officials who were present at the time.

Hon Dr Nick Smith: The document I have is the transcript of the select committee hearing last Thursday. I seek the leave of the House to table it, as it contradicts the statement made by David Parker this morning in the *New Zealand Herald*.

Madam SPEAKER: Leave is sought to table that document. Is there any objection? There is objection.

Commerce Act Review—Economic Transformation Agenda

9. DAVE HEREORA (Labour) to the Minister of Commerce: How do today's announcements on the outcomes of the review of Parts 4 and 4A of the Commerce Act 1986 contribute to the Government's economic transformation agenda, in terms of its focus on promoting investment in infrastructure?

Hon LIANNE DALZIEL (Minister of Commerce): I cannot state it better than the acting chief executive of Vector, who said today that the decisions highlighted the Government's clear intent to provide the right incentives and regulatory certainty for infrastructure companies to invest and innovate with confidence. He said: "The focus on forward looking incentives rather than backward looking means we can concentrate on building the future." This is precisely the outcome that the Government wanted to achieve with the review, and I believe that the new approach will promote clarity, certainty, timeliness, and predictability for business—all of which are features of a credible and effective regulatory regime.

Dave Hereora: What are the new features of the proposed regulatory framework for businesses that face little or no competition but are important to the economy?

Hon LIANNE DALZIEL: The most significant change that will improve the regulatory environment is that the methods for establishing costs—the input methodologies—will be set in advance by the Commerce Commission, and will be subject to merits review by way of appeal to the High Court. These input methodologies will then provide the basis for implementing appropriate regulatory control, which will include information disclosure, negotiate-arbitrate, and a customised pricing option to replace the thresholds regime. This means businesses will be given certainty, which will encourage them to invest in infrastructure and to innovate, for the benefit of future generations of New Zealanders.

Peter Brown: Noting that answer, is the Minister aware that the airline industry is having long-run battles with our major airports over charges, and can she inform the House whether the proposed review of Parts 4 and 4A of the Commerce Act will address this concern and bring these long battles to an end?

Hon LIANNE DALZIEL: I am very aware of the publicity surrounding those issues, and although I cannot give a cast-iron guarantee as to the outcome of the battle to which the member refers, it does look positive, because the chief executive of Auckland International Airport said, after commending the thorough process that we

had adopted, that the airport was “committed to making the proposed legislative environment work to the fullest potential, and we look forward to our airline customers joining us in that commitment.” The chief executive of the Board of Airline Representatives of New Zealand said: “We were just asking for some rules and a referee, and it looks as though we are going to get them.” Our message seems to have got through finally, and we are really appreciative of that.

Reports—Hospital Productivity

10. Hon TONY RYALL (National—Bay of Plenty) to the Minister of Health: Has he been advised of any recent reports on hospital productivity?

Hon DAVID CUNLIFFE (Minister of Health): Yes.

Hon Tony Ryall: Is he aware that research by Professor Peter Davis in Auckland University has found that New Zealand’s public hospitals had performed well during the 1990s, had treated more people, and had lower death rates, but that this improvement is not being maintained; why is this?

Hon DAVID CUNLIFFE: To quote from the actual conclusion of that study, “other things being equal, a substantial reduction in in-patient bed availability can be effected in national hospital systems” while “largely maintaining access and quality of care. However the workload adjustments that are required may slow improvements in patient outcomes.”

Lesley Soper: What were the outcomes in health in the 1990s?

Hon DAVID CUNLIFFE: As the data shows, during the 1990s inequality in health outcomes increased dramatically under National—and it has now started to decline under Labour—because user charges for in-patients and out-patients were introduced, deficits ballooned, and primary care was unaffordable. A survey in 2000 showed that medical specialists spent only 48 percent of their time in public hospitals. [*Interruption*]

Madam SPEAKER: I will be asking members at the back of the Chamber to leave if the level of barracking continues.

Hon Tony Ryall: What is the Minister’s answer to Professor Davis’s question on *Morning Report* today, when he said: “I mean, resources have essentially doubled over the last decade.”, and he went on to say: “I think we should now be asking the question: with the doubling of resources, why can’t you now increase elective surgery throughput? Why can’t you reduce emergency department waiting times?”

Hon DAVID CUNLIFFE: In the first place, it is correct that this Government has doubled resources. We have done so partly to improve primary and preventive health care, which will pay dividends over years and years to come. Secondly, it is already true that we have shortened patient waiting times. We have increased elective surgery by 5 percent in the last year, and we will increase it another 5 percent in the year coming.

Hon Tony Ryall: Would the Minister like to answer the question from Professor Davis that was broadcast on radio today and explain why we can double resources and not increase elective surgery throughput, and why we can double resources and not reduce emergency department waiting times?

Hon DAVID CUNLIFFE: It is very simple: because some of the resources have gone to other places.

Hon Tony Ryall: Whom should the public of New Zealand trust on this information: a Minister in a discredited Labour Cabinet or an eminent professor with impeccable Labour Party connections?

Hon DAVID CUNLIFFE: What the eminent professor and the Cabinet share is a very high regard for the Prime Minister. The public of New Zealand decided in 1999 that National’s health policies were a disaster and they overwhelmingly voted them out of office, which is where they remain.

Dr Jonathan Coleman: Does the Minister agree with Dr Cullen's statement when he wrote to Annette King in 2005, "we cannot currently be confident that the substantial additional resources which have gone into the health system have produced the best results for citizens."; if he does, what will he do about ensuring that New Zealanders will get some results from the \$6 billion of public money that Labour has added to the annual health budget?

Hon DAVID CUNLIFFE: The kind of result that the country got under National was a vast increase in inequality in health outcomes, which this Government is turning around. Yes, there are opportunities for further improvement, which we are achieving, and the public has confidence in this Government to deliver that. That is why we are here and why National members will stay on the opposite side of the House.

Vehicle Exhaust Emissions Standards—Health Outcomes

11. JEANETTE FITZSIMONS (Co-Leader—Green) to the Associate Minister of Transport: Does she expect proposed vehicle exhaust emissions standards to reduce the number of premature deaths from air pollution from vehicle exhausts; if so, how many lives does she expect this rule change could save?

Hon HARRY DUYNHOVEN (Minister for Transport Safety) on behalf of the Associate Minister of Transport: Yes. The Minister has not received any advice on the specific number of premature deaths that the proposed rule will prevent, but the *Health and Air Pollution in New Zealand* report released in July this year found that 500 New Zealanders were dying prematurely every year as a result of vehicle emissions.

Jeanette Fitzsimons: Will the Government stand firm on its proposed schedule for emissions standards in the face of industry pressure from both the Imported Motor Vehicle Dealers Association and, more surprisingly, the Consumers Institute of New Zealand, which both seem to believe that cheap cars are more important than saving lives?

Hon HARRY DUYNHOVEN: Yes. The Government will stand firm on its proposal to improve the quality of the fleet coming into New Zealand by ensuring emissions standards are put in place. It is notable that the proposals being put up by the used-car dealers are simply aimed at having every sector of the car industry pay the costs except those who import used cars. We are far too used to having shonky, old, worn-out, "clocked" vehicles brought into this country and foisted on the public; it is time we had some better-quality vehicles.

Hon Mark Gosche: What other policies are being developed to address harmful vehicle emissions?

Hon HARRY DUYNHOVEN: The Government is taking action on emissions on three fronts. We have already addressed the quality of the fuel available in New Zealand, and are working towards the biofuel sales obligation. We have addressed the way we use and maintain our vehicles—the Choke the Smoke campaign was one example of that—and we are looking at the quality of vehicles in our fleet, both through the vehicle scrappage scheme trial and the proposed emissions standards rule.

Peter Brown: Noting the earlier answer, how does he justify such a rule coming into being, knowing it will raise the price of an imported school bus from about \$40,000 to closer to \$100,000, thereby encouraging operators to continue to use the existing buses for a lot longer until they virtually become clapped out?

Hon HARRY DUYNHOVEN: Firstly, I tell the member that something like 200 buses are on the water on their way to New Zealand, and a large number of buses around the country are available for use. Secondly, we should aim at not having our schoolchildren taken around the country in grotty old buses that are cast-offs from other countries and do not meet any environmental standards.

Jeanette Fitzsimons: Will the Government expand the highly successful Auckland Regional Council pilot vehicle scrappage scheme, which has now ended, to help motorists afford to replace the dirtiest, most polluting vehicles, thereby getting them off our roads sooner, saving lives, and making a dent in the 435,000 restricted activity days each year, largely from asthma, caused by particulate pollution in Auckland alone?

Hon HARRY DUYNHOVEN: I think it is very interesting that the member spoke about particulate emissions in her question, because that is one of the real issues—the age of the diesel fleet coming into New Zealand, and particularly the used imports that are not only elderly but often “clocked” as well. But leaving that issue to one side, we have to ensure that we have quality vehicles brought into New Zealand, and the vehicle scrappage trial actually resulted in polluting cars being taken off the roads and disposed of in an environmentally friendly way. An essential part of modernising the vehicle fleet is actually to ensure that older vehicles are removed from the fleet and that good-quality modern vehicles that comply with emissions standards replace them.

Jeanette Fitzsimons: Will the Government be moving with similar resolve, then, to improve the exhaust emissions of the current fleet on the road by compulsory exhaust emissions testing at warrant of fitness time, given the substantial savings in health costs and the demonstrated fuel savings to motorists from having properly tuned vehicles?

Hon HARRY DUYNHOVEN: Tailpipe emissions testing is already part of the warrant of fitness test. The visible smoke check was implemented in September 2006. Cars with excessive visible exhaust emissions will not get a warrant of fitness, but this issue is one that officials continue to do work on.

Sexual Abuse Allegations—Ministry of Education Procedures

12. KATHERINE RICH (National) to the Minister of Education: Why does he continue to tell the House that the ministry first knew of sex abuse allegations made against the principal of Hato Pāora College on 3 August 2007, when he had been advised that the actual date the ministry was first aware was 1 August when the ministry received a call from the media?

Hon CHRIS CARTER (Minister of Education): The Ministry of Education was asked on 1 August 2007 whether it had been informed of allegations of misconduct against the principal of Hato Pāora College. The inquiring journalist provided no more detail than that, and did not attribute the source of the revelations. In effect, the ministry was being asked whether it had heard a rumour about the employee of the board of a self-managing school; it had not. Indeed, the *Manawatu Standard* was so unsure of its information that it did not report it until 4 August—3 days after making the call to the ministry, and 6 days after the school had written to the competent authority on sexual abuse allegations, Child, Youth and Family.

Katherine Rich: Who is correct: the Minister, who said on Tuesday and yesterday that the school did not seek advice from the Ministry of Education; or the board chair, who said in August: “We sought advice from all the proper channels—the School Trustees Association and the (Education) Ministry.”?

Hon CHRIS CARTER: The school informed the ministry on 3 August that it had completed investigations. It told the Ministry of Education that it had referred the matter to Child, Youth and Family, which it was required to do. Child, Youth and Family referred it on to the police. I can hear this barrage of interjections from people like Nick Smith; the bottom line is that a process has been in place since 1996, and the Hato Pāora College board followed that process. It did it speedily and it did it appropriately. What is the issue here?

Dianne Yates: What support has the Minister provided to members so that they may familiarise themselves with this case?

Hon CHRIS CARTER: I have now answered six almost identical questions from Katherine Rich on this issue. I have telephoned the member to ascertain what actual information she is seeking. I have arranged for the Ministry of Education to brief her on this case, which it has. I am mystified as to what the member is actually seeking. I remind this House that a protocol has been in place since 1996, and the school followed it in a speedy and appropriate way. At all times the interests of the students have been paramount. Continually dragging up this matter in this House shows no consideration for the welfare of these students, many of whom are currently sitting their National Certificate of Educational Achievement exams. The member does herself no credit.

Katherine Rich: When the Minister continues to say that the school followed all the appropriate steps—and he repeated it today—is he 100 percent sure that the school passed on all the complaints that it was aware of to Child, Youth and Family; if not, why not?

Hon CHRIS CARTER: It is my understanding that the school did so.

Katherine Rich: Did the ministry receive any information or warnings at the time of the principal's appointment, regarding his suitability for the role; if not, is he sure about that?

Hon CHRIS CARTER: I am not sure about that, but I will certainly be checking it out.

Katherine Rich: Did his ministry receive any information or warnings from representatives of any other schools at the time of the principal's appointment?

Hon CHRIS CARTER: I am not aware of that, but I will certainly be checking it out.

ELECTORAL FINANCE BILL

Second Reading

Hon ANNETTE KING (Minister of Justice): I move, *That the Electoral Finance Bill be now read a second time.* I believe it is a strong affirmation of the strength of democracy in New Zealand that there has been such considerable public interest in this bill. The Justice and Electoral Committee received written submissions from 575 individuals and organisations and sat for extended hours to ensure that 101 oral submissions could be heard. The committee listened to these submissions and then consulted the Human Rights Commission about changes that advisers had proposed in the departmental report on the bill.

The bill is now reported back to the House, and the report recommends that a number of changes be made. The Government is listening, and believes that the committee's recommendations will meet the concerns raised by a very large number of submitters. I would like to emphasise here that Parliament decided that the committee's membership should be expanded to include representation from all parties in Parliament. The recommendations, therefore, reflect the joint views of many parties in this House. The amendments recommended by the committee are supported by the Government.

This is most important legislation for New Zealand. This bill does not restrict free speech. It simply restricts rights to purchase speech through advertising. This is done to safeguard our democracy by keeping the undue influence of money in politics to a minimum. That is what a level playing field means, and the Government believes that most New Zealanders understand and support this principle. The reforms help to bring New Zealand into line with other democracies as a place where every voter can have his or her voice heard fairly, regardless of his or her personal circumstances, and where every person can hear everyone else's voice clearly and transparently. I was pleased to note that many of the submissions support the aims of the bill to help promote participation in democracy and to clean up New Zealand's electoral system and protect

it from abuse. I thank the committee for approaching its task in a bipartisan way and for sitting for long hours.

I now turn to the key recommendations made by the committee. Firstly, the committee has recommended that the definition of "election advertisement" in clause 5 be narrowed so that the bill regulates only those who campaign to influence the outcome of a general election. Many submitters said that if this one change was made, many of their concerns about the bill would evaporate. Many groups, such as the National Council of Women, Greenpeace, and the Coalition for Open Government, have said that the changes made to the bill address their concerns. The product now is legislation that promotes freedom of expression by ensuring that a few wealthy individuals cannot use their money to buy an election and swamp the voice of ordinary New Zealanders.

The committee has also recommended changes to the regulation of third parties. Key recommendations are an increase in the threshold for registration as a third party and an increase in the total expenditure cap for third parties. Any third party that wishes to engage in election advertising will need to register with the Electoral Commission if it plans to spend more than \$12,000 during a regulated period. In addition, third parties will be able to participate in our electoral system and will be permitted to spend \$120,000. These are important changes. These new levels represent a reasonable balance between the ability of third parties to participate in the electoral process in an open manner, and ensuring that wealthy interests do not exercise disproportionate influence so that a few can use their money to buy an election. Amendments are also recommended to ensure that young people under the age of 18 can be involved in the electoral process through the third party regime. Young people should be encouraged to participate in our democratic processes, and I thank the committee for addressing this important issue.

In respect of the donations regime, the committee has also proposed strict new rules on political funding. These are important and far-sighted changes. The overwhelming message in submissions to the committee was that the public want much stricter rules in this area. Ultimately, greater transparency about the sources of political funding will lead to increasing public confidence in our democracy. The Government supports the committee's proposals. First, there is to be a ban on anonymous political donations over \$1,000 made directly to the candidate, the party, or the third party. This will prevent significant anonymous donations from being made directly to political parties, candidates, or third parties. Alongside this, the committee has recommended that, where a person wishes to make an anonymous donation of greater than \$1,000 to a political party or third party, it must be passed through the Electoral Commission to ensure that the donation is truly anonymous. Donations made in this way will be subjected to overall caps. Thirdly, a ban on political donations over \$1,000 from overseas persons has been recommended. This is very important, as it means that the influence of foreign money on our electoral processes will be kept to a minimum. Finally, the committee has recommended stricter disclosure rules for donations from secret trusts, which was a subject raised across a very large number of submissions.

The committee has not recommended any change to the regulated period proposed in the bill, which will run from 1 January where the polling day falls after 31 March in the third year of the electoral term. The Government considers this to be a very important part of the bill as a whole. It will address a significant weakness in the Electoral Act where, following the announcement of a general election, a 3-month regulated period applies for the 3 months preceding the polling day, which effectively creates an incentive for political parties and third parties to undertake significant election activity during the time before the regulated period begins. This effectively allows wealthy

individuals to start campaigning long before an election, without that expenditure being recorded in a return. The approach in the bill also has the advantage of certainty, as it will be clear to all participants when the regulated period commences. Election year is election year, and people will know that from 1 January the rules in the bill will apply.

Many of the concerns and submissions about the regulated period in the bill were closely associated with a broad definition of “election advertisement”. People said that a long, regulated period combined with a broad definition of election advertisement might be problematic. The concerns in the submissions are therefore substantially addressed by the committee’s recommendation to narrow the definition of election advertisement, and many submitters—the Coalition for Open Government is one example—have publicly recognised that since the bill was reported back.

In relation to MPs acting in their capacity as MPs, I recognise that aspects of the bill as reported back present interpretative and practical challenges. For instance, the Electoral Commission and the Chief Electoral Officer both want clarification in the bill of the term “in his or her capacity as a member of Parliament”. There is no doubt that much of what members do is about serving and communicating with the electorate that put them there, and not about persuading it to return them to office. The phrase about an MP acting “in his or her capacity as a member of Parliament” is used in other legislation, so to define it in this bill may have unintended consequences elsewhere. The select committee attempted to address this issue through its commentary, but the general thrust may still be open to interpretative difficulties. None of us want to see the Americanisation of election campaigns, where elections become something fought through the courts rather than focused on record, policy, and leadership. In my view, “capacity as a member of Parliament” refers to our participation in the business of the House and electorate, and in other representational duties, and to our work in our capacity as members of the executive or as Opposition spokespersons, to the extent that that interacts with the business of the current Parliament and excludes statements of policy made outside the House that are intended to be enacted by a future Parliament.

Another issue is the commentary on the inducement to vote. In my view, an inducement to vote exists only when a policy statement is tied explicitly by the member to voting, the election, or an electoral outcome. I certainly expect electoral agencies to consult with Officers of Parliament and issue guidance on the practical applications of this definition.

The penalties for corrupt practices have also been changed in this bill. Again, a strong message came through in the submissions that penalties for serious electoral offending should be much higher. The committee has therefore recommended that a maximum term of imprisonment for a corrupt practice should be increased from 1 year to 2 years, and that there should be a maximum fine increase to \$100,000 for party secretaries and financial agents.

In conclusion, I say that this bill will restore confidence in a fair and transparent electoral process in time for the next election.

JILL PETTIS (Labour): I did not interrupt the member, but during her speech Nick Smith said on more than one occasion “You’re just a cheat.” I take exception and offence to that statement, and I request that the member be asked to withdraw and apologise.

GERRY BROWNLEE (National—Ilam): I want to assure the member that my colleague the Hon Dr Nick Smith was not referring to her.

The ASSISTANT SPEAKER (H V Ross Robertson): No, no. This actually happened yesterday, and yesterday the word was ruled out of order. So I ask the member to stand and withdraw.

Hon Dr Nick Smith: I withdraw.

The ASSISTANT SPEAKER (H V Ross Robertson): Thank you.

Hon BILL ENGLISH (Deputy Leader—National): Last week we heard the disturbing news that 40,000 New Zealanders had left permanently for Australia. This morning we found out that petrol prices are heading for record highs. In the next couple of months, thousands of New Zealand families will roll on to interest rates about 25 percent higher than those they are currently paying. There is controversy over whether serious, violent criminals are adequately treated by our bail laws. But what is the Labour Government doing? Nothing, about anything that matters! The Government is filling its pockets with public money for the next election campaign, passing law to make legal what was illegal in the last election, and clamping down on public opinion that might criticise it in election year. This bill tells us an awful lot about Labour, but not much about New Zealand democracy—and I will come back to that.

But let us look at some of the content of this bill. What a shambles! The Minister of Justice, who is supposed to know the law, apparently, maybe was not aware that the chief executive of the Electoral Commission was making public comment today. But I have raised the point and I am still waiting for an answer from the Minister. MPs are obliged to make a serious effort to comply with this law, because if we are found guilty of corrupt practice, we are liable for a \$40,000 fine, or 2 years in jail.

Hon Tony Ryall: And we're out.

Hon BILL ENGLISH: And we are out of Parliament. One of our colleagues is before the courts on corrupt practices charges, and we have seen what a dreadful process that is. If I want to know how to comply with the law, I suppose I go and ask the chief executive of the Electoral Commission. After all, she is the person who is quoted in the commentary on the bill as being the person who will decide on a case by case basis whether MPs are complying with the law.

Chris Auchinvole: What does she say?

Hon BILL ENGLISH: She says she does not know what the law means, so I asked the Minister of Justice to whom I should go to ensure I do not commit a corrupt act. She said to go to the chief executive of the Electoral Commission. I think the word for this is “Kafkaesque”, although I do not think the Minister for Justice could say that. The legislation is a shambles. The definitions are all being changed. There is no precedent. We have 6 weeks until it applies. This legislation guarantees litigation next year. Election 2008 will be as much about the rules for the election as about the future of the country. And whose fault is that? It is the fault of Helen Clark and the Labour Party. This bill tells us more about Helen Clark and the Labour Party than about electoral law in New Zealand. Political interference and the Civil Service, and this bill, are two sides of the same coin. That currency is Labour's deep and paranoid sense of entitlement to power and public money—that is what it is. They are two sides of the same coin: its entitlement to taxpayers' money, its entitlement to a pliant Public Service, and, worse, its entitlement to use the tools of the law to deal to its political opponents.

Mr Assistant Speaker, you know that the constitution of this country is informal. We do not have a written constitution. It depends on conventions, on understandings, and on an anchor of decency. There is no second Chamber to hold this bill up or to look at it when it passes. There is no court that can strike it down. It will be the law. The way we have dealt with that in the past has been to make sure the majority in the Parliament did not use their majority to skew the electoral system. We have a commission and a multiparty process around seats and around how those boundaries are set, because it is vital to the health of our democracy that it is fair. Up until this year, for decades and decades and decades, from the foundation of our democracy, this Parliament has had a multiparty process for setting the rules for our elections—up until this year.

Labour used to care about whether it was seen to abuse the power of the executive. The majority in Parliament can do anything in this country. It can write a law that says that only Labour candidates can stand for election. It can do that; it has probably thought of it. It can write a law about anything, but it is restraint that has kept our constitution together, and Labour has broken that constraint in a most fundamental way. It has set out to use its majority in Parliament to skew the electoral laws for partisan advantage, and it does not matter how many weasel words those members opposite use about the health of democracy and big money. The big money here is public money. The public money dwarfs private money. The politicians get \$15 million and the interest groups get \$120,000. Whose voice is going to be heard—the citizen's or the politician's? The one with \$15 million is going to get heard ahead of the one with \$120,000.

Labour has broken the self-balancing process. If the electoral law needed changes, there is a process of multiparty discussion by which those changes can be made and that preserve the decency on which our constitution is based, because it is not based on a written constitution. Labour does not care any more about whether it is seen to use the tools of law for partisan advantage. That is what it has done.

I might say to the Labour Party that if it abused its majority in Parliament to break the constitution for a great cause, then I might admire it. If it had done it to abolish poverty, to lift economic growth in New Zealand, or to bring about climate change policy that would save the planet, then, yes, I might put up with it. But for this—for this piffing, waffling, vague, partisan, disgraceful piece of legislation? Who is this about? Labour! This is not about New Zealand. This is not about the public good. This is not about Parliament, nor about constitutional propriety. This is about a grubby, paranoid Labour Party. Those members opposite think that everyone gets out of bed in the morning trying to beat them, so the law sets out: “Stop the Brethren”, “Stop the billboards”.

I raise a point of order, Mr Speaker. I have put up with 8 minutes of barracking, and I ask that in my last 2 minutes I be heard in silence.

The Labour Party has set out to stop the Brethren, to stop the billboards, to stop the cake stalls, to stop the interests groups, to stop the canvassing, and to stop the citizen with the loud hailer. This bill makes the citizen with the loud hailer subject to a statutory regime—to have an opinion in New Zealand. That is a partisan rort of the constitution, as well as the electoral law of New Zealand.

Hon Annette King: I raise a point of order, Mr Speaker. The member asked for the last 2 minutes of his speech to be heard in silence. He is being yelled at and barracked by his own members. Was his request meant just for this side of the House, or did he really want to be heard in silence?

The ASSISTANT SPEAKER (H V Ross Robertson): The Hon Bill English.

Hon BILL ENGLISH: Well, I think the Minister has shown why she is regarded as Labour's top performer! We saw it earlier today. Ultimately, this bill is the responsibility of Helen Clark. She is paranoid. She does believe that the only way she can win the election next year is to make law that stops people criticising her. Labour members did not get the lesson of the last election, which was: “Be very, very careful about trying to control our lives further.” And because they did not get that message and nearly lost an election, New Zealanders will decide that the only way to teach them is to throw them out, despite the partisan advantages that they have constructed through this stupid piece of legislation. Even the person who is meant to enforce it says she does not know what it means. How ridiculous! What an abomination of Parliament and our constitutional processes!

LYNNE PILLAY (Labour—Waitakere): I am very proud to stand in support of the Electoral Finance Bill. This Government knows that the public should have the highest confidence in the electoral system we have. The system must be transparent and fair and not open to the undue influence of wealthy interest groups. This bill is, in effect, free speech—it enhances free speech. It enhances the ability of New Zealanders to have their say in this country. We are disappointed by the National Party's deliberate scaremongering on this bill. One would have to ask why. Why are they scaremongering so strongly? They are worried about the funding they had from the Exclusive Brethren at the last election, and about how much at risk that was.

This bill will not destroy free speech. It will not stop people from expressing their views or particularly from lobbying on issues. By amending the definition of "election advertising" we can ensure that people can lobby on issues unfettered, and we think that is really important. Why? Because people's lobbying was what brought about great policies such as 4 weeks' holiday, paid parental leave, early childhood education, interest-free loans for students, and policies on environmental issues. All of these happened because we have lobbying and advocacy within our country. That is something that the Labour Government is very proud of and something we celebrate. However, we do not celebrate wealth running the show, which is what happened in the last election. That is what the majority of submitters who supported the bill said they found the most repugnant when they came to speak to us at the select committee.

I want to thank the advisers and committee staff, who worked really hard and gave very constructive advice to the committee at all times. A total of 575 written submissions were received, and 101 submitters came to the committee and spoke. I thank our colleagues from New Zealand First, the Green Party, and from United Future who, like the Labour members, were committed to ensuring that our pride in our open and inclusive democracy is maintained, and that the rorts we saw at the last election, with the collaboration between the National Party and the Exclusive Brethren, which was a blot on our political landscape, will never be seen again.

I want to say that the games the National Party played in the committee really sunk to an all-time low. There were really silly, silly games, such as the times that they threatened to walk out and collapse the committee—and this comes from a party whose members say they want to work constructively and that all parties should be involved!

Hon Annette King: Rubbish!

LYNNE PILLAY: The Minister is right. National's performance in that committee was rubbish, and their opposition to this bill is rubbish. All the submitters who came and supported the bill made very constructive suggestions, and we listened to their suggestions and made improvements. We have had positive responses since the report back. The Human Rights Commission strongly supported the changes. The Coalition for Open Government welcomed the changes, and was especially pleased that the issue of secret trusts and anonymous donations had been tackled. The New Zealand Amalgamated Engineering, Printing and Manufacturing Union said that the Electoral Finance Bill brings better democracy and ensures that the democratic process is open to all New Zealanders, not just the wealthy and the privileged in this country.

As I said before, narrowing the definition of "election advertising" by deleting clause 5(1)(a)(iii) of the original bill means that the advertising of issues will not be captured and that many lobby groups and advocacy groups can go about their business, which we admire and respect in our country. Only advertising that advocates for or against political parties or candidates will be captured by this bill. What is so offensive is that the Opposition is trying to make out that this is something new. Lobbying or supporting a party during the election time has always been supposed to be declared. It is rorts such as the Exclusive Brethren's collaboration with the National Party that has meant we

have had to take another look at the bill and work towards ensuring that those sorts of things, which are insults to our democracy in this country, do not happen again.

We listened at the select committee to many of the third parties who said they support the regulated period and support a clamp-down on trusts and anonymous donations. But they were concerned about the amount of \$60,000. Many of them recommended a sum of around \$100,000. We listened to those submissions and took them on board, and now we are happy to say that the spending cap for third parties is \$120,000. This is for parties that are absolutely promoting a political party or advocating against another political party, thereby definitely electioneering. We have ensured a more realistic figure for that, and it is \$120,000.

We have also ensured that New Zealand citizens, including young people under 18 years of age, are entitled to list as a third party. I want to speak a little more about the rules around anonymous donations and secret trusts. The Coalition for Open Government has agreed with us and said that reinstating the controls on secret financial contributions to parties via the anonymous donation and secret trust regime is one of the most effective parts of this bill. We ask the public to ask why it is that the National Party is so opposed, so vitriolic, and so utterly panicked about this. It means that there will be more fairness and we will not have the influence of wealth in our elections. It will ensure that everybody, no matter what his or her resources or means, is able to participate freely in elections.

Let us talk about the regulated period. We can look back at the way in which wealthy backers attempted to outspend their rivals by doing election-related spending before the current 3-month regulated election period. We saw that. Members will remember the billboards, the “Kiwi not iwi” slogan—it was so last election—where the National Party was intent on attacking race relations in this country. That problem will be fixed. In the minds of the public, elections start in election year. The regulated period is still a lesser period than that in the United Kingdom, where the period is a year retrospectively. We believe that we have ensured fairness, transparency, and accountability in our election laws, and that is what this bill is about. I am very happy to commend the bill to the House.

Hon TONY RYALL (National—Bay of Plenty): The effectiveness of Lynne Pillay as chair of the Justice and Electoral Committee will be measured by the amount of amendments that will be tabled by the Government during the Committee stage of the Electoral Finance Bill. I can tell the House that, as we speak, the Government has the Ministry of Justice going through this bill with its closest advisers to find all the problems, loopholes, inconsistencies, irrelevancies, and mishaps that the member put into this bill as chair of the select committee. I think the House will be stunned at the amount of amendments this Government will be forced to bring to this bill.

I must say that the speech made by the Minister of Justice proved that this bill is drafted on a few empty slogans. It is all about the preservation of a Government that will do, say, and spend anything to preserve its own existence. This Government is cementing in the interests of big union money in the running of elections in this country. It is cementing in the interests of big union money, because all the exceptions in this law will allow unions to spend whatever they like during the election. We know that the Service Workers Union spent close to \$300,000 at the last election. We know that because someone spilt the beans on Darien Fenton trying to do that for the Labour Party.

We know that the New Zealand Educational Institute came before the select committee—did they not Mr Finlayson—and admitted to spending \$150,000 of its money in the run-up to the last election. We have written to all the unions in New Zealand asking them to tell us how much money they spent in the last election. None of

them has replied with the numbers. We have written to all the big unions in New Zealand that have the money, asking them to confess how much they spent in the last election. Not one of them has told us how much it spent. This bill cements in the interests of big union money in the running of elections in favour of the Labour Party.

But here is the other big money that got cemented in. Lynne Pillay would not tell the House. The select committee and the Labour members spent hours and hours on the overseas donation prohibition, so that Owen Glenn can give them another half a million dollars for this election. It is the "Owen Glenn clause". I sat on the Justice and Electoral Committee. The committee spent hours and hours getting the definition of a foreign donor right so that Owen Glenn could make another half-a-million-dollar donation.

The original definition stated that one could donate only if one was registered on the New Zealand electoral roll. Then there was a coffee break. Then committee members came back and said that we need to change that definition. Then we spent another couple of hours on the definition. Then there was a lunch break. When the committee members came back they said that we will have to make more changes to the definition of what an overseas person is. It was all about cementing Owen Glenn's ability to give half a million dollars to the Labour Party for the coming general election.

That is what this bill is all about. It is about cementing the interests of big union money and about the ability of the Labour Party's half-a-million-dollar overseas donor to contribute again. That is what this bill is all about. It is about tilting the playing field in favour of the Labour Party.

I was on the select committee during 1993 and 1994 when the MMP legislation was drafted and subsequently amended following the 1993 general election. I can tell the House that that committee worked in a multiparty way to ensure that the interests of New Zealanders were served and that the law would endure. We did that because we simply cannot have a voting system whereby the victor gets to change the rules every election to suit itself. Working against that system is what has preserved fair and democratic electoral law in New Zealand.

We have seen across the Tasman what Governments in Queensland have done to advantage themselves, election after election. Governments in Queensland used to give rural voters five times as many votes as urban voters. They had a majority in Parliament and were able to entrench themselves in power for 30 years, because they changed the rules to suit themselves every election. That is what is happening here. Labour is changing the rules to help itself. I think it will rue the day.

Labour Party front-benchers do not care that the rules will change next election. They are not worried about the 2011 election, because they will not be here. But the members on the backbenches who look to have some sort of career in Parliament have to ask themselves whether they are inviting the National Party to change the rules next election to suit the National Party. I think they are inviting the National Party to do that. Do they want National to do to Labour what Labour plans to do to the people of New Zealand with this bill? I think they are inviting that.

The National Party stands for a tradition of respect for our democratic values. This party believes in the democratic values that have underpinned this Parliament for well over 100 years. That is why our leader John Key has given a commitment to repeal this legislation. The easy option would have been to say that we will keep this bill but remove the Owen Glenn donation exemption and put in restrictions on unlimited big union money. We could do that, but we are not going to. John Key has made it clear that National wants to respect the democratic values and tradition of this country.

I have to agree with Bill English on this bill. What an incredible performance we saw in the Chamber today by the Minister of Justice during question time. In one answer she said that if people have questions about the bill then they should go to the Electoral

Commission. Mr English told her that the Electoral Commission does not know what answers to give. And what did the Minister then reply? She said that people should go back to the Electoral Commission. That is what she said—that people should go back to the Electoral Commission.

It is quite clear that the Government has no idea of the problems that the Justice and Electoral Committee has given to this Parliament with this legislation. This bill is full of innumerable problems, inconsistencies, and difficulties that the law of common sense will not fix. The law of common sense—that new theme of jurisprudence of the last 48 hours—will not fix the issues that Helena Catt, the independent public servant in charge of the Electoral Commission, has highlighted in the last 24 hours. Helena Catt is the person who has made it quite clear that she has no idea what this clause about members of Parliament acting in their responsibility as members of Parliament means. The Minister of Justice came to the House and said that if she gives a speech in the House giving an indication then the judges will take notice of it. She said that if she gives a speech in the House then the judges will take notice of it, and that judges will take notice if there is a comment in the commentary of this bill. It is nonsense.

Hon Bill English: You'll have to go to court to find out.

Hon TONY RYALL: We will have to go to court to find out. Honestly, if people thought the Florida election in 2000 was all about “hanging chads”, they will see that this bill will lead to endless litigation about the roles and responsibilities of members of Parliament. This bill will be a fiasco of the standard of the Florida recount in the 2000 US presidential election. It will be fought on minute details, political meanderings, and understandings of rules that have been drafted solely to cement Labour's political advantage: complete, unrestricted, big union money being allowed to be spent in the next election; and a specific exemption so that a foreigner, Owen Glenn, can make another half-a-million-dollar donation to the Labour Party.

This bill will face pages and pages of amendments when it comes back to the House during the Committee of the whole House stage in 2 weeks' time. It is simply appalling that members from Government parties who like to stand on their hind legs and lecture Parliament regularly about the rights and wrongs of constitutional process, as they sweep their cowlicks from side to side, are prepared to stand up and support this legislation, which is a complete contradiction to the democratic values of this country.

Debate interrupted.

AMENDED ANSWERS TO ORAL QUESTIONS

Question No. 3 to Minister

Hon DAVID CUNLIFFE (Minister of Health): Earlier today I said in answer to a parliamentary question that 97 percent of New Zealanders were receiving radiation treatment within 6 months. I wish to take the earliest possible opportunity to correct an inaccuracy in that statement. The correct figure, in fact, is that 97 percent of New Zealanders are receiving radiation treatment within 2 months. I apologise to the House for understating the Government's success.

ELECTORAL FINANCE BILL

Second Reading

Debate resumed.

R DOUG WOOLERTON (NZ First): New Zealand First is in favour of the Electoral Finance Bill for many reasons, but I will talk about just a few things. The National Party has made a big issue out of free speech. It has made a big issue out of the

idea that Labour intends to look after itself. It has made a big issue about New Zealand First's involvement in the last election, and the fact that we had a bit of a problem with spending on a pamphlet. It has made a big issue out of those sorts of things.

Many submissions were heard on this bill—nearly 600, in fact. Over 100 were heard orally, and we worked for long hours. Many submitters wanted to know one thing specifically. They were concerned—and I guess they had a right to be—about who donated to political parties, who were the real backers of political parties, what they stood for, and what they expected when their party of choice was elected to Parliament. I think that those submitters have a right to be concerned about those issues, and that they are things that will go on into the future of politics.

But this bill makes a very, very good attempt at attending to those problems. It makes a big attempt at making sure that transparency is the order of the day, that secret trusts are attended to, and that donors are identified. I think that is fair enough, and here is why. In the 2005 election, donations over \$10,000 were made to the New Zealand National Party from a Bell Gully trust account, PO Box 4199 Auckland, a donation of \$62,000; a Buddle Findlay trust account, PO Box 1433 Auckland, a donation of \$25,000; J. Benton—presumably that is a private person, and God bless him or her for identifying himself or herself—a donation of \$25,000; a Jones Young trust account—

Chris Tremain: Hang them! Hang the man!

R DOUG WOOLERTON: I do not think there is any need to hang any of these people. I just want to make sure that people know how much money the National Party spent at the last election and why there are concerns by the general public about where money for political parties comes from. This is why. It is because one party in particular is concerned, absolutely, with secrecy.

I will go on. Donations to the National Party included those from a Jones Young trust account, Shortland St, Auckland, of \$100,000; a Russell McVeagh trust account, of \$50,000; Sky City management—at least it was identified—of \$60,000; the Ruahine Trust, PO Box 2244, Auckland, of \$249,948; and the Waitemata Trust, PO Box 2244, Auckland. As a former official of the National Party I can tell members that I am well aware—well aware—of the Waitemata Trust. Its donation to the National Party was \$1,254,845. Toll Holdings—and God bless Toll Holdings for identifying itself—donated \$25,000. The Westpac Banking Group donated \$30,000. The total amount of donations from that list was \$1,881,793.

Chris Auchinvole: But where is the secret?

R DOUG WOOLERTON: But those are the secret trusts. [*Interruption*]

The ASSISTANT SPEAKER (H V Ross Robertson): The member will be seated. What I want is what everyone wants in this world, and that is order. Chaos may be fruitful in furthering some forms of management but will not be the parent of good order here.

R DOUG WOOLERTON: I say to those members opposite—and it might surprise them—that I am not concerned about secret trusts, at all, but the public of New Zealand are concerned about them. They are the ones who are concerned. Through the submission process, the public of New Zealand told the select committee that they are concerned about secret trusts. Those trusts are the public's main concern, and to the extent that it can, this bill is attending to that problem.

But that is not the whole of the issue. Much has been made by the National Party in recent weeks, and by the *New Zealand Herald* I might say, about political parties using public money. Much ado has been made about the Labour Party using public money, and about New Zealand First, United Future, and others using public money. But the biggest beneficiary of public money in this Parliament today is the National Party to the tune of \$7 million—\$7 million has gone to the New Zealand National Party for its use.

Yet National members have the temerity to go out in public and make out that they are the Goody Two-Shoes around here. They have the temerity to do that when they are the biggest beneficiaries of public money. And that sum has just been increased.

I am not often here quoting newspapers, but I want to read to members a little bit from Colin Espiner of the *Christchurch Press*.

Chris Auchinvole: Is that a secret newspaper?

R DOUG WOOLERTON: The members opposite are yelling out about secrecy. I have done all of that bit and told members that I am not concerned about that; the public is.

I want to read this from Colin Espiner of the *Christchurch Press*. National members were waving the *New Zealand Herald* around the other day, so here is a little bit from the *Christchurch Press*. Colin Espiner said: “What particularly annoys me is the bleating from the National Party over this.”—“this” being the Electoral Finance Bill—“The Nats escaped virtually scot-free from the AG’s report by sheer luck.” I can expand on that if people want me to, but I will do that further on, in another speech on another day. “The party had spent most of its leader’s budget on political advertising earlier in 2005, believing the election would be in July.” And I know the reasons for that. “The AG only looked at the last few months leading up to the September polling day.” Those are not my words.

Colin Espiner continued: “Don’t believe that National won’t spend every penny of the almost \$7 million it receives from the taxpayer for ‘parliamentary purposes’ either. National gets more than any other party (because ministers of the Crown don’t count in the funding formula, meaning Labour loses out) and recently received an increase in its budget of \$668,000—the most of any party.” We would never know that by the way the National Party has been campaigning on this issue recently. And he went on to say: “If National really believed this law was a travesty, it would hand this money back and refuse to use its leader’s budget for any purpose the AG originally deemed to be unlawful—including hiring expensive Australian election consultants, push-polling, and billboards featuring its leader.”

Colin Espiner concluded: “It won’t, of course. But National is relaxed in opposing this legislation, confident in the knowledge that it will pass anyway, and because its leader could himself bankroll National’s entire election campaign if necessary.” Quite frankly, I think he should do that, because at least New Zealand would then know where the National Party’s money came from. At least, and at last, New Zealanders would know who the backers of the National Party really were. At least, and at last, New Zealanders would know what the real agenda of the National Party would be if it were ever to gain the Treasury benches.

METIRIA TUREI (Green): Tēnā koe, Mr Speaker. First, I want to thank the Justice and Electoral Committee staff in particular who worked very hard on this bill; the advisers, both from the Ministry of Justice and the Electoral Commission, who did a huge amount of work; the other members of the committee, particularly those from United Future, New Zealand First, Labour, and ACT; and the chair, Lynne Pillay, who did a very good job of managing a very big issue and a very difficult committee because of the National Party members’ obnoxious and obstructive behaviour. In fact, I have not seen anything that bad since I sat on the select committee considering the foreshore and seabed legislation a number of years ago.

Modern New Zealand has been built on the principle of democracy and the struggle for equity. But democracy does not happen in a vacuum; it happens in our society, which is increasingly characterised by the inequality of wealth. That inequality of wealth can have a significant impact on our democracy. If democracy is to function properly, then we must protect the equality of the ballot from the inequality of the

wallet. We must ensure that there is a level playing field in election campaigns. We must know who is providing the money in election campaigns, so we can track its influence. And we must protect the right to freedom of speech for all citizens. That is why most Western democracies similar to New Zealand's have rules that limit election spending by both political parties and interest groups, and why the Greens believe that New Zealand should do so, also.

New Zealanders have established a very unique series of rules and regulations that make sure everyone gets a fair go. We have a cap on how much a party can spend on the election campaign, campaigning for the party vote, and we have a restriction on the free speech of parties, but it is a restriction to prevent wealthy parties from dominating the political space. Political parties are not even allowed to buy ads on television and radio, except with the money allocated to them by the Electoral Commission—a restriction on the free speech of parties, but a restriction so that wealthy parties do not dominate television and radio with expensive advertising. These are good rules that mean we have something of a level playing field in our elections, because without a level playing field there is no democracy.

In 2005 real problems emerged with an uneven playing field, and we must deal with them. One of those problems was exposed by the Exclusive Brethren in the National Party's campaign. The Exclusive Brethren ran a million-dollar advertising campaign that was effectively a "Vote National" campaign. According to a publication of Nicky Hager's just yesterday, the National Party's campaign manager, Steven Joyce, secretly met with the Exclusive Brethren in May 2005, where he proposed the "Change the Government" slogan, which the Exclusive Brethren used in its pamphlets because this fit perfectly with the National Party's slogan "The only way to change the Government is to vote National."

The Exclusive Brethren's million-dollar "Vote National" campaign was not included in the cap on the National Party's spending, and it was purposely hidden from public view by the Exclusive Brethren and the National Party; it was purposely hidden. It was only through the investigation by the Greens, and particularly Rod Donald, that this rort was exposed. Our electoral rules failed New Zealanders in 2005. The Greens did not fail New Zealand; we protected our transparency and exposure by exposing the National Party rort. The Exclusive Brethren's desperate attempt to keep its identity secret, with National's collusion, was a direct assault on the transparent and open democratic process. Every New Zealander should be horrified at that assault.

The Exclusive Brethren and the National Party's campaign demonstrated a huge loophole in our law; it must be closed. If we do not close it, then spending caps on political parties are meaningless. If we do not close the loophole, secret groups working with political parties will continue to manipulate the election outcome by attempting to buy it.

The Greens want our lawmakers to owe their allegiance to the voters, not to those who fund their election campaigns. To keep our MPs from being beholden to wealthy interest groups, we not only restrict how much our parties can spend on campaigning but also we have rules to make the parties tell us who is providing their money. We want to see if a party's funders affect the way in which it votes in Parliament, and the way in which it makes decisions if it is in Government. If a party receives a donation that is over \$10,000, it has to declare the identity of that donor to the public, and any anonymous donations must be truly anonymous.

But, again in 2005, problems were exposed in the transparency regime by the behaviour of National, and to some extent Labour, also. We have seen a massive increase in the flow of secret money into National Party and Labour Party coffers. Over the 3 years from 2004 to 2006, for donations of over \$10,000, Labour received

\$400,000 in anonymous donations, and the National Party received \$2.2 million in secret trusts. I thank my colleague Doug Woolerton for describing how that money arrived in the National Party coffers. Senior officials within National knew who had given it money but chose not to tell the public—they kept it secret. They did not tell anyone, but again, it was exposed by Nicky Hager in the article.

Groups like the horse-racing lobby and the Exclusive Brethren provided independent pro-National advertising. Some of the rich Business Roundtable supporters funded the biography of their leader Don Brash, which just happened to come out in election year. The Maxim Institute spent large sums on pro-National publicity, and so on, and so on. All of this was on top of the anonymous donations from the Business Roundtable, giving National probably the biggest campaign budget in the history of New Zealand elections. So, in spite of the intent of the law to make parties like National reveal the source of their money, it is currently legal for the National Party to know who its secret donors are and to keep it secret from the public. This is a loophole that must be closed.

The Greens insisted on an anonymous donations regime that will restrict the ability of both National and Labour—and, indeed, the ability of every political party—to raise money through anonymous donations. Our policy is that all donations over \$1,000 should be identified as to their true source, and secret trusts like the Waitemata Trust and Te Maru o Ruahine Trust do not count as a true source. They should not be listed as anonymous; nor should they be hidden by the secret trusts that the National Party used.

In the negotiations around this bill, we made significant progress towards the Greens' policy. We have introduced a system that will limit political parties to a total anonymous donations income, for those over \$1,000, to only 10 percent of their spending cap over the 3-year electoral cycle. This will cut Labour's anonymous donations income by half, and it will cut the National Party's anonymous donations through secret trust income by 90 percent. We have all heard the National Party's gnashing of teeth over this bill. That is simply because it is fiercely opposed to any law that will prevent it from circumventing the basic democratic principles of transparency and a level playing field. It will not be able to have a secret group run a "Vote National" campaign for it or have its campaign funded from secret money.

National and the Exclusive Brethren exploited the loopholes in 2005 and it is quite right for Parliament now to close those loopholes in favour of transparency and a level playing field to protect our democracy. To ensure we have a fair democracy we must protect freedom of speech for voters and interest groups, while imposing rules to stop the buying of an election. It is quite right that that is a difficult part to get right.

The Green Party has a record on human rights that is second to none in this or any previous Parliament in New Zealand. Even where such a standard is highly unpopular and attracts attacks, we have stood firm on human rights. The Terrorism Suppression Act is one example, Ahmed Zaoui is another, and the foreshore and seabed legislation is another example, too. We will defend New Zealanders' human rights against any attacks. If the Green Party believed for even one moment that this legislation was a breach of human rights, we would not support it; we would not.

I recognise the Human Rights Commission had problems with the legislation and we chose to work constructively with ACT, with United Future, with New Zealand First, and with Labour to fix those problems so that there would be no issues around human rights and we succeeded by working constructively on the principles of transparency, a level playing field, and equity in participating in our parliamentary democracy. The Green Party is very proud of its role in protecting the freedom of speech for New Zealanders and introducing rules to ensure a fair election. Thank you.

Hon PETER DUNNE (Leader—United Future): When the Royal Commission on the Electoral System reported in 1986, it said: "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 quote is at the heart of this legislation and I suspect that the principle it outlines is one that everyone in this House would actually agree with. We legitimately regulate the spending of political parties during an election campaign so that they cannot be seen to buy an election. It is entirely appropriate to pick up the royal commission’s recommendation and say that where third parties—outside groups—who seek to become involved in the election campaign are concerned, there should be some constraints on the type of expenditure that they can undertake, as well.

The problem we have got into is that politics has actually intruded into this argument. Everyone is seeing this issue, not from the point of how to make the electoral system work fairly but of how it affects them. The consequence of that has been the unseemly debate that we have seen since the last election. I have not heard anyone at any time get up and say that the restrictions on political parties should remain but that there should be no restrictions on any outside group. No one has advanced that proposition. So why is it when legislation that seeks to give effect to that proposition comes before the House, we split asunder. The reason, as I said before, is nothing to do with principle but everything to do with grubby day-to-day politics.

The people of New Zealand have a right to know that the electoral process is fair, and that the propositions being advanced by parties at election campaigns are ones that they can make a judgment upon and vote upon without that process being fettered by unhealthy money, dirty money, call it what you like, coming from other sources. By and large—and I suspect this is the reason the matter was not tackled long ago in 1986—New Zealand campaigns have been free of that influence until the last election. It was when the Exclusive Brethren’s campaign became public that a great deal of angst occurred amongst ordinary citizens, who said: “This is not right. Although these people have a right to express their views, the anonymity and the devices they are employing cut across what we have long regarded as being fair play in the electoral system.” That is what this bill seeks to correct. It seeks to give effect to the recommendation of the 1986 Wallace royal commission, which has lain on the Table of this House for 21 years.

A lot of things have been said over the last 5 months since this bill was introduced that have been fuelled in some senses by various interests that are patently untrue. Let me debunk them. This bill does not limit the rights of free speech of any New Zealander to express a political opinion at any time. It says that if an individual, or group of individuals acting as an organisation, wants to become involved in the election process then they must register, and that they are limited in terms of the amount of expenditure they can carry out. But their right to express an opinion is not tampered with. Their right in private or public conversation, or street corner or public meeting to express an opinion is not tampered with. Their right as an organisation to lobby on behalf of their interests or their members for policy positions is not tampered with. But where they seek to say “we want to be part of the election campaign”, campaigning for a particular party or group of parties as a way of getting around the expenditure limits placed upon those parties, then quite properly the principle espoused by the royal commission comes into effect.

Chris Auchinvole: Oh, this is unrealistic. This is totally unrealistic.

Hon PETER DUNNE: I want to remind the member opposite that by opposing this bill he is really saying that supporters of a party or candidate should be able to promote their views without restrictions merely by forming campaign organisations unaffiliated to any party. In other words, the parties will be controlled, but their friends and

supporters can go out and set up a parallel organisation and not be controlled. That is what the member is arguing. That is, of course, an invitation to stupidity. It is a situation we have seen all around the world, which other democracies have dealt with by making changes of this type. When one looks at the international environment, in fact, what is happening here is about the mid-point of change that is considered right by countries around the world.

There has been some debate about the regulated period, but the point about it is, as we have seen in the past with a short regulated period and no control as we have had historically, that there is a huge amount of expenditure, either committed or carried out during the pre-regulated period, to spill over into that campaign period. That is a cynical manipulation of the system—legal at the moment, but cynical none the less. The notion of a regulated period, whether it is 12 months, a lesser period, or whatever, is about saying there is a point at which the electoral clock starts ticking, and there is a point at which the activities of those who want to operate in parallel with political parties come under the same broad ambit.

Members cannot have it both ways. Members cannot say it is perfectly proper to place controls and high standards upon political parties taking part in election campaigns while at the same time turning a blind eye to what might happen elsewhere. Individual citizens will express their views, and they will continue to do so in a free and unfettered way. But it is incredibly naive to think that there will not be organisations formed, as we have seen, to get around the law. That is exactly what has happened to date, and that is what made the original recommendation of the royal commission so important and what makes this legislation timely and relevant.

I want to say this though. This bill, I think, has not been through the best of processes, and the problem with that is that the National Party and the Labour Party have been equally guilty for different reasons. One side wanted to stitch up the numbers first, and the other side took the view that it was simply going to oppose whatever was proposed because it did not like the idea of some restrictions. The consequence of that has been a situation that, I think, is most unsatisfactory. With an election next year, the problem we now face is a very difficult choice. If we do not pass legislation of this type at this time we will actually get the same situation as we had in the last election all over again. The one thing on which most people who have expressed a view on what went on at the last election agree is that that was unsatisfactory. So what this House ought to be concentrating on is not the argument about who did what when, but on this legislation; looking at it thoroughly in the Committee stage and then determining whether it is in the best shape to proceed.

United Future will support the second reading of this bill. We will examine the bill as it proceeds through its Committee of the whole House stage, and then take a view as to what we should do when it comes to the third reading, because there are issues to be considered. We want to see what the debate in this House is about, and where the bill ends up. But it is important that we progress the issue to prevent a repetition of what was a most unsatisfactory election process in 2005.

Debate interrupted.

AMENDED ANSWERS TO ORAL QUESTIONS

Question No. 12 to Minister

Hon CHRIS CARTER (Minister of Education): I wish to clarify the response I gave to question No. 12 today from Katherine Rich on whether the Ministry of Education had been informed of concerns about the behaviour of the principal of Hato Pāora College. I replied I was unaware of such concerns, but would check it out. I have

now done so and I can confirm that two emails were received in my office from an individual claiming that he had raised concerns about the principal of Hato Pāora College during the appointment process by the board of trustees. I cannot attest to the validity or otherwise of the information contained in the emails. However my office has referred the emails to the Ministry of Education and has requested a full report on this matter. I understand that the person who sent the emails to my office is in touch with the police, who are, of course, the competent authority to deal with these matters.

ELECTORAL FINANCE BILL

Second Reading

Debate resumed.

HEATHER ROY (Deputy Leader—ACT): I rise to speak to the second reading of the Electoral Finance Bill, and as I rise to do so I have to say that I partly agree with the Labour Party on this bill. That may come as a bit of a surprise, but I do. The current electoral law, the Electoral Act and the Broadcasting Act in particular, has significant flaws that restrict the operation of fair and open democracy. It is unfortunate, therefore, that this Government has done nothing at all in this entire process to address these flaws but has, in the bill we have before us today, made the law much worse.

A bold Government would have looked at section 70 of the Broadcasting Act and seen it for what it really is, a terrible limitation on New Zealanders' freedom of speech—the freedom to purchase advertising on television or radio to promote a political cause. It also creates a system where the two old parties, Labour and National, are allocated the vast majority of broadcasting time and all other parties are left to fight over the scraps. This results, of course, in systematically entrenching their positions. A bold Government concerned with open elections would have abolished this provision, or at least amended it to allow parties to spend their own money to buy advertising to match the taxpayer allocations given to the Labour Party and the National Party.

A bold Government would have looked at the campaign spending caps—\$20,000 for a candidate in a general election and \$2.4 million for the party vote. There were submissions to this effect, which I heard during the select committee process, but these have not been addressed at all. A bold Government would recognise that these existing caps are an exercise in rationing free speech and should be struck from the statute book, as they were when the Australians attempted to introduce these and as they are in the United States. This Government should have listened to the advice of the Electoral Commission, particularly when it recommended that spending and registration limits could be indexed to inflation. We have had these limits since 1995, and the ability of electorate candidates to run meaningful campaigns has diminished at every subsequent election as inflation bites into what a candidate can spend. Instead of adjusting these caps, this Government has decided to increase the period during which this rationing period applies, from the traditional 90 days before an election to an entire election year. It sounds like Labour Party members have been reading their hero comrade Lenin again: "... liberty is precious—so precious that it must be carefully rationed."

There are many other points I could make, and in fact it is hard to know where to start with this bill—the flaws are so broad and manifest. However, I will raise a few other issues. The first is the suffocating effect that this bill will have on democracy, due to the power that it gives to incumbents. It is not just incumbent Governments, with the ability to spend taxpayer money advertising their propaganda but specifically excluded from expenditure caps, but incumbent electorate MPs and parties. How often have we heard it stated that one of the greatest benefits that MMP has brought to this House is diversity? ACT is proud to be the only party to have been elected into this House

without an incumbent member standing under a new banner. This was an extremely difficult exercise. I was involved in that process, despite the fact that I did not come to Parliament after that first ACT election. But I can say from personal experience that it was a very difficult exercise. The party was funded completely by donations in those days. It had to fund from donations a research unit, media staff, and the travel of our spokesmen travelling the length and breadth of the country for a year before that first MMP election in 1996.

This bill will make electorate campaigns next to impossible to win for independent candidates, or candidates not already in Parliament or on a party list. In fact, with only \$20,000 to spend in an election year before an election, any candidate faces an intensely difficult challenge to unseat an incumbent electorate MP. This is blatantly unfair, when we like to call ourselves a democracy.

We had several very good submissions, both written and oral, at the select committee and others have talked about how many we had. People in New Zealand are very concerned about this legislation, despite the Prime Minister saying on National Radio yesterday morning that it is like the pledge card—an issue that is completely under the radar. I suspect the Prime Minister is a little under the radar herself, if that is what she really thinks. But we did have two very good submissions. One was from the New Zealand Law Society and the other was from the Human Rights Commission. The Human Rights Commission was asked to participate in the process and it brought forward some very valuable points to the select committee. Some of those were taken note of and others have been completely ignored.

I would like to focus on some of the things that the New Zealand Law Society said: "... the Society is concerned at the haste with which this legislation is being pushed through the House. In our experience, hasty legislation is usually ill considered and contains defects." It certainly does. The Law Society found itself in the very unusual position, when submitting to the Justice and Electoral Committee on this bill, of saying that it very rarely, if ever, recommended that a bill should be scrapped and that we should go back to the drawing board, but that is exactly the recommendation that it made on this bill.

Chris Auchinvole: They have done it twice, now.

HEATHER ROY: That is right, they have.

I have talked about those defects and I am going to bring to the House an example of some of those defects. They have been talked about during question time this week, but I think that, to a certain extent, the public are ill-prepared and do not know exactly just what this legislation coming into force will mean to them in an election year. Here are some examples. Firstly, the definition of publishing an election advertisement includes the use of a megaphone at a protest rally and will require the protester to state his or her name and address. The Minister of Justice stood up at question time today and said that was not right, but I suggest she reads the legislation because that is exactly what it implies. Another defect is that writing a letter to an editor under a pen-name and writing an anonymous blog posting will be legal, but writing an anonymous post on an Internet chat board will be illegal. It is absolutely bizarre. There are many examples where two things that are traditionally thought of as exactly the same, and the same in their effect, will be in the position now of one being legal and the other being illegal. A TV news channel will be able to publish a video of a campaign speech on its website, but it will be illegal for a member of the public to post exactly the same video on YouTube without publishing the person's name and address. The Electoral Act protects the anonymity of voters if their personal circumstances mean that they would be at risk if their addresses were published on the electoral roll. However, if people want merely to

encourage a member of the public to vote for a party, they will need to disclose their full names and addresses.

There are many other defects, but I do not have time to go into them all. ACT rejects the suggestion that money spent on advertising can buy an election. The Green Party has constantly promoted the fact that one dollar means one vote. Well, if that were the case, I would like to say that this House today would be absolutely jam-packed full of ACT MPs—and would that not be a great thing for this great country of ours? That one dollar buys one vote is absolute rubbish—absolute rubbish.

ACT New Zealand has put a very strong minority view in the commentary on this bill, and I will highlight just a couple of the things there. This bill is not actually about restraining Parliament or parliamentarians; it is actually about—very sadly—restricting the freedom of speech of ordinary New Zealanders. As we state in the commentary, “Freedom of speech is vital to a democratic system and this bill indefensibly restricts the ability of New Zealanders to fully participate in the political process.”

Chris Auchinvole: And Labour doesn't like democracy any more.

HEATHER ROY: That is right. I quote again from our minority view: “We believe that most often individuals make donations to a party that best represents their own political views. The new disclosure requirements for donations will result in such individuals being publicly identified with a party. We believe that the right of citizens to cast a secret vote is compromised by such requirements.”, and “ACT considers it entirely inappropriate for major changes to be made to Electoral Law this close to any election.” We have here an unholy race to restrict the freedom of speech of New Zealanders. Thank you.

CHRISTOPHER FINLAYSON (National): As is tolerably clear by now, National opposes the second reading of this dreadful Electoral Finance Bill, and we oppose it for a number of reasons.

First, there has been no cross-party consensus in developing this bill. The National Party tried to have a reasonable discussion on issues like donations—not in its own interests but in the public interest—but all overtures were firmly rebuffed. The reality of this matter is that this is utu legislation, the rationale for which was best expressed by the member for Dunedin South when, in response to a question from Mr Ryall about the reason for the legislation, he started going on about the red and blue billboards that littered the country in 2005. So that is what it is all about; it is payback for the National Party's highly effective billboard campaign at the last election.

As can be seen from the National Party's minority view, another major concern was the procedural failings of the Justice and Electoral Committee. I will not go into these at any length; I have been allocated only 10 minutes to speak, not a week. Where does one start to outline the litany of failures? The committee was ineptly chaired, except when I briefly took over when the Labour Party general secretary, Michael Smith, appeared. He was treated courteously by me, and given an extension of time. However, courtesy stopped with the National Party. The chair, Lynne Pillay, was rude to a number of witnesses. On one occasion she berated witnesses for apparently being late, even though they turned up at the time the committee clerk had told them to appear. Mr Benson-Pope did not like the evidence of one witness and told him to go and join the Exclusive Brethren. And so it went on. The whole process was an embarrassment to Parliament.

Let us look at some of the procedural failings. The majority of the committee members were apparently very concerned about having the Human Rights Commission appear. The commission was initially offered two opportunities to appear, and when it could not meet the unrealistic deadlines imposed by the committee chair, the majority of the committee members decided they did not want to hear from it. Eventually, the commission did turn up, and its evidence was very good proof as to why the majority

had been so anxious for the commission not to appear. The commission's criticisms were devastating and courageous, and I expect that those people will all be fired very soon. I wanted them to come back after they had done some further work on the bill with Ministry of Justice officials, but the majority of the committee was not going to have any of that—once bitten, twice shy.

The donations regime was presented to the committee by the majority without any notice whatsoever. As National said in our minority view, the public had identified transparency of donations as a major issue, and the National Party was prepared to look at that issue. But no attempt was made to have a productive discussion. In the course of the Committee stage, I will have something to say about the Owen Glenn clause that Mr Ryall referred to—Owen Glenn being the Labour Party lovey who lives in Double Bay in Sydney, in that great Liberal seat of Wentworth, and so it will remain after next Saturday's election.

Another major concern was the New Zealand Bill of Rights Act. As is well known, I have said on a number of occasions in this House that the Attorney-General failed to provide a report on the bill in accordance with his obligations under section 7 of the New Zealand Bill of Rights Act. Instead, he relied on an opinion prepared by Crown Law. As the Human Rights Commission and hundreds of submitters said, this bill raised important New Zealand Bill of Rights Act issues. The Attorney-General missed all of them, and by elevating the interests of party above country, and by wilfully failing to provide a report on such important issues, the Attorney-General has brought his office into disrepute.

I for one am very disappointed in the attitude of the Green Party, given its self-proclaimed interest in human rights. The Greens are very interested in human rights for people like Ahmed Zaoui, but they are not quite so worried about human rights for 4.2 million New Zealanders. Metiria Turei needs to know that the issue of human rights is not a theoretical subject, not something one talks about just at hippy conventions; it is an issue that needs to be considered in the context of all legislation. But every time we tried to raise the issue of human rights, the Green member was not interested in listening. Those members are all talk. Rod Donald would never have supported this legislation.

I turn now to the substantive matters. The bill will require close and careful analysis in the Committee stage. The select committee, under the chaotic chairmanship of Lynne Pillay, has sent back to the House a bill that is so awful that the Prime Minister is already telling the public to write directly to the Minister of Justice on what amendments they think could be made to it. What a joke!

Where does one start to look at the inadequacies? In the first place, this is typical Labour fare; it is a regulatory nightmare. It is anything but clear. If we look at clause 3, which sets out the purposes of the legislation—

Chris Auchinvole: What does it say?

CHRISTOPHER FINLAYSON: Paragraph (e), I say to Mr Auchinvole, states that one of the purposes is to ensure that the controls on the conduct of election campaigns are clear and can be efficiently administered. The auditing regime—so says the Institute of Chartered Accountants—is anything but clear. The institute says it is unenforceable. It says it will diminish confidence in the electoral system. Just this morning Dr Catt from the Electoral Commission has been saying that parts of the bill are incredibly hard to understand—and not just the auditing requirement.

Chris Auchinvole: She was at every meeting.

CHRISTOPHER FINLAYSON: She was at every meeting, as Mr Auchinvole says—and she is the expert. Importantly, Labour and the majority of the select committee members have gone to great lengths to ensure that the regulated period

remains 12 months. They were not even prepared to discuss the issue. This clause is payback for the National billboards.

Over the last few days, in question time Mr English and I have been focusing on clause 5, which sets out the meaning of “election advertisement”. We have looked at two issues: what an advertisement is and whether editorial material can be caught. Let us look at just one of those issues—editorial material. If we look at clause 5(2)(c), we immediately see a problem, because in order to be exempted from being an election advertisement, the editorial material must be selected—and note this word—“solely” for the purpose of informing, enlightening, or entertaining readers.

Chris Auchinvole: Solely.

CHRISTOPHER FINLAYSON: Note that word “solely”, I say to Mr Auchinvole. It does not mean “primarily” or “principally”; it means “for one purpose only”. These are important questions, dismissed by the Prime Minister from afar as nitpicking.

The Minister of Justice lamely said that people could go to the Electoral Commission, but that is not an answer. The Electoral Commission is the body that is supposed to be supervising all these advertisements, and it does not understand this appallingly badly worded legislation.

Then the Minister said that we could apply the law of common sense. I am very interested in this new concept. Indeed, over the past few days I have been studying textbooks on jurisprudence to find out where it comes from. Does it come from the United States Supreme Court? Is it from the statements of some judgment of the Supreme Court of New Zealand? Was it from a great legal theorist like Professor Jeremy Waldron of New York University, who is possibly one of the greatest legal brains in New Zealand’s history—with the possible exception of Mr Chauvel, the once and possibly future private secretary to the Attorney-General? No, my careful research has discovered that the inspiration for “King’s law”, as it is now known throughout the international legal community, is apparently Pauline Hanson, who stated on many occasions that her view on issues is based on common sense and her experience as a businesswoman running a fish and chip shop. So there we have it. Annette King is proof in person of the observation that people may change their climate but they cannot change their nature. She who goes out a fool cannot ride or sail herself into common sense.

Clause 5 is a shocker, and the questions that Mr English and I have been asking this week show that paragraph (ii) of clause 5(1)(a) is just as extreme as paragraph (iii), which was struck out of the bill, and clause 5(2) is unacceptably vague. We tried to have a discussion on this at the select committee but we were shut down, just as we were shut down on every issue we endeavoured to raise. So we will be spending quite some time on this clause in the Committee stage. The select committee’s hearings had all the objectivity of a Stalinist show trial.

The bill is unintelligible, unclear, and overly complex, it breaches the New Zealand Bill of Rights Act, and it requires substantial rewriting. If this bill becomes law, there is but one certainty for 2008, and that is that there will be a bucket load of litigation, and, ultimately, there will be injustice to the people of New Zealand. There will be more about this at the Committee stage. Suffice it to say, as is perhaps tolerably clear by now, National will not support the second reading.

CHARLES CHAUVEL (Labour): That was an extraordinary contribution from a member of Parliament who, on 22 March 2007, said this in his interview with GayNZ.com: “I am not interested in the abuse, nastiness, and petty point-scoring that consume my opponents.” Well, if the sorts of discussions we have just heard about Ms Pillay and me are Mr Finlayson’s contribution to the debate on these issues, then “bring it on”, I say.

“The business community cannot give us enough votes to win, but they can provide us with money.” That is what the previous leader of the National Party said when asking his caucus to take the party’s leadership away from Bill English, and that is the attitude that still lies behind the National Party’s opposition to the Electoral Finance Bill. We would not be here unless those National members opposite thought that democracy was for sale. We need to ensure that our system, in the words of the Green Party, is based on the principle of one person one vote, not one dollar one vote. As a member of the Justice and Electoral Committee, I am proud to observe that the public obviously agrees with that sentiment. Public participation in the select committee process was extensive and admirable. The committee has recommended extremely significant changes to the original bill, and those changes are based on the evidence that the members of the committee heard. In other words, the select committee process worked as it was intended to—the Government introduced a bill, extensive public submissions were heard on it, and the select committee recommended changes. The House is now considering those changes in the bill as reported back and, presumably in the week in which the House next sits, we will consider them in more detail in the Committee of the whole House. That is democracy at work. That is how the Standing Orders envisage this Parliament working, and the process, I am pleased to report, is healthy.

I want to run through some of the significant changes that the committee has recommended to the House. It was pointed out to us that after the National Party and the Labour Party the biggest single spender in the 2005 election was—guess who? It was the Exclusive Brethren.

Chris Auchinvole: The unions.

CHARLES CHAUVEL: No, not the unions; the Exclusive Brethren. Their spending doubled the effective amount of money available to the National Party, which was doubled again through collusion with the Maxim Institute, the so-called Fair Tax lobby, and through donations from the very wealthy, which were laundered through secret trusts. Clearly, it is necessary to close these loopholes by regulating the expenditure of political actors not registered as parties—the sort of soft money regime that has caused so many problems for democracy in the United States. The bill as reported back liberalises the originally proposed spending limits to apply to those third parties. One submitter, who I see is in the public gallery now, Mr Graeme Edgeler, made some very helpful suggestions to the committee. He suggested that the limit should be increased “to allow a nationwide pamphlet or nationwide newspaper advertising campaign”. In accordance with that recommendation, clause 103 doubles the originally proposed spending cap. A third party can spend \$4,000 on candidate advertisements in an electorate, and \$120,000 for other purposes.

Chris Auchinvole: Tinkering with this law doesn’t make it good.

CHARLES CHAUVEL: Another important change—and I know Mr Auchinvole will be listening carefully to this—in the area of regulated forms of expression, relates to the definition of “election advertisement”. The Human Rights Commission and many non-governmental organisations pointed out that the original definition was unduly restrictive of freedom of speech. So in response the committee recommended a change to the definition of “election advertisement”. *[Interruption]* Mr Auchinvole should listen carefully; I know it is difficult for him to understand, but he will get hold of it.

Clause 5(1)(a)(iii) has been deleted in line with a suggestion by the Human Rights Commission, amongst others. There we see the process working again—submissions were made, and the committee listened and reported back to the House accordingly. This clarifies that taking a stand on issues, as opposed to advocating for a party or candidate, will not fall under the definition of “election advertisement” for the purposes of this bill. Any person or organisation will remain free to say whatever they like about

any matter. It is only when they enter into advocacy for or against a party or candidate, as Peter Dunne has said, that their actions or expressions will be regulated.

In accordance with the further submissions of the Human Rights Commission, it has been made clear in clause 5(2) that the term “periodical” should exclude media activities and the practice of blogging in order to give full effect to the freedom of the press and to freedom of speech. Also clearly excluded is communication between companies and shareholders, in response to a submission from Mr Bruce Plested, executive chair of Mainfreight. That is further evidence of the committee listening to submissions and acting accordingly.

It has also been made clear that provided a third party’s membership includes a majority of New Zealand citizens or residents it is eligible to register as such. Also, Kiwis under the age of 18 are included in the ability to become third parties or members thereof. These changes, along with others, mean that the bill provides an appropriate balance between, on the one hand, the need to protect freedom of expression, and, on the other hand, the desirability of keeping democracy open to all regardless of income. These are changes that respond to a host of submissions made by groups and individuals such as Presbyterian Support New Zealand.

Chris Auchinvole: This is getting a bit boring. Wind it up.

CHARLES CHAUVEL: Mr Auchinvole may not be interested in the views of Presbyterian Support, but members on this side of the House are. We listened carefully to them, to Business New Zealand, to Professor Andrew Geddis, and to the Royal Forest and Bird Protection Society, all of whom asked for the changes that I have just outlined. We listened carefully, and we recommended those changes, by majority, to the House.

The author of the No Right Turn blog has an interesting item on scoop.co.nz today. His is only one of many voices writing in praise of the bill as reported back, but his perspective is not featured, funnily enough, in the *Dominion Post* or the *New Zealand Herald*, which is consistent with those newspapers’ historically unchanged editorial leanings. On Scoop today the author of the No Right Turn blog says this: “the upshot,”—that is what has come back from the committee—“is a bill which has no effect whatsoever on the freedom of speech of ordinary people or NGOs, while properly restricting the ability of the rich to circumvent party spending limits with parallel campaigns and so buy elections. ... And judging by the wailing and gnashing of teeth over on the right, it looks like the bill will have exactly the desired effect: limiting the pernicious influence of money over our elections, and ensuring that each of us has an equal political voice.” [*Interruption*] Members opposite may wail and gnash their teeth, but they should remember that the reason we are here today is that they tried to rot the system in the last election. They were the ones who breached the longstanding convention in this country that a party declares where it gets its money from in an election campaign. Labour does so with the unions. We do not seek covert funding of \$5 million from various groups and try to get around the rules. Members opposite may have managed to disguise this well from the media, but we understand what they did, and we will make sure that it cannot happen again, and that in this country democracy is not for sale.

HONE HARAWIRA (Māori Party—Te Tai Tokerau): Tēnā koe, Mr Deputy Speaker. Kia ora tātou e te Whare. I come to this debate as the representative of the Māori Party, which is neither a coalition partner, an associate of this Government, nor in the pocket of the National Party, so it is probably the only truly independent voice in this debate.

Over the last couple of months we have seen all kinds of groups and individuals opposing the Electoral Finance Bill and interpreting it as “almost impossible”, very

difficult, messy and expensive, and overly complex. Yet here we are today discussing a bill that leading justice agencies still have major reservations about.

As we reviewed the select committee report I was reminded of a comment in *Te Pūtātara*, a column by Ross Himona, which described the National and Labour “two-party power culture” as having created a sham democracy around the bastion of privilege called Parliament; an illusion of representative government. He said: “In the coming election campaign they will argue that one has more ‘integrity’ than the other. They will argue that one is more ‘competent’ than the other. They will argue about the ‘decent society’ that they claim to represent. They will argue about who cares most for the ‘people’. None of that matters. They are but two halves of the same dragon; there is no difference between the parties.”

Himona said his analysis is of a Parliament ruled by an unwritten constitution and the myth of parliamentary sovereignty, which dominates the control of information that ordinary citizens receive. He concluded: “It has been able to keep most of the country in ignorance about the parlous state of democracy in New Zealand, and it has been able to keep most of the country in ignorance as it dipped into the coffers and delivered power and wealth to the favoured few.”

Ross Himona’s analysis was written way back in 1990, some 17 years before this bill even came up, but in many respects *Te Pūtātara* could be put alongside the views of the Human Rights Commission, the Electoral Commission, the Law Society, and many of the other 575 public submissions on this bill that called for accountability, transparency, and integrity in the laws around electoral financing. It is a position very much supported by the Māori Party, because we firmly believe, after examining the rules governing election campaign expenditure and the sources of campaign finance, that maintaining integrity and honesty is essential to the whole process.

The Māori Party supports Government driven by participation, discussion, and debate; the Māori Party supports treating public moneys with respect; the Māori Party supports the right of the electorate to be informed; and the Māori Party supports elections conducted in an environment of transparency. They are principles that we have supported right through this debate; principles encapsulated in an address by Professor Whatarangi Winiata at the symposium on political party and election campaign funding held in June this year, when he described the pursuit of tikanga, such as accountability, transparency, and integrity, as giving expression to the principles of rangatiratanga and kaitiakitanga.

We welcome the tightening of rules around political donations, particularly the rules on anonymous donations, to ensure that financial power does not determine electoral success. We understand the thinking behind clear recording and reporting procedures for donations, but there is a big difference between supporting the general principle and supporting this bill. When the Electoral Commission says that the clause differentiating between election expenses and daily MP duties is almost impossible to interpret, then the House has a real problem. The boss of the Electoral Commission suggested that this clause would make it almost impossible to interpret parts of the bill, and she was not the only one.

The Law Society also described the sheer complexity of the law as one of its major flaws, referring in particular to the new part of the bill, which takes over five pages to describe the rules around anonymous donations. It is a complexity that descends into outright absurdity when we find that if someone brings 300 kōura to a hui, those juicy crayfish might actually have to be sent to the Electoral Commission to get stamped before being sent back to the hui. And before anyone tries to tell me that the limit applies only to political events, believe me when I say that any hui for Māori is a political hui. The bill also adds a special level of regulation requiring third parties to

disclose election-specific donations for amounts over \$5,000, but the Human Rights Commission was particularly concerned at the way in which third parties might be fined for not complying with the requirement to register.

The Māori Party is concerned that the new definition of election advertising to cover the whole last year in a 3-year election cycle is so wide that it is likely to catch any comment made during election year. The Māori Party is concerned that the new definition of election advertising will effectively curtail freedom of expression in Aotearoa in that year, and the Māori Party is concerned that this bill may gag anyone not registered as a third party with the threat of conviction if they dare to speak out—a huge concern for Māori, who consider that they have the right to speak out wherever and whenever they feel like it.

The Māori Party supports the suggestion of the Law Society for there to be wider discussion on electoral reform. The Māori Party supports the submission of the Human Rights Commission that this whole issue should have been given back to the public for full discussion and wider debate. The Māori Party supports the advice from the Electoral Commission that clarity and public ownership are needed to prevent any further loss of public confidence in the election campaign process. The Māori Party supports the right of the public to be able to determine the way in which our Governments are chosen. And the Māori Party supports the call for a publicly appointed independent body to be set up to oversee such a process.

Electoral finance laws should not be designed and determined by politicians and parties in isolation of the people; nor should they be designed and determined by the coalition of parties that make up only the majority party and its associates. No Government should ever be so arrogant as to make changes to the way in which we elect our representatives without first taking such an important principle to the people for discussion.

As the independent Māori voice in Parliament, the Māori Party shares the concern of the Human Rights Commission, which is hardly a doyen of the wealthy elite, that this bill is a dramatic assault on fundamental human rights—freedom of expression and the right to participate in the election process. The Māori Party will not be party to a bill that restricts freedom of speech, whatever the financial argument, and we will not be party to a bill that penalises people for daring to speak freely. Hoi nā nō, tēnā koe, Mr Deputy Speaker. Kia ora tātou katoa.

ANNE TOLLEY (National—East Coast): There was a headline in the *New Zealand Herald* last week that read: “Democracy under attack”. It was not about Pakistan and it was not about Zimbabwe; it was about New Zealand.

I was a member of the Justice and Electoral Committee that examined the Electoral Finance Bill, heard submissions on it, and reported back to Parliament. I concur with that headline. In this bill, democracy is under attack in this country from Labour, from the Greens, from New Zealand First, from Jim Anderton’s Progressive party, and from United Future. They connived, they manipulated, they stage-managed, they bullied, they outvoted, and they controlled the entire process from start to finish. MPs normally find—

R Doug Woolerton: It’s called democracy.

ANNE TOLLEY: That is an interesting comment from Mr Woolerton.

Chris Auchinvole: What did he say?

ANNE TOLLEY: He said it is about democracy. That is absolutely right. It was about whoever had the most votes getting their wishes in the select committee.

Most MPs who go into a select committee process on a bill enjoy it because, whether or not they are in favour of the bill, there is normally an atmosphere where everyone takes part, where everyone talks, and where there is an opportunity to explore and

discuss the proposed legislation. I have to say that the chair of this select committee, Lynne Pillay, and her Government cronies made sure that that did not happen in this select committee. We were not allowed to ask questions, we were not allowed to take part in the debate, we were kept on edge the whole time, and we were kept out of the process.

Electoral law has been previously developed on a cross-party basis. We have had to do that for the legislation to be enduring. The last thing this country wants is, every 3 years, for those who have the power to turn round and change the rules. It has not always been peace, joy, holding hands, and singing "Kumbaya". There have been some really strong opposing philosophies. But in the end, because there has been a determination and an understanding that we need to have cross-party involvement, there has previously been cross-party agreement to any legislative change.

The process has been just as important as the content of the law. National, ACT, and Māori Party members, when they were able to attend select committee meetings, tried to point that out on many occasions to the members sitting on the other side of the room.

Chris Auchinvole: Did they listen?

ANNE TOLLEY: No, they did not. They shut us down. Even the officials made a plea to the select committee. After days of seeing this manipulation, the officials appealed to the Government members to try to get cross-party agreement, because that was what was needed to make the legislation enduring.

Christopher Finlayson: Record in the House what Marian Hobbs said.

ANNE TOLLEY: When the official said that in his long experience cross-party agreement was needed for enduring legislation, Marian Hobbs told him: "That's our kaupapa, not yours."

Wide political representation was essentially shut out. I note that the Minister of Justice made a big fuss in her opening speech today about how the Government had widened the representation on the select committee so that all parties in Parliament could be represented. It did do that, but it was a sham. Like the process, it was a sham, because the meeting schedule was set up so that it actually shut out minor parties. By meeting every Monday from 9 until 3, or 9 until 6, which was when the substantive discussions took place, small parties like ACT, the Māori Party, and even United Future were unable to take part in those discussions. They were unable to play an essential role in the development of this legislation. It was a sham; it was stage-managed, again, to look as if the discussion was cross-party, when in fact it was not.

With this bill being rushed through in such a short time frame, there was no time to explore or discuss the substantive issues in it. My colleague Tony Ryall, when he was talking about the regulated period, tried to find out from the officials what the underlying policy reasoning was. He asked in a very reasonable manner, again and again. Did we hear the underlying reason for the regulated period being extended out to almost one-third of the electoral cycle? No, we did not. We did get an agreement from the Ministry of Justice officials that the people taking part in an election spend the majority of their money close to the election. That is the critical period. The officials admitted that. If Hallensteins is to have a sale in the weekend, it wants to advertise the sale on the Thursday and Friday night. But when the officials were asked how they could then justify a regulated period that went right back to the beginning of the year, they had no answer. In fact, the chair shut down the discussion by saying that we were bullying and pressuring the officials, and we got the proverbial "We have decided. Move on."

I move to speak about the donations regime. At one point, the officials were halfway through presenting their analysis of the submissions that had been made; they were halfway through that process when the meeting started. We had already been told by the

officials that this presentation was only part of their report, and that the analysis of all the submissions relating to the donations part of the bill would be presented the following week. We got into the meeting at 9 o'clock and immediately the Greens put on the table—actually, they did not put it on the table; they blurted it out verbally—a donations regime that they had made up. It became very clear in the discussions between the chair and Metiria Turei, the Greens' representative, that the chair was well aware of the donations regime that was being proposed. The other Labour members were also well aware of the regime that was being proposed, and, actually, New Zealand First members were aware of it, too.

We asked whether there was anything in writing. We were scribbling down notes on the very complicated regime that was being proposed, while the chair was saying to the officials: "We want you to go away and draft this up. We have decided. You draft it up." We were told there was a paper that had been made available to the members on the other side, but it could not possibly be made available to National, ACT, or the Māori Party, for obvious reasons.

I am not sure to this day what those obvious reasons were. In fact, National had signalled quite early on in the whole process that we felt that the donations regime was something we could work on constructively. We agreed that there was a need for transparency. We agreed that the public were concerned about the donations regime. We would have quite happily entered into any negotiations.

I want to finish by talking about two particular issues. Firstly, I want to talk about the Human Rights Commission, which was almost shut out of the process. If it had not been for the constant work of the ACT members, we would not have had an oral submission from the Human Rights Commission. The chair and the select committee would have missed that very damning report—

Christopher Finlayson: Deliberately.

ANNE TOLLEY: —oral hearing—from the Human Rights Commission, quite deliberately. Again, there is misrepresentation of the Human Rights Commission's position in the report back from the select committee, because the commission's most important requirement—even after changes had been made—was that this bill go back out for public submissions, go back out for the public to have another say. The select committee, by a majority of one, voted that down. The Human Rights Commission says that in its own press release that it put out publicly yesterday.

Secondly, I compliment the Electoral Commission and its chief executive, Dr Catt. I think she did a superb job. The comments and suggestions that the commission made on this bill were excellent, particularly those around third-party spending. The commission had given it a great deal of thought and had an excellent rationale. The Electoral Commission still says we have got it wrong because the threshold is too low. It recommends that a threshold of \$40,000 is reasonable for a third party, and would be easy for the commission to monitor. The commission's press release today states that it does not know how it will trawl through community newspapers to find \$12,000 of spending—to find people who have to register. Another excellent suggestion was made by the Electoral Commission. It had done some work around what amount a third party might want to spend in order to run a campaign. The Electoral Commission recommended \$250,000 to \$300,000. But the Greens would not have it, because it might drown out their voices.

That is typical of this whole bill. It is about whose voice can be heard. National says everyone's voice has a right to be heard. Labour says only their and their mates' voices should be heard.

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

Ayes 65

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

Noes 54

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

Question agreed to.

A party vote was called for on the question, *That the Electoral Finance Bill be now read a second time.*

Ayes 65

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

Noes 54

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

Bill read a second time.

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

Second Reading

Hon PETER DUNNE (Minister of Revenue): I move, *That the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill be now read a second time.* This wide-ranging taxation bill introduces several of the reforms that were announced in Budget 2007. These include measures that emanate from the business tax review—namely, the new 15 percent research and development tax credit—and changes resulting from the reduction in the company tax rate to 30 percent. They also include changes to KiwiSaver legislation to require employers to match employee contributions up to a certain amount, and to provide an employer tax credit of up to \$20 a week to reimburse employers for those contributions. Increased tax incentives to promote charitable giving by individuals and companies were also announced in the Budget and are a feature of this bill. The bill also introduces a number of other important tax changes, chief of which is the proposed liberalisation of tax penalties to promote voluntary compliance. The bill also sets out the tax rates to apply for the 2007-08 year.

The Finance and Expenditure Committee has considered the bill and has recommended a number of amendments to the proposed legislation to ensure that it operates as intended and as well as possible. The committee's main recommendations apply to the research and development tax credit and to the KiwiSaver proposals. The aim of the proposed research and development tax credit is to help raise the amount of private sector research and development investment in New Zealand, which at present is only a third of the OECD average. That, in turn, is expected to have wider benefits for the economy and will help to increase productivity and our international competitiveness.

Introducing the tax credit will bring us into line with the many other countries that offer tax concessions of some form or another for research and development. Sustainability of the tax credit will be a critical factor in its success, and is of obvious concern to the Government. It is essential, therefore, that the credit rewards research and

development, not routine business activity or expenditure that may be dressed up as research and development. If the credit is not fiscally sustainable it will be reduced in scope, and business confidence in it will be eroded. That is confirmed by overseas experience. For this reason the proposal comes with built-in safeguards in the form of detailed eligibility criteria and detailed definitions to ensure that the credit is as effective as possible.

The committee's main recommendations focus on generally tightening the rules to ensure that the credit will be sustainable. The committee has, for example, recommended tightening the eligibility test for support activities to ensure that routine business activities will not be eligible for the tax credit. Likewise, the committee has recommended changes to make the proposed \$2 million cap on internal software development more difficult to circumvent. That would include, for example, making absolutely clear to businesses what constitutes internal software so as to prevent them seeking to make questionable sales of that software in order to make its development appear eligible for the research and development tax credit.

At the same time, however, the committee has recommended raising the internal software development cap to \$3 million of eligible expenditure in order to reflect the fact that a wider range of activities will now be subject to the cap. The committee has also recommended clarifying the proposed rules on when eligible capital expenditure on prototypes will attract the credit. The committee has recommended changes in order to better reflect commercial practice when research and development is undertaken in collaboration with others. Parties undertaking research and development through joint ventures will be able to apply the tests that determine who gets the credit at the joint-venture level. Those undertaking research and development in partnership with others can apply those tests at the partnership level, when all the partners are eligible for the credit.

In some areas the committee has recommended changes that add greater flexibility to the rules, as has happened with the proposed rules on research and development that is conducted overseas as part of a New Zealand – based project. The committee has recommended allowing excess overseas research and development expenditure to be carried forward so that it could become eligible for a credit in subsequent years. The committee has also recommended that there be a regulation-making power to exclude expenditure on overheads that is not sufficiently linked to the research and development. Those exclusions will be broadly the same as they are in Australia.

Those are some of the main recommendations in relation to the research and development tax credit. Other features of the proposal remain largely unchanged; for example, the rule remains that Crown Research Institutes, tertiary institutions, and district health boards, and their associates and entities controlled by them, will not be eligible for the credit, although the committee has recommended strengthening these rules to also exclude partnerships with these entities. However, New Zealand businesses that commission research and development from these institutions may well be eligible for the credit, depending on the circumstances.

The rationale for the exclusion of these Crown entities is that the tax credit is intended to encourage private sector investment in research and development, and is therefore targeted at firms controlled by the private sector. As I have pointed out on other occasions, the research and development tax credit is completely new to us all in New Zealand—to business, to the Government, and to the tax administration alike. It is therefore inevitable that the tax credit will need finessing as time goes by, given the complexity and the scope of the rules that govern it.

We will evaluate the success of the tax credit in 3 years' time, once the credit has had time to bed in and it has become clear what the country is getting for its investment.

But, in the meantime, once the legislation has been enacted, the Inland Revenue Department will seek public feedback on a set of draft guidelines on the details of how the new credit will be administered. That feedback will be used in the development of administrative guidelines, which should go some way towards dealing with the concerns of those who have stressed the importance of clear legislation and clear guidelines, the development of which has involved wide consultation.

The other major focus of the committee's consideration was the proposed legislation relating to employers' contributions and to the employer tax credit, which were part of the package of changes to KiwiSaver announced in the Budget. The changes in this bill complement the Budget legislation that was enacted in May to introduce tax credits to match savers' contributions of up to \$20 a week. All these changes are aimed at promoting personal retirement savings by making it easier and more rewarding to save through KiwiSaver.

In examining this bill, the committee's stated concern was to ensure that the changes were practicable, and that compliance costs for employers, employees, and providers were minimised. Many of the committee's main recommendations in this area are aimed at fine-tuning the proposed law on the treatment of contributions that employers make to schemes other than KiwiSaver, and at superannuation scheme arrangements that were entered into before the Budget announcements. In a similar vein, the committee has recommended a staged transition to the minimum 4 percent contribution on the part of employees. In another area, the committee has recommended changes in order to make it easier for complying superannuation funds to calculate employee deductions and to match employer contributions.

These, then, are the committee's main recommendations for changing the proposed legislation, and I have to say I think that they will make a big difference as to its effectiveness. I want to acknowledge the work of the committee in dealing with a number of very technical and complicated measures associated with this bill. The committee has given these matters careful consideration, the consequence of which has been a much better piece of legislation. I welcome that, and I am more than happy to recommend both the bill as amended and the select committee's report to the House.

Hon BILL ENGLISH (Deputy Leader—National): I welcome the Minister of Revenue's outlining of the major issues with the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill for the benefit of the House. National will not be supporting this bill; it is part of a Budget we did not support on a confidence motion. We did not support the Budget, because we believe that it did not reflect the opportunities the Government should have taken to make broader changes to personal income tax, which is something we believe the Government has had the capacity to do for 4 or 5 years now and has neglected to do.

In that context, we in the Finance and Expenditure Committee took a pretty constructive approach to the issues raised in the bill, and particularly raised by submitters. I just want to go through a few of those issues. We have taken a pretty constructive approach to the bill because the changes in the bill are significant and likely to be part of the landscape for some time. We have an interest in ensuring—as the Minister has said—that compliance costs are minimised and that there is as much certainty as there can be with the types of measures outlined in the bill.

I will start with the research and development tax credit. This is pioneering territory in the New Zealand tax system. I note that by international standards our research and development tax credit is at a higher rate, more broadly applied, and available to a wider range of taxpayers than in Australia, for instance. The Government has made an effort, in this bill, to ensure that there are boundaries on that credit so that it will end up focused on what the taxpayer is paying for—that is, an increase in private sector

research and development. By the sound of it, from the submissions and other discussions we have had, the development part of the credit will incur the most fiscal cost and grow fastest as a result of this tax credit being available.

I welcome the 3-year review the Minister has put in place, because I think it is vital that the business sector sees that the tax authorities are going to keep a close eye on how this credit is used. I get a bit concerned when I hear about the amount of resources that large accounting firms are giving to ensure their clients know all about this tax credit. It is vital that they see that the tax authorities are keeping an eye on it.

Some critical definitional issues are going to arise, and they came up regularly during the submissions—for instance, the importance of the experimental aspect of the definition of “development”. To use an agricultural example, it is the difference between a farmer saying he or she has put another sort of fertiliser on the paddock and therefore it should be eligible for the tax credit because it is development, on the one hand, but, on the other hand, real experimental activity, which would consist of laying out plots, applying different rates of fertiliser on those plots, and making sure they were fenced off or grazed in particular experimental ways, and may well count as development. The experimental aspect is absolutely vital.

One area in which I am pleased the committee made some changes was in respect of the eligibility of research conducted overseas by New Zealand taxed entities. In this interconnected world, it does seem quite a constraint that a New Zealand entity has to have its research conducted in New Zealand. We are a biological economy. It makes sense, for instance, to be conducting research all year round, depending on seasonal variations, because we—maybe literally—may be able to move twice as fast.

The committee has gone some way, without opening the gate too far, to providing a bit of flexibility. The reality is that many New Zealand businesses that want to do research are not going to find all the skills they need in what is quite a small scientific establishment. I am sure this is an aspect of the bill that will be discussed as part of the 3-year review.

I want to move briefly to KiwiSaver, on which there was a lot of discussion. I am particularly concerned about the complexity of how existing schemes interact with KiwiSaver. I will not pretend to be able to outline for the House the detail of all those discussions, but the issue looked a lot more problematic than I think the MPs expected as the submissioners went through the details.

Probably the main focus of our interest in the KiwiSaver structure was the concern that so many people will not be able to access KiwiSaver because they cannot afford to. In the initial stages of the scheme, that does not make too much difference. Members should imagine two workers in a workplace, one of whom has three children and a substantial mortgage, and another who is carrying out exactly the same job on the same pay with no responsibilities whatsoever. The second worker can opt into KiwiSaver maybe at 4 percent; the first worker cannot opt in at all.

As time goes on, those two workers will benefit in quite significantly different ways from KiwiSaver. The worker who does not opt in will miss out on the start-up grant, ongoing tax credits, and benefits to the employer of the employer tax credit, which may be passed through to the worker in his or her remuneration. So the differences will grow. I am quite sure that in workplaces this will become more of an issue if the contribution rates go up at the rate set out in the bill.

We had some combined submissions from the New Zealand Council of Trade Unions and Business New Zealand that highlighted both of the issues I mentioned: one being the affordability of the specified rates of contribution of 4 percent and 8 percent, and the other being the industrial relations problems that will arise out of the differences between employees who opt in to the KiwiSaver scheme and employees who do not.

The committee made some attempt to give clarity to that issue in clause 101. Clearly, there are polarised views about the impact of the compulsory employer contribution. Some people think it should be taken out of the remuneration of the employee, at one end of the spectrum; at the other end of the spectrum, the unions certainly believe that any employer contribution should be in addition to existing remuneration.

It is an unresolvable problem in a legislative sense, but the committee made some attempt to get a solution that respects existing contracts and also leaves room for employers and employees to negotiate as much as possible on that issue between themselves. I would not say that the committee has found the right answer; again, I am sure that it is something that will come through in the 3-year review.

These are significant shifts in our tax base. They are significant changes in the functions of the Inland Revenue Department as they take on KiwiSaver. I can say to the House that the committee did a reasonably good job with what is very complex and lengthy legislation. It will be discussed further, of course, at the Committee stage, but getting the research and development tax credit right and getting access to KiwiSaver right are issues the House should focus on in the next stage of the debate.

Hon SHANE JONES (Minister for Building and Construction): Tēnā tātou katoa. I make this speech as the person who chaired the Finance and Expenditure Committee for the majority of the process of the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill. The chairmanship of the committee has been taken over by my colleague Mr Chauvel. I wish him luck and hope that he strikes a degree of camaraderie with all members of the committee. As is usually the case we must acknowledge the work that Mr Robin Oliver and the hard-working team of tax officials put into the construction of the bill. All tax legislation is a mixture of technical improvements and turning policy into programme, and it falls on me, as chair at that time, to acknowledge the work that they did.

There are three themes that I want to accentuate following on from Mr Dunne and an uncharacteristically temperate contribution from Mr English. Firstly, this bill builds on the major changes that relate to announcements we provided for through the Budget. Mr English and Mr Dunne have outlined the changes in respect of the research and development tax credits. A most important development has been the actual provision of this type of assistance to emerging and growing businesses. An area that caused the committee some angst was the extent to which the programme could be monitored and managed without opening up the tax base unwisely to unsavoury practices from either tax advisers or businesses hoping to gain access to the research and development credits by putting in proposals or expense claims relating to stuff they would be doing ordinarily.

I have no doubt that the programme, like all systems, will be improved as we go along, but it is an important step. It is an important step if we are to maintain productivity and if we are to allow our companies to not only put capital at risk but also do it in such a way that their forays overseas are well funded, in terms of good ideas that have been well researched. As Mr English said, a number of the innovations are not confined to New Zealand, and our companies need to link up with those centres around the world where they are already well known for their resourcefulness and their deep pockets to drive technology improvements and productivity changes through research and development. I dare say we will see a great deal of that in the dairy industry, and our other export industries, which really need to move us from out of the commodity trap through using research and development initiatives to move us into a higher level of return.

In respect of savings, we in the Government have recited at great length that we believe savings will actually address macroeconomic problems and create a pool of

resource in our own country. Sure, parts of these savings will be handled by a host of managers dedicating them to overseas investments, but a growing amount will be available for our own Kiwi projects—our own people. We will create a greater sense of security through a savings scheme where the State takes a very proactive role.

An area that caused a number of us some concern, which was amplified by various submitters, was the pace at which we will introduce savings changes, and how this will affect people who are currently involved in KiwiSaver and those who are about to be involved through the current KiwiSaver model. We were concerned, No. 1, that people actually make a contribution that is meaningful, and, No. 2, as we step away from the 2×2 method with the contribution from employers and the contribution from the State, that they get up to a 4:4 ratio. We have extended the transition process so that people can remain on a 2 percent contribution for a bit longer. Initially the period of time at which that cut off was 2008, but now it will be extended. For those extremely diligent and delighted listeners who are celebrating the fact that they are hearing this speech of mine, the contents page for the details is page 11 of this rather large tax bill.

The KiwiSaver scheme is being taken up by growing numbers of people—Dr Cullen will outline more of that information very shortly—and it is proving to be a highly popular scheme up and down ngā hau e whā.

Hon Member: What will the National Party do with it?

Hon SHANE JONES: I think we know that the National Party will strip away the Government's contributions to the scheme. Ordinary, garden variety Kiwis, many of whom are our supporters, from time to time find themselves in "Struggler's Gully", but we will look after them. We know what it is like in "Struggler's Gully"—not just in the rarefied air of elevated heights. We go low, we go high—we find our supporters everywhere! A lot of people were concerned when they came before the committee about whether KiwiSaver will have a future. With this bill and the improvements that are made, not a single person following the debate of KiwiSaver or studying the law should have any doubts that for as long as Dr Cullen and our team are driving forward with the leadership of the Prime Minister, KiwiSaver will be a permanent feature of our macroeconomic infrastructure. And the reality is, I suspect, that that will be the nature of the change from the other side of the House.

Referring to the business tax reforms, I think it remains to be said that those people who doubt the Government's credentials in relation to lessening the tax burden need simply to read this legislation. Tax for companies has come down. It is important to bear in mind that the direct cost of moving from 33 percent to 30 percent is about \$2 billion. There will probably be an additional \$130 million or \$140 million, if my figures are not incorrect—and I am sure they are very accurate—over the next 4 years in terms of transitional packages.

But it is important to remind everyone that, as a consequence of this bill, it is not only company tax rates that will be cut. People who save through KiwiSaver, for example, will enjoy a maximum tax rate of 30 percent. As the value grows and compounds year by year, that 3 percent will be an invaluable wedge. The other thing we need to bear in mind is that 19.5 percent will be the lowest rate, depending on the actual status of the income earner.

The skills base is an area that, not surprisingly, was referred to in respect of how sophisticated the savings industry is. My senior colleague Mr Swain, drawing on vast levels of experience, posed this question to the savings scheme providers who came promising the committee that once we get the savings regime bedded down we will see growth take place. We were very keen to know from them that the growth would not be in their personal fee structure, and that there would be transparency and competitiveness in terms of the services they are selling. So, to that end, we have ended up providing a

\$53 million fund for industry training initiatives. I relate that to KiwiSaver, because we need to be damn sure that the people who are supplying these products, the people who are advising Kiwi employers and employees, raise their levels of performance, are transparent, and give a clear and lucid account as to what their services are costing. If there is one thing that unravels trust and confidence, it is people feeling they are not getting value for money. That is something we have learnt from experience in Australia.

In summation, the savings story has been a good one, through the passage of this legislation, which will pass very shortly. Secondly, there are contributions to research and development, which will grow the capital base and technology of our enterprises. Kia ora tātou.

CHRIS TREMAIN (National—Napier): That was the Minister the Hon Shane Jones, an esteemed member of the parliamentary rugby team whose jacket he is wearing in the House today. His legendary feats on the playing fields of France helped this Parliament to bring the Parliamentary Rugby World Cup back to this fine nation of New Zealand. I understand that it sits with pride of place on the Speaker's mantelpiece. I join with the former chairman of the Finance and Expenditure Committee in acknowledging the work of Mr Robin Oliver and his cohorts in bringing this taxation bill through. I also acknowledge the work of the chair and the committee. We heard a lot of submissions on this bill as it came to the House.

I want to start my speech today by acknowledging the work of Mr Pete Hodgson. He rose in this House just yesterday to say that 1 year ago John Key became the leader of the National Party. Mr Hodgson received rapturous applause from this side of the House. I might add that there were a few smiles from members on the other side of the House, as well. John Key has set a new aspirational tone of leadership for this country—one that we have not seen for many years. It was an absolute honour to acknowledge his leadership in the year that has passed in this House, and I thank Mr Hodgson for that possibility.

Today I rise to debate the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill, which has been presented before the House this evening. There are absolutely no precedents from either side of the House for parties ever to vote for an opposition party's tax bill, and, regardless of the proposals in this bill, there is nothing surer tonight than the fact that we will be voting against this particular tax bill, as well. And there are good reasons for voting against the bill.

A number of initiatives are a step in the right direction—

Hon Darren Hughes: Like what? Name them.

CHRIS TREMAIN: I will give the member one: the complete replication of National's policy on charitable donations, launched by John Key at the Wellington City Mission on 27 February 2007. That was well before this year's Budget, and well before this legislation saw the light of day in this House. That is one such example. Incentives in the research and development area have some merit, and amendments that liberalise a range of tax penalties also have some merit. However, it is the Government's tax legislation such as this bill that sets the scope of its economic vision for our nation. To vote for the bill would be to agree with the general direction that this Government is setting, and there is no way that National will be doing that.

Although there are some creditable features in the bill, this legislation, quite simply, is too little, too late. To vote for it would be to agree with the general direction in which this Government is heading, and there is about as much chance of our doing that as there is of Michael Cullen deciding to stand in the seat of Napier against me at the next election. It is just not going to happen.

Hon Darren Hughes: Be careful.

CHRIS TREMAIN: Ha, ha—that would be an interesting challenge.

Hon Darren Hughes: Be careful what you wish for.

CHRIS TREMAIN: Sometimes it comes true. Well, I have wished for it; I have challenged him on a number of occasions, and my wish has not come true yet. So I am still waiting for that. To vote for this legislation would be to affirm the direction of the Government and where it has taken us over the last 8 years. But this Government is a disaster; this Government is in its death throes, and we simply cannot support a Government in a terminal death spin. Putting aside the multitude of current disasters before us—the Electoral Finance Bill, the David Benson-Pope demise, the jobs for the girls, the climate emission issues—we just cannot vote for this bill.

The issue I want to focus on, bearing in mind the key reason why we cannot vote for the direction this Government is taking us, is typified by the headline in the paper just 2 days ago: “Record 40,000 off to be Aussies”. The figures show that 40,000 Kiwis have crossed the Tasman in the last year to live and work in Australia, which is a whopping 6,200 additional Kiwis compared with the figure of the year before—almost the population of my new electorate suburb of Wairoa. The town of Wairoa has 8,200 people. An extra 6,200 Kiwis are heading off overseas. The Deputy Prime Minister stood in this House 2 days ago and tried to explain that people were leaving for reasons other than just tax cuts. His reason was that they were leaving for lifestyle choices. Well, guess what? They are leaving for lifestyle choices. Lifestyle is a key factor. But let us examine what “lifestyle” is. Is it because we lack mountains, rivers, and beaches in this fine country? No way! We have those in abundance. The difference is that an Australian lifestyle benefits from average wages that are 30 percent higher than here in Aotearoa—30 percent - plus, higher. That creates a lifestyle that is somewhat better than the lifestyle here in New Zealand. And tax policy over time, such as this taxation bill, makes a huge impact on the lifestyle of Kiwis.

I put this Labour Government’s record on tax policy directly at the Government’s feet as the reason why an additional 6,200 Kiwis have crossed the Ditch this year. The Government’s record on tax policy has been one of “collect more, collect more; build the kitty, build the kitty”. My colleague Lindsay Tisch has released a paper that shows a whopping growth in tax and levies, a paper from 18 September this year. We see the example of some 60-odd tax increases across all manner of jurisdictions, from gambling to export education fees, building levies and fees, passenger clearance service costs, levies on participants in the gas industry, increases in passport charges, marine safety charges, the costs of the microchipping of dogs, a levy to cover the cost of a dog control information database, and fees for retirement villages. It just goes on and on. These increases have come from the “tax and build the kitty” policy of the Government over its last 8 years in office—a policy continued with this legislation today.

The tax-and-spend philosophy is highlighted by this year’s tax take and surplus. For the tax year ended 30 June 2007, the Government had a tax take of some \$56.5 billion. In the tax year ended 30 June 2000, it had a tax take of \$34.4 billion. Ladies and gentlemen, that is an increase in tax take of \$22.1 billion. Even in the eyes of Mr Woolerton, that is a big increase in tax. That is a whopping \$5,525 additional tax per man, woman, and child—whether or not it is put through a hidden trust, I say to Mr Woolerton. That is a 64 percent increase in direct taxation. Under this Government there is unlikely to be any change soon to Kiwis’ lifestyles to stop them flying the coop; and this bill will not make much difference, either.

This Government, as I have said previously, is intent on building the kitty for next year’s election spend-up. And here is the proof. It is in clause 23 of a Cabinet paper by Michael Cullen, dated 19 April 2007.

Hon Darren Hughes: Is that before he cut business tax?

CHRIS TREMAIN: I will give the member some credit, in that he was not a Minister at this time, so it is unlikely that his signature is on this particular Cabinet document. So I will let him off. But I want to read out what is stated in that Cabinet document—and it is important to close my debate. It states: “To maintain our commitment to the long-term fiscal objectives”—which is Cullen-speak for building the kitty—“I may need to make some adjustments to future Budgets. These are likely to be that we do not adjust tax thresholds in the medium term thereby retaining fiscal drag and potentially allowing tax to GDP ratios to rise slightly.” Oh, that is bad luck for the New Zealand taxpayer. It goes on: “Accordingly, this paper seeks Cabinet’s agreement to rescind our previous decision to adjust income tax thresholds ... Within the projection period (i.e., from 2011-12 onwards) we will adjust tax thresholds for inflation, but some portion of fiscal drag might need to be retained to finance our decisions.” That is what this Government is doing. It has rescinded on any sort of opportunity to improve the lifestyle for Kiwis here in New Zealand, to stop those 40,000 people from going forward. That is why, as a party, we are refusing to vote for this legislation. We are not following in the tracks of this Government; we will set out our own agenda and take this nation forward.

R DOUG WOOLERTON (NZ First): New Zealand First supports the Taxation (Annual Rates, Business Taxation, KiwiSaver, and Remedial Matters) Bill. Unlike the National Party, New Zealand First votes for tax reductions wherever and whenever we can find them, because we believe in sensible tax reductions and we are in favour of them. We are also in favour of savings, and we vote in favour of savings wherever and whenever we find them. We have long spoken about giving tax breaks—as we call them—or tax credits for research. That is in this bill as well, so that is a third reason to vote for this legislation, and we will certainly be doing that.

I just have time to tell a story illustrating what we have to guard against when it comes to research and development tax credits. We had an instance of the tax officials telling us about a gentleman in Australia—and I think it is worthy, coming from the City of Sails, as you do yourself, Mr Deputy Speaker, although I do not intend to bring you into the debate—who was claiming a tax deduction on a pleasure boat worth something like \$2 million, because he was experimenting with a plastic gizmo, shall we say, measuring about 25 centimetres, which was to assist with the hands-off steering of the boat. That is the very sort of thing that we cannot afford to have in New Zealand.

Lynne Pillay: That’s a rort.

R DOUG WOOLERTON: That is absolutely a rort, as my colleague Lynne Pillay says, and we cannot have it. This bill has made sure, to the extent it can, that that sort of thing does not happen in New Zealand. It has happened in Australia, and thank heavens we can sometimes avoid the pitfalls by watching that close and friendly neighbour of ours. New Zealand First is in favour of this bill, and we intend to vote for it.

Debate interrupted.

The House adjourned at 6 p.m.