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THURSDAY, 15 MAY 2008

Madam Speaker took the Chair at 2 p.m.

Prayers.

BUSINESS STATEMENT

Hon DARREN HUGHES (Deputy Leader of the House): When the House resumes on Tuesday, 20 May, priority will be given to the first readings of the Serious Fraud Office (Abolition and Transitional Provisions) Bill, the Parliamentary Service Amendment Bill, the Copyright (Artists' Resale Right) Amendment Bill, and the Committee stage of the Summary Offences (Tagging and Graffiti Vandalism) Amendment Bill. Wednesday will be a members' day, and Thursday, of course, is Budget day.

Hon BILL ENGLISH (Deputy Leader—National): I wonder whether the Deputy Leader of the House could tell us, in the light of a speech made today by Dr Cullen about tax cuts, whether there will be urgency after the Budget.

Hon DARREN HUGHES (Deputy Leader of the House): The Leader of the House indicated to the Business Committee on Tuesday that he would be giving formal notice of that on Tuesday. Under Standing Order 55 we could have a Thursday evening sitting of the House if that is advised to the committee on Tuesday. That will give us a normal Thursday evening sitting from 7.30 p.m. to 10 p.m., so members should anticipate that.

Hon Bill English: Was that a yes or a no?

Hon DARREN HUGHES: I am happy to read the entire Standing Order out to the member, if he wants me to. If the Government advises of that on Tuesday, which the Leader of the House has already indicated he will do, then that will mean that urgency will be taken and there will be legislation for Budget night.

MOTIONS**Earthquake—Sichuan, China**

PANSY WONG (National): I seek the leave of the House to move with notice a motion in my name with regard to the earthquake in the Sichuan province of China.

Hon DARREN HUGHES (Deputy Leader of the House): I think the member means "without notice" rather than "with notice", and presumably she also means a non-debatable motion. She will read out what is in her name on the Order Paper.

Madam SPEAKER: Thank you. Perhaps the member would like to start again, because she said "with notice". Would you please read it out, if there is a notice on the Order Paper.

PANSY WONG (National): The notice of motion is on the Order Paper and is a non-debatable motion.

Madam SPEAKER: It is a non-debatable motion, so members are clear about that.

Rt Hon WINSTON PETERS (Leader—NZ First): I raise a point of order, Madam Speaker. My party, and I am certain this is the case with every party, would have no objection, but rather would offer encouragement, in respect of what the member seeks. But there is a certain matter of courtesy here, and that member should have been required to consult the other political parties in this House. I am just making that known to her because she did not do us the courtesy of doing that. Notwithstanding that, we will still support her motion.

PANSY WONG (National): I move, *That the House acknowledge the devastating impact of the 7.9 magnitude earthquake in the Sichuan province of China, with the death toll standing at 13,000 and rising; note that this earthquake is the worst suffered*

by China in three decades; extend its heartfelt sympathy to the victims, their families, the people of China and the Chinese Government; and hope that in future there will be more cooperation between our two countries in sharing expertise on earthquake detection technology to minimise fatalities.

Motion agreed to.

QUESTIONS FOR ORAL ANSWER

QUESTIONS TO MINISTERS

Toll Holdings—Rail and Ferry Purchase

1. Hon BILL ENGLISH (Deputy Leader—National) to the Minister of Finance: What is the Government's best estimate of the full and final cost, inclusive of any subsidies, discounts, or loans, of its purchase of Toll NZ's rail and ferry business?

Hon TREVOR MALLARD (Associate Minister of Finance) on behalf of the **Minister of Finance:** The best estimate is \$665 million. For accounting reasons this will be reflected in an appropriation of \$690 million in next week's Budget.

Hon Bill English: Does he recall his statement that the rail business the Government has purchased "will deliver serious dividends for our economy", or would he agree now that a more accurate description would be that the serious dividends will not be for our economy but, in fact, have already been delivered to Toll shareholders in Australia in a several hundred million - dollar increase in the value of their company and apparently to shareholders in Namarong Investments Pty Ltd, who must have anticipated what an easy touch Dr Cullen was?

Hon TREVOR MALLARD: Yes, no, and the final matter is, of course, something for the Australian Stock Exchange and the Australian Shareholders' Association.

Hon Bill English: Can he tell the House which is the most accurate description of his negotiations: his description "We paid more than we liked, Toll got less than they'd like—that's the nature of any agreement", or the comment in the Australian financial media that "Toll pulled off the con job of the century."?

Hon TREVOR MALLARD: The former.

Hon Bill English: Will the Minister make a commitment now to the transport industry that it will not allow subsidies for Toll Tranz Link, Toll's trucking business, that are not available to every other operator?

Hon TREVOR MALLARD: It has already been disclosed that part of this arrangement is access to sheds and other areas close to the track. That is part of the arrangement and part of the reason there is a difference between the \$665 million and \$690 million.

Darien Fenton: Has the Minister received any reports about support for the Government's buy-back of the rail system?

Hon TREVOR MALLARD: Yes I have. I have received a report from a commentator claiming that he supported the Government's purchase of the rail track in 2004 even though at the time he said he opposed it vehemently. I have received a report from the same commentator saying he vehemently opposes the Government's purchase of Toll New Zealand's rail and ferry assets, accusing those New Zealanders who would not support it of nostalgia, but promising "We would not sell them off." But then again, this person has flip-flopped on Iraq, on climate change, on Treaty policy, on the overseas ownership of strategic assets, and on asset sales generally. So it is no real surprise when the report comes from John Key.

Hon Bill English: Will the Minister answer the question he would not answer 2 days ago on whether he will reveal to the public the Government's best estimate of all the obligations it has taken on in the purchase of Toll; or should we believe much better

informed commentators who say: “The Government has underestimated by far the cost it faces in purchasing Toll.”, and who describe Toll as “a pig of a business”?

Hon TREVOR MALLARD: To the first question the member asked, yes.

Hon Bill English: Can the Minister confirm whether he is proud of the innovative outcome he has produced where for the last 20 years New Zealanders have worried that the Government would get ripped off when it sold assets, and he has been able to show in 1 week that the Government gets ripped off when it buys them?

Hon TREVOR MALLARD: As all the evidence comes out, the announcements are made, and the ink is dry on this arrangement, the member will be eating his words.

Rt Hon Winston Peters: Talking about being ripped off, has he received any reports that will act as guidance for the Government in respect of New Zealand Rail, recording the fact that the Booz Allen report stated in 1992 that it was down to make \$100 million a year by 1994, but the National Government sold it off to its friends from Fay Richwhite and Wisconsin Central Transportation for \$328 million, whereupon they then recapitalised the company, drove the share price down to 28c, and had the taxpayer having to bail it out a second time; does he recall the National Government doing that on 18 June 1993?

Hon TREVOR MALLARD: I cannot confirm the exact date, but I think the general arrangements the member has described are well within public purview.

Hon Jim Anderton: Has the Minister received any reports that when New Zealand Rail was sold by the then National Government it was sold for less than the value of the wooden sleepers?

Hon TREVOR MALLARD: I think there were some sleepers who sold it.

Rt Hon Winston Peters: Has the Minister received any reports that the then Government in 1993 claimed that the taxpayer could not retain this asset, because it did not have the \$200 million that was going to be injected into it by its friends Fay Richwhite, who never invested one cent, but rather bled the company—

Hon Tau Henare: So what?

Rt Hon Winston Peters: So I tell Tau that we are not going to let his friends run it again, that is what. I am making sure the public know what National is like when it gets hold of State assets, and how good its promises not to sell are; does the Minister recall that happening, and can he reflect upon how good private enterprise’s promise was then about putting infrastructure into railways?

Hon TREVOR MALLARD: Further than that I can report that the taxpayer now faces a bill of about \$400 million to bring the rail assets alone—the track assets, not the rolling stock—back up to the sort of standard that is necessary for a half-modern railway.

Hon Pete Hodgson: Can the Minister recall a debate in this House at the time of the purchase of Air New Zealand by the Government on 13 September 2001 when one member of this House said that the Government had “sent the commercial credibility of New Zealand and New Zealanders down the tube.”, and went on to say: “there is no path ahead for Air New Zealand. It is a crippled airline at the bottom of the world,” and can he confirm that the member who said that was the Hon Bill English?

Hon TREVOR MALLARD: That member’s credibility was shot on a number of occasions, especially when he lost count. That member has very, very little credibility in these matters, and his lack of understanding, for example, of the fact that companies carry debt is just an indication of how wasted his time in Treasury was.

Rt Hon Winston Peters: Has the Minister read any reports regarding the sale price of New Zealand Rail jumping \$188 million just 24 hours after the National Government sold it to its mates in Fay Richwhite for a lousy—

Hon Dr Nick Smith: You voted for it.

Rt Hon Winston Peters: No, I did not, sunshine. Do not lie. That member was not even a member of the party then. That was that member's second big mistake.

Hon Bill English: I raise a point of order, Madam Speaker. The member knows he should address all members by their appropriate parliamentary title.

Madam SPEAKER: Yes. Would the members please be seated for a minute. Obviously, if members make interjections they are likely to receive responses, but those responses should be in terms of the Standing Orders, as well, and "sunshine" is not acceptable to call a member. Please refer to the member's name.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. When a member screams out "You voted for it." like that, knowing that it is a demonstrable, palpable effrontery to the truth, what can a member do to react? He knows that it is not true. Either he withdraws and apologises or I will take a privilege case against him for lying to the House.

Madam SPEAKER: That is always for the member to do, if he wishes to do so, but, as I said, we try to keep within the Standing Orders in our exchanges.

Hon Dr Nick Smith: I seek leave of the House to table the *Hansard* record showing that in 1993 on the third reading of the bill that sold rail, there was no dissent. The bill was passed unanimously.

Document not tabled.

Rt Hon Winston Peters: I seek leave to table the widespread newspaper evidence that suggests that that very week I was winning the Tauranga by-election, unopposed by National, and had not been sworn back into the House, so therefore could not vote.

Document not tabled.

Rt Hon Winston Peters: Has the Minister read any reports regarding the share price of New Zealand Rail jumping \$188 million just 24 hours after the National Government sold it to its mates, Fay and Richwhite, for a lousy \$328 million in 1993; and can he confirm that several people involved in that horrendously irresponsible fire sale of our vital infrastructure are recognisable on the benches opposite today?

Hon TREVOR MALLARD: I think it is fair to say that I do not have the detail of the exact share price change in my mind, but it is absolutely clear that it was a fire sale, that the conditions around it were just not good enough for the country—

Hon Dr Nick Smith: Why did Labour vote for it?

Hon TREVOR MALLARD: —it did not vote for it, and the member should stop making that up, as well—and that members opposite, especially Bill English, would love to do it again.

Peter Brown: When will the Minister be in a position to tell the House the name of the new organisation, the governance and management structure, and some specific details around the modus operandi?

Hon TREVOR MALLARD: As the member acting for the Minister of Finance in the House today, I do not have that information with me.

Kyoto Protocol—Projected Deficit

2. MOANA MACKEY (Labour) to the Minister responsible for Climate Change Issues: What is the revised projected deficit in tonnes and dollars during the first commitment period of the Kyoto Protocol from 2008 to 2012, and how does this compare with the previous figure?

Hon DAVID PARKER (Minister responsible for Climate Change Issues): The newly revised deficit is 21.7 million tonnes, which equates to a \$481 million sum at the current cost of carbon. The previous year's estimate was 45.5 million tonnes, with a

reliability of around \$1 billion, so the figure released this week demonstrates that our liability has more than halved, with a saving to the nation of more than \$500 million. Without the emissions trading scheme, New Zealand's emissions would rise substantially in the short term, and by even more in the long term.

Moana Mackey: What is the likely range of deficit for the country in tonnes of emissions and in dollars if the emissions trading scheme does not proceed?

Hon DAVID PARKER: I am advised that if the emissions trading scheme does not proceed, New Zealand's emissions would rise during the first commitment period, ending 2012, by between 15 and 50 million tonnes, at an additional cost of between \$326 million and \$909 million at the current cost of carbon. All of that is avoidable and wasteful, and the economic loss to the country would be borne by taxpayers.

Hon Dr Nick Smith: Why should this Parliament and New Zealand trust the Government in respect of New Zealand's Kyoto Protocol deficit when at the time of the ratification of the Kyoto Protocol the Government told New Zealanders that we were set to make a profit of \$1,100 million, when at the time of the 2005 general election the Government accepted that it was a deficit but said that it was \$300 million and that there was no conceivable scenario where it could get worse than that, and when on 4 May this year Treasury said that the figure, including the effect of the emissions trading system, was \$1,009 million but just 3 days later the Government revised the figure to \$482 million; and how could the Government, over a period of 3 days, make a change of \$500 million in this estimate?

Hon DAVID PARKER: If I could be given the courtesy of responding to at least a number of the issues that Dr Smith has raised, I say that the first is that New Zealand's preparation of our estimates is probably the most transparent in the world. The latest net position report, which I am about to table, is a 76-page document, so there is plenty of detail there. It is, of course, no longer just a projection, because it can take into account actual emissions that are starting during the first commitment period, which we are already into. So the range of uncertainty decreases year by year. Lastly, but by no means least, I would point out that the same methodology is used as is audited by the United Nations auditors every year in accordance with the rules under the Kyoto Protocol. So these figures are very robust and are becoming more accurate year by year.

Heather Roy: Is the Minister at all concerned that those on lower wages who are least able to afford increased household costs will be severely disadvantaged by Labour's Kyoto Protocol obligations as outlined by the New Zealand Institute of Economic Research estimates, and that the emissions trading scheme will result in the loss of 22,000 jobs by 2012, which is a reduction in average full-time wages by \$2.30 an hour, and a \$3,000 reduction in an average household's annual spend by 2025?

Hon DAVID PARKER: I would make three points in response to that. The first is that, of course, the Government—and any Government—would be concerned about the effect on households. That is one of the reasons why we have delayed the entry of the transport sector into the system. The second point I would make is that the figures the member refers to need to be put into context in that they are saying that the economy, if it were to grow over a period, would grow by slightly less, but people would still be better off than they are today. The third point I would make—and this issue requires some detail and is addressed in a later question today, so I will not go into it in detail—is that there is a problem in the New Zealand Institute of Economic Research study that we have now got to the bottom of.

Hon Dr Nick Smith: Can the Minister explain why on 4 May, in issuing the pre-Budget fiscal update, the Government stated that the Kyoto Protocol liability was \$1,009 million, but just 3 days later the Prime Minister announced that it was, in fact, \$482 million; and does this not suggest that these figures are being politically

manipulated to suit the agenda of the Government in explaining a backward flip, and that if these figures are to have credibility, then they should be managed independently and released in the same way in which the household labour force survey, inflation, and other critical economic data—

Hon Trevor Mallard: What an attack on Treasury—on their integrity.

Hon Dr Nick Smith: Well, perhaps Mr Mallard might explain how it can be that on 4 May the Government issued—

Hon DAVID PARKER: I raise a point of order, Madam Speaker. We have already heard a speech. I think that it is clear under the Standing Orders that questions are meant to be put to the Minister. I would ask the member to address his question to me, please.

Madam SPEAKER: Thank you. Interjections do have responses. Responses, hopefully, will be short, as the interjection should be. Perhaps we can now return to the question, which was a long one, so that the Minister can remember what its content is.

Hon Dr Nick Smith: How does the Minister explain that on 4 May, in the pre-Budget fiscal update, the Government advised the people of New Zealand that the estimated Kyoto deficit was \$1,009 million, but just 3 days later the Prime Minister announced, at the same time as the backward flip on the timing of the emissions trading scheme, that in fact the figure was only \$482 million; and does he seriously suggest that the key facts that led to the revision downwards were not known 3 days earlier?

Hon DAVID PARKER: The member already knows the answer to this question, but pretends otherwise. The net position report in terms of tonnes is produced once a year. Every month Treasury updates that figure based on the projected deficit in tonnes to take account of movements like the change in the exchange rate or the change in the international price of carbon. That is what happens monthly, and that is what happened in respect of the figure that was in Treasury's estimates previously. Once—

Hon Dr Nick Smith: It's wrong.

Hon DAVID PARKER: No, it is not. Once a year the net position report is recalculated. There is a lot of work in it. It does not happen in 3 days, as the member suggests. Indeed, the summary of it this year is 76 pages long.

Gordon Copeland: How much of that deficit is attributable to the net deforestation of 46,000 hectares of trees that occurred between 2004 and 2007, and should not that amount at least be applied towards new forest planting incentives to create a massive carbon sink right here in New Zealand with benefit to both our environment and our economy, since 2012 is now just 4 years away?

Hon DAVID PARKER: The first part of the question asked how much of the deforestation between a certain period and 2007 was shown in that figure. The answer is zero dollars, because, of course, New Zealand's Kyoto liabilities did not start until the start of this year, and it is deforestation from that date onwards that is counted.

I seek leave to table the net position report for 2008, which is prepared on the same basis as in previous years.

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

Income Tax—Changes since 1999

3. Hon BILL ENGLISH (Deputy Leader—National) to the Minister of Finance: What changes to statutory personal income tax rates and thresholds has the Government made since 1999?

Hon TREVOR MALLARD (Associate Minister of Finance) on behalf of the **Minister of Finance:** Since 1999 a new top tax rate has been introduced, and taxes on savers, businesses, and families have been cut by \$4.6 billion. This reflects tax cuts for savers of \$1,448 million, for businesses of \$1,545 million, and for families of \$1,622

million. For a family with one earner on the average wage of \$45,800 and with two young children, this translates to an effective tax cut of \$118 per week, compared with the tax paid by a family on the average wage in 1999. That does not, of course, include support for that family's savings through KiwiSaver.

Hon Bill English: Can the Minister confirm that, in fact, Labour has made no changes to the statutory personal income tax rates and thresholds, and that its record in Government has been to refuse to reduce taxes when New Zealand could afford it, because it wanted to spend the money; to promise tax cuts before the 2005 election, and then, after Labour was re-elected, to break that promise; and now to make it clear how much it hates having to promise tax cuts, which it has to do for its electoral survival?

Hon TREVOR MALLARD: The member is wrong, right from the beginning of his question. Of course there has been a tax rate change since we have been in Government. We put up the tax rate for the highest income earners right at the beginning.

Hon Mark Gosche: Can the Minister tell the House how the tax paid by an average family changed between the years 2000 and 2007?

Hon TREVOR MALLARD: According to the OECD's *Taxing Wages 2006/2007* report, the tax burden for a one-earner married couple on the average wage and with two children fell from 13.6 percent to 2.8 percent—that was before the extension to Working for Families on 1 April last year. At the same time, that family would have seen cuts in the cost of going to the doctor, which Tony Ryall wants to reverse; prescription costs fall; and saving for retirement made easier.

Hon Bill English: Does the Minister disagree with reports that people in Australia have to earn more than \$195,000 a year before they pay more tax, as a proportion of their income, than people in New Zealand do, and that by the time Australia has implemented another 4 years of tax cuts, people in Australia will have to earn \$1.6 million before they pay more tax, as a proportion of their income, than people in New Zealand do?

Hon TREVOR MALLARD: No, I cannot confirm that. But I can tell the member that the OECD report shows that the tax wedge for a one-earner married couple on the average wage with two children—that is, income tax plus employee and employer contributions, less cash benefits—as a percentage of labour costs, is 2.8 percent in New Zealand, and in Australia it is 15.1 percent.

Jeanette Fitzsimons: Can the Minister assure the House that if any tax cuts are given in next week's Budget, they will benefit low-income earners and beneficiaries at least as much as higher-income earners; if not, can he tell us what the hell happened to the Labour Party?

Hon TREVOR MALLARD: I give that member an assurance that the tax cuts will be fair.

Hon Bill English: Can the Minister tell the House why Labour thinks it is more important to spend \$600 million on more diplomats, which it announced 2 months ago, rather than spending it in the way that the Greens, who apparently support the Government, want it to spend it—on child poverty—and rather than handing it back to households on the average wage that are hurting because interest rates have doubled under Labour and food and fuel prices are going through the roof?

Hon TREVOR MALLARD: All will be announced next Thursday.

Rt Hon Winston Peters: What further reports has the Minister heard of people making up party policy on the hoof—like we just heard—when it comes to foreign affairs policy in this country; but, more particularly, what reports does he have that suggest that the Government between November 1990 and 1999 followed the Hawke-Keating or Howard-Costello economic prescription with which members opposite make so many comparisons today?

Madam SPEAKER: The second part of the question is within the ministerial responsibility.

Hon TREVOR MALLARD: Yes. It is absolutely obvious that the approach that the National Government took to drive down the wages of New Zealanders, and its approach on the question of savings, were exactly the opposite of those of Australia, and that that is why we are a poorer country now.

Hon Bill English: Can the Minister understand why taxpayers are worried about how he uses their money, when standards of public administration under the Labour Government are so low that Ministers tried to hide unlawful conduct at the top ranks of the Immigration Service for 12 months, and when no sanctions were applied until this matter was made public by the media?

Hon TREVOR MALLARD: That is a very long stretch as far as relevance is concerned.

Madam SPEAKER: It is a long stretch.

Disabled People—Participation

4. LYNNE PILLAY (Labour—Waitakere) to the Minister for Disability Issues: What reports has she received that recognise progress made in advancing the participation of disabled people across New Zealand society?

Hon RUTH DYSON (Minister for Disability Issues): Earlier today I was honoured to receive the prestigious Franklin Delano Roosevelt International Disability Award from the Governor-General, on behalf of the Labour-led Government, and on behalf of all New Zealanders who have worked so hard towards the goal of full participation of disabled citizens. I have been told that for the first time in the history of the Roosevelt award there was no debate between committee members about which country should receive it. New Zealand stood out as the clear and unanimous choice. This recognises the extraordinary leadership that New Zealand has shown in this area.

Lynne Pillay: How does the Roosevelt award recognise the role of the non-governmental sector in working towards an inclusive New Zealand?

Hon RUTH DYSON: Partnership with disabled people has been critical to delivering and implementing the New Zealand Disability Strategy, which has been applauded through the Roosevelt award. I am therefore very pleased to say that part of the award is a US\$50,000 grant to be given to an outstanding non-governmental disability organisation in our winning country. The Disabled Persons Assembly has been awarded this funding in order to promote the United Nations Convention on the Rights of Persons with Disabilities as a major, ongoing event in the lives of New Zealanders. It will also create a diversity action programme, using disabled people as teachers.

Immigration, Minister—Accountability

5. Dr the Hon LOCKWOOD SMITH (National—Rodney) to the Minister of Immigration: Is the Minister of Immigration accountable for the outcomes of Government immigration policy?

Hon CLAYTON COSGROVE (Minister of Immigration): Yes, I am responsible for the outcomes of Government immigration policy, and the chief executive, as the member knows, is responsible for the management of the organisation that implements that policy.

Dr the Hon Lockwood Smith: Is it an acceptable outcome of the Government's Pacific residual quota policy for residence to be granted to applicants who did not meet the requirements of that Government policy, while residence was not granted to applicants who did meet all the requirements of that policy?

Hon CLAYTON COSGROVE: No, that is not acceptable, and in a case such as that—

Dr the Hon Lockwood Smith: Then why don't you do something about it?

Hon CLAYTON COSGROVE: Does the member want the answer or not? In a case such as that—*[Interruption]* They do not want the answer; they have preordained the answer. In a case such as that it is not an acceptable outcome, and indeed the officers of Immigration New Zealand who, in the hypothetical case, executed such an order would need to be dealt with—not dealt with in law by Ministers but dealt with in law by the chief executive, because it is an individual employee matter. The Opposition may not like it, but that is the position under section 33 of the State Sector Act. I invite the member to stand up now and tell us whether he would break the law if he were Minister.

Dr the Hon Lockwood Smith: When the Minister was briefed on the Oughton report in December last year, why did he judge it to be only an employment matter that the applicants under the Government's Pacific residual quota from Kiribati who should have been granted residence according to Government policy were not, while applicants related to the head of the Immigration Service, who did not meet Government policy, were granted residence?

Hon CLAYTON COSGROVE: I was advised by the chief executive that the Oughton report pertained to matters involving individual employees. Section 33 of the State Sector Act requires the chief executive to act independently on individual employee matters, and explicitly provides that he is "not ... responsible to the appropriate Minister". That is why I did not receive the Oughton report. Nor could I instruct the chief executive to release the report, as the member constantly asked me to do, because that would have been a breach as it related to individual employee matters. However, I note that the member has been very keen—and was at the time—for me to release the report, which was under the control, rightly, of the chief executive, and was encouraging me to breach the law. I will not do that.

Dr the Hon Lockwood Smith: When the Minister was advised in December that the Oughton report had found that it was not unusual for managers in his department to take applications that were in breach of Government policy around the staff until they could find someone who would make an unlawful decision against the required Government policy outcome, why did he judge that to be only an employment matter and no concern of his?

Hon CLAYTON COSGROVE: I will try again. I did not receive the Oughton report. I was not given the Oughton report or its contents, as the member tries to presume I was. I was advised that the report pertained to individual employee matters, and that under law I had no right to demand it for myself, that my predecessor had no right to demand it for himself, and that we had no right to require or demand the chief executive to release it. And, by the way, the chief executive would have rightly declined to do so, as the State Sector Act requires.

Dr the Hon Lockwood Smith: Is it correct that when the Minister was briefed on the Oughton report by his chief executive on 14 December 2007 he judged that "these were employment matters", yet when the report was made public in April this year he asked the State Services Commissioner to look at both the Thompson issue and the wider issues around it; if so, why did he wait until the matter was under public scrutiny before he took that action on it?

Hon CLAYTON COSGROVE: Let us recount the facts. On 14 December when I was briefed, I was briefed that the State Services Commission had already been engaged by the chief executive. That is the first point. So I could have got the State Services Commissioner in at that time, but the only problem with that was that he already was in

at that time. The second point is that the chief executive subsequently briefed me that he had sought legal advice from the Crown Law Office. Now, those members will not like this either, of course, but the chief executive had sought legal advice from the Crown Law Office as to whether, if he had a mind to, he could reopen the matter. That advice said he could not do so unless there was new information. When the Oughton report was then released and I read it, I judged at that point, having read it for the first time, that there were wider issues, and I asked the State Services Commissioner, through the Minister, to widen the inquiries and look at the matters.

Dr the Hon Lockwood Smith: Is the Minister now alleging to this House that his chief executive failed to brief him on the full contents of the Oughton report and the full wider ramifications of it; if so, what will he now do about that?

Hon CLAYTON COSGROVE: That is not what I said, and the member knows it. What I said was—and I will try to use smaller words—that I had no right to receive the report and did not. I was advised that it pertained to individual employee matters. When the report was released, the State Services Commission having been already engaged, I chose to reassure myself around the contents of the report and I asked the State Services Commission to widen its inquiries.

Prescription Subsidies—Funding

6. Hon TONY RYALL (National—Bay of Plenty) to the Minister of Health: What are the eligibility criteria for publicly funded prescription subsidies, and how are these monitored and audited?

Hon DAVID CUNLIFFE (Minister of Health): Eligibility criteria under the New Zealand Public Health and Disability Act 2000 are somewhat complex. One criterion is, of course, that a person have a medical condition that could benefit from treatment. Another criterion is that a person be either a New Zealand citizen or New Zealand resident, or a person applying for refugee status, or a person from a certain country—for example, the UK, Australia, Niue, Tokelau, and the Cook Islands—or a student on a certain type of visa. These criteria apply to all publicly funded health and disability services. If an individual is not eligible for a subsidised prescription, a prescription can still be provided but at an unsubsidised rate. Overall subsidies and subsidy claiming are routinely audited by HealthPAC.

Hon Tony Ryall: Why did the Government do nothing, despite repeated warnings that overseas visitors were getting subsidised medicines and legislation, which is against Government policy, and why did the army of Ministry of Health auditors not pick this up?

Hon DAVID CUNLIFFE: That would depend on whether the member was referring to the current Government or to his own party when in Government, as it appears that these issues have been around for a very long time.

Jill Pettis: Is the Minister aware of any actions that are being taken to minimise the number of ineligible people who are receiving subsidised medication?

Hon DAVID CUNLIFFE: I have asked the Ministry of Health to work with the district health boards and the primary health organisations to ensure that best practice around eligibility is followed by both prescribers and dispensing pharmacists. They are the only people who can ask a patient whether he or she is a resident or is otherwise eligible to receive subsidies in New Zealand. Although some of this work was ongoing, I have now asked the Director-General of Health to set up a special project team to deal with this issue.

Barbara Stewart: Can the Minister give the House an assurance that problems with recording foreign patient details are restricted to the areas of medicines and lab tests; if

not, will he act urgently to ensure that foreign patients are not accessing subsidised health care in other areas at the expense of New Zealanders in need?

Hon DAVID CUNLIFFE: I can assure the member that a number of actions have been ongoing. In particular, I can confirm that clear directives have been issued to ensure that hospital treatment is not provided to ineligible non-residents without their status being recorded, and that steps are taken to recover those costs as appropriate.

Hon Tony Ryall: Does the Minister recall that the Government bought a stockpile of publicly funded antibiotics as part of its pandemic plan, and promised that this publicly funded medicine stock would be rotated to avoid expiry; and who is responsible for monitoring it?

Hon DAVID CUNLIFFE: If the member would like the Minister to be briefed on pandemic preparations, I suggest he put it down in the original question.

Hon Tony Ryall: Can the Minister confirm that the Government forgot about the expiry dates on those antibiotics, and that now almost \$1 million worth of them have had to be poured down the drain; and is this yet another example of waste and mismanagement by the Labour Government?

Hon DAVID CUNLIFFE: If the member was more popular with his colleagues, he might get more primary questions and therefore could ask that question sensibly.

Hon Tony Ryall: Does the Minister remember signing this document, which is an answer to a written question that confirms that almost \$1 million of antibiotics have had to be poured down the drain because they are past their expiry dates; and why were these drugs not made available to New Zealanders, instead of their being subject to waste and mismanagement that has seen \$1 million of valuable health money wasted because this Government forgot about the expiry dates?

Hon DAVID CUNLIFFE: In the first place, it is a little difficult to read it from here, especially when the member is shaking like a leaf. If the member is suggesting that the Government dispense Tamiflu medicine to people who do not have avian flu, I am glad that he is not my clinician.

Dr Jackie Blue: What will the Minister tell New Zealanders who desperately want new medicines to be funded, when they hear that he has just poured almost \$1 million of their pharmaceutical budget down the drain?

Hon DAVID CUNLIFFE: The Opposition is quite clearly having a hard day; it is stretching the boundaries of relevance to the primary question. If Opposition members would like a considered response on pandemic preparations, they should get the support of their whips to put a question on the Order Paper, like any other grown-up in the House does.

Hon Tony Ryall: I raise a point of order, Madam Speaker. Would you confirm that answers to written questions are provided by the Minister who was asked the question, and can you explain how a Minister can say that he knows nothing about the matter despite the fact that he signed out the written answer?

Madam SPEAKER: As the member knows, the Speaker does not give opinions.

Hon Pete Hodgson: Can the Minister confirm that at an earlier time, when this country was preparing for a possible pandemic, a clear decision was taken to have a surge capacity of, especially, injectable antibiotics and Tamiflu brought into the country, in the knowledge that if there was no pandemic they would be wasted; and, furthermore, that the budgetary process for doing so was clear and transparent at the time, and made public; if so, what is new?

Hon DAVID CUNLIFFE: As the member knows, I have a very high regard for the work of my predecessor in this respect.

Hon Tony Ryall: No, you don't.

Hon DAVID CUNLIFFE: Oh yes, I do, Mr Ryall; oh yes, I do. Further, I venture to suggest that if my predecessor had not made such a wise decision in that case, we would be facing exactly the opposite questions from the Opposition today—especially if, God forbid, anyone had caught avian flu.

Hon Tony Ryall: I seek leave to table the statement made by Dr Moodie that district health board hospitals have agreed to manage rotation of the stock in order to minimise stock expiry.

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

Hon DAVID CUNLIFFE: I raise a point of order, Madam Speaker. Because of the barracking from the member's colleagues, it was a bit hard to hear him. Did I hear him say that he opposed the idea of minimising wastage by rotation?

Madam SPEAKER: As I have said—[*Interruption*] Please be seated; I am on my feet. It is not for the Speaker, as I have said, to give opinions or to clarify issues, but the member does raise a point, in that when there is a lot of noise in the House it is very difficult for anyone to hear.

Benefit System—Government Actions

7. SUE BRADFORD (Green) to the Minister for Social Development and Employment: What work, if any, is the Government doing within the benefit system to directly address issues identified in the Ministry of Social Development report *Pockets of significant hardship and poverty*?

Hon RUTH DYSON (Minister for Social Development and Employment): This Government's huge investment in the Working for Families package is designed to significantly reduce poverty, and early results show it is delivering to families and is making a difference. Forty-six percent of the 371,000 families receiving support through Working for Families tax credits in the last tax year were beneficiaries who received three of the four main elements of the Working for Families package. Three-quarters of those receiving tax credits had incomes under \$50,000. Our Government is committed to supporting New Zealand families and we will continue to identify ways to target that support at those most in need.

Sue Bradford: Does the Minister accept the findings of her own ministry's report that beneficiaries are worse off now than they were in the wake of the 1991 benefit cuts; if so, will she be pushing to lift core benefit levels, in line with Labour's public commitment to a fair and just society?

Hon RUTH DYSON: As I am sure the member is aware, the information to which she referred in both her primary and supplementary question was based on 2004 data, which was prior to the introduction and delivery of the Working for Families package. The comparability of benefits to wages is able to be viewed in a number of ways. Of course, during the 1990s, when we saw the minimum wage frozen, except for a one-off increase of 87.5c, and benefits increased in line with the CPI adjustment only, that difference was not as large as it currently is. Wages have increased at a more rapid rate in the last 8 years than benefits have. That is why there is that difference.

Sue Moroney: What reports has the Minister seen regarding the Government's progress in reducing the number of families living in poverty?

Hon RUTH DYSON: I have seen a report where the Government's Working for Families package is described by social policy researcher Charles Waldegrave as "the greatest redistribution of wealth—downwards—we've had in 30 years." I have also seen a report from the Child Poverty Action Group that indicated that child poverty in New Zealand is the result of policies implemented by the National Government in the 1990s. The report identified areas of progress made by this Government, including "substantial

reductions in poverty, as a result of the Working for Families package”. It also clearly identified areas where there is still work to do to eliminate child poverty.

Judith Collins: Does the Minister recall that this Government promised in 2002 to make the elimination of child poverty a core policy and its top social priority, yet 6 years later 185,000 children have been identified as living in poverty and beneficiary families are worse off now than they were in 1991—could the record of failure get even worse?

Hon RUTH DYSON: It is bitter irony having questions like that, which are suddenly supportive of beneficiaries, from that member and her party. Since Labour has had the privilege of leading this Government the number of New Zealand children living in poverty has been reduced by 130,000. We do not have elimination of child poverty, but a reduction in the number of children living in poverty by 130,000 is something we should be proud of, and we should be resolved to continue to reduce that number because having children living in poverty in our country is not acceptable.

Taito Phillip Field: Given the recognition of the problems of the cuts to benefits in the “mother of all Budgets” and the poverty generated by that, and, also, the position of New Zealand at fourth bottom out of 25 rich countries in relation to child poverty, what is this Government doing to look at reinstating the equivalent of benefit levels prior to 1990?

Hon RUTH DYSON: The total package of Government support provided for our poorest families includes not only income support but also help to reduce essential costs such as doctors’ fees, prescription charges, and childcare, and also individually tailored intervention to help families meet their needs. I know, as that member is well aware, that those particular supports in relation to access to doctors and childcare have been particularly advantageous for Pasifika families. We have also ensured that the incomes for beneficiary families have kept pace with inflation. In regard to the OECD figures that the member referred to, he will be pleased to know that, with the reduction in child poverty as a result of our increased employment and also the Working for Families package, it is estimated that we will have moved New Zealand’s position from the bottom quarter of the OECD to the top half in relation to child poverty.

Dr Pita Sharples: Why is it, as reported on page 4 of *Pockets of significant hardship and poverty*, that being Māori or Pasifika “increased the likelihood of experiencing severe or significant poverty and hardship.”?

Hon RUTH DYSON: It is true that for many years in our country those in the lowest socio-economic level have also been Māori and Pasifika. I do not accept that race determines socio-economic status, at all, but it is clear that there is a link between poverty and Māori families. That is why we have put a particular focus not just on the specific areas of delivery of income support but also on the methods of delivery, because we know that access to social service, which was widely available, was not accessed by Māori and Pasifika unless it was delivered by Māori and Pacific groups.

Sue Bradford: Does the Minister accept that basing the annual increase in benefit levels on the CPI is a totally inadequate way of doing it, especially now at this time of steeply increasing fuel, food, transport, and other costs, and will the Government take urgent measures to reduce the gap between wages and benefit levels by, for example, linking benefit rates to a fixed percentage of the average wage, which is what happens already for superannuitants; should not our beneficiaries be treated with the same equity and decency as our older generation?

Hon RUTH DYSON: I agree with the primary point of the member’s question, which is that a number of our low-income families, particularly people on benefits, are feeling financial stress at the moment, and our Government is committed to continue to look at ways of addressing that. I do not believe that a blunt measure such as linking

benefits to wages would necessarily address the issue the member is raising, because if we had a National-led Government, we would end up with the same situation we had in the 1990s when wages were suppressed and benefits, having been cut, were then adjusted only in line with the CPI.

Dr Pita Sharples: In light of the Minister's answer to me, what are the systemic barriers that increase the likelihood of experiencing severe or significant poverty and hardship?

Hon RUTH DYSON: I might repeat the points I made in the answer to my primary question, but the member is aware of them so I will not insult him by doing that. But I can say that one of the areas of which I am most proud is that this Government, at particular political risk, has ensured that all our interventions, and the outcomes, are publicly measured and therefore accountable through the *Social Report*. That was an initiative that our Government took so that we now have nearly a decade of reporting of the interventions that the Government has invested taxpayers' funds in delivering and of the outcomes that have been achieved. We can see the results that we have made through these interventions and we can better focus on the areas in which we need to do more work.

Sue Bradford: Will the Minister give urgent consideration to restoring a discretion that was lost to the benefit system when the special benefit was abolished, especially in light of the findings of this report; if not, why not?

Hon RUTH DYSON: I will not make a commitment to any particular intervention but I will make a commitment to ensuring that continued work is delivered to address the financial needs of those in most hardship.

Immigration Service—Mary Anne Thompson

8. Dr the Hon LOCKWOOD SMITH (National—Rodney) to the Minister of Immigration: What were the terms of reference of the Oughton inquiry into Mary Anne Thompson's involvement in family members from Kiribati wrongly getting residency in New Zealand?

Hon CLAYTON COSGROVE (Minister of Immigration): I am advised that, in summary, the terms of reference cover the following: first, whether a residence decision was made within authority; second, who was responsible for that decision; third, compliance with Government residence policy in any irregularities; and, fourth, to highlight processes surrounding this decision, for the attention of the chief executive.

Dr the Hon Lockwood Smith: Given those terms of reference, why does the Minister allege that that inquiry was merely a matter relating to the employment of a staff member, when the actual final report of the inquiry was *Review of Apparently Unlawful Immigration Decision*?

Hon CLAYTON COSGROVE: The matter, as the member states, was in relation to an unlawful immigration decision actioned by an individual or individuals. That, of course—

Hon Dr Nick Smith: When would they not be?

Hon CLAYTON COSGROVE: That is a very good point. That being the case, it is an employment matter for the chief executive, relating to individual employees.

Dr the Hon Lockwood Smith: When the Minister of Immigration at the time was first briefed on the Oughton inquiry in April 2007, what action does the record show that that Minister took in response to a review of apparently unlawful immigration decision-making in his department?

Hon CLAYTON COSGROVE: That Minister acted lawfully and by the book, as did this Minister.

Hon Dr Nick Smith: What did he do?

Hon CLAYTON COSGROVE: Well, if the member pipes down I will tell him.

Hon Dr Nick Smith: Did they cover it up?

Hon CLAYTON COSGROVE: Well, those members preordain the answer to the question, which speaks volumes about them. The advice that that Minister received was the same advice that I received—that matters related to individual employees are employee matters. He was advised of that. He noted that it was a matter for the chief executive, because there is no employment relationship between Ministers and departmental staff, and that is where it stands. He acted by the book. And I say this: if my predecessor or I had intervened unlawfully against section 33 of the State Sector Act, I bet members \$100 that that member would be asking a different series of questions about why Ministers had overreached their authority and breached the law. They cannot have it both ways, and the member knows it.

Dr the Hon Lockwood Smith: Is this Minister telling the House that the then Minister of Immigration, David Cunliffe, knew about the inquiry by David Oughton into unlawful decision-making in his department in April last year, yet never asked for or received a copy of the completed inquiry report, nor asked for a full briefing on that final report? Is that what he is telling the House—that David Cunliffe never asked for a full briefing on that final report?

Hon CLAYTON COSGROVE: No. I admire the member's ability to twist words. What I am saying is that in April the Minister was briefed, and, latterly, in respect of the report, the Minister, like me, had no right to demand, and was precluded from demanding, a copy of that report or the contents—

Hon Bill English: That's rubbish.

Hon CLAYTON COSGROVE: —no, it is not, and I invite the member to go and see the State Services Commissioner about it—and had that Minister not played it down the line by the book, as I have done, he would be in breach of the law and that member would be asking why he had breached those laws.

Taito Phillip Field: Is the Minister aware of other illegal immigration decisions relating to movements of people from the Pacific, in particular, involving one Thai restaurateur given a 2-year business visa when, in fact, he had no business and no money; is he aware of that decision?

Madam SPEAKER: The Minister should remember the restrictions about matters before the court.

Hon CLAYTON COSGROVE: Oh, absolutely; I observe that completely. The member does not provide enough information in his question for me to make a judgment on that. The answer is no. I would also say that if the member, like Dr Smith and others, has further information about particular cases, he has a number of courses of action open to him. The chief executive, on 17 April, embarked upon a robust, open review of the Pacific branch. I am assured by the new chief executive that that review will deal with any and all issues in the public arena, or any and all issues that members or other members of the public bring to his attention. Secondly, the member has the option of delivering any evidence he has to the State Services Commission, which itself is investigating wide-ranging matters, and which by 14 December, when I was briefed, was involved because the chief executive had invited it to be involved. Thirdly, there is now a police inquiry into other matters, and it would be inappropriate for me to comment. The member can exercise that option if he so wishes.

Dr the Hon Lockwood Smith: What changed between the time when David Cunliffe, the then Minister of Immigration, was briefed, as he now alleges, on completion of the Oughton inquiry in July of last year, and when he himself was fully briefed in December last year on the Oughton report—what changed between then and

April this year, when the Oughton report was exposed to public scrutiny, other than the fact that the cover-up was over?

Hon CLAYTON COSGROVE: In order to assist the member, I tell him that the previous Minister was not briefed in December. I was the Minister at that time.

Dr the Hon Lockwood Smith: I said you.

Hon CLAYTON COSGROVE: No, the member said “the Minister at the time”, and “the previous Minister”.

Hon Dr Nick Smith: You’re wrong.

Hon CLAYTON COSGROVE: I think we may need stretcher-bearers for one particular member. This is a serious issue, and should be dealt with in a serious way. We may need stretcher-bearers for the other Dr Smith. Can I say—

Hon Dr Nick Smith: I raise a point of order, Madam Speaker.

Madam SPEAKER: There is a point of order; it will be heard in silence.

Hon Dr Nick Smith: The Minister, in reciting my colleague Dr the Hon Lockwood Smith’s question, was mistaken in his restating of the course of events. In response to an interjection from me saying that he was wrong, I was then subjected to personal abuse. I think it would be helpful if Dr Smith re-asked his question—in which his dating and timing were correct—because it seems that the Minister was confused about the question that my colleague Dr Smith was asking.

Hon David Parker: I, as well as Minister Clayton Cosgrove, listened carefully to the question, and I am clear that the question that was asked included the imputation that the Minister was the prior Minister, not the current Minister, and that is the point to which Mr Cosgrove was responding.

Madam SPEAKER: I thank members for their interventions. I think if members would keep the noise down, it would be easier to hear. As I have said, interjections do occasion responses. Would the Minister please just respond to the question as succinctly as possible.

Dr the Hon Lockwood Smith: I raise a point of order, Madam Speaker. It would appear that confusion has arisen around my question. It was very clear. I would be very happy to repeat it to avoid that confusion.

Madam SPEAKER: No, I think we should take it in the order it was. I am happy to look at the *Hansard*. I heard it also in the way that, I am afraid, others did. The member, obviously, feels that he did ask another question. As I said, I am happy to go and look at it later. Could we have a succinct answer to the question, and there is always an opportunity to ask another question—there are still supplementary questions available.

Hon Annette King: I raise a point of order, Madam Speaker. We are on question No. 8 and we have had Dr Nick Smith running interference on every question across the House. He is not asking questions; he is just interjecting and yelling out personal comments. I think we have just about had enough today, and I ask you to require him not to continue going on in that fashion.

Madam SPEAKER: Well, I think that today comments have been made from all sides of the House. Obviously, it does create disorder, and it has. Members have noted the comments that have been made from all sides of the House on this matter. Could I please ask the Minister to succinctly address the question, and then we will ask Dr Smith to ask the question again. Thank you.

Hon CLAYTON COSGROVE: The previous Minister, like me, was not given the content of the Oughton report. That is a fact that pertains to both of us. Prior to the Oughton report becoming public, the State Services Commission and legal advice were both engaged. Both Ministers were advised that these were employee matters. The Oughton report then was released, and I took the view at that point that there were wider

issues, especially the one of public confidence. I wished to assure myself of matters pertaining to that, so I asked the State Services Commission to widen its inquiry.

Energy-efficient Retrofit Programme—Funding

9. LESLEY SOPER (Labour) to the Minister of Housing: What recent announcements have been made regarding the energy-efficient retrofit programme?

Hon MARYAN STREET (Minister of Housing): In response to a Green Party Budget initiative, it was today announced that the energy-efficient retrofit programme will be boosted by \$53.4 million in Budget 2008, effectively doubling the pace of the programme. The remaining 21,000 eligible State houses will now be insulated within 5 years, bringing timely relief to households that are squeezed by rising fuel and energy costs. I wish to offer my congratulations to Jeanette Fitzsimons and the Green Party on their development of this initiative.

Lesley Soper: What other initiatives does the Labour-led Government have in place to improve the health and well-being of State house tenants?

Hon MARYAN STREET: One highly successful initiative, the Healthy Housing programme, has helped 6,000 households to date, by providing housing modifications and improving tenants' access to health and social services. That has seen a 37 percent reduction in potentially avoidable hospitalisations, not only generating significant savings for the health sector but benefiting families, obviously, through better health.

Jeanette Fitzsimons: What effect does the Minister expect this initiative to have on the 50 percent of State house tenants who are children?

Hon MARYAN STREET: I think it would be best if I were to tell the House what I have in mind at the moment, which is a little boy who lives in Huntly, whom I met some time ago. Prior to the retrofitting of the house of this boy's family, he was regularly admitted to hospital in the grip of terrifying asthma attacks. When I met this child after the house was retrofitted, he was bouncing around like any healthy little boy whom we would expect to be bouncing around. That is the best description that I can give of the effects of this programme.

Jeanette Fitzsimons: Does the Minister agree with the Green Party that in these days of rising power prices we need to look after the most vulnerable people in society, and that after the completion of this initiative we should investigate standards for private sector rental housing, as signalled in the New Zealand Energy Efficiency and Conservation Strategy?

Hon MARYAN STREET: I absolutely agree that we always need to look after the most vulnerable people in our society, and I note further that the State needs to get its own houses in order before it points the finger at private landlords. But I also note that this is a work stream in the New Zealand Energy Efficiency and Conservation Strategy, which is addressing this issue currently.

Emissions Trading Scheme—Economic Effects

10. Hon Dr NICK SMITH (National—Nelson) to the Minister responsible for Climate Change Issues: What is his response to this week's *Wall Street Journal* editorial "Kiwi Climatology", which refers to estimates by the New Zealand Institute of Economic Research that the emissions trading scheme will result in a \$4.6 billion annual loss in GDP, or a \$3,000 cut in household annual spending by 2012, and that the Government disputes this conclusion because it assumes "... New Zealanders will be willing to take lower wages."?

Hon DAVID PARKER (Minister responsible for Climate Change Issues): My response is, firstly, that the writer in the *Wall Street Journal* has not even managed to quote the New Zealand Institute of Economic Research report correctly—

Hon Dr Nick Smith: Oh, it's the *Wall Street Journal* that's wrong.

Hon DAVID PARKER: —it is on this occasion—as the figures quoted for 2012 are clearly supposed to be for 2025, so I suspect that he or she had not even read the New Zealand Institute of Economic Research report. But, more important, I would note that this is the first time that the New Zealand Institute of Economic Research model has been used in New Zealand, and it is increasingly clear that there are problems with it. I have been advised, and the New Zealand Institute of Economic Research now confirms, that the model predicts as a general proposition that if subsidies were provided to agriculture, then New Zealand's overall GDP would increase. This flies in the face of general economic theory internationally and in the face of New Zealand's economic history and settled economic theory for New Zealand, but it probably explains why the New Zealand Institute of Economic Research model came up with an answer that was not only counter-intuitive but also diametrically opposed to the modelling done by and for Treasury using models that had been tried and tested in New Zealand for many years.

Hon Dr Nick Smith: Thank you, Madam Speaker—

Hon Members: That's you, Nick.

Hon Dr Nick Smith: It is normal practice to take a question from the member opposite; that is why I was mistaken. Does—*[Interruption]* I am sorry, Trevor?

Madam SPEAKER: Would the member please ask the question. It is his turn. He asks the first supplementary question.

Hon Dr Nick Smith: I notice that they all complain about my interjections, but they interject on me continuously.

Madam SPEAKER: Would the member just ask his question.

Hon Dr Nick Smith: Do Labour's affiliated unions share his view that the reason the New Zealand Institute of Economic Research analysis of the employment and GDP projections is wrong is that "... New Zealanders will be willing to take lower wages."?

Hon DAVID PARKER: I do not know where that quote comes from, but I certainly do not agree with it.

Hon Bill English: Why did you say it?

Hon DAVID PARKER: I did not. It is not a quote from me. Dr Smith has not even said that it was from me, I tell Mr English, so the member should listen. Further, the New Zealand Institute of Economic Research model did come up with a conclusion that was counter-intuitive, and everyone was scratching their heads as to why. It is actually pretty clear now that there is a fundamental flaw in it.

Su'a William Sio: What has the Parliamentary Commissioner for the Environment said about the Government's emissions trading scheme?

Hon DAVID PARKER: The Parliamentary Commissioner for the Environment—whom the member opposite, Dr Nick Smith, has himself extensively quoted on other matters recently—has said: "The Emissions Trading Scheme must proceed, as it is an essential system for New Zealand to adjust to a carbon-constrained future and live up to our clean, green image,".

Hon Dr Nick Smith: Is the fundamental problem here not that the Government wants the international accolades for its carbon-neutral, world-leading climate change policies when it is not prepared to be honest with New Zealand households and businesses as to how much they will pay for New Zealand to be world leading?

Hon DAVID PARKER: No, it is not true, at all, even if the member does not understand the fundamental flaw in the New Zealand Institute of Economic Research study, which has now been exposed as being the assumption that subsidies increase overall net welfare for our country. That is not just in respect of carbon policy but generally in respect of all economic policy. It is a point that I am sure Mr English well understands. That is the problem in the study.

Hon Dr Nick Smith: Does the Minister stand by his statement about the Government's emissions trading scheme quoted on national radio: "The effect on the economy is minuscule.", and does he really think that New Zealanders believe that we can be world leaders on carbon neutrality and on climate change with the effect on the economy being "minuscule"?

Hon DAVID PARKER: Yes. I think that any adverse effect on the New Zealand economy would be minuscule and I think that is abundantly clear. Indeed, most of the commentators now get the point—Dr Smith clearly does not—that the emissions trading scheme does not create any cost for the economy. It minimises the cost of New Zealand meeting its obligations under the Kyoto Protocol.

Health Services—Kapiti Coast and Porirua

11. BARBARA STEWART (NZ First) to the Minister of Health: Has he been informed that more than 200 people per day travel from Kapiti District to Wellington Hospital for treatment, passing Kenepuru Hospital on the way, and will he instruct the new chief executive of Capital and Coast District Health Board to undertake immediate long-term consideration of how to meet Kapiti coast and Porirua districts' health needs?

Hon DAVID CUNLIFFE (Minister of Health): Wellington Hospital provides specialist tertiary and secondary services for the Capital and Coast District Health Board catchment area and tertiary services for nearly a million people in central New Zealand. It has scarce clinical expertise, and sophisticated diagnostic and other clinical equipment that cannot be duplicated across every community facility. That means inevitably that some people will have to travel to receive services, and that is why it assists its constituents by providing free transport services to its Wellington facilities.

Barbara Stewart: Is the Minister aware that the Kapiti area is one of the fastest growing in New Zealand and a major retirement district, and does health planning include making retired people drive long distances for hospital health care?

Hon DAVID CUNLIFFE: Today's bench mate constantly reminds me of the attractiveness of the area, so I am aware of the issue. I am advised that to meet increased demand the district health board has increased the number of out-patient services provided in the Kapiti Health Centre from 6,000 to 8,000 a year over the past 2 years. The district health board also aims to provide as many out-patient services as possible close to where people live in the Kapiti and Kenepuru areas, as well as providing free bus services from Kenepuru to Wellington Hospital.

Barbara Stewart: Does the Minister feel that the Government has an obligation to ensure that people who have paid taxes all of their lives are not marginalised in their retirement because health facilities are reduced and centralised?

Hon DAVID CUNLIFFE: Yes, the member makes a good point. The Government takes seriously its obligations to maintain service provision and ensures district health boards meet this obligation by agreeing to maintain services through their district annual plans. These are formal accountability documents between district health boards and the Minister. The district health boards are facilitated to provide those services, in the face of cost and population pressures, through the annual funding adjustments.

Families Commission—Confidence

12. JUDITH COLLINS (National—Clevedon) to the Minister for Social Development and Employment: Is she confident that the Families Commission provides a voice for New Zealand families; if so, why?

Hon RUTH DYSON (Minister for Social Development and Employment): Yes; the Families Commission has consulted widely to ensure that it is identifying issues that are of concern to New Zealand families and has represented those issues strongly. It has

provided contributions on matters such as the prevention of family violence, after-school childcare, paid parental leave, and caring for children after parental separation. Those issues are important to New Zealand families.

Judith Collins: Does she think that the Families Commission should spend less time on vanity events, like its planned summit that will “raise the commission’s profile and provide a mandate for its ongoing work”, and more time on addressing the serious issues facing New Zealand families, like child poverty; if not, why not?

Hon RUTH DYSON: The main function set out in statute is for the Families Commission to act as an advocate for the interests of families generally. The commission has taken that statutory responsibility seriously, and is ensuring that as part of that function it is connected with New Zealand families and is able to represent their views properly. I do not know why the Families Commission would want to duplicate the work of the Children’s Commissioner, but if that is what the member has in store for it I am sure the commission would find that very interesting.

Judith Collins: How much time does the Families Commission spend on analysing its own profile, as detailed in the recent communications review by a public relations firm, and how exactly does that help the 185,000 children who were recently identified as living in poverty and the beneficiary families that the Minister recently admitted are worse off now than they were in 1991?

Hon RUTH DYSON: Can I firstly address my comments in response to the end point that the member made, and say that I have never said what the member just referred to. I know that beneficiaries and their families are better off under a Labour-led Government and always will be. The member should not misrepresent either my words or the truth. The decade of the 1990s was the hardest for beneficiary families in New Zealand, and I hope that we and they never have the ill fortune to have that member’s party leading our country again.

Judith Collins: How exactly does it help the 185,000 children who are living in poverty, and the beneficiary families that this Minister did admit, as shown in the *Sunday Star-Times*, are worse off now than they were in 1991, to have the Families Commission spend time and money on analysing its own profile?

Hon RUTH DYSON: I repeat, I have never said, and nor is it true, what the member has just referred to. Beneficiary families are better off under a Labour-led Government than they have been in the past and will ever be in the future under a National-led Government. That is a fact, and the member knows it. I have heard her welfare policies, and that certainly reinforces both the fact and the perception that beneficiaries are better off under a Labour-led Government. In my view, leadership in areas such as the prevention of family violence, looking at the needs of New Zealand families in regard to after-school childcare, looking at paid parental leave and its extension—which that member and her party voted against when it was introduced in New Zealand—and an increasing issue of how we should care for New Zealand children after their parents have separated are issues of concern, and clear and strong leadership on them are demonstrated by the Families Commission.

Judith Collins: I seek the leave of the House to table an article written by senior journalist Ruth Laugesen of the *Sunday Star-Times* where the Minister is quoted as confirming that beneficiary families are worse off now than they were in 1991.

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

NEW ZEALAND-CHINA FREE TRADE AGREEMENT BILL

First Reading

Hon SHANE JONES (Associate Minister of Trade) on behalf of the **Minister of Trade**: I move, *That the New Zealand-China Free Trade Agreement Bill be now read a first time*. At the appropriate time I intend to move that the bill be referred to the Foreign Affairs, Defence and Trade Committee, with an instruction to the committee that it present its report to the House on or before 30 June 2008, notwithstanding Standing Order 291(1). I also intend to move that the committee has the authority to meet at any time while the House is sitting, except during oral questions, during any evening on a day in which there has been a sitting of the House, on Friday in a week in which there has been a sitting of the House, and outside the Wellington region on a day on which the House is sitting, despite Standing Orders 192, 194(a), and 195(1)(b) and (c).

The Free Trade Agreement between the Government of New Zealand and the Government of the People's Republic of China has been negotiated with the overriding objective of opening up economic opportunities for New Zealand business in China. China is New Zealand's fourth-largest export market for goods, with current exports to China totalling \$2 billion. It is also a growing market for New Zealand's services exports. The agreement represents New Zealand's largest bilateral trade agreement since the Closer Economic Relations—or CER—with Australia in 1983.

The agreement is China's first free-trade agreement with an OECD member. Being first assists New Zealand exporters through the removal of tariffs, thereby giving them an initial competitive advantage over other exporters. It has also helped by raising the commercial profile of New Zealand companies in China. The agreement will liberalise and facilitate the trade in goods between China and New Zealand.

Tariffs on 96 percent of New Zealand's current exports to China will be eliminated by 2019. This equates to an annual duty saving of \$115.5 million, based on current trade. Tariffs on over \$200 million worth of current exports will be eliminated on the coming into force of the agreement, and two-thirds of all of New Zealand's goods will be tariff-free within 5 years.

The agreement encourages cooperation between relevant officials, regulators, and technical experts to remove non-tariff barriers to trade. This will also make New Zealand's exports more competitive in the Chinese market. The agreement sets up a framework for both countries to work towards accepting each other's technical regulations as being equivalent, and includes a mutual recognition agreement on electrical and electronic equipment that will make it easier for New Zealand exporters of these goods to have their products accepted in advance of arrival as meeting Chinese standards. It will also make it easier for New Zealand regulators to monitor and enforce the electrical safety and compatibility of imported Chinese products.

The agreement also retains New Zealand rights under the World Trade Organization (WTO) to take actions against unfairly traded imports from China, and contains prohibition against export subsidies. The agreement contains measures relating to customs procedures and cooperation that are designed to reduce barriers to doing business between New Zealand and China. Goods entering China under the agreement are required to be released within 48 hours of arrival, and exporters may apply for advance rulings in respect of origin.

The agreement establishes procedures designed to resolve sanitary and phytosanitary issues when they arise, and a framework to avoid such issues arising. In the area of intellectual property the agreement incorporates WTO rights and obligations, so that they can be enforced in a bilateral context. China has also agreed to establish and

maintain transparent intellectual property right regimes and systems so as to provide greater clarity.

New Zealand will benefit from China expanding its commitments in services, including education and environmental services. New Zealand will also benefit from provisions to facilitate the movement of business people in China.

In the area of investment, New Zealand will benefit from enhanced national treatment and investment protection provisions, as well as from a most favoured nation non-discrimination provision, to ensure that New Zealand investors remain no worse off than the investors of any other countries. The agreement also provides New Zealand investors with access to binding, third-party arbitration procedures if the Chinese Government breaches the investment provisions.

Legally binding agreements on labour and the environment were concluded in association with the free-trade agreement. These agreements will enhance communication and cooperation on these issues and will help towards meeting the objectives of raising working standards and improving environmental protection.

The agreement supports New Zealand's objective of broadening and deepening relations with China and its wider trade policy interests in strengthening economic integration in the Asia-Pacific region. The bill enables the agreement to be brought into force. It does so by amending the Tariff Act 1988, the Customs and Excise Act 1996, the Fair Trading Act 1986, the Electricity Act 1992, and the Radiocommunications Act 1989.

Amendments to the Tariff Act 1988 will enable the implementation of preferential tariff rates on imported goods of Chinese origin, and they will enable transitional safeguard measures to be applied in appropriate circumstances on such imports. Amendments to the Customs and Excise Act 1996 will create a system for issuing certificates of origin for goods exported from New Zealand to China. Amendments to the Fair Trading Act 1986, the Electricity Act 1992, and the Radiocommunications Act 1989 will enable compliance by New Zealand with the conformity cooperation agreement, which is an integral part of the agreement.

The Foreign Affairs, Defence and Trade Committee is considering the New Zealand - China free-trade agreement under the international treaty examination process. It will report back on its examination by Friday, 6 June.

To conclude, the agreement represents a significant economic and strategic opportunity for New Zealand. It enjoys strong support from the business community, as illustrated by the delegation of over 200 business and community leaders that joined the Prime Minister and the Minister of Trade in Beijing to witness the signing of the agreement. The Government would like to see the bill enacted by 24 July so that the agreement can enter into force on 1 October 2008, and so that New Zealanders exporters can benefit from tariff cuts effective from that date. I commend this bill to the House.

Dr WAYNE MAPP (National—North Shore): National will, of course, be supporting the New Zealand-China Free Trade Agreement Bill into law, through all its stages. I suggest it is the most significant bill that this Parliament will be passing during its 3-year period. Would this not be the opportunity that the Government should have taken to sketch out just how significant this agreement will be for the nation, when we are in Parliament with the Minister essentially talking about New Zealand breaking ground on a global scale by being the first OECD country to sign a free-trade agreement with China? In fact, members on this side of the Chamber were very disappointed with Mr Shane Jones' speech, and disappointed in him for not lifting his vision but simply focusing, in a first reading speech, on minor technical detail.

It is not often that Parliament has the opportunity to pass law that will add hundreds of millions of dollars—even billions of dollars—to the wealth of our community. Virtually everyone in the nation will win on this agreement; almost no one will lose. The reason, of course, is that the growth of China has been the transformative event of the 21st century. Members should remember that barely 20 years ago China was a closed society coming out of the Cultural Revolution and was one of the poorest nations per capita on the globe. Our trade with China 20 years ago was a bare \$600 million. Today, in the space of just one generation, China has become a great economic power. It will be a crucial factor in New Zealand's economic future—of course, not just New Zealand's but that of the entire planet. China has already overtaken the United Kingdom as our fourth-largest export market. I suggest that as a result of this agreement China will soon be No. 2, or maybe No. 1. It is already the second-largest source of imports into New Zealand. China is, in fact, the second-largest economy in the world. It is the world's leading manufacturer of consumer goods, electronics, steel, textiles—it is literally the factory to the world.

New Zealand has made a fundamental judgment with this agreement; we accept that China is a free and open market economy. With that freedom—and I want to point this out to those who oppose the agreement—there is a much greater level of personal and social choice for the Chinese people. I am not going to suggest that China is a free society, but it is self-evident that the Chinese people are vastly freer than they were two decades ago. They can buy property, they can travel, and they have a level of access to international media. No one can seriously pretend that China is essentially a closed society. That is why National supports the agreement. We recognise that the economic and social progress in China is sufficient for it to be credible for New Zealand to enter into a free-trade agreement with it.

I remind members that 10 years ago New Zealand was the key promoter of China's entry into the World Trade Organisation (WTO). That was the most significant gain out of the APEC conference in Auckland in 1999. Who could possibly doubt today the value of China's admission into the WTO? As a direct result of that, in the last decade there has been an unparalleled increase in global trade and living standards, and China has been the engine that has driven that. So the growth in our country has been crucially dependent on China's growth. China's demand has driven up the price of virtually every export commodity. Our dairy farmers are directly wealthier as a result of that. Even Solid Energy, in one mine—Stockton—will generate \$600 million of revenue this year. Not one bit of that coal goes into a dirty coal-fired power station; it is all about smelting steel, and members should know that the only way one can actually smelt steel is with coking coal. So our exports do not in any significant way add to carbon dioxide emission increases where there are other options.

We have been hearing the submissions presented to the select committee, and one of the things that struck us is the wide level of support for the agreement. It does not come just from the leading business and agricultural organisations; it comes from right across the board, including virtually every Māori business organisation. One would like to think that the Māori Party, in particular, will have taken that on board. Māori business organisations—mostly iwi based—know that the free-trade agreement with China will boost the wealth and incomes of Māori people. Even the trade union movement understands that important value. The Council of Trade Unions knows that New Zealand's wealth is dependent on international trade. So why would one vote against an agreement and therefore harm trade? That is what some parties will do today. They will vote against this agreement, and that will harm trade and harm the prosperity of ordinary New Zealanders.

Obviously there are some concerns about the agreement, particularly on political issues surrounding Tibet. I would ask this question to people who oppose the agreement: do they, by their vociferous dissent, want to reinforce Chinese xenophobia? That is the implication, actually, of isolating China. Surely we want to have the opportunity of bringing China more in to the framework of global society. Of course China is not democratic in the way we recognise democracy. Of course it has difficulties in understanding the legitimate aspirations of the Tibetan people. The free-trade agreement does not stop New Zealand raising those issues with China. In fact, I would suggest that it makes it easier for us to raise those issues, because now New Zealand has a privileged level of access with China, and we have greater opportunities to raise those issues with the Chinese Government.

If China follows the pattern of much of the rest of Asia—South Korea, the Philippines, Indonesia, Taiwan, Thailand, and Singapore—it is likely that as China becomes wealthier and as its middle class grows, there will be a greater demand for freedom and democracy. We have seen that happen right throughout Asia, and China, I know—I have spoken to many of its officials and parliamentarians—is looking carefully at the democratic models that those countries offer. China is looking to see whether it can make a transition to a more open, democratic society without endangering its stability. I suggest that the Chinese are learning lessons from South-east Asia in that regard. The constructive engagement of New Zealand with those South-east Asian countries during that time, in the 1990s especially, helped speed up that process, along with that of other countries.

This free-trade agreement sends a much bigger signal than being just an agreement between a country of 1.3 billion people and a country of 4 million people. The New Zealand - China free-trade agreement offers a historic opportunity for the whole Asia-Pacific region. We should bear in mind that this is China's first free-trade agreement. Everyone accepts that it is a high-quality agreement covering all sectors, agriculture included. After only a 12-year period we will have a full free-trade agreement across every sector. We all know that China is already in negotiations with Australia. They will come to fruition within, maybe, 2 or 3 years. At that point we will have an agreement between 1.3 billion and 25 million people, and, indeed, some of the wealthier nations within the Asia-Pacific region. How long, then, can it be before Japan and Korea find the economic and political need to enter into such agreements? Indeed, that is exactly what the Prime Minister is negotiating this week.

So I ask members to imagine a network of free-trade agreements in the Asia-Pacific region. It will act as an impetus for the full promise of APEC. APEC did have the promise of a comprehensive free-trade agreement covering all economies. This agreement will accelerate that promise. That is the strategic opportunity that this agreement offers. It is not about just New Zealand and China. This agreement is the pathway to liberalising and revitalising free trade throughout the globe, and I suggest that it is that promise over the last decade that has driven prosperity to a higher level than in any other time in the history of the world.

MARTIN GALLAGHER (Labour—Hamilton West): First of all, I acknowledge the previous speaker, who is, of course, the deputy chair of the Foreign Affairs, Defence and Trade Committee. As chair of that committee, I know we are meeting again this afternoon to continue with hearings with regard to the free-trade agreement, and it is obviously with pleasure that I rise this afternoon to speak in the first reading debate on the New Zealand-China Free Trade Agreement Bill. I also commend the Minister Shane Jones for what I think was a very good, forward-thinking speech.

Hon Tau Henare: Give me a break! Come on!

MARTIN GALLAGHER: I can understand why people, when they watch television or come to the gallery, say that not even on this issue can we be free of the banter. I also acknowledge that there are obviously other parties in the House that have a different point of view, but unlike a particular member at the back and opposite, they are listening with respect to views that they will not necessarily agree with.

I just note the key summary as we see it on this side of the House, and I emphasise what Shane Jones said. The Free Trade Agreement between the Government of New Zealand and the Government of the People's Republic of China has been negotiated with the overriding objective of opening up economic opportunities for businesses in New Zealand. China is New Zealand's fourth largest export market for goods, with current exports to China totalling \$2 billion. It is a growing market for New Zealand services and exports. Indeed, this agreement represents New Zealand's largest bilateral trade agreement since the Australia and New Zealand Closer Economic Relations Trade Agreement in 1983, and it is China's first free-trade agreement with an OECD member. I think that the Minister summed up the huge importance of this bill very well.

I also acknowledge Dr Mapp's fulsome praise for the New Zealand Council of Trade Unions. That was nice to hear, and I acknowledge that obviously the council, and others, are having to work intently and look at some of the issues affecting workers and industry in this country. As I come from the Waikato, the huge potential for our dairy industry is not lost on me, and I note the support of Fonterra. However, as the chair of the Foreign Affairs, Defence and Trade Committee, I say—and I know that the deputy, who is opposite, would agree—that in our role during the hearings process, notwithstanding that the two major parties in the House are supportive of this bill and the free-trade agreement, we will acknowledge that there is a variety of views, which we have to listen to respectfully, and we have to include some of those views in terms of the report back to the House.

Before I conclude, I just say that this morning we heard very interesting and fulsome submissions from the Seafood Industry Council and from groups such as the Business Roundtable. We also heard from Dr Norman from the Greens, and from Amnesty International. Those are just some examples of the variety of views we are hearing. We will do our best to report those views and nuances back to the House. Also, as a committee we look forward, to use the vernacular, to rolling up our sleeves. Mr Assistant Speaker, you are on that committee as well, and you are doing the hard yards to have this bill reported back, acknowledging that there will be a variety of views in this House with regard to this free-trade agreement and this legislation. Thank you, Mr Assistant Speaker.

JOHN HAYES (National—Wairarapa): On 7 April this year the Governments of China and New Zealand signed a free-trade agreement that I believe is of absolutely historic proportions, because it demonstrates to the rest of the world that China is willing to drop its trade barriers if other countries will do so as well. New Zealand is the first country to do this with China, and I say to Mr Shane Jones that that is why this is of such historic proportions. I hope that he will pass that on to his friends in New Zealand First. This is an excellent agreement that gives an extraordinary amount to New Zealand in the context of the size of our economy.

I particularly thank the Secretary of Foreign Affairs and Trade, Simon Murdoch, for doing an outstanding job in leading the overall team that has led to this agreement. I acknowledge David Walker and his team for doing the job day by day in many, many long, tedious negotiations.

I think it is worth noting that China is a country 36 times larger than our own—36 times larger. It has a population 300 times the size of ours, and it has growth rates that see its economy double nearly every 7 years. Boy, if only we could have those growth

rates in the economy of the Wairarapa, which I represent! By some calculations China is on track to become the world's largest economy by 2020. But it is still a developing country; China's economic growth over the last 25 years is probably the largest and most sustained period of wealth creation in the history of the world. In the year 1800—and I want Mr Woolerton to listen to this, because this is why we are signing up to the agreement—China generated 25 percent of the world's industrial output, but by 1975, with the “head in the sand” policies that the member would have us follow, output dropped to 1.5 percent. Although China is growing rapidly, it is still an immature market. The real prize is 30, 40, or 50 years out from now, and beyond.

I would like just to comment on the question of foreign policy in the context of those people who oppose this legislation today. Foreign policy does not belong to any individual political party. It does not belong to any Prime Minister or would-be Prime Minister, or to any Government. Foreign policy belongs to the public of New Zealand and should, as far as possible, be driven by a considered evaluation of the community's evolving interests and not by narrow perceptions of domestic political advantage.

In this context we face an immediate challenge in this country of improving our economic performance to retain a greater share of our brightest and best in this country, and they are departing our shores in ever-increasing numbers. We have to stop the relative decline in living standards between New Zealand and our OECD counterparts. To do this—because the Government's provincial development policies and many other policies are failing—we have to take advantage of our single biggest asset, which is our location on the Asia-Pacific rim, the powerhouse of the world economy. If we are sitting on the rim of the fastest growing part of the planet, and we cannot turn that geographic position into a significant advantage, then there is no one else to blame but ourselves.

The freeing up of international trade over the past 40 years has been a key driver of New Zealand's economic growth. Global negotiations on a new round of trade liberalisation have been a significant focus and we have been expecting the World Trade Organization Doha round to deliver commercially meaningful outcomes. I personally do not believe that that will happen. Therefore I think we will watch New Zealand move away from global multilateral arrangements, and we will see countries moving into individual free-trade agreements. I say to Mr Woolerton and his colleagues that if they are engaged in an agreement with me, everybody else in this House is excluded; when everybody in this House is excluded, they get no benefit. I tell that member that the single biggest threat to this country is that we are excluded from other free-trade agreements between other countries. This means that at a regional grouping level New Zealand must contribute to the creation of a free-trade area of Asia-Pacific, which is the 21 members of APEC, and to a comprehensive partnership in East Asia, which is the 10 ASEAN countries, plus Australia, China, India, Japan, and Korea. With Australia we must pursue a free-trade agreement between CER and ASEAN. That leaves a major gap in our trade policy architecture at a bilateral level, which is the lack of free-trade agreements with our major trading partners. So this arrangement with China is great and National supports it, but New Zealand needs to establish similar agreements with the USA, Japan, and Korea.

We have to pursue these possibilities with all the energy and resources we can muster, including drawing on the efforts of our research institutes, universities, and businesses. I tell Mr Woolerton that the task will be long and daunting, and will be achieved only by a coordinated “New Zealand Inc.” approach or partnership. Our future well-being depends on it, and that means the future well-being of that member's, and our, grandchildren. I hope he will start to support this arrangement. Viewed against this

background, it should be obvious why the National Party has unambiguously supported the negotiation of this free-trade agreement, and supported its signature.

China's economic growth for three decades has been exceptional. Millions of people have been lifted out of poverty—and, boy, I have a few to lift out of poverty in the Wairarapa—because China's pragmatic reforms have unleashed the entrepreneurial drive of the Chinese people. How can we get drive in this country when 75 percent of our families are on family support? What happens when the boss says: "Let's go and do some work on Saturday and Sunday because we've got an export order to fulfil."? The workers say "No, no—we cannot go on and work on Saturday, Sunday, or any other such time." Why? Because they will lose the money they get from family support. This Government's policy is killing entrepreneurship, killing drive, and killing initiative.

Let me come back to China. As China grows, it will need resources to fuel its economy. It will need timber, food, and energy. My colleague talked earlier about Stockton coal. This free-trade agreement underpins China's growing presence in our region, and I think there is something there to be cautious about and to be aware of. Members will find it in today's *Trans Tasman*, which I will seek leave to table at the end of my speech. Let me quote some comments concerning China and its diplomatic trade activity in Fiji: "China is pouring development money into Fiji on a scale which dwarfs New Zealand and Australia. Significantly, the aid is accompanied by assurances of understanding of Fiji's political situation." I think we have to embrace China and to work with it in the Pacific, and we have to work with it in our own backyard.

Let me conclude. We have to look at how the Irish interacted in Europe; we can see how they benefited. This free-trade agreement with China will give us access, on reasonable terms. But that is no guarantee of success; like the Irish, we still need to get our tax levels competitive, our infrastructure up to scratch, and our education system delivering graduates. We want to turn trade access into economic success, and that is why my colleagues in this party are supporting this bill with every fibre of their soul. Thank you.

R DOUG WOOLERTON (NZ First): New Zealand First opposes the free-trade agreement with China. Just in case people do not know, our policy is to oppose free-trade agreements with low-wage economies wherever they may be found. That is for a very simple reason. I have to say we admire China greatly, and we admire the Chinese people greatly. One of the reasons we admire the Chinese is that they know how to look after their people, and they are doing just that. They do not elect governments over there—in fact, they do not elect governments at all—that see their role as looking after New Zealand, Australia, England, Germany, or anywhere else; they know what their job is, and that is to look after China and Chinese people. New Zealand First respects that view, absolutely. We also understand that China sees its job as getting products into China at the lowest cost possible—below world prices in most cases.

When a country forms a free-trade agreement with a low-cost economy it is essentially looking at an emerging market, and those markets do not return the highest value to New Zealand. The countries that return the best value for our products, which are mainly agricultural products at the top end of the scale, are Europe and America. That has always been the case; it is the case now, and it will be the case for years to come. New Zealand First believes that New Zealand should make every endeavour to open up the markets in China, and work has been going on around that. But they are emerging markets, and that means they will cost money to develop. It is all very well to say that New Zealand will have a huge advantage with China, but we will not have that unless we work for it. That will not happen, unless we put money into the market and unless we earn it. There is no free lunch here.

I might point out to people that—

John Hayes: That's really perceptive!

R DOUG WOOLERTON: It is perceptive, actually. It is something that Mr Hayes missed. It is a fact that New Zealand lowered barriers to China nigh on 20 years ago. So China has had a half a free-trade agreement with us for nearly 20 years. This free-trade agreement is playing catch-up. I point out, before everybody becomes too excited, that it is close to 17 years before China will lower the barriers to a significant degree for our agricultural products going into China.

Pita Paraone: How long?

R DOUG WOOLERTON: It will be nigh on 17 years before that happens. So I do not know what people are getting so excited about. We suggest the work that is being done by our agricultural producers would produce a positive result in that time, anyway. Otherwise they would have been wasting their money. So we believe the free-trade agreement with China is in China's interests. Before anybody jumps up and down and says that obviously New Zealand is a small player in world markets, I say we know that. We know the trade balance between China and New Zealand. We also know the trade balance between Singapore and New Zealand, and Thailand and New Zealand, and we know that they are growing. The trade balance deficit in the case of trade between New Zealand and China will grow as well, just like with those other two free-trade agreements, because it is simply easier for those countries to get their cheap products into New Zealand than it is for us to get our expensive products into their low-wage economies.

We in New Zealand First are not presuming to comment on anything internal in China. We are not commenting on anything internal in China, be it Tibet or anything else. We are talking just about the advantages that New Zealand is perceived to have with this trade agreement, which are not nearly as great as is painted. If we were to have a free-trade agreement with America, which—dare I say it—my leader is working on as we speak, then we would be trading with an economy that can pay the sort of money that we need for our agricultural products, and likewise with Europe. Then we would be really applauding an agreement such as that. However, we have this agreement with China and we must make the best of it. New Zealand First is putting up its reasons for opposing it and we will be proved right again, but we are not going around slagging off the agreement. We are not putting spokes in the wheel, and if I can say so, to use Martin Gallagher's words, we are opposing it with respect, because we do not believe it will be in New Zealand's interests.

We do not believe we are elected here to forge agreements for some wider purpose that might help world trade and that others would take advantage of. We need to forge alliances that make this country wealthier—not open up world trade for China, or anything else. When one looks at what China would seek to gain from this agreement—and it has been touched on by other speakers when they talked about its influence in the South Pacific—we see that it is that here in New Zealand we are a microcosm of an almost ideal little democracy. What we give China, and have always given China—let nobody make any mistake about it—is respect. We give China face. That is what we do for China. It is not about trade as far as China is concerned, because China can pick up, and is picking up, trade everywhere in the world. Mr Hayes himself mentioned that China has something like 25 percent of world trade. We know that. So why is China forming a free-trade agreement with New Zealand? It is because we give China face. This little democracy at the bottom of the South Pacific gives China face. Maybe it is not face to be used in America, maybe it is not face to be used in Europe, but it absolutely is face to be used in the South Pacific. Mr Hayes knows that and so do we. That is what China gets from us. It is not about money; it is about respectability, and it is, more important, about respectability in the South Pacific, which is the area where we

have some influence. It is the area where we have huge respect, and it is the area where China intends to make a mark and is doing so.

I think that we will watch this free-trade agreement grow, and we will see that New Zealand First is right. That will not make any difference to anybody. Years from now people will be saying what a wonderful thing the agreement is when our trade deficit has grown by huge percentages. We will not knock the agreement; we will go along with it, but we will point back to these words we have spoken today.

KEITH LOCKE (Green): The Green Party will be voting against this legislation to implement the New Zealand - China free-trade agreement. On the surface, this bill enabling the New Zealand - China free-trade agreement to go ahead would seem to be a good democratic implementation similar to some of the other legislation we pass in this Parliament. But that is not actually true.

If we look at the reality, we see that the treaty itself—and I have a copy here—is about 10 centimetres thick, and that it has memorandums associated with it; the bill itself is a small, 15-page bill. The average person would ask himself or herself how such a small bill can implement such a huge document. The truth is that although it might technically bring the treaty between New Zealand and China into compliance and enable it to proceed, it does not cover any of the substantive issues in the treaty—the issues that we have been debating in the Foreign Affairs, Defence and Trade Committee this morning, and that we will continue to debate this afternoon.

This bill is just a technical bill specifying definitions of certificates of origin, and with a couple of bits on electrical safety standards, whereas the select committee this morning had the Business Roundtable along to discuss the phase-out of tariffs to zero. None of that is covered in the bill. It is a very controversial, debatable area—in the Greens' view—in terms of how it will affect what is left of our industry, and how it will undermine what is left of our industry. Then the select committee had members of Amnesty International along, and they did a profound analysis of the inability of this treaty to address in an adequate way labour standards in China; either to improve them or to stop the products of prison detainees—either actual prisoners, or dissenters detained under the “re-education through Labour” scheme that is run in China—from being imported into New Zealand.

Then Russell Norman, the co-leader of the Green Party, presented a submission from the Green Party addressing the fact that the provisions in the investment chapter of the treaty undermine New Zealand's sovereignty. Such matters as the emissions trading scheme, which Parliament has been debating this week, could be defined under this treaty as indirect expropriation, if it were deemed that the decision of this Parliament on the emissions trading scheme undermined the profits of a Chinese investor here in New Zealand. That matter would go to an international tribunal, which could rule that New Zealand had to pay many millions of dollars of compensation etc. for affecting the profits of that company. As was pointed out this morning in the select committee, the phraseology in the treaty is that measures by the Government of New Zealand that are disproportionate to the public interest can constitute acts of indirect expropriation. There are other provisions about how any State action—or parliamentary action, in this case—has to be reasonably justified. If it is not, a party that considers that it has been offended against—in this case, the Chinese Government—can run off to an international tribunal, which can make decisions that override the sovereign powers of this Parliament.

These are very profound questions, but members will not find anything about them in this legislation that we are debating today. I think New Zealanders will actually be quite upset that their democratic rights are being undermined; that this treaty, which is not actually being voted on by this Parliament, contains penalties for this country, and can directly affect the welfare of the people of this country. It does add insult to injury that

we will not have a vote on it. I had a member's bill on this matter—the International Treaties Bill—a few years back. It was finally defeated in Parliament in 2002. It would have given Parliament the power to approve treaties, which is not the case now.

Annette King, who is in the House today, was answering a question for the Minister of Trade a few weeks back, just before the treaty was brought before the House. I was quite pleasantly surprised at her answer. In my question I said: “the House will not be approving this treaty, because treaties are approved by Governments according to our system, and in that although there will be some implementing legislation, we will see, as was the case with past free-trade agreements like the Thailand - New Zealand free-trade agreement, for example—where the legislation was minimal, and it just stated there would be a preferential tariff and the details would be worked out by Cabinet later—that any select committee involvement is purely advisory?”. The Hon Annette King replied: “No, I do not agree with the member. This House will decide on whether there is a free-trade agreement ... at the end of the day. I believe that most members in this House will vote for it.” I thought: “Oh, good, we're going to get a vote on this treaty.” But when I asked the Minister of Trade, Phil Goff, the same question a few days later, he reiterated that the procedure would be that the Government would decide. He said that all that would happen here would be that the select committee would have a look at the treaty and come up with some report. This very thin legislation is the only chance we have actually to decide anything.

I do not think that is good enough. I think Doug Woolerton, the previous speaker, was quite right. This treaty is about saving face for the Chinese Government. In practice, that is what it is. That might not be the intention of the New Zealand Government, but in practice this treaty provides some credibility to the Chinese Government at a time when it is facing criticism around the world about, particularly, its repression in Tibet. I find it strange that Wayne Mapp in an earlier speech said that criticising what the Chinese are doing in Tibet only creates xenophobia. A chap called Adolf Hitler accused people of xenophobia when they criticised the lack of democracy in his country. I do endorse the good things that the Chinese Government does. I moved a motion yesterday in this Parliament praising the Chinese Government for mobilising support for the victims of the recent earthquake in China. We have to be even-handed, but we must recognise that China is a one-party State that crushes all opposition.

This treaty is about supporting the business elites. It is not about supporting the Chinese people. In the case of the international tribunals that can override our sovereignty, it is the business elites that will be deciding, and will be overriding the diversity of viewpoints in both this Parliament and the world community. Those business elites have a viewpoint that is not necessarily the view of many people on this planet—people in the Green Party, for example, on genetic engineering. If New Zealand's continuing to ban genetic engineering affects the profits of a Chinese firm in New Zealand that is in favour of genetic engineering, that would be defined by the business elites around the world as being, in the words of the treaty, not reasonably justified, or disproportionate to the public interest.

The treaty that this bill technically implements is not democratic. We need a much more thorough discussion of the implications of this bill and of the treaty as a whole. We may not do that this year, but I think that as the parliamentary process continues, and as the debate on addressing this democratic deficit in our system continues, we perhaps will become more like some other countries where Parliament does approve treaties. That democratic process perhaps would come up with a better outcome than we seem to be heading towards with this treaty. Thank you.

HONE HARAWIRA (Māori Party—Te Tai Tokerau): Tēnā koe, Mr Assistant Speaker. Kia ora tātou katoa e te Whare. Tēnā koe, taku teina. A few weeks back I got

an email that said: “It is very gratifying to hear that the Māori Party will not be supporting the free-trade agreement with China. It is good to know that the Māori Party is actually putting New Zealand first.” That was from a Pākehā lady. And another one has just come in, about half an hour ago. It goes like this: “Tēnā koutou e ngā rangatira”; *Greetings to you, o chiefly ones*. “He mihi nunui ki a koutou mō ō koutou tautoko i te kaupapa o Tibet.” *Very special greetings to you for your ongoing support for the issue of Tibet*. “Ehara tō mahi i te mahi ngāwari, heoi anō, ka taea te kite nā koutou i hāngai ki te kaupapa kia tautoko ai ngā tangata o te whenua.” *We know that your job is not an easy one, but we can see that you stand fast in support of indigenous people*. “Pērā i te kōrero nei,” *Just like that old saying*: “‘he aha te mea nui o te ao?’ ” *What is the most important thing of the world?* “He tangata, he tangata, he tangata...” *It is people, it is people, it is Māori Party people! Tēnā koe.*

And that has been the tenor of many of the comments that we have received from around the country on our stand against the free-trade agreement, and from relations of Tau Henare, Shane Jones, and Parekura Horomia on numerous occasions. It seems that after 20 years of privatisation and promises about the so-called benefits of multinational trade agreements, New Zealanders are finally waking up to the fact that although business might prosper, ordinary Kiwis are being squeezed out as businesses up and move offshore to take advantage of lower wages and lower work standards—ordinary Kiwis who worry about the long-term security of employment here in Aotearoa rather than profits in Beijing, ordinary Kiwis who care about the future of manufacturing and processing here in Aotearoa, ordinary Kiwis who are concerned about the lowering of standards of sanitation, biosecurity, and the environment, and ordinary Kiwis who just want a future where their children live in an Aotearoa that they actually still own.

After talking to a few Māori unionists around the country, I believe that it seems there has been a bit of a rebellion within the working class against their union masters for blindly supporting Labour’s free-trade agreement with China when there are clearly no benefits for New Zealand workers in the deal. In fact, when I was talking to Angeline Greensill, the Māori Party MP for Hauraki-Waikato chosen last week, she reminded me that every Māori in this House would most likely be able to record the costs and the casualties when forestry jobs were slashed, when rural post offices were shut down, when the railways were sold and stripped, and when the country’s Crown jewels were flogged off in the early days of corporatisation and privatisation. That turned vibrant communities into ghost towns, devastated generations of hard-working men whose economic futures were wiped out in a flash, forced families to split up for work, and launched the exit to Australia that has turned into a veritable flood of talent away from our shores.

Heck, even Mike Moore, a former Labour Prime Minister and the recently retired director-general of the World Trade Organization, thought so poorly of the way in which the country was being run that he described the Government as being in “a state of disrepair, its dysfunctional and the problems systemic.” He also added, without a drop of sarcasm: “I cannot think of another country in the world which would have a Foreign Minister who opposes what his Prime Minister says is a big deal, the NZ/China Free Trade Agreement. Another Minister says he supports the deal but will boycott a reception.” That is hardly a vote of support from the Government’s primary coalition partners.

Let me repeat what we have said on numerous occasions: we recognise and acknowledge the fact that for some Māori business groups—mainly those in the primary sector—there will be substantial benefits arising from this free-trade agreement, and we encourage them to make the most of the opportunity to grow their asset base. We know of Ngāi Tahu’s successful entry into the Asian markets, of growing Māori farming and

fisheries exports to China, and of Māori investigation of Chinese aquacultural practice to assist their own development here. That is great—good luck to them—and we wish those Māori well in their efforts to generate positive dividends for their shareholders.

But what about the other Māori, the great majority of whom are neither business owners nor shareholders? What about them? What about those Māori who work in the manufacturing and processing industries that are already under the gun from Asian competition? What about those Māori who work in the fishing industry and who are already under pressure from Asian workers being paid low wages by Māori fisheries interests? And what about those Māori communities who do not benefit from the trickle-down theories of economic growth, for the simple reason that big business ensures that profits stop trickling down when they reach its own pockets, and that the only trickle left for those at the bottom is the pollution and trash from industries built under such agreements?

There is clearly more to this agreement than simple economics, and that is why the Māori Party reserves the right to make its decisions based on principle rather than simply profit, and on whether we should be focusing more attention on fair trade rather than just free trade. Indeed, the notion of a broader Treaty partnership with trading partners is of huge interest to us in the Māori Party, and we note that there is no recognition of primary Māori principles contained within the free-trade agreement. There is no explicit evidence or requirement at all for consultation with tangata whenua as the Treaty partners. There is no analysis of the impact of the free-trade agreement on the Treaty of Waitangi itself. In fact, the only mention of the Treaty of Waitangi suggests that the New Zealand Government will protect it. That is a great idea, until we realise that the same Government stole our foreshore and seabed, voted to take the Treaty out of legislation, announced that it was taking the Treaty out of the curriculum, tried to sell Māori land still under claim, and refused to support the Declaration on the Rights of Indigenous Peoples. It is hardly the crowd one would vote for to protect one's Treaty interests.

Then, of course, there are other questions we should be asking ourselves, such as, how do we reconcile our signing up with a trading partner with a poor record in human rights and a reputation for unsatisfactory labour conditions and low wages, and that is the current holder of the title of the world's greatest polluter? Or do we simply turn our heads and look the other way? Then there is Tibet. If China's repression of Tibet is any indication of its respect for the rights of indigenous people, then Māori have every right to be wary of giving it any special privileges here. Derek Fox, the Māori Party member of Parliament for Ikaroa-Rawhiti, also reminded me that the people of Tibet are a first-nation people, who continue to suffer every day under the tyranny of a colonial superpower and who have continued to suffer the same loss of land, language, and erosion of culture that Māori people knew of only too well. Mind you, I also liked Judy Turner's tongue-in-cheek line when she said: "maybe if the People's Liberation Army can crush the dissension quickly enough, we might be able to sneak over to Beijing, sign on the dotted line, and still gain the plaudits for being the first country, to sign a bilateral free-trade agreement with China". Is it worth it? That is the question.

Another really worrying issue in this free-trade agreement for New Zealanders is the consequences for our biosecurity, because under this free-trade agreement the import checks applied to animal and plant products are to be carried out in a manner that is "least trade-restrictive and without undue delay". That is a horrifying thought, given the importance of our agricultural sector to the New Zealand economy.

Finally, there is the gnawing suggestion that this free-trade agreement will not only allow but also even encourage massive growth within the dairy sector—a sector that we

already know is having huge adverse effects on water quality, carbon emissions, and our own commitment to the Kyoto Protocol.

Although we are told that there are benefits for Māori from the free-trade agreement, the downside in terms of compromises to our national sovereignty, threats to the status of the Treaty of Waitangi, the impact of low work standards and wage rates, and China's lack of respect for human rights, indigenous rights, and the environment means that this free-trade agreement with China is simply unacceptable at this time, and the Māori Party will be opposing this bill accordingly. Tēnā koe.

Hon ANNETTE KING (Minister of Justice): I raise a point of order, Mr Speaker. I am sure that Mr Harawira, the member who has just spoken, did not mean to mislead Parliament or the listening public, but I think on two occasions he claimed that a person outside this House was a member of this House. That is not correct. I do not think that he should continue to do that; anyone in this House could make that claim, but we would be knowingly misleading Parliament.

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

Hon PETER DUNNE (Leader—United Future): When the sailing ship *Dunedin* left Dunedin in 1882 with the first cargo of frozen meat, two things changed for New Zealand permanently. Firstly, it was the start of the refrigerated meat trade, which has subsequently been a mainstay of our economy for over 120 years, and, secondly, New Zealand joined the world's international trade system. As a small, isolated country at the end of the trade routes, we have never, even in our strongest areas, been in the position of being a price maker. We have always been a price taker. We live by our ability to trade and we grow by our ability to get our products into other markets, in order to gain the benefits we can then use to provide the income that generates the revenue we need to fund all of the services that we expect a responsible Government to provide in New Zealand. That has been our history for 120 years, no matter which Government has been in power.

We have gone through some changes, though, in terms of emphasis. Originally it was very easy. We traded with mother Britain. Then mother Britain deserted us and joined Europe—it eloped, if you like—and we have spent the last 30 or 40 years in this country desperately trying to replace the dependence that we had right up to 1973. That is why the network of free-trade agreements we have entered into, right from the time of CER in 1982 through to this New Zealand - China free-trade agreement now, are so critical to this country's future.

There is another factor why the notion of free trade is important. Initially, as other countries did, we embarked, in a far more polarised world, on a series of bilateral agreements. What could we do with this country? What advantage could we achieve? Now, in a globalised environment, where telecommunication and the speed of transport have never been greater, we simply cannot survive by having a series of one-on-one bilateral agreements. The world is catching up and the challenge for a small, isolated country is greater than it has ever been before. That is why the very concerted move that the last two Governments have made to boost New Zealand's standing in the world through the conclusion of a range of free-trade agreements—and this is but the latest—is a good and positive step. United Future, as a free-trade party, supports those initiatives because they are what is good for New Zealand.

When I look at this bill, I see that it follows the same broad format as the agreements that have already been entered into over the last few years. This is by far the biggest and the most important agreement, because it is with our fourth largest trading partner, and the benefits to New Zealand are substantial. There will be billions of dollars' worth of gain for our economy over the duration of this agreement. No New Zealand Government, whatever its colour, can afford to give up that possibility in the interests of

the welfare of our people. Yes, issues will arise in terms of areas where China is more competitive than we are, but the challenge we have always had, no matter what the market, is to improve our productivity and to boost our competitive edge, and that challenge is no different with the conclusion of this agreement.

So I have little truck with those who say that somehow we have sold out our sovereignty to China. If that were the case and if that were the issue, then we sold out our sovereignty the very first time we ever traded with anybody, because trade is essentially a compromise. I have something to sell, someone else has something he or she wants to buy, so what do we agree is a reasonable price? The trade agreement with China is that notion writ large over a whole range of products, and those who try to pretend that it is something else simply miss the point.

I want to make one other point in respect of this agreement. We are entering into an economic relationship with China. That is good and that is positive, and it will be beneficial to both economies in relative terms of scale. It also means, inevitably, that there will be political consultations of a closer nature between our two countries. I make no apology for having taken the view—I have said it in this House, and I am repeating it today—that we ought to be using the advantage that the newer political relationship will create to push home with more force than ever before our concerns about China's blatant disregard for the human rights of its own people. Mr Harawira referred to China as the world's greatest polluter. That is certainly true. It is also the world's greatest executioner and murderer of its own people. We ought to be taking the opportunity provided by the fact that we now have a close economic relationship to strengthen our political relationship, and to make these points—as successive foreign Ministers have always told this House they make—even more strongly to China.

I make no apology for not going to Beijing for the signing of the free-trade agreement, because I have no truck with what China is doing in Tibet at the moment. I think for Mr Moore to try to draw some sinister allusion from my absence at the signing, when probably no one would have noticed I was there, is simply extreme in its most bizarre form. I take no notice of him, either, and I note that the world trading community did not take much notice of him; he served the shortest term of any director-general of the World Trade Organization.

When the China free-trade agreement is signed, we have to be very careful that it does not stop there. There are other countries in Asia that we ought to be looking to. The Prime Minister is in Japan at the moment and, apparently, if one believes the overnight media, some small progress has been made in terms of our economic relationship with that country. That is good. We have burgeoning relationships with Viet Nam. We have a strong relationship with Taiwan. We have good relationships with various other countries around that Asian fringe, and we need to be developing our relationships more strongly and constantly with all of them.

A couple of years ago the Asia New Zealand Foundation hosted an international seminar in this building. One of the distinguished speakers, a professor of economics from India, made the very valid point that India and New Zealand were, to use his phrase, the bookends of Asia. The challenge for us is to engage. The challenge for us is to be part of the world that we profess to have an interest in, the region that is of concern to us. We cannot do that while we bring down the shutters on any form of international engagement in trade. It does not mean that we compromise our basic principles. We need to state them more loudly, more vociferously, and more clearly than ever before. But it does mean we engage, we trade, and we work at an economic relationship that is of benefit to both of us.

I see this bill very much as a continuation of the trend that successive Governments have followed, right from the time the Rowling Government, back in 1974-75, opened

up discussions with the then regime in Iran about meat and petrol. It is the same fundamental issue. It simply changes its complexion from time to time. But New Zealand always has to be one of the smart nations because we are so small and so isolated. We need to be in a position where we can take advantage of the opportunities that present themselves. We are smarter and better than most if we apply ourselves fully, and these sorts of agreements provide the opportunity for us to do so.

There are immense chances for this country arising out of this bill. It does not mean we compromise our values or our principles. But it does mean that we make a stand in favour of New Zealand's economic progress. Yes, there are opportunities for China to invest in New Zealand. There are also significant opportunities for New Zealand to invest in China, and significant opportunities for the mutual export of technological advantage, for exchanges between peoples, and for the knowledge base in both economies to be built up. That has to be good for all of us.

United Future supports this free-trade agreement. We want to see New Zealand take a much more, if you like, open-ended political relationship with China as a result, and be less cowardly than perhaps we have been to date, in terms of not wanting to upset that country. This is a huge economic opportunity, and it would be irresponsible for any Government and any Parliament to turn it down.

Hon LUAMANUVAO WINNIE LABAN (Associate Minister of Trade): Kia ora, talofa lava, ni hao, and warm Pacific greetings. It is my pleasure indeed to speak in support of the New Zealand-China Free Trade Agreement Bill. This bill will enable the free-trade agreement to be brought into force by making the necessary amendments to the appropriate legislation around tariff rates, issuing of certificates of origin for goods exported from New Zealand to China, and compliance by New Zealand for the conformity cooperation agreement.

The signing of the free-trade agreement is an enormous and historic achievement for New Zealand and our Labour-led Government. We are the first developed country to negotiate such an agreement with China, and we are extremely proud of this. China is the world's fastest-growing economy, and one of New Zealand's fastest-growing export markets. It is an agreement that is strategically important for New Zealand's economy and it is of real benefit to Kiwi businesses. The elimination of tariffs on 96 percent of New Zealand's exports to China gives a distinct advantage to businesses here that are looking for opportunities in China.

Many of our business leaders have commented how supportive they are of the free-trade agreement with China. Let me give a couple of quotes. Phil O'Reilly of Business New Zealand said: "It is a very good deal. It is actually more comprehensive than most of us had hoped for." Of course, Ngāi Tahu's general manager, Geoff Hipkins, whose tribe's fishing arm exports more than \$100 million of live lobster to China and large amounts of pāua, said that the deal had amazing potential: "The sky's the limit really." In my Mana electorate, the Porirua City Council and Business Porirua are already talking with their sister city in China, Yangzhou, and of course they are looking at trade missions. The local is global. I want to thank the Hon Phil Goff and I thank New Zealand and China for the vision.

Hon BILL ENGLISH (Deputy Leader—National): Along with my colleagues I rise to support the further progress of this legislation on the free-trade agreement with China. The events of the last couple of months sum up our sometimes ambivalent attitude, as reflected in this debate, to China and its opportunities. On the one hand, there has been a great deal of concern about the way in which the independence movement in Tibet has been dealt with. On the other hand, we cannot help but empathise with those tens of thousands of people who have been caught in a major earthquake in China. The pictures of it are transmitted to us every day. It makes the

Chinese people more real than do some of the generalised ways in which we have thought about them in the past.

This free-trade agreement has, I think, been something of a challenge for many New Zealanders. They have had to understand from their own points of view the right balance between the opportunities that are created by the fastest-growing economy in the world—certainly the one with which we have the closest connections—on the one hand, and on the other hand the underlying concern that if we get too close to the dragon, then some harm will come to us.

I was pleased to see that the Government did not resort to its knee-jerk reflexes, which it demonstrated in recent months when a Chinese company bid for the lines company in Wellington. There was a time when that move may have been very controversial, but for once Labour was a bit responsible in the way it dealt with it. I have to say, though, that I am still somewhat bemused that Labour regarded a Canadian bid for part of Auckland airport with a great deal of hostility, and perhaps political opportunism, yet it showed almost no interest in what was happening with the Chinese bid for our power lines.

This free-trade agreement will be one of the ways in which New Zealand gets used to a permanent and growing aspect of its future—that is, a relationship with China, which has a culture completely different from our own, but which is also well represented here in New Zealand. I hope that this agreement will encourage New Zealanders and New Zealand businesses to see the local Chinese community in a new light as a strategic asset, as a group of people who know well and understand well the fastest-growing economy in the world, and also as an economy that has volunteered to lower its barriers to our products. Any scrutiny of the detail of this agreement shows just how far the Chinese Government has gone in lowering its barriers to our products, including a whole range of tariffs applying to forest products, dairy, meat, seafood exports, fruit, vegetables, and wool. Barriers to selling those products to China will virtually disappear, in some cases, over the next 10 years.

As my colleague Luamanuvao Winnie Laban just said, the global is local. In my own community I have a large sawmill that has traditionally sold sawn timber to factories in China that produce toilet seats. There is absolutely no doubt that if that arrangement is still in place when this free-trade agreement comes into effect, then the people in my electorate who are competing in the global economy will do much better out of it.

We acknowledge the efforts of the Government and its trade negotiators in obtaining what has to be seen as a good deal for New Zealand. It is a deal that, hopefully, China will strike with other countries. It has also set a standard for the kinds of agreements New Zealand might itself seek from other countries.

It is quite important, in the light of this agreement, for New Zealanders to take more than an ambivalent view about overseas investment in New Zealand and New Zealand investment overseas. All the economic evidence tells us that if we are open to overseas investment here, then we will get better at investing overseas, because we learn how people do business differently and we learn new methods and new technologies. The growth of this economy, our economic prospects, and the prospects for the wages and incomes of New Zealanders will be critically determined over the next decade by our attitudes towards the opportunities created by this free-trade agreement and by our attitudes towards people who want to invest in New Zealand. In both cases we ought to be positive.

There is no doubt that this free-trade agreement will create a beachhead in China that we must exploit. If we are to have a step-up in New Zealand's economic performance, then certainly part of that step-up will come from a successful export sector selling at higher prices in markets that are willing to pay those prices. We see the early signs of it

with the big impact that the demand of the Chinese middle class is having on food prices: food prices that we have traditionally assumed would always go down are going up. That signals to us the scope and size of the opportunity that this free-trade agreement represents. National is happy to support the further progress of this bill.

A party vote was called for on the question, *That the New Zealand-China Free Trade Agreement Bill be now read a first time.*

Ayes 102

New Zealand Labour 49; New Zealand National 48; United Future 2; Progressive 1; Independents: Copeland, Field.

Noes 17

New Zealand First 7; Green Party 6; Māori Party 4.

Bill read a first time.

Hon MARYAN STREET (Minister for ACC) on behalf of the **Minister of Trade**: I move, *That the New Zealand-China Free Trade Agreement Bill be referred to the Foreign Affairs, Defence and Trade Committee, that the committee finally report to the House on or before 30 June 2008, notwithstanding Standing Order 291(1), and that the committee have authority to meet at any time while the House is sitting except during oral questions, and during any evening on a day on which there has been a sitting of the House, on Friday in a week in which there has been a sitting of the House, and outside the Wellington region during sitting of the House despite Standing Orders 192, 194(a) and 195(1)(b) and (c).*

Motion agreed to.

THIRD READINGS

Hon PAREKURA HOROMIA (Minister of Māori Affairs): I move, *That the Maniapoto Maori Trust Board Amendment Bill, the Maori Trust Boards Amendment Bill, the Treaty of Waitangi Amendment Bill (No 2), and the Te Ture Whenua Maori Amendment Bill (No 3)/Maori Land Amendment Bill (No 3) be now read a third time.*

E tika ake anō i runga i te tū nei ki te mihi kau anō i a koutou mai i te wāhi o Tūwharetoa i te Roto o Taupō-nui-aTia me a koutou o te wāhi o Maniapoto, tēnā koutou nau mai, hara mai. Te Arikiniui o Tūwharetoa e mihi kau ana. Ki a koutou katoa ngā pakeke, nau mai, hara mai ki te wāhi nei.

[An interpretation in English was given to the House.]

[*It is fitting as I stand before you that I acknowledge you, Tūwharetoa from Lake Taupō, and those of you as well from Maniapoto. Greetings to you, welcome, welcome. To you the high chief of Tūwharetoa, welcome. And a welcome to this place as well, all the elders. Welcome, welcome.*]

I am very pleased to be standing here today at the final stage for what was until recently the Māori Purposes Bill (No 2). The bill is now four separate amendment bills, after being divided in the Committee of the whole House stage, which is standard practice for omnibus bills. This Government actively maintains Māori affairs legislation. This is the second Māori purposes bill since 2006, and the Government is committed to continually enhancing the frameworks in which Māori operate. I therefore stand here today in full support of the next suite of initiatives promoted by this Labour Government: the passing of a quartet of bills that will make changes of great significance to Māoridom and, indeed, to New Zealand as a whole.

The first of these bills, the Maniapoto Maori Trust Board Amendment Bill, will update the Maniapoto Maori Trust Board Act 1988 by changing the name of the Maniapoto kaumātua council and formalising a seventh regional management committee for Kāwhia Harbour. The second bill, the Maori Trust Boards Amendment Bill, will update the Maori Trust Boards Act 1955 to specify a minimum voting age of 18 years for trust board elections, and will validate the voting irregularities that may have occurred in the past. It updates section 10 of the same Act, to reflect the new annual payment to be made by the Crown to the Tuwharetoa Maori Trust Board under a new agreement relating to Lake Taupō. The third bill, the Treaty of Waitangi Amendment Bill (No 2), will increase the maximum membership of the Waitangi Tribunal from 16 members to 20 members, make technical drafting changes to section 6 of the Treaty of Waitangi Act, and create a new schedule of that Act. Finally, the fourth bill, Te Ture Whenua Maori Amendment Bill (No 3), will correct two minor drafting errors in Te Ture Whenua Maori Act 1993.

All the amendments promoted by these bills will in some way impact upon the lives of Māori. With the change to the voting age for Māori trust board elections under the Maori Trust Boards Amendment Bill, our rangatahi and future leaders will now start to participate in their tribal affairs at the same time that they participate in the wider democratic system. On the change being made, iwi will also be able to get on with the management of their affairs without fear of falling foul of the law.

The passage of the Treaty of Waitangi Amendment Bill (No 2) reaffirms the Government's unwavering commitment to settle all historical Treaty claims by 2020. The Government's first step in realising this goal was the setting of a closing date for submitting historical Treaty claims to the Waitangi Tribunal. This important day in our nation's history will materialise on 1 September this year. The Waitangi Tribunal will play a key part in the Government's fulfilling this commitment, and in us—both Māori and Pākehā—making this significant progress as a nation. The tribunal has a lot to do and there are still many more stories to hear, but it is committed to reporting on all historical Treaty claims by 2015. I promoted this legislation, which will increase the tribunal's membership by four, to provide the extra capacity that the tribunal requested. The tribunal needs these extra experts to help it to meet its 2015 goal. I urge iwi and hapū to submit their claims soon, so that the tribunal can tell the Crown their story.

This bill also simplifies section 6 of the Treaty of Waitangi Act so that it contains only its key provisions. No longer will amendments be tacked on to the end of the section every time a Treaty settlement is passed. Instead, those references will be placed in a stand-alone schedule of the Act.

I turn now to acknowledge those members of Ngāti Maniapoto who are present in the House today to see the Maniapoto Maori Trust Board Amendment Bill reach its final stage. This has been a long process for them. The Maniapoto marae from Kāwhia Harbour are passionate about their moana. They formed a collective to unify their efforts and participate in decision making relating to their area. On the enactment of this bill, the collective will be recognised as a regional management committee under the Maori Trust Boards Regulations. It will get a seat on the Maniapoto Maori Trust Board and funding to continue its important mahi. The establishment of the regional management committee will not—I repeat, will not—redefine tribal boundaries or diminish mana whenua. It will not be representing the interests of other marae in the area, or of any iwi other than Ngāti Maniapoto. Its purpose is simply to represent the Maniapoto interests of five marae from Kāwhia Harbour, and facilitate their participation as beneficiaries in the decision making of their trust board. I tautoko all the work of those marae today, and I wish them the best for the future. To the Maniapoto kaumātua council, I tautoko the important contribution it also made.

I also acknowledge the members of Ngāti Tūwharetoa who are present in the House today, and emphasise the significance of what the passage of the Maori Trust Boards Amendment Bill means for them. Ngāti Tūwharetoa has sought clarity around their rights in Lake Taupō for some time now. They own the lake bed; it is their taonga. We all know that Lake Taupō is a hive of activity: fishing, boating, and tourism. The Crown has derived significant revenue from those activities over the years. The Crown has always recognised Ngāti Tūwharetoa's right to share in those revenues, but sometimes the iwi's portion of the pie has not been ample enough. The Crown has acknowledged that and has agreed to significantly adjust the annual payment it makes to the Tuwharetoa Maori Trust Board.

This bill will give effect to that undertaking and ensure that Ngāti Tūwharetoa receive a fair share of the revenue as owner of the lake bed. I am excited for them. On 1 July this year they will receive the first instalment. With this certainty, Ngāti Tūwharetoa can now look to the future, plan ahead, and, most important, continue to prosper. I look forward to a time in the near future when all iwi will be in the same position as Ngāti Tūwharetoa and will, in the post-settlement phase, be getting on with business and defining the future and a better pathway for our people as a whole, and, certainly, in doing all of that, realising their full potential.

I recognise the efforts of the Māori Affairs Committee, the submitters, and the officials, and also the support from other parties in this House to take this legislation through. On that note, and for the last time, I wholeheartedly commend these bills to the House for their third and final readings.

Hon GEORGINA TE HEUHEU (National): Ā, tēnā koutou ngā rangatira e huihui mai nei i tēnei Whare, i tēnei rā. Tēnā koutou, tēnā tātou katoa.

[And to you the leaders gathered here in this House today, greetings to you and to us all.]

I am pleased to stand and speak on the third readings of the four bills that the Minister has named. I am pleased to do so for the reason that the changes proposed in all the bills are sensible, so there is agreement across the House, I would imagine, for all of them. They stand in stark contrast to another bill before this House, which is currently before the Māori Affairs Committee—namely, the Waka Umanga (Māori Corporations) Bill, for which the committee can find no support whatsoever. So on this particular day, in respect of these four bills, I am happy to say that the National Party supports them and acknowledges the changes that have been brought forward in them as being sensible and, especially regarding the Tūwharetoa iwi and Maniapoto, as aiding the business of those tribes and the efficient administration of assets and so on. Yes, it is good to stand and be in agreement with these measures and to not find a reason to be ticking the Minister off. As I said, it will be a different story when we come to one or two other bills that are coming down the track.

As has been mentioned, several changes are proposed, and I will mention only three or four of them. In terms of the changes to the Maniapoto Maori Trust Board Act, I say that there is a name change, which the Minister referred to, for the Maniapoto council of elders, and that, of course, is something it requested. The council felt that the name it has been using was inappropriate, and it now wishes to be known as Te Kaumātua Kaunihera o Maniapoto. Of course, we are very happy in the House to accede to that request if it makes sense to the council. The change appears to make sense for the efficient functioning of the council's business, so of course we support it.

In terms of another change I want to mention, which is the establishment of a new Maniapoto regional management committee, I say that there was a line of inquiry that the Māori Affairs Committee requested Te Puni Kōkiri to make in terms of an objection to what has been proposed here, but that issue has been cleared up. I am also pleased to

get the Minister's confirmation that there is nothing that redefines the tribal boundaries for any Maniapoto interest in the area. This proposal deals with the request of five Kāwhia Harbour marae to come together as a separate regional management committee that will represent them on the Maniapoto Maori Trust Board, due to their close geographic proximity, a shared concern for the Kāwhia Harbour region, and a desire to influence decisions pertaining to their area. It is a very sensible proposal, and, yes, we are very pleased to transition that change in order to enable those desires to be given effect to.

I turn to the changes that impact on the Tuwharetoa Maori Trust Board, and I acknowledge that that board represents my own people. I do want to express a commendation to the Government for proposing and effecting the changes here, because, quite frankly, it is nearly a decade now since an agreement with the Crown vested the lake in the tribe way back in the early 1990s, and it is, I think, proper and satisfying for the trust board to see that matters that were left over from that vesting are now taken care of in the current legislation. The settlement that was signed in September 2007 gives effect to changes to the annual payment made by the Crown to the Tuwharetoa Maori Trust Board and takes care of various revenue-sharing agreements also reached between the Crown and the Tuwharetoa Maori Trust Board.

I should state that there is a particular interest for me in this matter; some might say it is a conflict of interest. I am a beneficiary of that trust board, but as I am a mature beneficiary I would hope that the board, in relation to all the benefits that will flow to it now, will look to focus those on the younger members of our tribe, because that is what makes sense. But, in any event, as I said I still take my right to make some comments about this legislation, because the fundamental importance of it is that it underpins a positive and robust relationship with the Crown. After all, that is what a lot of these engagements, these settlements, these agreements with the Crown are all about, which is where the relationship should have been way back when the Treaty was signed. The Treaty set down a blueprint for both the Crown and Māori going forward. It has had its hiccups. Fortunately, in our time we have been given the opportunity to make amends for some of the things that happened then, and to put the building blocks in place to put the various iwi of the motu on the right path.

So this legislation is fundamentally about a relationship. It is a strong relationship. Like all of the iwi in their areas, Tūwharetoa plays a major role in the community and its economy. The same goes for Maniapoto and other iwi, as well. That role and the prominence of Māori issues as we go forward are real and significant. In my view it is a positive challenge for future Governments to properly manage the expectations and the prominence of iwi Māori as those perspectives reshape New Zealand society. That is the challenge before us as parliamentarians, and it is why the kind of legislation we are seeing go through the House this afternoon is so important.

Lastly, I wish to comment on the changes to the Treaty of Waitangi Act 1975. Yes, the Minister is right to take credit for the fact that the Waitangi Tribunal's membership is to increase. But as I have said in this House many, many times before—and this comes from firsthand experience of sitting on that tribunal—unless the resources are available to support the increase in the membership of the tribunal, then all that the Minister says is like hot air. There has been very little support for the tribunal in the last 9 years since this Government came into power. It is all very well for the Minister to talk about a 2020 conclusion date, but the tribunal has to be resourced properly so that it can complete its part of the process to enable the Crown to negotiate settlements with the various iwi. A proper change needs to be made, and if the Government does not resource it, then National will when it comes into Government in a few months' time.

I commend the Minister for bringing this legislation to the House. He has had a flurry of activity in the last 2 years. I have been sitting on the Māori Affairs Committee as an Opposition member since 1999. We have waited patiently for the Minister to propose something new for Māori people. Finally, in his eighth year he is bringing legislation to the House. Some of it is good and some of it is not so good. We will deal with the not so good legislation down the line, but this afternoon we are very pleased to support these changes and to acknowledge the iwi who are sitting in the gallery.

PITA PARAONE (NZ First): Tēnā koe Mr Deputy Speaker. Ko te mea tuatahi, e tika ana kia tū tēnei ki te tautoko i ngā mihi i mihingia ki tēnā o waku tuakana, ki a koutou o Ngāti Tūwharetoa me Ngāti Maniapoto hoki. Tino koa te hari o te ngākau ki te kite atu i a koutou i roto i te Whare nei ki te hakarongo, ki te mātakitaki mai i te urunga mai o ēnei pire, kia turengia, e pā ana ki a koutou, puta noa ki te iwi Māori whānui. Nā reira, tēnā koutou.

[Greetings to you, Mr Deputy Speaker. It is fitting in the first instance that I stand and endorse the salutations extended to that one of my elder statesmen, and to those of you as well of Ngāti Tūwharetoa and Ngāti Maniapoto. How pleasing it is to see you in this House listening to and witnessing the passing of these bills into law that relate not only to you specifically but also to Māoridom at large. So, greetings to you.]

I have just supported the expression of sentiments of welcome to our visitors from Ngāti Maniapoto and Tūwharetoa. This afternoon they will witness the passing of the legislation that affects both them and Māori in general. But before I carry on I take this opportunity to say to you personally, Mr Deputy Speaker, and with due respect, that although I acknowledge the decision you have made in terms of your long-term future relationship with this House, it has always been a real pleasure to stand in this House when you have presided over its proceedings. I thank you for your dignity and for the control you have exercised in the course of your time in the Chair.

The bills we are talking about this afternoon had their genesis in the Māori Purposes Bill (No 2). As we know, the Māori Purposes Bill (No 2) was an opportunity for the Minister to make minor amendments in regards to various legislation affecting Māori affairs. Amendments to that legislation were suggested to the Maniapoto Maori Trust Board Act, the Maori Trust Boards Act, the Treaty of Waitangi Act, and Te Ture Whenua Maori Act. I ought to say that the original bill included some other amendments, but it was the view of the Māori Affairs Committee that those amendments required a separate bill outside of this Māori Purposes Bill, and they will be dealt with at a later time.

I want to touch on the bills that are the subject of the debate this afternoon. First, I refer to the Maniapoto Maori Trust Board Amendment Bill. This bill has the support of the Maniapoto Maori Trust Board. It allows for the renaming of the council of elders from Te Mauri o Maniapoto to Te Kaumātua Kaunihera o Maniapoto. That is a simple amendment that should not attract any dissent from anyone in this House. Why? The reason is that the people requested the change. They wanted it and it is important to them, so why not support that request? However, the Māori Affairs Committee was approached by some people representing Te Rūnanganui o Ngāti Hikairo, who believed that the proposed membership and authority of the Maniapoto Maori Trust Board would impact on the boundary of the iwi. I reassure those submitters that the Maniapoto Maori Trust Board Amendment Bill does not do that. Any change to an iwi's boundary must be the prerogative of the people themselves, and not this House. I give that reassurance to those people.

In addition, the bill received support from representatives of the different marae that Te Rūnanganui o Ngāti Hikairo purports to represent. The marae were represented by their chairpersons, together with respected elders. They supported the proposal in the

bill. It will give those five marae representation in terms of the regional management of Kāwhia Harbour. It assures them of that voice. As a result, New Zealand First supports the passing of the Maniapoto Maori Trust Board Bill.

I turn to the Māori Trust Boards Amendment Bill, which impacts on the iwi of Tūwharetoa. I am glad that this bill makes the annual payments payable to Tūwharetoa commensurate with present-day costs. It is for too long that agreements, particularly long-term agreements, between Māori and the Crown have not kept up with the rate of inflation. The bill addresses that issue, and I thank the Minister for bringing it to the House.

The bill also allows for the recognition of young people—that is, people from the age of 18—to be able to participate in the democratic process in the selection of their boards. As the Minister quite rightly pointed out, the future leadership of Māori lies in the hands of their young people. The leadership of Māoridom is changing. The type of leadership that people of my age group once recognised, where there was one titular head, is long gone. However, there are two tribes in which there is no doubt as to the titular head. But where I come from, my subtribe Ngāti Hine, we have a saying: “Ngāti Hine, pukepuke rau.”

Hon Tau Henare: Subtribe?

PITA PARAONE: The member is quite right; I should be saying “the iwi of Ngāti Hine”. Ngāti Hine’s saying roughly translates as: “Upon each hill is a chief”. With so many chiefs, one can see the difficulties that we have in the north. This bill gives recognition to the young people, and an expectation that they will participate in the democratic process. That will lead some of them to fulfil the leadership roles of their iwi. However, during the discussions in the select committee we were a little concerned about those trust boards that had carried out their elections before this Act was passed. We support this bill.

In terms of the Treaty of Waitangi Amendment Bill (No 2), of course New Zealand First supports it.

Dail Jones: I raise a point of order, Mr Speaker. I cannot hear the speech, because Mr Harawira seems to be speaking into a cellphone. I have asked him to stop making such a noise, but he seems to not want to do it. Could you do something about it, please? He is on the cross benches, and, as we know, there should be no interjections from there.

Mr DEPUTY SPEAKER: I accept that, Mr Jones. There will be absolute quietness while a member is contributing. It is disrespectful for that not to be so.

PITA PARAONE: Tēnā koe, Mr Deputy Speaker. As I was saying, it is important, in order to have the claims made under the Treaty of Waitangi dealt with in a timely fashion, that we have the necessary resources for the tribunal. Increasing the membership from 16 to 20 is a step towards that goal, but I support the comments expressed by the previous speaker: with the increase in membership must come the other resources that will allow the tribunal to carry out its role.

Finally, in terms of Te Ture Whenua Maori Amendment Bill (No 3), quite clearly this is just a cosmetic change in order to amend spelling errors in the original Act, and references to the number of trustees who can make decisions by virtue of majority, as opposed to what was originally contemplated in the original Act. New Zealand First supports the passing of all these bills. Kia ora.

Hon TAU HENARE (National): I too want to, in the first instance, turn my head to those in the gallery and welcome them here today—amongst a flurry of activity out of the Minister’s office. But let us cut to the chase. The Minister said that this is the second Māori Purposes Bill since 2006, but there was no mention of the fact that he took over

the job in 1999 or 2000. There was no mention that he has been in the job some 8-odd years.

Although we are feeling very proud of ourselves because we have done these things, let us not forget that they are only small amendments. They mean a lot to the people out in our community but they should have been done a long time ago, and they should not have been put in legislation that is, essentially, wash-up legislation. Personally, I am affronted that the only Māori purposes legislation to hit this floor in the last 3 or 4 years is wash-up legislation. Why was the Maniapoto Maori Trust Board Amendment Bill not a separate bill with its own mana? Why was the issue of Tūwharetoa not dealt with in its own bill with its own mana?

I say—and I echo some of the comments that have been made in the House this evening—the Maniapoto Maori Trust Board Amendment Bill is not, never has been, and never will be about a boundary grab as some out in the Maniapoto territory would have us believe. Purely and simply it is an amendment to recognise the work being carried out there by some pretty capable people. I might add that it brings me to the issue of recognition of iwi. If iwi want to have their own encompassing way of doing their own business, then National will not stand in the way of iwi going about their business in their way—instead of the paternalistic and patronising manner that this Government is about to foist upon Maoridom with the Waka Umanga (Māori Corporations) Bill.

Christopher Finlayson: No one wants it.

Hon TAU HENARE: But that is another story. I turn my eyes now to the Treaty of Waitangi Amendment Bill and congratulate the Minister on achieving the unachievable, on achieving a huge step forward for Māori—the appointment of four extra people on the tribunal. Done and dusted, that will sort out the logjam that is in the tribunal at the moment. If we believe that then we are sadly mistaken. We are sadly mistaken because the tribunal itself cannot function because of its infrastructure and lack of personnel. It is not, as the Minister has tried to point out, that these Treaty settlements before the tribunal will be done any faster by an increase from 16 members to 20 members. Let us not forget what the legislation actually says. It is not a move from 16 to 20; it is move that allows 4 extra people to be appointed. If the Minister wants to appoint one person, he can, but the legislation does not tell him that he has to. It will take a bit more than fiddling to get the settlement process back on track by 2015.

I turn now to the Maori Trust Boards Amendment Bill. I question why this bill is before the House now, and why it was not before the House in 2004 at the passing of the Maori Fisheries Act. When this House passed the Maori Fisheries Act of 2004 it had a chance to tidy up some other legislation, but it never did. The issue of Tūwharetoa gives effect to an agreement between that great body of people and the Government. But why do we have this bill now? I can only suggest to the nation that it is to show it that the Minister is busy with the aspirations and business of his people, because I have not seen it before. The House has not seen this sort of flurry of activity from the Minister before this term. He has had enough time—

Hon Parekura Horomia: Unemployment's down, Tau.

Hon TAU HENARE: There he goes. Somebody please tell the Minister that 29,000 people lost their jobs last quarter. The people at Ōringi have just lost their jobs. I suppose the Minister remembers the song “Here We Go Again”. I remember some of my mates who used to work in Westfield and for Hellaby's who were singing that tune there too. They were saying “Crikey, redundancy.”—just like the people at Ōringi. When members of the Government stand up and take credit for the reduction in numbers on the unemployment list, they should also take responsibility for the increase in unemployment. They cannot have it both ways. I will congratulate—

Hon Annette King: And neither can you!

Hon TAU HENARE: Absolutely! I do not know why the Minister is bringing the Speaker into the debate. Maybe she has not been here too long. Maybe she has been under pressure lately.

Let us turn to the Māori purposes legislation—where we should be turning. This Government is on its way out. This legislation is the sum total of the Government's programme for Māori since 2000—and we are already into the fifth month of 2008, just 5 or 6 months from a general election. That is the sum total—

Christopher Finlayson: There's Waka Umanga.

Hon TAU HENARE: I am sorry, there is the Waka Umanga legislation. What is that? You see, they thought they were going to get away with it. They thought they were going to get away with the whole House being nice about these amendments. But the fact of the matter remains that they have not done a good job. It behoves us on this side to keep them honest. If this is all that has come out of the Minister's office in 9 years—9 years of hard toil, 180 grand a year, and a BMW—

Hon Parekura Horomia: That is a lie.

Hon TAU HENARE: Well, they are on their way out. This is the sum total of the flurry of activity—four pieces of legislation with tiny little amendments that should have been made a long time ago instead of mucking around. When the Minister brought this to our attention, we saw that one piece of legislation that is not here is the Māori Trustee and Māori Development Bill, which is legislation where he wants to steal \$35 million off Māori people. These are the only legislation that we have seen in the last 9 years. For goodness sake! Of course we will support it. We would be stupid not to.

Hon Annette King: You are.

Hon TAU HENARE: Oh, well, that is right. We will see who is stupid on the day of the election.

Christopher Finlayson: They called you the “L” word. That is worth a point of order.

Hon TAU HENARE: That is right. I raise a point of order, Mr Speaker. That is the third time since question time that that member has called somebody a liar. Other members may like it, and for some members it may be water off a duck's back. But I do not particularly like being called a liar, especially from that member.

Mr DEPUTY SPEAKER: The member is quite right, it should not happen. I must say that I did not hear it, but if the member was referred to by that word, I ask the member to please withdraw and apologise.

Hon Parekura Horomia: I withdraw and apologise.

Hon TAU HENARE: All I want to say is that we will support this legislation. But I can guarantee that the day after the election, when we are in office, we will get to work and start running; we will not laze around.

Dr PITA SHARPLES (Co-Leader—Māori Party): Tēnā koe, Mr Deputy Speaker. First of all, I acknowledge the Government for allowing me to jump the queue and get back to my students.

Ā, kei konei ētahi o ngā iwi koneke, nā reira, Ngāti Tūwharetoa, Ngāti Maniapoto, Ngāti Hikairo me ngā kārangarangatanga maha i waenganui i a tātau i tēnei rangi, tēnei au e mihi atu ki a kōtou kua hara mai nei ki rō Whare i te rā nei. Tēnā koutou.

[Yes, there are some tribal figureheads here, so to you, Ngāti Tūwharetoa, Ngāti Maniapoto, Ngāti Hikairo, and the many callings in our midst today, I acknowledge your presence here in the House; greetings.]

I welcome our people here, to this Whare. They have come, not because they are lawbreakers; they have come as lawmakers. Their physical presence is a sign of their commitment to working with the process to make a difference. I am reminded that 140

years ago a man of Ngāi Te Ruruku, Ngāti Matepū and Ngāti Pārua stood in this House as the first Māori member of Parliament to speak. My tipuna, Tāreha te Moananui, in his opening address, urged the Government to enact wise laws to promote good, and for Māori and Pākehā to work together. The various whānau, hapū, and iwi who stand to be most affected by the undertakings of this legislation that is gathered under the concept of Māori purposes are still urging the Government to enact wise laws to promote good.

In the case of this Māori purposes legislation, we recognise there are many positive enhancements to administrative arrangements included in the series of bills. We do, of course, support the proposal to confirm a consistent minimum voting age of 18 years, as proposed in the Maori Trust Boards Amendment Bill. In the second reading of the bill we raised the facts around the demographics of the Māori population, namely that 46 percent of our population is under 19 years of age. In light of this fact, and considering the value of consistency with other legislative and statutory provisions around age, we are very happy to support the amendment to specify a new minimum voting age of 18 years.

Another element within the series of four bills is the important developments that have emerged from years—indeed decades—of negotiation between the Crown and the Tuwharetoa Maori Trust Board. This amendment reflects part of the compensation due to the Tuwharetoa Maori Trust Board in settlement of the trust board's property rights in Lake Taupō. It sets in place a process by which the board, as the owner of the bed of Lake Taupō, is able to license and charge other commercial users, including those wanting to erect new jetties or structures. The Māori Party takes this opportunity to congratulate Tūwharetoa and commend them for their endurance in the journey towards self-determination, and we do, of course, look forward to their further success in the future as they come back to the Crown to establish their rights of ownership of not just the space above the water but of the water itself.

Another major feature of this legislation that we support is the proposal to amend the Treaty of Waitangi Act 1975 to increase the statutory cap on the membership of the Waitangi Tribunal from 16 to 20. Indeed, this is a specific proposal that derives its source from our 2007 Budget recommendation to enhance the role of the Waitangi Tribunal so that it can deal with claims more speedily. The Māori Party has actively advocated for the tribunal to be resourced sufficiently so it can work full time. We appreciate the response that the Government has made to our proposal and welcome the improvements that will arise. It would almost appear that the challenge of my ancestor, Tāreha te Moananui, “to enact wise laws to promote good”, is finally being taken up.

However, there is the matter of Mōkai Kāinga. According to Ngāti Hikairo, the legislation as it stands includes a proposal that will have a direct impact on their traditional tribal boundaries. Tony Spelman, spokesperson for Ngāti Hikairo, advised the Māori Affairs Committee that the legislation would have the effect of extending Ngāti Maniapoto authority into its area without any reference to the mana whenua rights of Ngāti Hikairo. There was concern that the groups that Te Puni Kōkiri had consulted on this matter were the Maniapoto Maori Trust Board and Mōkai Kāinga marae. The advice they fed back to the select committee was therefore limited in excluding Te Rūnanganui o Ngāti Hikairo from its report.

As deputy chair of the Māori Affairs Committee, I was always concerned that we had a quality of information available from Te Rūnanganui o Ngāti Hikairo and Ngāti Maniapoto in order to assist in our deliberations. We were pleased when Te Rūnanganui o Ngāti Nikairo and Ngā Tai o Kāwhia came forward with a proposal to address their concerns by means of a simple insertion within the bill. The suggestion was that the bill recognise “that Ngāti Hikairo, through Te Rūnanganui o Ngāti Hikairo, exercises a

mana whenua relationship within the Kāwhia rohe, and that nothing in this bill shall be interpreted as diminishing their mana whenua status in that rohe.”

We have learnt also that Ngāti Hikairo are committed to working with Ngā Tai o Kāwhia, the regional management committee established under this bill, to ensure that how it will all work in practice will not diminish their mana whenua. The Minister has assured us that there was no intention to redefine the boundaries of Ngāti Hikairo. However, a Minister’s intentions and the actual interpretation of the law can be vastly different things, and if the law this bill sets in place does not in practice represent a wise law to promote the collective good, then it would be appropriate that the amendment suggested by Ngāti Hikairo and Ngā Tai o Kāwhia return to this House.

The Māori Party is consistently overwhelmed by the willingness of whānau, hapū, and iwi to demonstrate manaakitanga—to live by time-honoured practices that reflect and respect the status of relationships with each other. We acknowledge Ngāti Maniapoto, Ngāti Hikairo, and Ngā Tai o Kāwhia for their efforts to work with the process, to do all they can to ensure their concerns are heard, and to work productively for the benefit of the Kāwhia rohe and its people. We believe that the issues between Mōkai Kāinga marae, between Ngāti Hikairo and Ngāti Maniapoto, belong with the people themselves. It is their authority, their mana, that will ultimately sort any unresolved issues through. Kei a koutou te tikanga.

Finally, it would be extremely disappointing if any party chose to object to the request from the Maniapoto council of elders that their name be amended from Te Mauri o Maniapoto to Te Kaumātua Kaunihera o Maniapoto. It is their prerogative and absolute right to determine the name by which they want to be called, and Parliament must honour that desire of the people.

The Māori Party has given this series of bills careful and comprehensive consideration. Although there are limitations around the coverage of the issues put forward by Ngāti Hikairo, we are satisfied that on balance there is sufficient merit throughout all the other proposals to support these bills at their third reading. In conclusion, I repeat to this House: “I te mutunga ake kei ngā iwi nei ngā tikanga. Kia ora tātou.

CHRISTOPHER FINLAYSON (National): I think the arrangement is that the Minister of Customs wants the last word, so I will have the sentence. But before I pass sentence on this Government for its failings, I join with my colleagues in welcoming to the House the representatives of Ngāti Tūwharetoa and Ngāti Maniapoto. I mentioned during the Committee stage that Mrs te Heuheu and I had had a wonderful visit to Te Kūiti—Jim Bolger - land—to meet with representatives of the Maniapoto Maori Trust Board, and it was a very good meeting. We also had a wonderful meeting earlier in the year when five or six of us went to Taupō to meet the representatives of Ngāti Tūwharetoa. So I say “Welcome to our House.”

Tonight I intend to be reasonably brief, because I know that it is the desire of the House to vote on this legislation before six o’clock so that our visitors do not have to come down again on Tuesday. I will concentrate my comments on the amendments to the Treaty of Waitangi Act 1975. I join with the comments my learned friend Mrs te Heuheu has made about this legislation, and say that obviously we will support it because the changes are important. They are not simply schematic; they deal with a number of important issues.

The first is the amendment to clause 15, which deals with the composition of the Waitangi Tribunal. Clause 15 states: “Section 4(2)(b) is amended by omitting ‘16’ and substituting ‘20’.” The tribunal is doing a very job at the moment under the inspired leadership of His Honour Chief Judge Joe Williams, but there is much more that needs to be done. So increasing the numbers on the tribunal to 20 is a very good move. It is

one that we have been advocating for some time. But, as Mrs te Heuheu said, it is not simply enough to increase the numbers to 20. The tribunal also needs good practical support. Adequate resourcing so that it can undertake its historic task is fundamentally important, and that is something the National Party will commit to.

Clause 16 is a very interesting clause. On the one hand it simply tidies up an extraordinarily complex section. Section 6 of the principal Act deals with the jurisdiction of the tribunal to consider claims, and section 6(1) is an amendment that was introduced by the Lange Labour Government in the mid-1980s. It empowered the tribunal to investigate actions of the Crown from any time on or after 6 February 1840. Of course, that is not being amended. As clause 16 provides, the amendments are to subsections (8) through to (32).

The idea, which has been expressed in some detail in the Committee stage, is to provide that instead of having to have constant amendments to section 6 as Treaty settlements are entered into and legislated, the sensible thing to do is to schedule the various settlements. And that is exactly what is going to happen. So schedule 2 of the bill provides a schedule 3 to the Treaty of Waitangi Act 1975, and the various statutes that are referred to there will now be scheduled. We say that from a drafting point of view that is very good. My personal view is that too much legislation is unnecessarily complex and unreadable, and this change—minor in the overall scheme of things though it is in legislative terms—is none the less a good tidy up and makes section 6 of the 1975 Act read that much better.

So into the schedule go a number of subsections from various Acts, and I will refer to these briefly. The first is an amendment dealing with the Ngāa Rauru Kīitahi Claims Settlement Act 2005. This is a very interesting statute because, of the various statutes that I will refer to, it deals with a settlement that is truly unique. It was started and completed under the Clark Labour Government. All the others were either started and completed under the National Government of the 1990s or were started by the National Government and finished by the Labour Government.

The next one is the Ngāi Tahu Claims Settlement Act 1998. That deals with a settlement—a great settlement—that was started and completed by Jim Bolger and Doug Graham. The Ngāti Awa Claims Settlement Act 2005 was started by National and finished by Labour. The Ngāti Mutunga Claims Settlement Act 2006 deals with a settlement that was started by National and finished by Labour. The Ngāti Rūauni Claims Settlement Act 2003 deals with a settlement that was started by National and finished by Labour. The Ngāti Tama Claims Settlement Act 2003 deals with a settlement that was started by National and finished by Labour.

The Ngāti Tūrangitukua Claims Settlement Act 1999, as the date suggests, was started and finished by National. The Ngāti Tuwharetoa (Bay of Plenty) Claims Settlement Act 2005 deals with a settlement that was started by National and finished by Labour. The Pouakani Claims Settlement Act 2000 was started by National and finished by Labour. The Te Arawa Lakes Settlement Act 2006 was started by National and finished by Labour. The Te Uri o Hau Claims Settlement Act 2002 was started by National and finished by Labour. The Waikato Rauapatu Claims Settlement Act 1995 was started and finished by National.

So in recent times we have had quite a few weasel words from this Government, but that is the record. *[Interruption]* The member for Te Tai Tonga should reflect on the record, because the statutory record tells the truth, and the record of this Government in this area is absolutely disgusting. It is the very apotheosis of failure and Labour members should be hanging their heads in shame, because that is the record of this Government. We are the ones who have performed. Contrary to what Colin James said in the *New Zealand Herald* about rhetoric and about our commitment to the Treaty

settlement process and so on, we are the ones who have performed. It is good to have an opportunity—

Hon Annette King: Now you've had your skite, get back to the bill.

CHRISTOPHER FINLAYSON: Oh, the guilty ones are starting to bray now. The guilty ones are starting to bray, but the reality of the matter, I say for the benefit of the Minister of Transport—

Hon Annette King: And Police and Justice.

CHRISTOPHER FINLAYSON: —Police, Justice, and State Services.

I just want to commit to our guests in the gallery and to other iwi who may be listening to this debate that a National Government will right this wrong and, by golly gosh, we will perform.

Hon NANAIA MAHUTA (Minister of Customs): Ā, tuatahi, tino mihi rawa atu ki a koutou Ngāti Tūwharetoa tae atu ki Te Moana o Taupō-Nui-a-Tia, hoki mai ki te nehenehe, he nui ngā whanaunga. Tēnei te mihi atu ki a koutou katoa e whakarongo mai nei ki tēnei o ngā kōrero i te rā nei.

[Firstly, I really acknowledge you of Ngāti Tūwharetoa, including the Great Lake of Tia and the forest, where there are many relationships. Greetings also to all those listening in to this debate today.]

I firstly thank my colleague Mark Burton, who ceded his time to me so that I could make a small contribution. I know that, as the local MP for Taupo, he would have wanted to acknowledge the importance of what we are doing today in terms of his own electorate. He has worked tirelessly to ensure that the interests of Taupo, and, certainly, those of the Ngāti Tūwharetoa people, have been met. So I thank my colleague very much.

In the second instance I want to pick up on previous comments that, to some extent, were very uncharitable. The fact is that some of this legislation starts to advance issues that are positive for Māori—

Hon Tau Henare: Guilty conscience.

Hon NANAIA MAHUTA: I say to Mr Henare that I think some of his comments were uncharitable. The member knows as well as I do that by increasing the number of members on the Waitangi Tribunal, we are providing far greater scope for those outstanding claims to be heard. The member knows the amount of work that occurs within the tribunal. By increasing the number of members, we are increasing the depth of the pool of people who can sit and hear these particular claims. I am a bit disappointed that such uncharitable remarks were made.

Mr Finlayson makes the point that many settlements were started by National and finished by Labour. All those settlements were unequivocally voted for by Labour, but the same cannot be said about National. People need to read the written record and to understand that that is the sad situation that we are in. National may have started those settlements, but it did not vote for all of them. The point I want to push, in terms of the conscience of the National Party, is that at this stage about 30 groups have signed up to approvals in principle. The Minister of Māori Affairs and the Minister in charge of Treaty of Waitangi Negotiations, Michael Cullen, have continued along the path of trying to ensure that the tribes that want to conclude their Treaty settlements are in a position to do so. There are 30 groups in that position, and all those claims have been started by Labour. We want to finish them, and we as a Government will support them unequivocally. That is really important.

My contribution today is in the nature of making some brief remarks on the issues surrounding the Maniapoto Maori Trust Board Amendment Bill. I am heartened to hear comments being made across the House that this legislation does not intend to determine tribal boundaries. It is important that when people read the legislation

alongside the *Hansard*, they see that members have unequivocally clarified that Parliament does not intend to rewrite tribal boundaries. Those matters are best left to iwi to determine in their own time, at their leisure, and, hopefully, in a spirit of goodwill amongst themselves. It is their business. That is a clear statement made in this House.

The other point that urged me to say something is a communication I received from Pipi Barton that makes an outlandish claim, which must be recorded in the House. She asserted: “We would like to suggest that the lack of interest by Te Puni Kōkiri officials to investigate the concerns of Ngāti Hikairo is politically motivated. With the change that has occurred through the realignment of electoral boundaries for the Māori seats, formerly secure Labour voters within the Ngāti Maniapoto rohe are no longer able to vote for Nanaia Mahuta and will be looking for alternatives. Labour is using this opportunity, through this proposed legislation, to secure themselves brownie points with Ngāti Maniapoto voters.” She is wrong, she is misinformed, and she is out of touch. That is not the intention of this bill, at all. The people from Maniapoto have asked for it, for a very practical reason. The marae that will be affected by there being an additional regional Māori committee member on the Maniapoto Maori Trust Board are Mōkai Kāinga, Rākaunui, Tokopiko, Mokoroa, and Te Māhoe. What are the practical effects of their interests being represented on the Maniapoto Maori Trust Board?

There are some very local benefits. They want to consolidate their interests as marae. They want local outcomes to be advocated in the interests of those marae, for the benefit of their people, whether the issue is the surrounding Kāwhia Harbour, or the development pressures that are currently occurring in Kāwhia itself. They want to consolidate themselves and to advocate as a group. We should not lose sight of that. If we look at what is happening back home, on the ground, we see that Ngā Tai o Kāwhia Regional Management Committee has been able to better advocate in terms of what is happening in the harbour. In time we will see it continue to advocate for the better management of what is happening in terms of fisheries and Kāwhia Harbour developments. It has been able to empower local people to have a say, and to advocate with the local council on development consents being lodged for the area. It is not quite sorted yet, but we are seeing a coming together of marae that want to express their concerns about, and interests in, developments in that area, and I support that.

So I was concerned when I received that communication. Again, it is wrong and it is misinformed. I am quite happy to talk to Miss Pipi Barton about that at a future point in time.

The other thing that I want to ensure is that we highlight the continued opportunities of the confirmed agreement with Tūwharetoa. I think it is a positive step forward. It absolutely confirms the nature of the interest of Tūwharetoa in their lake. It clarifies their ongoing relationship with it—there is no doubt about that. It is a good step forward. That is all from me.

Ki a koe te Minita, tēnā koe mō tō mahi hāpai i ēnei o ngā kaupapa kei waenganui i a mātou. Nō reira, tēnā koutou katoa. Kia ora.

[To you, Minister, I acknowledge your role in fostering these proposals amongst us. Greetings to you all, as well. Thank you.]

Bills read a third time.

Waiata

The House adjourned at 5.59 p.m.

