First Session, Forty-eighth Parliament, 2005-2008

Parliamentary Debates

(HANSARD)

Thursday, 3 April 2008

(Week 71, Volume 646)

WELLINGTON, NEW ZEALAND
Published under the authority of the House of Representatives—2008

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THURSDAY, 3 APRIL 2008

Madam Speaker took the Chair at 2 p.m.
Prayers.

OBITUARIES

Tumu Pūtaura

Madam SPEAKER: I regret to inform the House of the death on 1 April of security officer Tumu Pūtaura, a member of the Parliamentary Service for more than 21 years. I desire, on behalf of this House, to express our sense of the loss we have sustained and our sympathy with relatives of the late staff member. I now ask members to stand with me and observe a period of silence as a mark of respect for his memory.

Honourable members stood as a mark of respect.

BUSINESS STATEMENT

Hon Dr MICHAEL CULLEN (Leader of the House): Next week in the House priority will be given to the third readings of the Copyright (New Technologies) Amendment Bill and the Human Tissue Bill, the remaining stages of the Electricity (Disconnection and Low Fixed Charges) Amendment Bill, the Births, Deaths, Marriages, and Relationships Registration Amendment Bill and the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Bill, and the first reading of the Employment Relations (Breaks and Infant Feeding) Amendment Bill.

QUESTIONS FOR ORAL ANSWER

QUESTIONS TO MINISTERS

Telecommunications—Improvements

1. H V ROSS ROBERTSON (Labour—Manukau East) to the **Minister for Communications and Information Technology**: What reports has he received on improvements for telecommunications in New Zealand?

Hon DAVID CUNLIFFE (Minister for Communications and Information Technology): I have seen many positive media reports on the recently announced approval of Telecom’s operational separation undertakings. Robust operational separation has been a priority for the Government and the Parliament, and it is one of a number of measures to roll out faster, cheaper broadband to all New Zealanders.

H V Ross Robertson: Can the Minister therefore tell the House whether this is the last of the Government’s pro-competitive measures?

Hon DAVID CUNLIFFE: No; operational separation is only a part of the Government’s pro-competitive telecommunications strategy, which includes rolling out the broadband pathway and refreshing the Digital Strategy. In a regulatory context, there are still key issues to be resolved. No agreement has been reached with Telecom in regard to the telecommunications service obligation. I have only just received input from the Telecommunications Carriers Forum on this issue, and I intend to seek further input from other stakeholders. The Government will therefore be further considering the telecommunications service obligation over the next month or two.

Pita Paraone: Tēnā koe, Madam Speaker. Does the Minister have any concerns that the new telecom entities will retain their present monopoly position following separation, and what checks are in place to ensure that competition and fairness remain in the telecommunications market?

Hon DAVID CUNLIFFE: The robust three-way operational separation of Telecom removes both the ability and the incentive for key divisions of Telecom to discriminate

between their own retail divisions and competitors. That will create a level playing field at the wholesale level, allowing more players into the retail market and meaning greater choice and lower prices for consumers.

H V Ross Robertson: Can the Minister therefore tell the House how Monday's announcement that Telecom will be split into three stand-alone business units will help our economy?

Hon DAVID CUNLIFFE: As I said, this is only part of the Government's telecommunications strategy, and we will be rolling out further policy initiatives in months to come. The operational separation of Telecom will increase competition and boost the number of people able to access broadband-based products throughout New Zealand. I am pleased to say that Telecom is committed to the accelerated roll-out and delivery of advanced broadband services to cities and towns of more than 500 lines by 2012. Telecom expects 84 percent of lines to be capable of a speed of 10 megabytes a second, and 89 percent to be capable of 5 megabytes a second. This will be a win-win for the economy, as broadband is a key driver of productivity and innovation.

I seek leave to table an article from the *New Zealand Herald:* "Industry welcomes Telecom separation plan".

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

Hon DAVID CUNLIFFE: I seek leave to table a favourable editorial from the *Dominion Post* dated 1 April.

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

Hon DAVID CUNLIFFE: I seek leave to table a recent article in the "Business Herald" setting out the basis for Telecom's three-way operational separation.

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

Hon DAVID CUNLIFFE: I seek leave to table an article from today's "Business Herald" noting that Telecom will be forced to maintain rural telecommunication services.

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

Hon DAVID CUNLIFFE: I seek leave to table a press release from Telecom New Zealand hailing a new era for telecommunications.

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

Electoral Finance Act—Reporting of Offences

2. Hon BILL ENGLISH (Deputy Leader—National) to the **Minister of Justice**: Is it the Government's policy that if the Electoral Commission believes an offence has been committed under the Electoral Finance Act 2007, it must report this to the police, unless the commission believes the offence is so inconsequential that there is no public interest in doing so?

Hon Dr MICHAEL CULLEN (Deputy Prime Minister) on behalf of the **Minister of Justice**: That is the purport of section 111 of the Electoral Finance Act.

Hon Bill English: Is the Minister aware that the Electoral Commission has ruled that Labour breached the Electoral Finance Act by not having an authorisation statement on its *We're Making a Difference to Everyone* booklet; if so, does she expect the commission to refer this matter to the police?

Hon Dr MICHAEL CULLEN: I understand the Electoral Commission has determined not to send the matter to the police.

Hon Bill English: Is she aware that the Electoral Commission has not said that Labour's breach is inconsequential but merely that it is the first offence, and therefore the commission is, in fact, obliged by the Electoral Finance Act to refer this matter to the police?

Hon Dr MICHAEL CULLEN: The Electoral Commission is an independent body and acts independently.

Hon Bill English: What did the Government intend by the use of the term "inconsequential" when the Minister introduced it in her own Supplementary Order Paper to the Electoral Finance Act, and does she think that spending hundreds of thousands of dollars publishing a booklet designed to get people to vote for the Labour Party is inconsequential, or is it inconsequential only when Labour is spending the money?

Hon Dr MICHAEL CULLEN: This pamphlet was prepared last year. It points out things like the fact that in 1999 Labour restored superannuation, it has introduced zero interest on student loans, and the number of young people receiving the unemployment benefit has dropped from 17,514 in 1999 to 990 in 2007. It is true, of course, that these are not inconsequential achievements, but the commission determines its own conclusions.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. It will not be apparent to the public, because often the House noise is not relayed through the microphones as it is inside this Parliament, but, frankly, we could not hear a word of the Minister's answer, and it is pointless having question time if half of the House cannot hear what is going on.

Madam SPEAKER: Yes, I agree with the member. The voices of Chester Borrows, David Bennett, and Chris Auchinvole were extraordinarily loud in the interventions, to make sure that other people did not hear. If it continues in future, those members will be asked to leave the House.

Hon Bill English: How, when this is, in fact, the second warning the Labour Party has had—the first one being when the Electoral Commission had to correct Labour Party secretary Mike Smith, who misled the public about the advice he had been given, and now it has had another warning on this booklet—does the Minister think it looks to other political parties and to the public that after two flagrant breaches of the Act, there is still no referral to the police of Labour's activities?

Hon Dr MICHAEL CULLEN: I would have thought that the National Party would feel greatly relieved, given that it prepared a DVD last year without an authorisation on it that has been distributed this year, and therefore National has committed exactly the same offence, which, hopefully, the Electoral Commission will make the same decision on. What I think the decision of the commission has shown is that it is very important for parties to err on the side of caution, and to put authorisations on everything they put out, and, secondly, to be very careful about redistributing information prepared last year and re-releasing it this year. By no means is this pamphlet prepared by the Labour Party the only offender, in that regard.

Hon Bill English: Why is it that Labour always seems to get a "get out of jail free" card when it comes to breaches of the electoral law, like it did after the 2005 election, when it promised before the election to count the pledge card in its electoral expenses, then after the election it wrote to the Electoral Commission and withdrew that promise, and despite the fact that the police, deciding there was a prima facie case against Labour, decided not to prosecute?

Hon Dr MICHAEL CULLEN: One might well ask, in response, why a State-owned organisation failed to demand the GST owed to it by the National Party, which

got out of jail by giving some money to a charity, and then attacked New Zealand First for attempting to give money to a charity in a similar situation.

Rt Hon Winston Peters: So that we can have some idea of what is reasonable and fair and equal in this business, has the Minister received any reports from the foreign-owned media in this country as to its raving and ranting about the National Party's actions by way of criticism, or has there been from the foreign-owned media, in the main, a deafening silence on the National Party's actions, which were, after all, a crime?

Madam SPEAKER: I do not think there is any ministerial—[*Interruption*] Order!

Rt Hon Winston Peters: Point of order.

Madam SPEAKER: Would the member be seated. I want to be clear. Your question asked for reports. Could you please repeat the question.

Rt Hon Winston Peters: Has the Minister received any reports on the acceptance of the mainly foreign-owned print media in this country in its view of the National Party's actions, which were, after all, a crime, despite the fact that it paid the money to charity—in short, one has a crime and a charitable payment and the other has a botch-up by Ministerial Services, and we are responsible; what is fair about that?

Madam SPEAKER: The Minister is not responsible for National Party actions.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. Three times in the last 3 minutes Bob Clarkson MP has referred to "you"—"your" this and "your" that. If I were associated with Blue Chip, I would not be saying too much about anybody, at this point in time. He has brought you into the debate three times.

Madam SPEAKER: If the member wants to make his interjections, would he please make them rarely, appropriately, and quietly.

Hon Peter Dunne: I raise a point of order, Madam Speaker. I am sitting very close to the member here, and I distinctly heard him ask, on two occasions, whether the Minister had received any reports about certain circumstances. Do I take it from your ruling that because those circumstances related to, in this instance, the National Party, it is not now in order to ask Ministers questions about whether they have received reports about bodies for whom they have no responsibility? That is the import of your decision.

Madam SPEAKER: Yes, that has always been the case. One can ask for reports, but they must be reports within the ministerial responsibility. Ministers are not responsible for actions of political parties.

Hon Bill English: Can the Minister confirm that the three parties that pushed through the Electoral Finance Act—Labour, New Zealand First, and the Greens—have each so far this year breached the authorisation provisions of the law; so how can it be fair that although Labour has got away with a slap on the hand with a wet bus ticket because it has the first case, New Zealand First and the Greens may well have to suffer referral to the police and prosecution?

Hon Dr MICHAEL CULLEN: The Electoral Commission is independent and makes its own decisions, and I am not going to make comments that predetermine what those decisions should be. I do note that the National Party distributed a DVD this year that has no authorisation on it.

Hon Dr Nick Smith: Produced last year.

Hon Dr MICHAEL CULLEN: So was this pamphlet produced last year, I tell Dr Smith; that is the point. Pots and kettles should get out of this place.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. Mr English made an allegation that we in New Zealand First had breached the Electoral Act but provided no substance or evidence for that; he just got up in the House and said it.

Hon Bill English: That is not a point of order.

Rt Hon Winston Peters: It is a point of order. If he is going to accuse a party of breaching some law, that is likely to lead to disorder when it is demonstrably, palpably untrue.

Hon Bill English: Yes, I think on one day this week I produced actual evidence of billboards that had been put up by New Zealand First in Tauranga, with no authorisation on them, at all.

Madam SPEAKER: These are matters of debate—these are matters of debate.

Hon Bill English: Can the Minister tell the House whether it was the Government's intention that under "the law of common sense", as articulated by the Minister of Justice, the Labour Party would be allowed to breach the law three times now this year and suffer no penalty, but everyone else would have to keep the law, and if they break it—even if it is New Zealand First and the Greens—the Electoral Commission will refer them to the police?

Hon Dr MICHAEL CULLEN: If the Electoral Commission refers the National Party to the police on the basis of this DVD, then I suspect that the answer would have to be yes—but it has not done so.

Rt Hon Winston Peters: Is it a fact that because of legislation passed post the 2005 election, there is no money to be paid back to the taxpayer that, if that were the case, would not attract gift duty, which is the reason why some parties have decided to send the money to charity—is that not in fact the legal position, as set out by Tony Molloy QC—

Hon Dr Nick Smith: Yeah, right!

Rt Hon Winston Peters: —not a dumbo like that fellow over there, who is complaining about his defamation costs, and whingeing and whining because he cannot face one case? I have faced nine, and have no trouble with it.

Madam SPEAKER: No, the member has asked his question but his question contained the seeking of a legal opinion. The Minister is not responsible for legal opinions, but if he wants to make any other contributions he is free to do so.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. If a Minister has ushered a piece of legislation through this House, and I have asked a question as to its effect, surely I am not asking for a strictly legal opinion; I am asking what the legislation was intended to achieve. I am asking whether its effect, when passed, is that such a payment is likely to attract gift duty, given that there is no place in our legislation, constitutionally, for that money to be paid to. It is that simple. That is what the legislation, in terms of the opinion of Tony Molloy QC, is in fact achieving. So if the media do not understand that, and if this House is not able to understand that, then, frankly, we are limiting the reason why we have the passage of a bill—so that there is some general understanding by the members of the House and the public as to its effect.

Madam SPEAKER: By the way the question was framed, I think it was framed as though a legal opinion was required on a specific set of facts. That is why I have ruled accordingly.

Wind Farm Application—Unison Networks

3. TE URUROA FLAVELL (Māori Party—Waiariki) on behalf of **Dr PITA SHARPLES (Co-Leader—Māori Party)** to the **Minister for the Environment**: What are the "national significance" factors that prompted him to call in the application filed by Unison Networks Limited to establish a wind farm near the Te Waka Range in Hawke's Bay?

Hon Dr MICHAEL CULLEN (Deputy Prime Minister) on behalf of the **Minister for the Environment**: The criteria on which I made the decision are listed under section 141B(2) of the Resource Management Act 1991, which includes consideration

that the proposal could assist with New Zealand meeting its obligations under the Kyoto Protocol by reducing carbon dioxide emissions overall on a national scale.

Te Ururoa Flavell: What concerns has he received from Ngāti Hineuru and Ngāti Tū regarding the proposed wind farm of up to 44 turbines in the vicinity of the Te Waka Range?

Hon Dr MICHAEL CULLEN: Ngāti Hineuru and Ngāti Tū will be able to make submissions to the Environment Court, because the matter is being referred to the Environment Court. The member will be aware that a previous application was rejected by the Environment Court, and that is another reason why it is sensible not to go through the Hastings District Council again. The council approved it and sought to have the matter called in and referred on.

Russell Fairbrother: Has the Minister seen any comments on approaches to reducing emissions on a national scale?

Hon Dr MICHAEL CULLEN: Yes, indeed I have. Just within the last few days I have seen reports that National's transport spokesperson—

Hon Dr Nick Smith: I raise a point of order, Madam Speaker. The question that has been asked is well outside the primary question. The primary question was specifically about a wind farm and the resource consent process. The question from Mr Fairbrother is a very generic question about emissions that should probably be directed at the Minister responsible for Climate Change Issues, and it is certainly well outside the primary question.

Hon Dr MICHAEL CULLEN: Supplementary questions may arise out of the answer given by Ministers, and I refer to the phrase in my answer "reducing carbon dioxide emissions overall on a national scale."

Madam SPEAKER: Yes, I think that that is correct, given the nature of the answer. I also take Dr Smith's point, however, as the question was phrased. But the Minister is free to give the answer and supplementary questions may come as a result of that.

Hon Dr MICHAEL CULLEN: Yes, I have seen reports and comments that imply, first of all, that global warming is not occurring—indeed, global cooling is occurring, according to Dr Lockwood Smith—

Hon Dr Nick Smith: Not true.

Hon Dr MICHAEL CULLEN: We know that it is not true, but Dr Lockwood Smith does not know that. I have also seen reports that Mr Maurice Williamson refused to comment on climate change; he wanted to stay a member of the National Party.

Te Ururoa Flavell: Is the Minister aware that Unison Networks has already gone through the process of appealing the decision of the Environment Court to the High Court and now to the Court of Appeal on an almost identical application, thereby exhausting local opponents to the scheme; and what leverage does he have as Minister to ensure that the Resource Management Act process is protected from abuse?

Hon Dr MICHAEL CULLEN: Unison Networks is perfectly able to submit a new application and to have that application considered. Calling in an application and referring it directly to the Environment Court, of course, actually reduces costs for those who wish to oppose the project, whereas if the matter had gone to the Hastings District Council and hearings had been there, had perhaps been approved there, and had then gone on to the Environment Court, there would have been two stages at that point, which would have involved both Ngāti Hineuru and Ngāti Tū in terms of additional cost.

Taxation—Penalties

4. Dr the Hon LOCKWOOD SMITH (National—Rodney) to the **Minister of Revenue**: Does he stand by his statement that "The idea behind the changes is to have

tax penalties that reflect the seriousness of the offence, since people comply with the law more willingly when they see it as reasonable"; if not, why not?

Hon PETER DUNNE (Minister of Revenue): Yes.

Dr the Hon Lockwood Smith: Is it correct that section 141A(4) of the Tax Administration Act, which his department administers, states: "Subsection (3) and section 141B(1B) do not exclude a taxpayer who makes a mistake in the calculation or recording of numbers in a return from being liable for a penalty for not taking reasonable care.", and does that subsection not essentially mean that mistakes in recording numbers do not excuse people from penalties for not taking reasonable care?

Hon PETER DUNNE: The Income Tax Act and the Tax Administration Act relate to tax returns and the figures that apply in respect of those returns. In that narrow regard, the member is absolutely correct in the point he makes.

Dr the Hon Lockwood Smith: Is it correct that the penalties an ordinary taxpayer could face for not taking reasonable care include a 20 percent penalty for any shortfall, and, potentially, use-of-money interest at 14.24 percent, calculated daily; and does he believe that the Inland Revenue Department took reasonable care in calculating tax revenues for inclusion in the January 2008 Government accounts?

Hon PETER DUNNE: As I said in my previous answer, the provisions of the Income Tax Act and the Tax Administration Act relate to tax returns by taxpayers. The issues that the member is referring to relate to the calculation of figures by the Inland Revenue Department. They are not a tax return. I know that the member was trying to set me up, and I played along with his question. But the point is simply this: the report has been completed and tabled, the recommendations have been made, and they will be implemented.

Dr the Hon Lockwood Smith: Is it correct that the recent report *Investigation of an Error in Tax Revenue Numbers* shows that the Inland Revenue Department did not follow agreed procedure, had not adequately documented that procedure, and had made the same mistake again and again over a period of 7 months, and also shows that the $592 million error was discovered by somebody other than the Inland Revenue Department; and does he agree that had an ordinary taxpayer made those same errors, the Minister's department would have treated him or her very differently from the way that it has treated itself?

Hon PETER DUNNE: Can I say again, in response to the member, that he is linking two things that are not related. I doubt that any taxpayer who had a tax bill of $600 million would in any way be described as ordinary.

Dr the Hon Lockwood Smith: Is it correct that full-time equivalent staff numbers at the Inland Revenue Department have increased by over 25 percent since 2002, with departmental funding increasing by 56 percent over that same time period—to just under $600 million a year—and that the department's latest annual report shows that staff turnover is consistently below the Public Service average; does not this suggest that the recent errors show a lack of prioritisation and attention, rather than a lack of resources?

Hon PETER DUNNE: What the recent errors show is that a very specialised unit of around half a dozen staff had a higher than normal rate of staff turnover. We do need to put better procedures in place, and that point is acknowledged. The report drew attention to that, and it will happen. I do not expect those types of situations to recur in the future.

Dr the Hon Lockwood Smith: Can he understand why the public could be angered by his department's low-key response to its own major errors, when a taxpayer who had been released from 6 months' imprisonment for only 3 weeks was told by one of the Minister's departmental officials, in a telephone message about outstanding tax returns

that was left on the cellphone of the taxpayer’s 18-year-old daughter: “I’m sure you don’t want to go back where you came from, so if you would give me a call …”, etc.; is that the standard for the way that his department now treats the public, and is it consistent with the way that it treats itself?

Hon PETER DUNNE: I think there were five questions in that supplementary question. Let me make this point: I am not privy to an individual’s tax affairs, but the type of conduct that the member referred to is unacceptable, and if he is prepared to share those details privately with me, I will undertake to follow it up. I do understand also the point that there may be a level of public amusement at what has happened. The fact of the matter is that the $600 million sum was identified, the procedures by which that error occurred have been identified, and they are in the process of being corrected. The final point I would make is that no loss was suffered as a consequence of that error. It is not in any way like the situation where taxpayers fail to meet their responsibilities.

Rt Hon Winston Peters: On the issue of public servants’ accountability and responsibility, how does such an action compare with that of another public servant who told the young people of this country that he would get rid of student fees totally, then brought in student loans and called it keeping his promise?

Hon PETER DUNNE: I think that is something Dr Smith should answer, not me. But I do make this point: in this instance, when it first became clear to us that there were some unusual factors relating to these figures, an inquiry was undertaken internally and the mistake was identified, and an independent inquiry has now been held. The consequences of that inquiry will be implemented. There will be a further independent inquiry in 6 months’ time, to make sure all is working well.

Superannuation Fund—Value and Current Investment

5. R DOUG WOOLERTON (NZ First) to the **Minister of Finance**: What is the current value of the New Zealand Superannuation Fund, and how much of the fund is currently invested in New Zealand?

Hon Dr MICHAEL CULLEN (Minister of Finance): As at 29 February 2008 the New Zealand Superannuation Fund’s total assets were NZ$13.5 billion; 26.2 percent of total assets are invested in a range of asset classes in New Zealand.

R Doug Woolerton: In light of the Minister’s statement yesterday to the House that the very substantial inflow of foreign money into the economy—around $90 billion in the last 5 years—reflects the “high level of dependence by New Zealand offshore borrowing for its investment purposes”, has the Minister considered increasing the funds invested in the New Zealand economy to reduce our dependence on foreign money?

Hon Dr MICHAEL CULLEN: The fund operates at double arm’s length from the Government. The Minister of Finance is not in a position to start directing the New Zealand Superannuation Fund about where it invests its money. Both the board of the fund and the fund’s appointment of fund managers are designed to ensure that people who are experts in superannuation fund management are operating the fund.

Hon Bill English: Can the Minister confirm that his actions of making a last-minute arbitrary intervention in the bid for Auckland airport had the effect of creating uncertainty for all investors, but particularly for Kiwi mums and dads who thought they were buying a blue-chip stock of good value, only to find the Minister of Finance trashing its value?

Hon Dr MICHAEL CULLEN: The term “blue-chip” is particularly unfortunate at the present time, and I am sure Mr Clarkson feels most embarrassed by the use of that particular piece of terminology. The member is pre-empting whatever the ministerial decision may be around Auckland airport.

Hon Mark Gosche: Has the Minister seen any reports that the Government should consider privatising State-owned enterprises so that there are more companies to invest in on the New Zealand Exchange?

Hon Dr MICHAEL CULLEN: Last week there was a very strange comment from Mr English about safe investments for people to invest in in New Zealand. It seemed to be mentioned in the context of State-owned enterprises and generating privatisation of that. This may explain the rather strange series of meetings that his sleeping partner on the front bench has been having with merchant banks recently.

R Doug Woolerton: Would the Minister agree that if a good part of the interest extracted from foreign investments—around $65 billion in the last 5 years—is not shipped overseas but instead reinvested in the New Zealand economy, as he stated yesterday, then foreign ownership of the economy would only grow as profits increase, and would he agree that increasing the superannuation fund's investment in New Zealand would help ensure that less of the economy will be lost to foreign investors?

Hon Dr MICHAEL CULLEN: There is a lot of chicken and egg stuff in here. In order to deepen New Zealand's capital markets, one needs both more savings in New Zealand and a range of others things to be occurring. Of course, one of the things that is true about the New Zealand market is that a very large number of countries do not list on the stock exchange, so the amount of equity value that is available for investment in New Zealand is relatively small, and to a large extent superannuation funds do not tend to invest directly into businesses. That is one of the more surprising aspects of the Canadian pension fund bid.

Hon Tariana Turia: Is the Minister aware that the Guardians of New Zealand Superannuation announced last October that they would divest the $37.6 million they had invested in tobacco stocks from the fund because it was inconsistent with their responsible investment standards, and would he not consider that this provided a precedent for the Government to remind the New Zealand Superannuation Fund about the value of ethical investments?

Hon Dr MICHAEL CULLEN: It is fair to say that there is ongoing conversation about the value of ethical investments. The New Zealand Superannuation Fund has appointed a full-time adviser on ethical investments and is continuing to review all its investments in light of that issue.

R Doug Woolerton: Would the Minister consider encouraging or instructing the New Zealand Superannuation Fund to more actively protect, or outright purchase, strategic assets such as Auckland airport, thereby ensuring that the asset remains in New Zealand ownership and control rather than allowing foreigners to take another slice of the New Zealand economic pie?

Hon Dr MICHAEL CULLEN: The governing legislation for the Superannuation Fund places a limit on the amount the fund can own of any particular business. That, of course, is because once the fund goes beyond that limit it starts to have to become an active part of the governance structures of those individual businesses. It is probably better that the New Zealand Superannuation Fund is not stretched in that way but is able to concentrate on a very broad spread of investments.

Election Advertising—Electoral Commissioners

6. Hon BILL ENGLISH (Deputy Leader—National) to the **Minister of Justice**: Does she stand by her statement, in relation to whether particular material constitutes election advertising, that "It is the Electoral Commissioners' view that counts."?

Hon Dr MICHAEL CULLEN (Deputy Prime Minister) on behalf of the **Minister of Justice**: It is clear that the Electoral Commission has a central role in determining what is election advertising.

Hon Bill English: Is it the Government's policy that political parties should be able to spend taxpayers' money on election advertisements in election year?

Hon Dr MICHAEL CULLEN: Two different forms of legislation govern this matter. The Parliamentary Service Act governs what members of Parliament can spend money on. The Electoral Commission determines what is election advertising. Matters that are properly authorised as being for parliamentary purposes do not count as election advertising for the returns of expenses.

Hon Bill English: Can the Minister confirm that the Electoral Commission has ruled that the Labour Party's *We're Making a Difference to Everyone* booklet was paid for out of parliamentary funding and that it constitutes an election advertisement, thereby making it quite clear that taxpayers' money has been used for Labour's election-year advertising?

Hon Dr MICHAEL CULLEN: As with this DVD, the booklet was prepared last year. It covers and contains simple statements of fact about what the Government has done. I note that a very large number of communications from National MPs to constituents about a range of matters of National Party policy are properly paid for out of Parliamentary Service funding.

Hon Bill English: Is it the Government's policy that spending on election advertising in an election year should be subject to a cap; if so, can the Minister give any reason why the cost of Labour's booklet, funded by taxpayers' money, should not be declared in Labour's return of election expenses and therefore count towards its election expenses cap?

Hon Dr MICHAEL CULLEN: I wish the member would keep holding up high *We're Making a Difference to Everyone*. If he holds it right up, the camera will get a very clear view of it. That is probably why, yet again, Mr Key is chewing his fingernails in the Chamber at the present time. The Electoral Finance Act provides a very broad definition of what electoral advertising is considered to be. Parliamentary purposes, as the member himself pointed out in the debate many times, cover a wide range of activities by members of Parliament. Members of Parliament do not suddenly become non-politicians because it is an election year.

Rt Hon Winston Peters: Has the Minister received, in all of this comparative debate about the parliamentary spending of taxpayers' money, any reports as to the amounts of money the parties are spending, and which party spends the most?

Hon Dr MICHAEL CULLEN: It is well known that the National Party receives the lion's share of Parliamentary Service funding. What National members have never told us, because they spent the lot in 2005, is what they spent it on. We know that in 2002 they paid for advertising in newspapers out of Parliamentary Service funding under Mr English. They have never told us what they spent the money on in 2005. It remains a secret, which they keep hidden.

Hon Bill English: Can the Minister confirm that it is Government policy that Government departments and other instruments of the Crown cannot permit public money under their supervision to be spent on election advertisements; if so, how can the Parliamentary Service permit the Labour Party to publish this election advertisement, which I am holding up, out of parliamentary funding, now that we know that it is an election advertisement?

Hon Dr MICHAEL CULLEN: The Parliamentary Service is not a Government department. It is a statutory commission, and all parties are represented on it.

Hon Bill English: Can the Minister confirm that if Labour's use of taxpayers' money for this election advertisement, which I am holding up, does not count against the election spending cap, that makes a mockery of the Electoral Finance Act because it means that alongside the election expenses that are tightly monitored there is now a

large slush fund of millions of dollars that political parties can spend in an election year on things like Labour’s booklets, just like its pledge card from the last election?

Hon Dr MICHAEL CULLEN: Since the National Party gets roughly twice as much money as the Labour Party out of the Parliamentary Service, I do hope it will spend it on Labour booklets, as he just promised.

Rt Hon Winston Peters: I raise a point of order, Madam Speaker. You made a ruling that members could put the name of the party they belong to on their parliamentary boxes. But I do not think it should extend to advertising in the way that the Māori Party members are doing. Their parliamentary boxes have on them “The Māori Party is 2 meke”, which means that they are too much. They cannot do that any more than the National members can have a sign saying they are too inexperienced, or the ACT members can say they are too absent from the House. I think it is inappropriate, because it abuses the ruling—

Hon Bill English: New Zealand First is on 2 percent.

Rt Hon Winston Peters: It might be now, but I can tell the House that the National members will be climbing over glass to get to us after the election. That is the experience of New Zealand First.

Madam SPEAKER: As the member knows, that is not a point of order. However, it is a matter he may raise with me outside the House.

Medicines, Dietary Supplements, and Natural Remedies—Adverse Reactions

7. SUE KEDGLEY (Green) to the **Minister of Health**: How many adverse reactions to medicines were reported last year in primary and hospital health care, and how many to dietary supplements and natural remedies?

Hon DAVID CUNLIFFE (Minister of Health): It is not possible to accurately compare the two areas as, unlike the situation with medicines, there is no formal reporting mechanism for adverse reactions to natural remedies and dietary supplements. These are captured only incidentally through the medicines formal reporting system.

Sue Kedgley: Given the comparatively low risk of natural health care, is he concerned that Medsafe has hired a team of auditors to target manufacturers of natural health products who opposed the Therapeutic Products and Medicines Bill last year, threatening them with prosecution for saying, for example, that lavender oil may help heal burns; and given the recent public admission by the head of Medsafe, that the purpose of the crackdown is not safety but rather to demonstrate the need for new legislation, does the Minister not agree that this looks like a retaliatory strike, or utu?

Hon DAVID CUNLIFFE: I completely reject the last characterisation, but I would say that although Medsafe is a statutory regulatory agency, I would expect it to discharge its responsibilities in a way that is proportionate, appropriate, and well understood.

Lesley Soper: What approach does the Minister expect Medsafe to follow when looking at complementary medicines?

Hon DAVID CUNLIFFE: I would expect Medsafe to adopt a proportionate approach whereby low-risk medicines, such as the majority of complementary medicines, have a lower level of compliance costs than medicines with a greater potential to cause harm. I have made this clear to Medsafe, and I look forward to a further briefing on these matters. In addition, I have invited Medsafe to report back to me on its fees framework, and the level of fees charged to different types of manufacturers. I am advised, however, that the majority of complementary medical producers believe that appropriate regulation is a good thing, and that it is in their interests.

Sue Kedgley: Can the Minister explain why the manufacturer of these herbal teas—which have been used safely for centuries—has received letters from Medsafe saying it is a breach of the Medicines Act to use the words "digestive ease tea for soothing and settling the stomach" on a label, when this wording has been previously approved by Medsafe; and has there been a change of Government policy so that it is now a crime to say that a particular tea can soothe the stomach?

Hon DAVID CUNLIFFE: No and no.

Sue Kedgley: Is he aware that Medsafe is also targeting natural health practitioners and telling them that it is illegal for them to imply that any product they recommend to a client has a therapeutic purpose; and does he agree that if a natural health practitioner cannot recommend a particular remedy, then he or she will not be able to practice; and is this the Government's intention to wipe out natural health practitioners in New Zealand?

Hon DAVID CUNLIFFE: I am sure that all members of the House share an interest in building genuine understanding of these complex issues in the interests of well-being and safety, and not to fuel misunderstanding of the issues. I repeat that although Medsafe is a statutory regulatory agency, I would expect it to discharge those responsibilities in a way that is proportionate, appropriate, and well understood.

Sue Kedgley: I thank the Minister for his answer, and ask whether he can also reassure the industry that instead of allowing Medsafe to continue on with its witch-hunt of the natural health industry, he will commit to sitting down with the industry and coming up with a sensible New Zealand - based system of regulation, such as the industry and, indeed, most politicians in this House have been calling for, for many years?

Hon DAVID CUNLIFFE: Again, although I reject the contention of a witch-hunt, I can confirm that I am considering a range of options to engage more directly with the industry. It is important to build a greater level of mutual understanding of this situation.

Rt Hon Winston Peters: Does the Minister think it is ridiculous and totally false of Medsafe to rule out, for example, a claim such as that eating oranges will avert the onset of scurvy, which everyone has known to be the case for centuries, yet it will not allow even that to be said?

Hon DAVID CUNLIFFE: I expect Medsafe to act in a way that is proportionate, appropriate, and well understood.

Sue Kedgley: I seek leave to table some of the letters that Medsafe has been sending to dozens of practitioners and manufacturers around the country.

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

Housing Affordability—Hobsonville Development

8. PHIL HEATLEY (National—Whangarei) to the **Minister of Housing**: How does she reconcile the definition of "affordable housing" in the Affordable Housing: Enabling Territorial Authorities Bill as being "affordable to low and moderate income earners", with the Hobsonville development's 500 "affordable homes" that Housing New Zealand Corporation says will "cost approximately $350,000 and be targeted at households earning about $70,000 per year"?

Hon MARYAN STREET (Minister of Housing): By recognising that there is a range of ways of helping a range of people into affordable homes.

Phil Heatley: How does the Minister expect builders to build affordable houses under her affordable housing bill, when her own flagship Hobsonville scheme cannot do

it, even with the economies of scale that it has, without it being propped up by even more Government schemes?

Hon MARYAN STREET: Affordability can be created by a Government that chooses to intervene actively to assist first-home buyers—not by an Opposition whose only solution is, possibly, to propose its self-appointed housing expert, Bob Clarkson, as the gap filler.

Dr Ashraf Choudhary: Has the Minister seen any reports concerning affordable homes in Hobsonville that she finds difficult to reconcile?

Hon MARYAN STREET: Yes; I have seen two reports that describe affordable housing in Hobsonville variously as economic vandalism that should be scrapped and as something to be welcomed. These reports both come from John Key, and I do have trouble reconciling them.

Phil Heatley: Is the Minister going to prop up every single other affordable house in the country that she expects private builders to provide, if she is going to prop up her affordable houses at Hobsonville with compounding shared-equity schemes?

Hon MARYAN STREET: There are ways and ways of addressing housing affordability. One of them is to take initiatives like this—engaging with other providers of housing to assist, in partnership, to provide affordable houses.

Phil Heatley: Are the Auckland councils, Local Government New Zealand, and the Christchurch, Wellington, and Nelson councils all saying her affordable housing bill will "push up rates" and is "pushing Government responsibilities on to councils" because they resent her Government's 8-year record of falling homeownership, compounding red tape, low after-tax income, and skyrocketing mortgage rates?

Hon MARYAN STREET: If the member got out more, he would discover that a number of territorial authorities actually approve of the intention of the bill, and have said so publicly.

Phil Heatley: Do builders who say that the Minister's solution to the need to boost cheap houses is unworkable and will "push up the prices of other houses" say that because they resent her Government's 8-year record of doing nothing about falling homeownership, doing nothing about compounding red tape or low after-tax incomes, and doing nothing about rising interest rates?

Hon MARYAN STREET: There are ways and ways of addressing housing affordability, and I invite the member to watch this space.

Phil Heatley: Why did the Labour Government not do something years ago about falling homeownership, compounding red tape, low after-tax incomes, and rising interest rates, so that it would not have to roll out these roundly criticised fringe schemes in election year?

Hon MARYAN STREET: The Government is proceeding on a comprehensive suite of options to address this issue. I am really sorry that the member continues to fail to get it.

Hon Ruth Dyson: Are the Auckland, Wellington, and Christchurch local authorities that the member Phil Heatley referred to in his previous supplementary question the Auckland City Council, which required central government to buy out its previously publicly owned houses to ensure the security of tenure of the mainly pensioner tenants; the Wellington City Council, which has had a $200 million partnership with central government; and the Christchurch City Council, which just put its rents up 24 percent, saying that that was all right because central government would pay the tenants more in accommodation supplements?

Hon MARYAN STREET: Those are the same local authorities, and I would add the Nelson council to the mix. I would say, beyond that, that my visits to each of those territorial authorities—and I invite the member to do the same kind of legwork—have

proven to me that they are very supportive of the intention of, and the mechanism in, the bill.

Phil Heatley: I seek leave to table a *New Zealand Herald* article that refers to the bill pushing responsibilities on to the councils.

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

Phil Heatley: I seek leave to table a *New Zealand Herald* article that refers to the bill pushing up rates.

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

Phil Heatley: I seek leave to table a document from the Property Council that refers to the housing bill pushing up the price of other houses.

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

Hon MARYAN STREET: I seek leave to table a press release from the Waitakere City Council welcoming the initiatives in the affordable housing bill.

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

Taxation—Charitable Donations

9. RUSSELL FAIRBROTHER (Labour) to the **Minister for the Community and Voluntary Sector**: How will the tax changes introduced on 1 April 2008 support the community and voluntary sector?

Hon RUTH DYSON (Minister for the Community and Voluntary Sector): Changes to tax rules on charitable donations will be a real boost to charities and other non-profit organisations. New Zealanders are already generous with their time, money, and in-kind donation. These changes support and encourage that generosity. Our community organisations provide valuable services and support in a wide range of areas. This is another way in which our Government is working in partnership with the community and voluntary sector to deliver the best possible outcomes for our individuals, families, and communities.

Russell Fairbrother: What else is the Government doing to support the community and voluntary sector?

Hon RUTH DYSON: The Labour-led Government is rolling out a new funding model for these community organisations, which provide essential services for vulnerable families, children, and young people. Under that new model we are investing $446 million additional funding over 4 years in community organisations. The new model will support early intervention, working together, and a clear focus on outcomes for families.

Paula Bennett: Can we now assume that the Government no longer holds the view that National’s policy on the tax treatment of charities is Tory charity, given the Government’s decision to adopt National’s policy that was first announced in February 2007, or is this just the cut and paste Government?

Hon RUTH DYSON: No, the member should not assume that, in the same way she should not have assumed that full funding was the same as the policy announced by John Key, which was to encourage community organisations to put in a bid in a competitive tendering round at a full-funding level, knowing full well they would never be granted that contract if they followed that process.

Culture and Heritage, Ministry—Confidence

10. Dr JONATHAN COLEMAN (National—Northcote) to the **Minister for Arts, Culture and Heritage**: Does she have confidence in the Ministry for Culture and Heritage?

Hon JUDITH TIZARD (Acting Minister for Arts, Culture and Heritage): Yes.

Dr Jonathan Coleman: Does she agree with Dr Cullen, who told a broadcasting conference last week that Trevor Mallard needs to look at accountability issues with regard to Television New Zealand (TVNZ), because as Dr Cullen said: "They receive funding for their charter programmes, but at the moment it's not clear where the money goes."?

Hon JUDITH TIZARD: Yes.

Dr Jonathan Coleman: How can that answer mean anything other than that the Minister has been failing to do her job, given that accounting for TVNZ charter money is a specific responsibility of her ministry; and is not the confusion and mess around the spending of charter money the result of her not doing her job properly?

Hon JUDITH TIZARD: The Ministry for Culture and Heritage answers to five Ministers, and the confusion is in that member's mind. What Dr Cullen clearly said was that Trevor Mallard as Minister of Broadcasting is responsible for portfolio matters relating to broadcasting, including the monitoring of the charter. There is deep confusion—a bit like Dr Brash not knowing about the Exclusive Brethren spending on his advertising.

Darien Fenton: Has the Minister seen any reports on the great work that the Ministry for Culture and Heritage is doing?

Hon JUDITH TIZARD: Yes. This is a wonderful ministry, which does an enormous amount of work. It was recently reviewed by the Government Administration Committee, which had no matters to bring to the House's attention. In addition to that, the ministry monitors and supports over 19 agencies, and does work on a wide range of sports, cultural, heritage, and other issues, including digital and book-form publishing. It is a wonderful ministry that is doing a lot of good work.

Dr Jonathan Coleman: How can her answer to the first supplementary question mean anything other than that she is failing to do her job, because she cannot agree with Dr Cullen that the funding is not being monitored, then turn round and say that her ministry does monitor the funding; and is Labour not hopelessly confused on the issue of charter funding and broadcasting in general?

Hon JUDITH TIZARD: No. What Dr Cullen actually said was: "Broadcasting Minister Trevor Mallard needed to look at accountability issues with TVNZ." What we do in this Government is look after our own portfolios.

Dr Jonathan Coleman: Would the Minister say whether TVNZ is wrong when it says Dr Cullen is "confused" and his comments are "interesting, given that TVNZ has commercial dividend obligations to the Government"; if TVNZ is actually wrong, what does that say about the confused relationship between this Minister, TVNZ, the TVNZ shareholding Minister, and the Minister of Broadcasting?

Hon JUDITH TIZARD: I would say that TVNZ spokeswoman Megan Richards was wrong when she said Dr Cullen was confused. What he was talking about was charter funding; what she was talking about was Te Māngai Pāho funding. I think she is deeply confused, and TVNZ should, indeed, in my view—and, I believe, in Dr Cullen's view—be doing more about Māori broadcasting other than through Te Māngai Pāho funding, using its charter funding.

Dr Jonathan Coleman: Would the Minister explain to the House just exactly what the difference is in the television content on our screens after the charter compared with

that before the charter; and how will it be different again after the so-called revised, redrafted charter, which is currently being worked on, is adopted?

Madam SPEAKER: I am searching for the ministerial responsibility, but we can have a general answer, perhaps.

Hon Dr Nick Smith: I raise a point of order, Madam Speaker. I ask you to apply some consistency. Earlier in the questions in the House you allowed questions of the Minister of Revenue about student policy of over a decade ago, you allowed questions from a Government member to another Minister in respect of issues that were well outside his ministerial responsibility, in respect of an energy question that was actually about a different area, and now when it comes to a question from a National member there is a different set of rules. I simply ask for some consistency.

Madam SPEAKER: No, I am sorry Dr Smith. As I said, this is a difficult area, because there are several ministerial responsibilities. I have allowed all the supplementary questions so far, though they have strayed over the boundaries, because I think it is important that answers are given. But the last supplementary question was specific to TVNZ and broadcasting. I also said that the Minister could give a general answer, but she is not responsible for that particular area.

Dr Jonathan Coleman: I raise a point of order, Madam Speaker. The Minister for Arts, Culture and Heritage is responsible for monitoring charter funding. That is what this whole question is about, and all those supplementary questions have been relevant and directed to that Minister.

Madam SPEAKER: I have given my ruling, Dr Coleman.

Hon JUDITH TIZARD: I think these questions indicate the extraordinary lack of experience that that member of Parliament has about how the Government operates. He does not understand, for example, that the Ministry of Economic Development does consumer affairs, commerce, tourism, and telecommunications, and it does not answer to one Minister for all of those areas, just as the Ministry for Culture and Heritage answers to the Minister for Arts, Culture and Heritage, to the two Associate Ministers for Arts, Culture and Heritage, to the Minister for Sport and Recreation, and to the Minister of Broadcasting. Responding to ministerial portfolios is a very normal Government operation.

Dr Jonathan Coleman: I raise a point of order, Madam Speaker. What this question actually illustrates is the Minister’s complete confusion about her responsibilities, and it is reflected completely in the confused broadcasting policy that the Government has.

Madam SPEAKER: Well, that may be the member’s view, but the ministerial responsibilities are set down in a sheet, as I understand it, for members to refer to.

Pacific Island Communities—Government Policies

11. SU’A WILLIAM SIO (Labour) to the **Minister of Pacific Island Affairs**: Has she received any reports on how Pacific Island people in New Zealand are benefiting from the policies taking effect from 1 April 2008?

Hon LUAMANUVAO WINNIE LABAN (Minister of Pacific Island Affairs): I have seen reports that show a number of significant initiatives that have come into force just this week are delivering for our Pacific Island communities. The date 1 April marked the commencement of employer contributions to KiwiSaver, and the tax credits for employers that go with them. We are supporting our Pacific Island people to develop a culture of savings and a plan for the future. Pacific Island workers are also benefiting from the ninth increase in 8 years to the minimum wage, and the company tax rate has been cut for the first time since Labour was last in office. Those developments, combined with the research and development tax credits, which also came into force on

1 April, allow businesses, including Pacific Island businesses, to invest more in their workers and in their long-term success. All these policies were opposed by National.

Su'a William Sio: What other reports has she received on the effectiveness for Pacific Island people of Government policy?

Hon LUAMANUVAO WINNIE LABAN: I have received the latest Ministry of Pacific Island Affairs report on the effectiveness for Pacific Island people of Government policy. It shows that as a result of initiatives, including the Work and Income Pacific Wave strategy, there has been a 47 percent decrease in the number of Pacific Island people receiving unemployment-related benefits in Auckland in the year to June 2007. The report—and this is really good news—also shows growth in Pacific Island tertiary level achievement, with the number of qualifications completed at Bachelor of Arts and postgraduate qualification levels between 2001 and 2005 increasing by 27 percent. The number of Pacific Island employees participating in industry training also increased, by over 11 percent, to June 2007. These people now have a more secure future, because of improvement in skills and training—[*Interruption*] Come on, get off the deficit thinking, you lot!

Social Development, Ministry—Commercial Contracts

12. JUDITH COLLINS (National—Clevedon) to the **Minister for Social Development and Employment**: Is she satisfied that all commercial contracts awarded by the Ministry of Social Development provide good value for money?

Hon RUTH DYSON (Minister for Social Development and Employment): Yes, I am satisfied that the Ministry of Social Development has policies in place for awarding contracts that are consistent with the Government's rule and best-practice guidelines. This includes meeting the Government and public expectation of accountability, transparency, and value for money.

Judith Collins: Why does the Ministry of Social Development still outsource so much communications, public relations, and media management work, when it has more than doubled its in-house communications, public relations, and media staff from 23 in 2001 to, now, a whopping 54?

Hon RUTH DYSON: It seems to me that there are two parts to that question. The first is on the numbers of staff, and the second is on the outsourcing. In relation to the first part, it has been a very clear focus of our Government to ensure that people are aware of their entitlements, and a large part of that is involved with communication of those entitlements. In regard to the outsourcing, I do not have any difficulty with that work being outsourced, where there are short or fixed-term contracts required in specialist areas or in other areas of expertise that are not core functions of the ministry. That is unlike the Government in 1999, which spent $50,000 outsourcing a contractor to write the briefing to the incoming Minister. That, I would have thought, was core departmental business.

Sue Moroney: What are the principles for contracting social services, as set out in the guidelines for social services contracting?

Hon RUTH DYSON: The guidelines that are set out are to ensure that there is a limit on the amount where our open tender process is not required. There are exemptions, including the procurement of public health education and welfare services, and, as I said in answer to the primary question, the Government and public expectation of accountability, transparency, and value for money must be ensured.

Judith Collins: Why is the Ministry of Social Development still spending so much on consultants for communications, public relations, and media, when it spent $4 million on its own in-house spin doctors last year, just 6 years after Helen Clark said: "One is tempted to suggest that if some spent as much on core analysis as they do on

public relations, the public interest might be better served.”; is Helen Clark not right, in that case?

Hon RUTH DYSON: I am satisfied that a large amount of time, expertise, and funding ensures that the majority of New Zealanders are now aware of the entitlements they are able to receive, and the support they can receive, from a social security agency.

Judith Collins: How can the Minister be sure that taxpayers are getting value for money with these contracts, when the Ministry of Social Development paid, for example, $99,226 to one consultant for a mere 6 months’ worth of communications advice, especially when there is no competitive process for awarding these contracts?

Hon RUTH DYSON: In the same way that the Audit Office is satisfied with the level of accountability. Given that that member is a member of the select committee where the financial reviews and estimates are considered, I would have thought she could have relied on the Audit Office process, as well.

Judith Collins: How can the Minister be sure that taxpayers are getting value for money when another consultant received almost $50,000 for 3 months’ worth of communications advice, and yet another received $50,000 for something called “strategic communications advice”—why is her ministry spending so much taxpayer money on spinning the Government’s message?

Hon RUTH DYSON: This is not about spinning a message, although if the member would like to ensure that the majority of New Zealanders—the 510,000 people, for example, who are getting an increase in their superannuation—are aware of the fact, I am enthusiastic about that, as well. People on benefits know that this year, as on 1 April every year, their benefit was adjusted to reflect the cost of living price increase. We did not need that communication in the 1990s, because the level of superannuation did not increase and the level of benefits did not increase.

BIOSECURITY AMENDMENT BILL (NO 4)

HAZARDOUS SUBSTANCES AND NEW ORGANISMS AMENDMENT BILL (NO 2)

Third Readings

Hon DAVID CUNLIFFE (Minister of Health) on behalf of the **Minister for Biosecurity**: I move, *That the Biosecurity Amendment Bill (No 4) and the Hazardous Substances and New Organisms Amendment Bill (No 2) be now read a third time*. The Biosecurity and Hazardous Substances and New Organisms Legislation Amendment Bill was introduced in response to a December 2007 Court of Appeal judgment concerning an import health standard under the Biosecurity Act that had been issued by the Ministry of Agriculture and Forestry. The court’s judgment was confined to the particular import health standard before it, which was for Australian honey, but the court’s reasoning applied very broadly to most kinds of imported goods. In short, the court stated that all new organisms that might be imported incidentally with imported goods require approval under the Hazardous Substances and New Organisms Act. That created an unworkable legal framework for the management of biosecurity risks at the border. The court’s judgment resulted in legal vulnerability for most, if not all, existing health standards and it made it necessary to suspend issuing any new import health standards or amending any existing ones. This was clearly an untenable state of affairs and made it necessary to respond rapidly with amending legislation. I am pleased that most of the parties represented in this House and those on the Primary Production Committee, which considered the bill, have recognised the need for prompt legislative amendment and support this legislation.

The key change the legislation makes is to confirm that the Biosecurity Act, rather than the Hazardous Substances and New Organisms Act, is the correct statute for making decisions on incidentally imported new organisms. This is the way we understand Parliament intended the two Acts would operate, and this is how we had been operating until the Court of Appeal decision. It is also the way that officials from the relevant agencies agree that the Acts should work. Suggestions have been made from some quarters that this legislation is the result of some kind of turf war between agencies. I can assure members that the Ministry of Agriculture and Forestry, the Ministry for the Environment, and the Environmental Risk Management Authority have worked closely in developing the legislation, and are in full support of it.

Some concerns have also been expressed about the involvement of the Department of Conservation in the development of the legislation. Following the Committee stage of the legislation earlier this week, it should now be clear to all members that the department was closely consulted on the development of the legislation and on the key Cabinet paper. The Biosecurity Act and the Hazardous Substances and New Organisms Act were designed to work in partnership to protect New Zealand from the risks associated with the importation of organisms with risk goods, with the Hazardous Substances and New Organisms Act covering the deliberate importation of new organisms. The amendments will ensure that the Acts can work in partnership more effectively without compromising the level of protection needed for New Zealand.

The legislation was introduced into the House on 12 February this year. It was read for the first time on 19 February, and was referred to the Primary Production Committee for consideration. The committee heard 15 of a total of 53 submissions that were received on the legislation. On behalf of the Minister for Biosecurity I would like to again thank the members of the Primary Production Committee for their valuable work on the bill. They had to tackle an issue arising from the interface between two quite complex Acts in a very tight time frame. The committee worked hard to quickly gain an understanding of the problems created by the Court of Appeal judgment while reviewing the concerns raised by a number of submitters. The select committee did not agree with the proposals from some submitters that substantial amendments should be made to the importation provisions of the Biosecurity Act. This, I believe, was the correct approach to take with legislation that had been developed to do no more and no less than to resolve the problems created by the Court of Appeal judgment and that was being progressed quickly for that purpose.

However, the select committee did amend the legislation to provide for an independent review process that can be used in cases where significant concerns have arisen during consideration or consultation over an import health standard. The Ministry of Agriculture and Forestry develops its import health standards by following a process that includes peer review and consultation. The ministry engages with its various stakeholders in developing import health standards, and most import health standards are developed without substantial disagreements. On some occasions, however, the process for developing an import health standard becomes affected by a protracted dispute over some aspect of the ministry’s risk management decisions. I would like to see the new provision for independent review used as a means of moving forward in those few cases where the import health standard development process has become contentious.

The select committee also grappled with how best to deal with the import health standard for Australian honey. On the one hand, the National Beekeepers’ Association had obtained a court declaration that no honey containing *Paenibacillus alvei*, a micro-organism, could be imported without an approval under the Hazardous Substances and New Organisms Act. On the other hand, the Hazardous Substances and New Organisms

Act was not suited to assessing the risks from passenger new organisms, and the select committee had legal advice confirming that there are no constitutional reasons not to validate the import health standard for Australian honey. I understand that a number of members considered it was essential that there should be no imports of Australian honey until an independent review is completed. The Supplementary Order Paper to make sure that the legislation has this effect has been tabled by the Minister for Biosecurity during the Committee stage and it has been agreed to by the Committee of the whole House.

I endorse the common-sense approach of ensuring that no imports of Australian honey should be permitted until the review is completed. Notwithstanding this, it is important that the review is completed in a timely manner and that it focuses on only the key issues that have previously been disputed by the National Beekeepers' Association. The process for developing the import health standard for Australian honey goes back a period of some years and has already included extensive consultation and peer review. I would hope that the review can be completed within a period that is close to the 90-day period initially recommended by the select committee, so that final decisions can be made and all parties to the issue can then move on.

In closing, I thank the members of the Primary Production Committee again for their work on the legislation, and I commend the legislation to the House.

SHANE ARDERN (National—Taranaki-King Country): I thank the Minister David Cunliffe for his comments about the Primary Production Committee, and he was right. The select committee did go about its work in a studious fashion, within a very short time frame. I was one who spoke in the second reading debate on this legislation about the very short time the select committee was given, and at that point my view was that it was an unnecessarily tight time frame. But once we were made aware of the Crown Law Office opinion, which was that all the import health standards that were before officials from the Ministry of Agriculture and Forestry and Biosecurity New Zealand had to cease being developed further from the time of the Court of Appeal case, it became obvious to us fairly quickly that there was a need to move on as sensibly as possible.

This has been an interesting exercise in the sense that one of our country's smaller export industries has demonstrated overwhelmingly, I think, that if it raises its concerns strongly enough and with enough sensible scientific evidence to back up the issue, then Parliament will take notice, particularly once the industry has won a Court of Appeal case. This legislation came about simply because the Court of Appeal case highlighted the overlap that existed between the Biosecurity Act 1993 and the Hazardous Substances and New Organisms Act 1996. Therefore, the moves today are supported by the National Party because it was necessary to tidy that uncertainty up.

It has also been demonstrated that when a group of New Zealanders who believe in the democratic process come to Parliament to protest and find that their protest is not accepted or not believed, there is a final point of appeal in this land where they can take their case. I congratulate those within the National Beekeepers' Association on doing that. It demonstrates overwhelmingly that if we are determined enough we can still have success against what seems to be an insurmountable bureaucratic process, so I congratulate the association.

At the end of this process we now have an amended piece of legislation, or two Acts that have been amended, and we also have this independent review panel that the Minister spoke of. It is my sincere hope that this independent review panel will be allowed to carry out its work in the way that was intended by this Parliament. It should be independent, it should be able to attract the international or national—if that is the case—expertise that it can bring together, and at the end the scientific evidence that is brought to the argument, whichever way that may be, is compelling and is accepted.

The bee-keeper industry itself said right at the outset that all it ever wanted was to have the opportunity for the science around this import health standard to be tested. This Parliament is today granting it that right. I thank the Minister for his involvement, particularly in clearing up, through the Supplementary Order Paper that was introduced in the Committee stage, the overlap that existed in the process.

I also say that this will not be the last time these issues are debated in this Parliament. I may be in a minority, I am not sure, but I believe there are some unfinished amendments to the Biosecurity Act and potentially the Hazardous Substances and New Organisms Act. I think over time further development will take place in the way that we not only introduce import health standards but in the way that we administer those import health standards, and in the role of the director-general and the new structure of the Ministry of Agriculture and Forestry. We should bear in mind that the structure we have in our Ministry of Agriculture and Forestry at the moment, in regard to this stuff, is relatively new, after the ministry itself went through a major reform not that long ago. As that reform beds in and we are better able to see, in a more transparent way, where there may or may not be weaknesses in the Act, further legislative change will happen.

The debate that is still unresolved I guess to some extent—and it was highlighted in the case of the *Paenibacillus alvei* importation—is what we do when there is a known passenger organism coming in with a known import that is deliberately being imported. What do we do if the scientific evidence, or the process that we place that organism in or through, is not as robust or not seen to be as robust as that of a deliberate import? What do we do in those circumstances? I think to some extent the independent science-based panel hopefully will answer some of those questions.

Further, I think the argument about our trading partners internationally saying that we are placing legislative roadblocks in the way of further trade will be overcome substantially by the creation of this independent science body. Once the scientists have considered it—and they must be transparent in the way they do that—and their work is peer reviewed internationally and domestically, then I think those who would put up a case at World Trade Organization meetings, or other such, on a sanitary or phytosanitary argument will have their arguments substantially weakened. To that end I think we have achieved not only an outlet for those who feel aggrieved about the process but some transparency in terms of the way we have arrived at whatever decision we arrive at, at the time.

To those in the ministry who have concerns about this process, I say that I think it will be a case of just toughing it out for a while. Certainly, at the end of the day, our cousins across the Tasman, the Australians, whom I know the ministry is in delicate discussions with presently, will have this science body to come back to and discuss these issues with.

I also say that, at the end of the day, if the case of those who are in industries is strong enough, regardless of where those industries are—and I know that we will go through probably a long and serious debate in the meat and wool industries at the moment—they can rest assured that if they come to the Parliament with sensible and substantial legislation, then this Parliament will respond, and that is one of the good things about New Zealand. With those words it is my privilege to stand in the House today in support of the passage of this legislation.

Dr ASHRAF CHOUDHARY (Labour): Aleikum salaam. I will take this brief call in support of this legislation, because I believe that the amendments to the Biosecurity Act and the Hazardous Substances and New Organisms Act are very important to make sure of and clarify the role of the Hazardous Substances and New Organisms Act as well as the Biosecurity Act. In saying so, I also add that this Labour-led Government is very proud of taking strong leadership in our biosecurity challenge. This country, and

the agriculture in this country, depend on exports. Our economy is based on exports, so we take very seriously any issues to do with biosecurity. Our biosecurity people at our airports and other ports are always alert to any of these potentially harmful organisms arriving in New Zealand, whether intentionally imported or entering as passenger organisms. So in this bill we have clarified the role of the Biosecurity Act, as well as the Hazardous Substances and New Organisms Act.

This matter arose from the pathogen *Paenibacillus alvei*, which comes in honey. As has previously been said by a speaker on the other side, there are a number of issues here. One of the key issues has been the scientific evidence around whether this organism is a potential problem to honey and honey bees. In Australia, scientists have found no problem with this particular organism or its having an adverse effect on honey or honey bees. I understand that a New Zealand scientist made a submission that suggested there are potential problems. We have to be very careful, in scientific terms, about whether something has a clear, defined impact on something else. In this case, the scientist has been suggesting there is a potential problem with this organism. It is very important for us to make sure this organism does not have any problems, so that is why we have this bill and the amendment suggested through the Primary Production Committee that an independent scientific review panel has to be set up. After the bill has been enacted, this panel can look at this issue, if the bee industry wants it to, and hopefully clarify any problems. In the meantime, we have agreed that the honey should not be imported from Australia for 90 days. I think that that is important, to give some confidence to the bee industry. Since it won the case in the Court of Appeal the industry has had some fruits from its victory, if you like, and it will now have the opportunity to present its case and its views about this honey to the panel.

This bill also validates the import health standards relating to honey and honey bee products during this period. I think that that is a very good amendment, and a clarification. Our biosecurity people—the Ministry of Agriculture and Forestry, the Environmental Risk Management Authority, and other agencies—were in a bit of a quandary as to what to do next. But clearly there was advice from the Crown Law Office that this bill had to be put in place to make sure that the issues were clarified, for both the honey bee issue as well as for any other potential problems that could occur—for example, problems in the pork industry, as well. With those few words, I commend this bill to the House.

ERIC ROY (National—Invercargill): A lot has been said about this legislation. We dealt with most of its stages in the House this week, so I do not intend to take a very long call. National is happy to support the decisions we have got to through the process thus far. I am quite happy about the discussion the other night in the Committee of the whole House when we went through the legislation. The Minister tabled a further amendment on a Supplementary Order Paper that gave greater clarity around a couple of issues, and I am quite happy with the Minister’s response in relation to the process on the import health standard for honey coming from Australia. That process had already commenced in terms of the review, even though technically the review panel will not be set up until after the legislation is enacted. But the day in the sun—the 90 days that was requested—is already under way. I am very comfortable about this process.

This legislation essentially clarifies a demarcation issue as to how the process with regard to passenger organisms is handled at the border. This legislation not only puts us back to the process that has been followed since the enactment of the Hazardous Substances and New Organisms Act in 1996 but also puts in a layer of protection, which is the review panel. I know that we absolutely do not want to have any passenger organisms that propose any kind of risk to New Zealand coming here, at all. I think that that is the desire, the expectation, and the wish of every single person I know.

Nevertheless, we live in a world where we import and we trade, so there are risks. It is a matter of minimising those risks to the extent that we have little or no risk.

The only basis upon which we can make decisions about risk is science, because, as an exporting nation, we expect other countries purchasing our goods to be able to believe in a robust system that ensures the security of the product we are selling. Science can be the only basis for that. Therefore, in terms of the review panel, a few elements need to be considered. First, the umbrella organisation of any group makes the application to have the review panel do its work. Secondly, the basis is science. Thirdly, the expectation is that the best possible people who can be sought or gained for that work—and that includes people with international experience—can peer review it. I think that makes the whole process as robust as it can be made.

This legislation, which is now in two bills, does three things. It clears up that demarcation issue, and it puts in place the review panel—the process—for where there are concerns now. Import health standards for honey coming out of Australia are one example. For people in the pig industry, with regard to the porcine endogenous retrovirus issue, we have acknowledged that they have made presentations to the Primary Production Committee and we say that their issue can be handled. There will be further issues down the line. We can expect that to happen, so we have the process in place to deal with them. The other element is retrospectivity. The bee-keeping industry, having won the Court of Appeal situation, deserves to undergo that process of having the review.

All in all, I think this is as fair, just, and robust a resolution to an issue that we could manage in the time frame. As my colleague Shane Ardern said, there will be times in the future when we need to deal to biosecurity issues. It is a matter of utmost importance to New Zealand. We must continue to address and refine rules around anything at all that impacts the security of New Zealand.

I have some sympathy for the bee-keepers. They are pretty bruised at the moment and are suffering probably more under the drought than any other industry in the agricultural sector. They are still getting used to living with varroa mite, and just at this time the issue of tutin poisoning has come up. Even though it is in a very small part of the industry, it has cast something of a slur over it, so bee-keepers are very bruised. I say to them again that we listened to what they had to say to the select committee, and we have ensured that they will be the first case—the test case—in terms of the review process. So with those few words I say that I am happy to support the legislation.

Hon TARIANA TURIA (Co-Leader—Māori Party): Tēnā koe, Mr Assistant Speaker. Tēnā tātou katoa. At the start of this week, passengers on Air New Zealand flight 21 from Fiji were treated to a surprise—a surprise manual spraying when it was discovered that the aircraft's biosecurity clearance had expired. Upon touchdown at Auckland, two Ministry of Agriculture and Forestry officers boarded the plane and fumigated everything in sight, leaving one adult with a sore throat and causing a baby to gag and vomit. As the passengers were quarantined, cooped up in a thick blanket of fog, no explanation was given for the unusual drenching. Passengers were left with no answers as to whether Air New Zealand should be held to account or the Ministry of Agriculture and Forestry.

In many ways, there are similarities between this one incident and the purpose of the legislation before the House today, which is to amend the Biosecurity Act 1993 and Hazardous Substances and New Organisms Act 1996 in order to clarify the relationship between these two Acts. As it transpired, Air New Zealand was responsible for the biosecurity clearance of the aircraft having expired, and for emergency procedures being suddenly required at border control. The central connection between the Fiji flight

fumigation and these two bills is all to do with the level of information and clarity of roles between two separate organisations.

The Māori Party has taken a keen interest in the progress of this legislation, as we have been concerned that the gap in the current statutory framework, which the court case brought by the National Beekeepers' Association highlights, has created potential for confusion and conflict. This is a bill that turns that old adage "One standard for all." on its head. The two older parties—Labour and National—appear to be very happy to oppose this principle, opting instead to give preference to perceived trade benefits over and above the long-term biosecurity of the nation.

The deliberate introduction of a new organism requires an approval under the Hazardous Substances and New Organisms Act, but when that known new organism is a hitchhiker organism it is now able to slip in with only the scrutiny of the Biosecurity Act. The Māori Party is very clear that the essence of the Court of Appeal decision in the *National Beekeepers' Association of New Zealand v the Chief Executive of the Ministry of Agriculture and Forestry* case should be upheld. That decision determined that the gazetted new organism *Paenibacillus alvei* is to first gain approval for import into New Zealand under the Hazardous Substances and New Organisms Act before bee products from Australia can be imported. The House is well aware that the Minister has always maintained that this decision created an unworkable legal framework for the management of biosecurity risks at the border. Yet, as my questions to the House earlier this week revealed, this so-called unworkable regime has actually been working perfectly well for many years.

The 2005 briefing to the incoming Minister advised the new Minister that all new organisms entering New Zealand, whether entering deliberately or unintentionally, were receiving one standard of scrutiny under the Hazardous Substances and New Organisms Act. Accordingly, once an organism has been identified as being new, the Ministry of Agriculture and Forestry is legally prevented from giving it biosecurity clearance until it has been approved under the Act. This approval can be given only by the Environmental Risk Management Authority. There is very little difference between this departmental briefing and what the Court of Appeal said in its judgment. Yet 3 years down the track the nation is suddenly in a spin to amend the law.

The Māori Party has been extremely concerned at the seriously shortened period of time that has been allocated to this issue. We were alarmed that submitters had little more than a week to prepare their submissions, and that the select committee effectively had only a fortnight to consider the bill. I congratulate the select committee on the hard work it put in to this particular legislation.

We have, however, been very appreciative that the changes that have been made throughout this process related to the suspension of powers to give biosecurity clearance. We were concerned that under the bill as it stood, it would have been lawful for the Ministry of Agriculture and Forestry to give clearances to shipments of Australian honey within 90 days of the bills' getting the Royal Assent, even if the independent review panel set up under the bill had not yet been set up, and even if the import health standard allowing honey imports had not been reviewed. It is a Clayton's example of policy making.

We submitted a Supplementary Order Paper to this effect at the Committee of the whole House stage, and were pleased to see the issue clarified so that there will be a 90-day period for a review to take place, and the review will be held before any importation of Australian honey is possible. Our proposal in Supplementary Order Paper 189 was to ensure that the 90-day suspension period can come into effect only after the independent review panel has become operational and not before. In effect, we believe that this amendment clarified the intentions of the Primary Production Committee to allow the

import health standard for Australian honey to be looked at afresh. Although we are pleased that the changes around clause 7A have been supported, we still remain of the view that this bill amounts to the serious weakening of our biosecurity controls at the border.

The importance of protecting our New Zealand bees from potentially harmful organisms must be understood right across this House as an issue of national importance. Bee pollination is essential for grass, crops, trees, and flowers. The entire infrastructure of our primary industry is dependent upon it. The effect of this legislation on our native flora and fauna has been minimised, the march towards free trade dominating over our biosecurity rights. The irony is, of course, that if our honey bees are indeed compromised, the damage to our future trade might well be unimaginable. Our colleague Jeanette Fitzsimons raised the issue during the second reading debate, and the Department of Conservation official advice had been muzzled following its identifying that there were significant gaps in the analysis leading up to this bill. How rich is it that the agency charged with key responsibility for protecting our natural heritage and our precious indigenous flora and fauna was not consulted on the further iterations of the bill?

Yet again, this bill represents the practice of this Government to listen to those whom it wants to listen to—which, in this case, is Crown Law and the Ministry of Agriculture and Forestry—while ignoring the bulk of submitters who fronted up with their concerns. Those submitters included the pork industry, with its Māori pig farmers; the National Beekeepers' Association, with its Māori bee-keepers, especially those in Ngāti Porou and Te Whānau-a-Apanui, who specialise in the production of mānuka honey; Federated Farmers, with its Māori farmers; and Meat and Wool New Zealand, with its Māori meat and wool producers. The Government's selective hearing has been deemed necessary in its shameless pursuit of free trade. The whole point about allowing Australian honey into the country is nothing to do with having robust biosecurity at the borders. It is all about free trade—apples for honey.

As I noted during the second reading debate, the decision to import honey is a consequence of this Government's penchant for trade agreements with Australia, particularly the desire to export our apples there. So, once again, a divide-and-rule tactic is being applied, playing off the bee-keepers' interests against those of the apple producers. Māori people and the Māori Party know these tactics only too well. Biosecurity protection has just become another commodity like human rights and slave labour, which the Government has been prepared to sacrifice for trade and the fear of breaching New Zealand's World Trade Organization obligations. However, the sad upshot of this decision is that by giving priority to the World Trade Organization obligations we open ourselves up to a very real risk of not properly protecting our own flora and fauna, and, in the process, putting at risk of contamination a whole range of primary industries.

We have consistently put before the House our understanding that free-trade agreements compromise our sovereignty by overriding domestic law. We have always argued for fair trade—not free trade—which does not compromise our sovereignty, threaten the status of the Treaty, impact on work standards and wage rates, or make us complicit in other nations' shameless lack of respect for human rights, indigenous rights, and the environment. Those are arguments that, of course, are uppermost in our minds as all eyes are fixed on China. There is simply too much at stake here, and the Māori Party will not support this bill.

METIRIA TUREI (Green): Tēnā koe, Mr Assistant Speaker. This Labour-led minority Government has joined in a grand coalition with the National Party to defeat the biosecurity legislation and, as a result, put this country's economy and the

environment on which our economy is built at serious risk. The passage of this legislation is irredeemably tainted by the deceptive information made available to the New Zealand public about the Government's true policy intent. The legislation has had only the most superficial scrutiny, and it will result in increased threats to our primary production and tourism sectors, which are the two leading economic sectors in New Zealand.

The Greens fully support those ordinary Kiwi businesses, represented by the National Beekeepers' Association, that fought the Government in the courts to prevent the importation of honey that was highly likely to contain the contaminant *Paenibacillus alvei*. The Court of Appeal in its judgment said that an unintentionally introduced organism is not necessarily unknown. It can be a known organism, and therefore it should require the approval of the Environmental Risk Management Authority prior to its importation as a passenger organism into New Zealand. This approval should be required even if that introduction is unintentional. The court concluded that biosecurity import health standards for honey are contrary to the Hazardous Substances and New Organisms Act and that therefore the honey cannot be legally imported. The decision did highlight a gap in the law. It is true that the Environmental Risk Management Authority does not have an absolutely clear set of tools to deal with known passenger organisms. Some changes to the Hazardous Substances and New Organisms Act would have been both wise and helpful.

But the Government chose not to make changes to the Act. Instead, it is making changes to biosecurity legislation in order to allow the Ministry of Agriculture and Forestry—and not the Environmental Risk Management Authority—to make the assessments of known passenger organisms. So why is the Government giving the Ministry of Agriculture and Forestry this responsibility, and not the authority? The Environmental Risk Management Authority is responsible for the scientific risk assessment of new organisms—that is its job. The Hazardous Substances and New Organisms Act has the precautionary principle that ensures that New Zealand will have the greatest possible level of protection from contamination from new organisms. The Government is giving the ministry this responsibility because the ministry, through the Biosecurity Act, does not have the same high standards or the same rigorous process. The Ministry of Agriculture and Forestry will let more passenger organisms through. It will do less to protect New Zealand's economy and the environment.

The Government is giving the ministry the responsibility because—as was highlighted by my colleague Tariana Turia from the Māori Party—the ministry's concern and the Minister for Biosecurity's concern is the promotion and protection of trade, in terms of the World Trade Organization and other agreements, and not the protection of New Zealand businesses. Mr Anderton admitted this on Tuesday during the Committee stage. He is primarily concerned about trade, not the protection of our environment and the economy from new organisms that could have devastating effects. In part, as I have mentioned, this is because the Government has signed international trade agreements that prevent New Zealand from having the law that will provide a rigorous system to protect us. And, partly, the other reason is that this Government wants, eventually, to allow genetically modified organisms into New Zealand through the back door.

It is true that this legislation has a definition in it that excludes GMOs—absolutely, that is the case at least for the moment. But the policy behind the legislation clearly shows that the intention of the Ministry of Agriculture and Forestry was to enable GMOs to be imported as passenger organisms. So why has it not done that, now that it has the opportunity of passing the legislation? Well, it is an election year, and this Labour-led minority Government knows that it cannot pass a bill in an election year that

will let GMOs into this country. Where is the proof of this policy? Where is the proof of my argument? It is in a Ministry of Agriculture and Forestry document from 2006, called *Fixing problems in new organisms, including genetically modified organisms, unintentionally introduced into New Zealand*. It is clear from this document that the ministry's intention is to exclude GMOs from the provisions of the legislation after the election—that is, to enable GMOs to be brought in as known passenger organisms.

The Minister has used the Court of Appeal decision in the honey import case as an opportunity to bring this legislation before the House. We should not forget that this legislation was prepared as early as 2006, when the policy was developed. We have been waiting a long time to be able to do this. We have heard all the excuses and accusations from the Minister against the Greens and our opposition to this legislation, but they cannot hide his culpability in deceiving the public about the real intentions of this legislation—that is, to enable the introduction of GMOs as a passenger organism. This legislation puts our economy at risk, and to see that one needs only to look at who opposed it at the Primary Production Committee: Meat and Wool New Zealand, the deer industry, the pork industry, the Dairy Companies Association of New Zealand, Fonterra, the National Beekeepers' Association, the Pig Veterinary Society, Retail Meat New Zealand, and even our mates Federated Farmers. They oppose this bill because of the risk it poses to them and to our economy.

One of the organisations that has a responsibility for the protection of our environment is, of course, the Department of Conservation. That department had very serious reservations about this bill. The Ministry of Agriculture and Forestry reported in January of last year that the Department of Conservation did not support the proposal, that it believed there were significant gaps in the analysis, and that the document failed to meet the criteria identified by the working-group for an effective system. In an email from the Department of Conservation to the Ministry for the Environment—which was released under the Official Information Act; officials did not make it available in any other way—the Department of Conservation makes it clear that it has serious concerns; that the proposal is likely to reduce the quality of risk assessment; that it would therefore expose New Zealand to greater risks from new organisms; that it would create an inconsistent system; and that it is unwarranted in relation to the scale of the problem.

Then again we had another email from the Department of Conservation a few weeks ago stating: "DOC also expressed the view in 2006 that the Biosecurity Act should have the minimum standards and a precautionary principle applied within it, as does HSNO Act. The Biosecurity Act currently lacks the transparency and certainty that the principles and such criteria provide in HSNO, and this poses risks. DOC still holds this view as of a few weeks ago and wishes to see it addressed."

The fact is that this Government, in collusion with National, is putting this country's economy and the environment at risk. This legislation has been passed through the process with extraordinary speed, avoiding as much public scrutiny as possible. There is even some suggestion in the documents that the Government would have preferred to have no select committee consideration of this legislation. In the meantime our economy and our primary production and tourism sectors are being put at risk.

The concern for the Green Party relates to New Zealand's own ordinary Kiwi businesses. Ordinary New Zealand Kiwi businesses will now have to deal with a regime that will allow the importation of known risky passenger organisms that could cause them significant economic cost. How are they expected to manage the cost of the Ministry of Agriculture and Forestry's accepted level of contamination? The cost to Kiwi businesses simply to manage those contaminations, to deal with any publicity issues, and to manage the environmental and business impacts on their work is unknown. What the economic impacts will be is simply unknown. What the economic

damage could be to these Kiwi businesses is unquantifiable. This Government, along with National, is allowing that to happen. It is allowing that risk to proceed.

We were very pleased to vote with the Māori Party and to work with it on its Supplementary Order Papers to make changes to the bill. We were pleased to force the Minister to expose his primary problem, which is that he wanted to protect the World Trade Organization agreements, not New Zealand businesses, and to allow for the unintentional but known introduction of passenger organisms. I feel proud that the Green Party has protected, as far as it could, the primary production sector, the tourism sector, our economy, and our environment. Along with our colleagues from the Māori Party, we have been the only ones standing up for the key economic sectors in this country, while National and Labour jointly make efforts to destroy them. It is a disgrace. We will be opposing this legislation and supporting organisations that continue to oppose this legislation in the future.

A party vote was called for on the question, *That the Biosecurity Amendment Bill (No 4) be now read a third time.*

Ayes 110

New Zealand Labour 49; New Zealand National 48; New Zealand First 7; United Future 2; ACT New Zealand 2; Progressive 1; Independent: Field.

Noes 9

Green Party 6; Māori Party 3.

Bill read a third time.

A party vote was called for on the question, *That the Hazardous Substances and New Organisms Amendment Bill (No 2) be now read a third time.*

Ayes 110

New Zealand Labour 49; New Zealand National 48; New Zealand First 7; United Future 2; ACT New Zealand 2; Progressive 1; Independent: Field.

Noes 9

Green Party 6; Māori Party 3.

Bill read a third time.

SECURITIES (LOCAL AUTHORITY EXEMPTION) AMENDMENT BILL

Third Reading

Hon LIANNE DALZIEL (Minister of Commerce): I move, *That the Securities (Local Authority Exemption) Amendment Bill be now read a third time*. The exemption to sections in the Securities Act provided by this bill allows local authorities to meet reduced requirements when offering debt securities to the public. I say “reduced” because although a local authority will be exempt from producing a full prospectus signed by all councillors, it will still have to produce an investment statement containing specific product and provider information.

The broad policy objective of the Securities Act is to promote confidence in the financial markets, and an important aspect in achieving this outcome is to ensure that investors receive full, accurate, and timely disclosure of information material to their investment decisions. By reducing the disclosure requirements under the Securities Act, this exemption will place more reliance on the disclosure requirements of the Local Government Act when making information available. As has been discussed during the Committee of the whole House stage, the exemption provided for in the bill includes requirements relating to the investment statement required under the Securities Act, to

make sure that specific additional information not expressly required in the local government reporting regime is readily accessible to investors and prospective investors in a local authority retail debt security. This additional information mainly focuses on the disclosure of current financial reports and on any material adverse circumstances relating to the local authority issuing the security.

The issuer is also required to state in the investment statement that the debt securities being offered are not guaranteed by the Crown, unless, of course, they are being guaranteed under the Public Finance Act 1989. This would normally appear in the prospectus, but without a prospectus it will need to go in the investment statement. As a consequence, the bill will provide for more detail in the investment statement and for the statement to identify information available in other documents. Not only do the added requirements to the investment statement help to ensure the provision of free, timely, and accurate information but they do so via a less onerous approach to that mandated for full disclosure under the Securities Act. They also ensure that there is no reduction in the financial reporting stringency required of local authorities, compared with that of companies.

Access to disclosure information enables investors to make informed decisions on the potential risks and returns of their investment choices, and to take responsibility for their investment decisions. By streamlining this process for local authorities the bill will positively impact the investment market in two ways. Firstly, the availability of local authorities securities on the retail market will provide investors with options to expand their investment portfolios, as well as give residents in a community an alternative means to participate in that community and the development of its infrastructure. I call that a win-win situation. Secondly, this will also be a positive for the local authority issuers. By providing another avenue for them to access capital, the bill will lead to more competitive pricing for local authorities debt, and consequently will create more accurate pricing in the market for debt products. That is another win-win situation.

Although this is a relatively short and streamlined amendment bill, it will nevertheless make an important contribution to the Government's economic transformation agenda. By providing an alternative to the current funding options for local authorities, it will significantly impact regional and local development at both the business and social levels by contributing to the upgrade of available infrastructure that is necessary to efficiently service these areas. Therefore, the bill will progress the recommendation of the Shand report, which states that in order to spread costs over generations councils should make greater use of borrowing for long-term capital projects. The bill will also provide a valuable source of alternative funding for infrastructure assets, and in so doing it will help to facilitate the growth of New Zealand businesses and encourage innovation, entrepreneurialism, and new product development through access to a well-maintained regional infrastructure.

I again commend the Commerce Committee for its work in fine-tuning the bill. Also, I thank all of those who made submissions on the bill. I also place on record my gratitude to the officials who assisted with the development of this legislation. I am very proud of the fact that this was raised with the Government by local government last year, and now, in the first week of April, we will have the bill passed into law. I am confident that this bill, with the changes made to provide for the availability of more up-to-date financial information, will appropriately achieve the objectives of the disclosure regime of the Securities Act, as well as those of the Local Government Act. I commend the bill to the House.

Dr RICHARD WORTH (National): In a nicely rounded and well-read speech, the Minister has explained the key elements of the Securities (Local Authority Exemption) Amendment Bill. I do not want to traverse that ground, at all; I would just like to deal

with two points. The investment climate at the moment is particularly treacherous. I will come back to that point in a moment, but let me say that the merit of this bill, which National supports, is undoubted.

The bill will enable local authorities to access capital in a way that has been denied to them for a number of years. Effectively, the law, which is now being changed, made it just too onerous for local authorities to access public money, in two ways. First, it increased the issuance cost with the requirement to produce a prospectus. Second, it created an almost insurmountable hurdle, as all councillors are now, in the current legal regime, required to sign a prospectus. So we had the situation of a particular councillor, who had perhaps been elected to office on the basis of reducing council borrowing, who was simply not prepared to sign a prospectus for raising additional debt. What was the consequence? Well, the consequence was pretty much that local authorities stayed away from the retail market—it was all too hard. That is all to be undone, but undone in a way that still provides appropriate protection for the investment public. The Commerce Committee made a number of changes that were intended to strengthen those public rights in what it set out in changes to the bill by way of information disclosure.

It is, as I said, a very treacherous investment climate at the moment that New Zealand faces. One sees, for example, the collapse of Bridgecorp Holdings where 14,000 investors could lose $383 million, which is the latest estimate that we have at the moment. There have been 15 finance companies that have either failed or got into significant difficulty in the last 20 months—that is about $2 billion of investors' money that has been affected. Earlier this week there was a report out that 2,000 investors in the failed Five Star Consumer Finance may expect even less of their $51 million back than was forecast, and there have been all the difficulties around Nathans Finance. Just today there was a media report indicating that Lombard shares had tumbled after the company had admitted strife, and it has announced a moratorium on payments by its finance company—and I see, just looking at the numbers there, that there will be huge losses again for investors.

So it is our hope—and I am sure it is the hope of both the Government and the National Party—that what we will see associated with the passage of the Securities (Local Authority Exemption) Amendment Bill is that the so-called mum and dad investors will take up local government stock again. That is an excellent outcome, because in the current period, where the quality of debt products has come under closer scrutiny, local authority paper is likely to be received extremely well by retail investors. It provides a broader range of investment grade credit, and that is an important initiative in improving the overall quality of savings products available to New Zealand investors.

The Minister has said, and I endorse what she has said, that when good legislation is before the House the National Party will give it the scrutiny that it deserves. We have seen, in a short time frame, this legislation almost passed into law. What lies ahead after the completion of this third reading is simply the Governor-General's assent to the legislation—a good outcome, I would say.

Hon DAVID CUNLIFFE (Minister of Health): It is a pleasure to take a brief call in support of the third reading of the Securities (Local Authority Exemption) Amendment Bill. The labour-led Government is committed to strengthening the way in which councils may operate and serve their constituencies. This bill will reduce compliance costs for local authorities and allow them greater ability to fund long-term investments such as infrastructure. I concur with the member who has just resumed his seat that in these current days long-term paper from local authorities will be an attractive complement to the securities market. The bill will ease the process for local authorities to offer securities to the public, and therefore to fund long-term projects. The Labour-led Government understands that current provisions to raise funds impose

unnecessary compliance costs on local authorities and, therefore, prevent them from raising capital in the most effective manner.

The bill amends the Securities Act 1978 to exempt local authorities from the full disclosure requirements of the Act when issuing debt securities. That is because the level of disclosure required from local councils under the original Act was burdening them with unnecessary compliance costs—unnecessary because, of course, the nature of a council; the ownership of a council and its financial and governance structure—is clear from statute and does not need the full repetition that one would typically find in those kinds of disclosure statements. The original Act also, I understand, required all councillors to sign off on a prospectus, essentially requiring unanimous agreement in council for a project, or to issue a debt to fund a project. Changes to an exemption from those provisions will reduce compliance costs by easing the process for local authorities to offer those securities to the public. The bill will therefore provide a valuable source of alternative funding for infrastructure assets and provide investors with options to expand their investment portfolios, which is a positive move for the investment market.

It is worth remembering that in this context the Labour-led Government has taken a very strategic approach to infrastructure development and to partnership with local and regional councils. In my own fair city of Auckland—particularly the west of Auckland—that is nowhere more apparent than in New Lynn, where we currently have a line of cranes digging a large trench through the centre of our town in order to provide an underground railway system complete with a new station. The key point of this is that this is a decades-long investment that will transform the centre of that town, and provide for a completely new urban redevelopment in which some 20,000 additional people are expected to live. It is essential that this is done to the very highest standards of development, with a compelling long-term vision that suits both the transport infrastructure and the broader redevelopment goals, in keeping with the Auckland Regional Council's regional growth strategy.

To use that one example, it therefore follows that it is essential that local and regional councils like Waitakere City Council, and the Auckland Regional Council and its subsidiary, the Auckland Regional Transport Authority, are able to take a long-term view to issuing debt securities, and to do so with the minimum necessary and appropriate compliance costs. Part of my work as a local MP has been to work with partner agencies to ensure that that long-term vision prevails upon the present, so that we do not make short-term decisions that could impact on the realisation of those long-term gains. It is therefore entirely appropriate that the Securities (Local Authority Exemption) Amendment Bill is in support of those objectives by facilitating lower-cost access to the kind of long-term bond and debt securities that are required to ensure that local authorities can take that type of perspective.

We all know that it is essentially good accounting practice to match the life of debt to the life of assets. That requires councils, which are increasingly under this Government's Local Government Amendment Act, to be able to take a strategic and proactive approach to development. It requires them to be able to match their financial profiles to suit, and that will probably, over time, result in local authorities taking a somewhat more activist approach in debt markets. Therefore, the value of the potential savings from the bill, which has wide, bipartisan support in the House today, is likely to be magnified over time.

With those few words I repeat that this Government is committed to strengthening the way in which councils operate and serve their constituencies. The bill will reduce compliance costs and facilitate the kind of long-term strategic development that the country longs for, and, in particular, that the people of Auckland and west Auckland long for. Thank you.

TE URUROA FLAVELL (Māori Party—Waiariki): Tēnā koe, Mr Assistant Speaker. Kia ora tātou, tō tātou tokotoru e noho atu nei. Ka nui te mihi ki a tātou.

[*Greetings to you, Mr Assistant Speaker, and to we three seated here. Huge greetings to us*.]

The origins of the Securities (Local Authority Exemption) Amendment Bill are an interesting irony. Those who argued that all activities be subject to the rules of business now suggest that the local authorities are being submerged under an avalanche of red tape and bureaucracy, specifically because of the very application of those rules.

We in the Māori Party agree with Local Government New Zealand that our local authorities are indeed subject to a rigorous schedule of planning and accountability regimes. There is an expectation that local government will abide by the commitments in its long-term council community plans, annual plans, and annual reports, all of which are subject to independent audit. Some parties in this House will criticise the level of planning documents in this sector and suggest that the detail is unnecessary, but the point of this bill is that those documents are of sufficient detail to exempt them from rules under the Securities Act when issuing debt securities.

But in considering rules and their proper application, our primary concern is more about whether the opportunities for engagement and cooperation between councils and Māori, as specified in the Local Government Act 2002, are actually taken up. All the best laid plans stand for zip if the intentions are not followed through. We want to see local government honour its statutory responsibilities and build stronger relationships with hapū, iwi, and Māori groups.

One of the most interesting issues set out in the rationale for this bill is the inappropriateness of the corporate governance principle of collective responsibility when applied to local authorities. At the start of this week, the Royal Commission of Inquiry into Auckland Governance offered an interesting perspective on this notion of collective responsibilities. The commission raised concerns that each of the eight councils in the Auckland region dealt with Māori issues in a different way, and that this lack of consistency may cause problems for Māori, particularly for those whose rohe cross a number of different council territories. Although problems with issuing debt securities can be dealt with simply by providing local authorities with an exemption to the current rules, it is the contention of the Māori Party that exempting councils from their obligations to Māori in the Local Government Act because of difficulties and tensions will never be an answer, and that the answer will certainly not be a simple one.

The full effect of this bill will be to provide local authorities with an exemption from the full disclosure requirements of the Securities Act 1978 when issuing debt securities to the public. That means it will no longer be necessary for local authorities to register a prospectus for the issue of debt securities. Currently, as I understand it, all elected members must sign the prospectus to ensure unanimous support for a project, and to ensure the subsequent issuing of debt to fund the project. Although we endorse the value of consensus decision-making as a general principle of best practice, the onus of having to achieve unanimous support has meant that one dissenting vote can prevent a debt security from being issued where one person simply refuses to sign.

Why this is a problem was made absolutely clear by the submission from Local Government New Zealand. It estimated that local authorities are undertaking some $30.8 billion in capital works in the next 10 years. The funding will be required for either network infrastructure, à la roads, sewage disposal, and water schemes, or for community infrastructure, such as libraries, sports grounds, and stadiums. This unprecedented growth spurt in infrastructural development will place considerable pressure on the financing capacity of our local authorities.

In this respect, if, as the bill contends, there are such obvious differences and duplications evident in meeting the disclosure requirements under the Securities Act 1978 and the Local Government Act 2002, then the Māori Party is happy to support any initiative that will assist and create efficiencies. We understand that only one council has been able to raise funds under the current dual disclosure regime—a situation that is obviously undesirable. We believe that the cost of infrastructural assets should be considered as a long-term investment in the well-being of the community. Obviously, borrowing can help to spread the costs over the life of the asset, and as such it is clearly preferable that an asset is able to be funded in that way, rather than have community structures eroded because of a lack of capital.

The Māori Party supports any move that will enable and facilitate affordable local and regional development, but we sound a note of caution around this whole complex issue related to decisions about infrastructure development. The statutory responsibilities are pretty explicit. The Local Government Act 2002 places specific obligations on councils to facilitate participation by Māori in local authorities' decision-making processes. The Act requires that councils must establish, implement, and maintain opportunities for Māori to contribute to decision-making processes, consider ways in which they can foster the development of Māori capacity to contribute, provide relevant information to Māori, and take into account the relationship of Māori, and their culture and traditions, with their ancestral land, water, cultural sites, wāhi tapu, valued flora and fauna, and other taonga. This is a clear and unambiguous statement of intention to councils to be proactive and responsive in enabling Māori contribution to local decision-making.

In order to do this, councils need to consult mana whenua. They need to have adequate representation on their councils, and they need to be able to understand Māori community values, issues, and aspirations about our economic, social, cultural, and environmental well-being. They also need to commit funding to the building and the workability of these relationships.

I was interested in a keynote address delivered to Local Government New Zealand's annual conference a couple of years back by the Chief Judge of the Māori Land Court and chairperson of the Waitangi Tribunal, Chief Judge Joe Williams. In his address the Chief Judge said: "Local Government in our small, rapidly changing country could never be easy. It is, I think, where the rubber meets the road. While so much of the so-called race debate is played out in national politics, it is at the local level that communities must resolve the real challenges of growing diversity. And they must do that not via media-driven sound-bites but face to face. This is much harder. It is also far more likely to produce positive outcomes."

The key issue for the Māori Party, therefore, is not so much about whether councils are to be exempted from disclosing all significant financial information but is more to do with how information about the income to be invested is shared with communities. We would hope that once councils have in place more effective mechanisms to raise income for infrastructure development, they will give ongoing priority to what Chief Judge Joe Williams described as "the real challenges of growing diversity." We hope that they will invest in the benefits of building good relationships with Māori. We hope they will understand and appreciate that early and meaningful engagement across the community can result in better-informed decision-making, more streamlined processes, and superior outcomes.

The Māori Party will support this bill as a pragmatic step that Parliament can take in assisting local government to plan ahead in terms of its infrastructural development. Our sincere hope is that once the disclosure requirements are sorted out, sufficient

investment will go into supporting Māori expectations and aspirations for the well-being of Māori and, indeed, for the well-being of the wider community.

Hon PAUL SWAIN (Labour—Rimutaka): I rise to speak in this third reading debate—[*Interruption*] Oh, Mr Roy welcomes me to the podium.

Eric Roy: Absolutely.

Hon PAUL SWAIN: That is great; thank you very much. I hope to enlighten the audience as to why I am speaking on this. The reality is that I was on the select committee for this legislation.

Hon Georgina te Heuheu: The member probably knows something.

Hon PAUL SWAIN: Oh, thank you very much; I am obliged to the member for that. As a result, I am hoping I do not let her down. This is a high expectation that she has now set upon me.

This is good legislation. As a member mentioned before, this is about trying to ensure that it will be easier for local authorities to issue debt securities. There have been some good contributions in the debate up until this moment, particularly during the Committee stage. I thought that some of Richard Worth's contributions were quite helpful.

Most people—and it depends how old they are, I suppose—and certainly I can remember when local authorities used to issue local authority bonds. There were hospital board bonds and other forms of arrangements whereby people could invest in their local community organisations, like councils and hospitals. The councils and hospitals then used that money to fund pieces of important infrastructure. The rules were changed in the late 1990s in order, I suppose, to deal with some of the concerns that people had that maybe the regime was not robust enough. As a result, lending arrangements were a bit looser than what would have normally been required of ordinary companies that were going out and looking for debt securities on the open market. It is probably fair to say that those arrangements were made at that time for good reason. But as a result, and as local government people tell us, it has now become very, very difficult—virtually impossible—for local authorities to issue debt, because of the huge compliance costs and because the authorities are a slightly different animal from the normal publicly listed company that would be required to follow the full Securities Act regime.

It was also helpfully brought to our attention by the Minister of Commerce that as a result of the dialogue, this excellent Labour-led Government introduced meetings between local government and the Prime Minister. As I recall, meetings occurred every 6 months. I went to a few of them myself, as a Cabinet Minister.

Hon Darren Hughes: In the good old days.

Hon PAUL SWAIN: "Bring them back.", some people would say.

Hon Darren Hughes: I hear it a lot.

Hon PAUL SWAIN: Yes; we hear it a lot.

Those meetings were co-chaired by the Prime Minister and the head of Local Government New Zealand—Basil Morrison; a fine fellow—and issues were brought forward. I recall a number of very important things coming forward. For example, a lot of the issues to do with some of the funding that now heads towards Auckland transport were addressed at that meeting and it led to a number of really important developments.

As I understand it, an issue that came forward at one of those meetings was the whole issue of local authorities being able to issue debt, and it was pointed out just how difficult that was. This bill has come forward in order to address that issue of local authorities being able to issue debt. What does this mean? Essentially, this means that before a local authority can issue debt, it has to do a number of things. The first one is that it needs to issue an investment statement. It needs to be put forward to the public,

and two councillors are needed to sign it off. The reason the signatures of only two councillors are needed is that if the whole council had to sign it, it would take only one councillor to object for the important piece of infrastructure investment to be funded by way of these debt securities to be stopped. That would mean a power of veto of only one, which is hopeless in organisations such as councils.

The problem with having only two councillors sign it is that if only those two councillors were to be held liable, we would never get two councillors signing it. So the legislation now states that as a result of two councillors signing off the investment statement, all the councillors are criminally liable for the accuracy of the content of that investment statement. A councillor could disagree with the proposal, but all councillors would be required to make sure that the investment statement is accurate. If it is not accurate, then all councillors are criminally liable. That means that there is a much greater opportunity for councils to have access to this kind of debt security arrangement.

The issue of criminal liability was obviously really important to consider. I think it was Local Government New Zealand that came forward to the Commerce Committee and said that members of Parliament were applying rules on criminal liability that they do not apply to themselves. Ministers themselves are not criminally liable when the Government issues debt—for example, Government bonds. Representatives of Local Government New Zealand said that if that convention applies to Ministers, then why would Parliament not make councillors exempt from that criminal liability situation, as well. To be fair, it was a reasonable point. But in the end, we decided to keep criminal liability for local authorities, primarily because, as far as central government is concerned, the checks and balances are far greater. A lot more auditing is done in central government and a lot more Government department and agency eyes and hands are all over this type of situation when the Government gets into borrowing. The feeling was that, given that there were more checks and balances and given that central government organisations are much bigger than local government organisations, we should keep criminal liability for local authorities.

The committee looked at the whole issue and thought that as we were making it easier for councils to get debt from the public—and remembering, as a couple of speakers have said earlier, that the reason for this legislation is to be able to fund long-term investment projects, such as water, sewerage upgrades, transport and motorways, and libraries—it is important that this vehicle be made available. Other speakers have mentioned the importance of having what they called intergenerational equity, rather than trying to fund infrastructure straight up front—that is, if we are to have a water pipe that is to be useful over 60 years, then the generation of ratepayers at the end of the life of the water pipe should be contributing as well as the generation of ratepayers at the start of the life of the water pipe. It is not fair to have just the ratepayers at day one paying for it, when ratepayers down the line will also benefit. The idea of debt security is about spreading out that risk and being able to spread out the benefit.

Having done all that, the select committee said that there should be some additional things to make sure that there are some firm rules and that Parliament could rest easy knowing that although we were relaxing some of the rules, there was still some regulation around this situation. One example is that the local authority is required to refer to the most recent audited annual financial statements in the investment statement that is distributed when the council is issuing debt. It is a pretty obvious thing and I suppose that councils would probably do that, but it is important to say it.

Another important issue, which was really interesting, was that we wanted to make it quite clear that when local authorities are issuing debt, this would not be Government-guaranteed. A lot of people would assume that because a council is issuing debt, somehow the Government is guaranteeing it. This could give a false or misleading

impression as a result. That aspect needs to be stated as well. We also said—and I think that the previous speaker, Te Ururoa Flavell, said this—that the financial investment statement distributed to investors and potential investors needs to made available on request and free of charge. We thought that that was an important issue to make sure that councils are not trying to ramp up the cost of doing this and are not putting off potential investors.

The summary of it all is that this measure will be an important vehicle for local authorities to be able to raise debt to fund long-term infrastructure projects. Under the chairmanship of Gerry Brownlee, I think that the committee did well. I thank all the members who have contributed in the House to this very important debate.

Hon DARREN HUGHES (Deputy Leader of the House): I will take a very brief call on the third reading of this bill. I notice that it amends the Securities Act of 1978. I think that that year is a very interesting year, and this is very good legislation. I do not think that things of that age necessarily need amending, but they may be touched up.

Eric Roy: What date in 1978 was that?

Hon DARREN HUGHES: I think that it is the same date that is on the Order Paper today, as it happens. That is very, very interesting. I will leave members to do the research on that.

I think that this Securities—

Eric Roy: Can I wish the member a happy birthday.

Hon DARREN HUGHES: I thank the member.

Hon Paul Swain: I raise a point of order, Mr Speaker. Some members may be struggling with the relationship between the dates. I will just point out that it is Darren Hughes' birthday today.

The ASSISTANT SPEAKER (H V Ross Robertson): That is hardly a point of order, but all members now know. I call the honourable Minister, on his 30th birthday. We will not sing happy birthday.

Hon DARREN HUGHES: Thank you, Mr Assistant Speaker. On this occasion I say to Mr Swain that that is not a breach of privilege but it comes very close to a breach of mateship, in that particular regard.

The Commerce Committee has done great work on this legislation, which is now coming up for its third reading. The point about the bill that is most attractive and most interesting, I think, is the ability it will give to councils and local authorities to have alternative funding arrangements for some of those long-term projects. I am sure all members have projects in their constituencies where they would like to see things happen, but we know that the ratepayer dollar just does not stretch far enough on a cash, year-by-year basis. That point of the bill is certainly the one that I think provides a tool for local government to be able to address some of those long-term challenges. In my own constituency of Otaki, the Transmission Gully project, which I am a very strong supporter of, needs every possible tool in the tool box in order for us to progress it, so I hope that this is yet another measure that may be available to local government.

But, as Mr Swain said, water is also an expensive project for local councils. This bill provides an ability for councils to be able to fund these projects over a much longer period of time, particularly on the Kapiti coast where the security of water supply is such a big issue, with the coast's growing population and the pressures that inevitably come with that. I think it will be very important for the Kapiti Coast District Council to have this extra tool; I am certainly in favour of what the bill allows.

I was interested, during the Committee stage, to look at some of the actual technicalities in the bill. The thing that was most interesting to myself, and I know to my parliamentary colleagues in the Labour Party, was the requirements around a disclosure statement. We believe that politicians who are obviously councillors on a

territorial local authority should have to be very upfront about disclosure statements. Through amending the Securities Act, we are shifting the exact requirements for them to reduce those compliances, but there is nothing wrong at all with good, full disclosure to the public by elected officials. I think that is very, very important, not only for the security of the money concerned but for the security of the faith and the trust that their electors have in their officials. That is why I think that some of the things that need to be disclosed by elected officials should apply to us here in Parliament, as well.

That is why I am so surprised that the National Opposition will be joining the Government in voting for this legislation. It seems to me that Opposition members are not very big on disclosure. I think that if they are going to vote for this bill tonight, they have to make a commitment that they will disclose far more of the policies that will be in their manifesto than they have done to date. I think there are some real difficulties in terms of the security people can have when they are investing their vote in the future if these policies are not disclosed. So I think that some of the issues we have seen around, such as people paying higher doctors' fees if National were the Government of this country, for example, are the sorts of things that should be in a party disclosure statement for voting investment purposes, under the legislation before the House this afternoon.

Hon Ruth Dyson: No one would vote for them if they knew their policy.

Hon DARREN HUGHES: Ms Dyson makes a very important point. No one would knowingly vote for higher doctors' fees, which is why the National Party tried to hide that policy when it brought out its discussion document last year. So one of the issues before us is how we can make disclosure statements cover everything, and not leave out the fact that doctors' fees may go up. When we think, for example, that we now have 500,000 people in the KiwiSaver scheme making active investments in the New Zealand market, that is a very important point. Those kinds of disclosure statements around the security of superannuation and the pension then become very important as well, especially in a week in which we have celebrated and noted our ninth increase in New Zealand superannuation under the Labour Government and supported by the parties in Parliament—particularly by New Zealand First, which negotiated for 66 percent of the average wage to be paid to married people. I think that is very important, as well. I think disclosure statements are crucial in politics, and I hope that by National giving its support for the third reading of the Securities (Local Authority Exemption) Amendment Bill, it is saying that it will be much more interested in disclosure, particularly around things like State asset sales, the KiwiSaver scheme, pensions, and doctors' fees. I think that is very, very important to us.

The other interesting provision in the third reading of this bill this afternoon is the change that this bill will make to the original Act in relation to the number of people who will have to sign off the investment statement that goes out to the public for consultation. Up until now there has had to be unanimity—there has had to be the unanimous support of the entire council for that statement to go out. But under this new law only two councillors have to sign it before it goes out to the public for consultation. We think that this is a very good thing from an administrative point of view, but it immediately, to me, raises an issue. Just as a hypothetical example, I ask what would happen if a council, having had a full debate about something, agreed to a policy, and signed up to say, "Yes, we're going to put this out to the public as our stated position.", but only two councillors signed it, and then other councillors went around the community and said "You know how the council wants to go to the community about this policy for this disclosure? Well, actually, I don't really support that myself. I don't support it. Although I voted for it at the council table, because only two of my

colleagues had to sign it, I'm going to say around the community that I don't believe in that."

I do not know whether it is possible under the law to prevent that situation, but I think that before Mr Williamson and Dr Lockwood Smith cast their votes for it this afternoon, they might want to check this provision. They have sat around a caucus table and said they agreed with a policy in order to grease up to their new leader, and then they have gone out, around the community, and said "Actually, we don't believe in it." I want to know whether this kind of law will become a template for the parliamentary membership of a party. It really worries me that we can say we are in support of something in one place, and then go out around the community and say we are not in support of it. I think that is just getting a little bit too slippery, from a disclosure point of view and in light of the sort of investment that people are trying to make.

So I am cautioning Mr Williamson and Dr Lockwood Smith in the House this afternoon. Their vote is going to be cast on their behalf, collectively, by their whip—in fact, by the acting whips. I see Mr Roy is on the phone at the moment, so he may well be calling the members concerned to ask "Can we cast your vote, or have you now read the fine print in this bill and would prefer to cross the floor?". We can imagine the situation if they were signing up to something for which they would be criminally liable in saying to private audiences: "Actually, I don't believe in climate change. I agree with my leader's former position, which was that it was a hoax and not really happening." So I think there are some really big issues for Mr Roy. He is on the telephone at the present time—with a furrowed brow, one would have to say—and he is trying to work out whether or not he has the votes of those two members for these things.

Under our local government legislation, our councils already have to go through very thorough and transparent accountabilities to their communities around their long-term council community plans, their district plans, and all those things that make it clear that councils are open. So we are lessening the disclosure requirements in this legislation, because we are confident that councils are pretty upfront about their finances, anyway. We are trying to make this easier for some of those good projects that I mentioned, including some that are in my own constituency.

I wanted to raise those issues around disclosure and people signing up for things that they then do not have to commit to in another field. I think those issues are worthy of the House's consideration this afternoon, particularly when the week is ending on what we would not call a high note for Her Majesty's loyal Opposition.

Hon Georgina te Heuheu: It's your birthday; be charitable!

Hon DARREN HUGHES: I am being charitable! I am trying to be nice about how badly things are going for those members over there. This is me reaching out the hand of aroha and love to the Opposition, in this regard. I am trying to be kind about all this.

I am glad that we are going to get a strong vote in support of the bill. I think it will help the House enormously, and I want to see the bill progress through without any further ado. I will be listening very intently when the Clerk calls for the party votes, to make sure that if there are any other votes, Mr Williamson and Dr Smith get their democratic day on this very important legislation.

Bill read a third time.

CORRECTIONS (SOCIAL ASSISTANCE) AMENDMENT BILL

CUSTOMS AND EXCISE (SOCIAL ASSISTANCE) AMENDMENT BILL

INJURY PREVENTION, REHABILITATION, AND COMPENSATION (SOCIAL ASSISTANCE) AMENDMENT BILL

Third Readings

Hon RUTH DYSON (Minister for Social Development and Employment): I move, *That the Corrections (Social Assistance) Amendment Bill, the Customs and Excise (Social Assistance) Amendment Bill, and the Injury Prevention, Rehabilitation, and Compensation (Social Assistance) Amendment Bill be now read a third time*. These three bills were introduced to the House as the Social Assistance (Debt Prevention and Minimisation) Amendment Bill. The measures that these bills introduce will increase the efficiency of the existing information matches between the Ministry of Social Development and three other Government agencies—the Department of Corrections, the New Zealand Customs Service, and the Accident Compensation Corporation. I will explain the relevance of those three Government agencies over the next little while.

The three bills amend the provisions relating to the use of data supplied by those three agencies. The amendments will allow the Ministry of Social Development to use that data, firstly, to prevent unnecessary debt by allowing benefit payments to be stopped in a timely way if a beneficiary enters prison; secondly, to be more effective in the recovery of Crown debts; and, thirdly, to assist in identifying claims for student allowances and the living component of student loans from people who are in prison and not entitled to this assistance.

Labour is committed to preventing the overpayment of benefits and the misuse of these benefits. We are committed to a modern welfare system and a modern social security system. These bills help to modernise that welfare system, thereby making the most effective use of the tools we have available.

We introduced this legislation to improve the efficiency of current administrative procedures, and to enhance confidence and trust in the social assistance system. I have been pleased with the support that the legislation has received from other parties in its previous stages through the House. It is good to see that so many parties can agree on straightforward measures to improve efficiency and to prevent unnecessary benefit debt.

I acknowledge the work of the Social Services Committee, where, I understand, the conversations and deliberations were extremely constructive. The select committee proposed a minor change that has improved the clarity of the legislation, and it did so as a result of a submission. Committee members expressed concern at the potential for the wrong benefit to be suspended. The committee was informed that benefits are paid a week in arrears, so in most cases people will still be entitled to receive, and will receive, some benefit payment after entering prison and will get the notification of suspension up to a week before the benefit is suspended. Work and Income will reinstate payments overnight, and, if needed, will make emergency assistance available immediately in cases where payments are suspended in error. Those two points alleviated the committee’s concerns.

Committee members were also anxious to ensure that processes were in place to assist the family members of people entering prison. The committee was informed that for the small percentage of prisoners with dependent family members, telephone contact would be made with those prisoners’ partners in order to ensure that continuing assistance was provided when needed. The committee has suggested that Work and Income consider placing representatives at major courts to adjust benefits immediately, and to assist family members. I have asked the ministry to consider the practicality of

doing that, and, if it is not feasible, to consider what other action could be taken to assist people in this situation. The amendments contained in the Corrections (Social Assistance) Amendment Bill will allow benefits to be stopped immediately when a person enters prison, thereby reducing any overpayment of benefit and subsequent debt.

The bill will also allow information currently supplied when a person enters prison to continue to be supplied, as long as that person remains in prison. This will allow the Ministry of Social Development to identify when a prisoner applies for a benefit or for the living costs component of a student loan or student allowance. Prisoners will still be able to access assistance for their study costs but will be prevented from receiving assistance for their living costs, because, quite clearly, those costs are met by the corrections system while the person is in prison.

The amendments contained in all three bills will also allow data to be used to locate people who have benefit debt but who are no longer receiving a benefit. When people are off a benefit they are more likely to be in a good position to repay any benefit debt. The amendment will allow data matching to be used, replacing to a large extent the existing paper processes currently used between the ministry and the three agencies to locate benefit debtors. It will enable the ministry to contact people about their benefit debt more effectively and efficiently.

These bills make sound economic sense, as well as social sense. They represent the efficient and effective use of technology, time, and money. As I said earlier in my contribution, Labour is committed to preventing the overpayment of benefits and the misuse of any benefit. We are committed to a modern welfare system, and these bills help to modernise our welfare system as it is currently, thereby making the most effective use of the tools that are available. I commend these bills to the House.

Dr PAUL HUTCHISON (National—Port Waikato): I am grateful for the opportunity to contribute to the third reading of these three bills—the Corrections (Social Assistance) Amendment Bill, the Customs and Excise (Social Assistance) Amendment Bill, and the Injury Prevention, Rehabilitation, and Compensation (Social Assistance) Amendment Bill—which have resulted from the division of the Social Assistance (Debt Prevention Minimisation) Amendment Bill. This legislation is intended to enable the Ministry of Social Development to prevent and recover debts and to detect more readily the misuse of the social security system, the student allowance system, and the student loan system, by broadening the data-matching provisions.

National members are very pleased to be able to support these bills. We have enjoyed working in the Social Services Committee on a pretty much bipartisan arrangement with regard to this particularly highly constructive and worthwhile legislation.

Naturally, we have to ask why it has taken 7 to 8 years—until the dying days of the Labour administration—before this Government finally got around to doing something about debt. The facts are that when the Labour Government came into office, the debt owed by beneficiaries to the Ministry of Social Development was in the order of $320 million. It is now a whopping $760 million. As the Chief Executive of the Ministry of Social Development, Peter Hughes, said, it has gone from 49 percent of beneficiaries who were in debt to Work and Income, to 70 percent now. That is a huge—

Hon Ruth Dyson: That's incorrect.

Dr PAUL HUTCHISON: The Minister is saying that that is incorrect. Whatever it is, it is a huge proportion, and it is hugely worrying that beneficiaries have managed to get themselves so deeply into debt.

The ministry officials themselves pointed out in their report the very significant concerns that happen when this level of debt goes on. They actually say that being over-indebted can also reduce the financial advantages of returning to work, and that it may, in fact, act as a barrier to employment. We know that when beneficiaries incur debt, it

can act as a significant disincentive for them to enter the workforce, as the level of repayment is often reduced by creditors while a person remains on a benefit. Once the debtor starts earning an income, creditors often start seeking higher levels of debt repayment. This can substantially reduce the financial gains to be made from working.

Here we have the Labour Government, which has let this very concerning situation expand over the last 8 years to the point where we have in the order of 70 percent of beneficiaries being in debt to Work and Income. So it is appropriate that we, the National Opposition, do everything we can to hasten bringing in this legislation.

I would just like to mention a couple of aspects of this legislation as we pass it through its third reading. One is the issue of overriding the Privacy Act. This posed a concern to officials from the Office of the Privacy Commissioner, but they viewed it as being a reasonable thing to do because it is so important that tangible instruments are put in place to minimise this debt. But, in doing so, it is important to make sure that there are mitigating measures to ensure that the people involved are appropriately data matched.

During the discussions in the select committee it was pointed out just how much technology has improved data matching over the last 5 to 10 years, and how much more it will improve it over the next 5 to 10 years. However, any data-matching system is fallible, and there is a strong possibility that from time to time the systems will fail either technically or because of human error. The Office of the Privacy Commissioner said that it wants to give particular attention to the monitoring and reporting of matching this information in the future, and I would make the plea that this does indeed occur.

I understand that the Privacy Commissioner, in fulfilling her role of reporting annually on all authorised information matches, will be able to monitor any impacts that may result from the changes introduced by this legislation. I think it is very important that she makes it clear to Parliament and to the select committee what the effects of this legislation are, because there are overriding principles to consider—the principles of natural justice. We should not just pass laws; we should also ensure that they are rigorously followed up in terms of monitoring.

National is very pleased to be able to support these bills. We are very conscious of the fact that the Labour Government has let the situation of beneficiary debt get further and further out of hand over the last 8 to 9 years.

We are very concerned that the Labour Government has not had efficient machinery within organisations such as the Ministry of Social Development. In fact, I understand that over the last 8 years, while the Ministry of Social Development has increased the number of front-line social workers by about 20 to 30 percent, the bureaucracy in the ministry has increased by a whopping 106 percent. That, again, is the sort of thing we must be absolutely certain to not let drift on under a Labour Government. Taxpayers want their money to be spent well, and beneficiaries in debt do not want to be in the situation where, because of inefficiencies in the Government's system, their own benefits remain at a very low level.

Beneficiary drift, and a failure to contain beneficiaries' debts, has been a major problem in New Zealand. A future National Government is determined to ensure that the minimisation of this will be driven hard in the future. It is timely that this legislation is enacted, and we support it.

RUSSELL FAIRBROTHER (Labour): That was Dr Paul Hutchison, who was an erstwhile member of the Social Services Committee, which processed the legislation with all speed. I am delighted he is high in his praise of the need for the legislation. I am sad that I have missed part of his speech. I dare say it had parts that were critical of the Government, because ex gratia comments like that are made all the time. But in

substance he has to admit, as do all members on the opposite side, that there is a tide in the affairs of men that when taken at the flood leads on to fortune, and in this case the Government has spent 8 years rebuilding the infrastructure so that legislation such as this can be introduced. Under the rather futile tax cut policy that National runs all the time, which questions the morality of Government spending, we would never be able to afford the infrastructure that enables, via three pieces of legislation, three Government departments to be pulled together to ease the stopping of a benefit when the need ceases because of an individual's change of circumstances, such as being taken into custody or leaving the country. What underlies this bill, which is deceptively simple on its face, are the keen issues.

I have to say that I was going to raise a point of order at 2 o'clock today, when Parliament started, because I thought the Minister of Statistics would be called upon to give a speech on his 30th birthday. However, I was intimidated; I knew he was nervous about approaching this event, and he has tried to do so as anonymously and quietly as possible. He is not one for fanfare when it comes to minor milestones like reaching 30, and I did not want to raise publicity.

I return to the bill, and I have to say that it covers the danger of excursion into the privacy of individuals. We must value the privacy of all individuals whether or not they are serving a term of imprisonment. It is equally important for all of us. If we treat lightly the excursion into the privacy of one class of individual, then we will likely do so for other classes of individuals. So this bill had to balance the need for efficient payment of benefits with the right of individuals to privacy, some of whom have no control over their circumstances because they are serving a custodial term. This bill tightly constrains the circumstances in which there can be data matching between the Department of Corrections and the Ministry of Social Development. This data matching is set about in tightly constrained parameters, so that when a circumstance arises, the computer systems automatically identify the change of circumstance and bring to an end the payment of the benefit in circumstances when individuals can be excused for not turning their minds to such mundane matters as receipt of the weekly income because the emotional turmoil at being sentenced to a term of imprisonment is their supervening and dominant thought.

Of course, the select committee was concerned, as has been remarked on already in this House, about the need to ensure that prisoners, and particularly their families, were aware that their income status would change. The report of the Social Services Committee contained a recommendation that at times of sentencing and remands in custody, courthouses be manned with officials from the Ministry of Social Development so that they could speak with families and advise them that there would be an automatic change in the right to a benefit. That way, individuals who might be affected by a change could be aware of that at what is really a most traumatic time for any family caught up in the cycle of our criminal justice system. It is probably too much to expect that this wish of the committee will be carried out. It probably was included to salve our concerns about the incursion on liberty and privacy, but it is a recommendation and it is one that I note will have no hope of being fulfilled if the rampant tax cuts advocated by the members opposite are ever put in place. It is constructive human interventions such as this—which are supported from the public purse and which make the cogency of society so successful—that are damaged and in fact rendered impotent by thoughtless tax cuts for a few who may gain an extra few dollars a week.

I stand here proud that this legislation achieves what it sets out to achieve. I am very pleased that it will be read into law, hopefully, today. The legislation tidies up the position of those people who lose their freedom, and it means that there is an adjustment of benefit on an automatic basis, but, hopefully, and with all seriousness, it is intended

not to disturb the right of entitlement of any dependants they had at the time of their change of status in respect of their freedom.

This legislation, in my view, has benefited from the work of the select committee. I dealt with that during the second reading debate. Amendments were made by agreement of all parties on the select committee, and they have survived the Committee stage. I think this legislation will rest on the statute book without much challenge in the courts, because it is purely infrastructural legislation, and it minimises the unnecessary excursions into an individual's situation, so there appears to be no need for it to be challenged in our courts of law. But if that ever did occur, I think there is a degree of elegance in the drafting of the legislation that will survive even the closest judicial scrutiny, and it will remain on our statute book for a long time, or at least for as long as this country can afford to have a public service that is adequately funded and can fulfil its responsibilities to each and every individual in our community to make good the services of the Government.

These are the entitlements of every individual out there, which we should not take lightly, and all of us should resist stoutly the cry of a few for the immediate benefit of a tax cut. At the end of the day, a responsible tax cut is one thing, but excessive tax cuts are another, and this legislation is a great example, as Dr Paul Hutchison will recognise, of what can be done when we have a properly funded Government, and of what we could not do if we had a Government that lived on a very tight and an insufficient budget.

I am not one to delay the passing of this legislation by addressing issues that have no relevance to it, and I do not wish to have unnecessary verbiage on a matter that is as straightforward as this. But I feel that those few passing, wise remarks will be well-received by my friends opposite—Dr Hutchison and Katrina Shanks—both of whom I see take great comfort, as they sit alongside each other, from listening to the words I have uttered today. I thank them for their splendid cooperative support during the select committee stage. But to get to the point of the matter, I really want to commend this legislation to the House.

I will bring this speech to an end so that we can get the legislation passed. I ask the House to go forward and take the vote on it, and to proceed to the next major piece of business on the Order Paper, which, I daresay, will be equally as elegant and important as is this legislation.

KATRINA SHANKS (National): It is my pleasure to stand to take a short call in support of this legislation. Unlike Mr Fairbrother, I cannot stand here for 10 minutes and look at one little spot on my desk and ramble on. At one stage I was unsure whether he actually knew which bill he was talking to, because the barbs were so good that I thought maybe he was talking to the next bill. But as he is leaving the House, he obviously was not talking on that bill. He intended talking on this legislation, which he occasionally touched on in the 10 minutes of his brief speech today.

Sue Moroney: I raise a point of order, Mr Speaker. The member knows very well that she cannot refer to a member exiting the Chamber, and she did so in the course of her speech. I know she is a new member, but I wonder whether you could give some instruction to that new member on that issue.

Mr DEPUTY SPEAKER: I think she will take on board what you have said. She certainly knows now. Thank you.

KATRINA SHANKS: Thank you, Mr Deputy Speaker. I apologise because he was leaving, and was not absent—

Colin King: And he should stay!

KATRINA SHANKS: And he should stay and add a contribution to the House. Getting back to the legislation though, firstly, I would like to acknowledge the officials

who are sitting in the Chamber today. It is great, because these officials always come to the Social Services Committee when there is a bill that is related to their area. We appreciate that they put a lot of effort into our select committee, that they come and listen to the consideration of the bill, and also that they listen to the debate.

I listened to the Minister talking on the legislation. National supports this legislation and I agree with everything she said about it. I think she was spot on when she said that this is good legislation to put forward. It is moving New Zealand and beneficiaries forward. Over the last 8 years the debt level of beneficiaries has increased significantly. This legislation will address that and help to stop some of the debt that beneficiaries owe. It affects only a small number of beneficiaries and students—it relates to student loans—who, when they enter prison are not entitled to any benefit payments, accident compensation payments, or student loans. The legislation prevents them from receiving those benefits, which they would then owe because they are not entitled to them.

The legislation prevents, detects, and increases the recovery of debts and misuse of social security and student allowances in the student loan system. So it is actually very important, especially when we are talking about beneficiaries because they are the most vulnerable people in our society. We can do better for them so that they if they go to prison they do not come out of it to find they have a debt owing because a benefit was not cut off or matched off correctly. The job of the Government is to help these people, and this legislation goes towards helping them in their lives, especially when they come out of prison. They can start with a clean slate and not have a debt to the country hanging over their head.

I have taken only a short call today to say that we support this legislation. It was good to be on the select committee and to hear the submissions. The Social Services Committee had concerns of its own about mismatching and other issues, but the officials addressed those very well for us and gave us some ease. Some recommendations were made as to maybe having an official at the courts to talk to families about the system that is in place, the matching, and whether they have any hardship, especially when a weekend is coming along. I thank the officials. I am pleased that we are supporting this bill today.

BARBARA STEWART (NZ First): On behalf of New Zealand First I rise to support the third readings of the bills from the Social Assistance (Debt Prevention and Minimisation) Amendment Bill. It is relatively rare for legislation to go through the House with the support of almost all parties, and, when this widespread support occurs, it is very obvious that the legislation is addressing a problem that is widely recognised. It is a real pleasure to support this legislation.

As the commentary states, this legislation amends the legislation affecting data sharing between a whole number of agencies: the Ministry of Social Development, the Department of Corrections, the New Zealand Customs Service, and the Accident Compensation Corporation. This is important and highly constructive legislation because it focuses on minimising hardship and debt when a person is on a benefit and his or her circumstances change, specifically when he or she enters the criminal justice system. Greater sharing of all the information between these organisations would prevent the hardship that occurs.

I think it is very realistic to say that people are not in a position to contact Work and Income when they are in prison or entering prison. I would say that it would not be one of the things that they would even be thinking about at that time—and neither would their families—yet this can be the very time when this debt starts to build. Overpayment on a benefit can be extremely difficult to pay back when one is on a fixed income, and we have heard various figures bandied about in this House tonight about the level of debt of beneficiaries—the number of beneficiaries who have actually fallen into debt.

Any changes, such as this legislation, that help to prevent overpayments and help to reduce debt need to be implemented and to be implemented quite rapidly.

We in New Zealand First had some concerns about incorrect data matches, but, with the safeguards that the Ministry of Social Development has in place to ensure that if this happens there is minimal impact on the person concerned, we were reassured. These safeguards will actually give people the opportunity to have their benefit reinstated before a payment is missed. The transferring of money overnight into a person's bank account when a payment has been stopped wrongly is a very positive step forward. As previous speakers have said, the data matching will be important and it will need to be carefully monitored.

We in this House all know—and we have had people come to see us who have unmanageable debts—that debt can become totally unmanageable when one is on a limited income, and unfortunately it does not take very long for that situation to occur. Unfortunately, too, it takes a very long time to pay back any debts that are owed. These are the people who often fall prey to the unscrupulous moneylenders as they attempt to find a quick way to get rid of a debt, only to find themselves with a far larger problem in the long run. It is difficult enough to manage on a fixed income and on a benefit, and, with the rises in the costs of living, to have to repay a debt at $10 or $15 a week is an added struggle and a big stress for those families—many of whom we have to recognise live from week to week. To ensure that debt is not incurred in the first place is absolutely imperative. Being in debt, of course, can also reduce the financial advantages of finding a job and returning to work, as levels of repayments are often reduced while a person remains on the benefit.

New Zealand First wholeheartedly supports this legislation. We believe that any measure that stops beneficiaries from getting into debt unnecessarily, wrongly, or fraudulently is very worthy of support.

METIRIA TUREI (Green): I am pleased to speak on behalf of the Green Party and my colleague Sue Bradford, who is away on select committee business, in opposing this legislation. The Green Party will be voting against this legislation—the three bills that have been split from the original Social Assistance (Debt Prevention and Minimisation) Amendment Bill. We originally offered our support for that bill on the basis that one of its key goals was to prevent beneficiaries who are in prison from having their benefits overpaid. In itself that has merit as an idea, but there are some surrounding contextual issues that have caused us to change our position since the original bill had its first reading in August last year.

This legislation is geared to enable the Ministry of Social Development, the Department of Corrections, the Customs Service, and the Accident Compensation Corporation (ACC) to share more information between them in order to stop people receiving benefits, accident compensation, or student loans while they are in prison. This is to be done by data matching personal details held by the ministry against those held by other departments. A secondary purpose of the legislation is to provide the ministry with information held by the Customs Service and ACC, so that Work and Income can more easily and readily locate debtors who are no longer in the country or who are on accident compensation.

What the Green Party finds particularly offensive about this legislation is that its whole thrust is actually about the machinery of the State grinding down into the lives of some of our most vulnerable people in more and more detail, in a way that people who have never been on a benefit or, even worse, in prison would find hard to imagine. In itself improving the efficiency of the administration of the welfare system is fine. However, the Green Party would find this legislation a whole lot more palatable were it accompanied at the same time by legislation and other policy measures that improved

the welfare system. For example, we would find it heaps easier to support these changes if the Government was to reintroduce a third-tier, discretionary allowance like the old special benefit, so that people on very low incomes who just cannot make ends meet have a final safety net. With the introduction of temporary additional support several years ago, that safety net for our most vulnerable people has been lost.

The Government should be doing more to ensure that people who apply for benefits receive their full entitlements from the time that they are eligible for them, and that front-line staff at all offices are trained to understand it is not their money they are giving away but is actually income support to which citizens of this country are legally entitled. People like the sole parents of young children, and invalids beneficiaries, should not be subject to constant harassment by the State to get off the benefit by any means possible. Above all, benefits should be restored to their pre-1991 levels. On Tuesday benefit rates went up just slightly, in line with CPI increases, but it was by nowhere near enough to match true rises in the real cost of living or to recover what was lost in 1991.

On top of that, as the Wellington People's Centre pointed out, the accommodation supplement, which many beneficiaries rely on to help with their housing costs, will drop for almost everyone who receives it, as a result of the benefit rate increases. For those who are on income-related rents, their rents will increase because of their increased income—and they are not eligible for the accommodation supplement, at all. The Wellington People's Centre considers that the real increase in benefit rates on Tuesday was around 1.5 percent to 2 percent for many beneficiaries. That is a very far cry from what is really needed at a time when the costs of transport, housing, heating, and food are going through the roof. Many beneficiaries are sinking further and further into debt just to survive. One might consider the introduction of online Lotto gambling, where one has to use a credit card—debt—in order to gamble, as an example of this Government's ridiculous policies on managing and assisting low-income people to get out of the poverty trap. However, I digress.

Beneficiaries and prisoners and their families continue to be disproportionately Māori. All this matters, in relation to the collection of small bills we are discussing today, because the Government's legislative efforts are symbolic of its priorities. If legislation such as that put forward today was linked to any or all of those other measures, or to some of the many other positive reforms that could and should be made to our welfare system, then the Green Party would have a very different attitude. But what we see is the Government being focused on making sure that the very last dollar is extracted from the maximum number of beneficiaries, accident compensation recipients, and students, while completely failing to extend any generosity or respect from the State in the opposite direction, to them.

All of that is at the macro level. At the micro level we still have other concerns about the impact of this legislation and what it will do to those most affected by it, who are very vulnerable people: prisoners and their families. When the Social Services Committee discussed that, the main concern of one of my colleagues, Sue Bradford, and of other committee members was the fact that it is often not just a prisoner who is affected by the immediate loss of his or her benefit, but is also the prisoner's partner and children who are affected as well.

Although the committee received assurances from officials that families would receive plenty of notice of any benefit suspension or cut-off, the Greens are not reassured on this point, being far too aware that the benefit system in practice is very different from the benefit system in theory. Often mistakes are made by either Work and Income or beneficiaries, or by both. Sometimes benefits are cut when they should not be; sometimes there are time delays in getting benefits put back on. At the moment the

fact that there is a 9-day period before a benefit is suspended, as currently permitted under section 103 of the Privacy Act, means that there is some, albeit small, protection for affected individuals and their families. But that buffer will no longer exist once this legislation goes through.

On balance the ill that this legislation seeks to correct—the issue of prisoner overpayments—is potentially less damaging than the very serious risk of the dependants of prisoners, their families, their partners, and their children, finding themselves suddenly without any income, or of innocent people having their benefit cut because of errors in data matching. For all those reasons the Green Party has withdrawn its support for these bills. We look forward to the day when we can stand in this House and vote for some progressive and forward-thinking welfare legislation, rather than for yet another bill with the primary purpose of further refining the level of State interference and harassment in beneficiaries' lives.

JUDY TURNER (Deputy Leader—United Future): I rise on behalf of United Future to support the third reading of this legislation, which has now been separated into three bills. They will reduce and prevent the amount of debt accrued by beneficiaries.

The point of this legislation is not to cut off at the knees people who are in receipt of a benefit. The point is that when circumstances arise such as someone serving a prison term, a person's benefit will need to be adjusted. Another example is when someone reliant on a benefit is to be cut off and the benefit reallocated to people who remain at home.

Work and Income New Zealand has historically been slow to respond to these changing circumstances, and beneficiaries have ended up accruing unacceptable levels of debt, which is a weight around their necks. We understand that sizable numbers of New Zealand beneficiaries have enough debt as it is. The department will often help out with a loan when a large household item needs repairing or replacing and a beneficiary is unable to do that on his or her income. I know a number of beneficiaries who have $15 or $10 removed on a weekly basis to service that kind of debt. One then adds on to that the potential for debt to be accrued where, for instance, a partner has gone into prison, the benefit was not cut off in a timely way, and now that family is dealing with what debt it has plus additional debt.

We had some really interesting submissions. I was just checking through one from the Law Society that pointed out to us that in the previous year there had been 23 discrepancies it knew of where the wrong person had had his or her benefit cancelled due to a name mix-up. I guess in any system one will always have to guard against that kind of inevitability. The point of this legislation is not about doing harm to families, but making sure that they are protected from accruing unnecessary debt.

As part of the work that the Social Services Committee did on this—and I want to reaffirm my thanks to the House for the collegial way in which the cross-party work proceeded on this bill—we made sure that when a benefit is going to be cut, any family affected by that would be given proper notification before the cut-off date. A family would be notified and its members would be able to go into Work and Income, explain their situation, and reapply for the level of benefit that they were entitled to. A seamless transition would then be able to happen without debt accruing. It seems wrong to us that historically a large numbers of families, often with a dad in prison, have additional trauma added to their already loaded plate when they suddenly discover that they owe the department hundreds and hundreds of dollars in overpaid benefit. Often in the traumatic circumstances that family members find themselves in with a member sentenced to a prison term, the last thing they are thinking about during the process of a court case, sentencing, and everything else, is their income. They can be blindly dealing with the emotional baggage that goes with having a parent or family member sentenced

to a prison term and forget that they have some income issues to consider. This legislation makes both the Department of Corrections and Work and Income responsible for sharing sufficient information with each other to proactively guide family members through this process for their own benefit.

United Future is therefore happy to support these third readings. The legislation highlights something that I suspect may underpin some of the concerns that the Greens still have about this legislation. It is interesting. I have spent this morning at a conference at Te Papa for a group of people who represent the concerns about biometric information-sharing. Although this does not necessarily have direct relevance to this legislation, we are seeing an increasing amount of legislation where Government departments are empowered to share information with each other in a way that can be helpful. I believe that the intention is to be helpful, but we always need to be mindful of the fact that information gathered for one purpose that is used for another purpose starts to have what we call “function creep” occurring. I caution the House that I think we are currently making a lot of these provisions in a whole range of legislation, and we do not have a broad ethical framework in place. I know that the Law Commission, in cooperation with the Privacy Commissioner, currently has as part of its work programmes some really good reviews around privacy issues to do with the law. I look forward to that being brought forth, because it may have some implications for those kinds of provisions.

However, I think that the intention of this legislation is for the good of the people it affects. It is not about people owing money to society when they are overpaid. That is the least of my concerns; my concern is about the burden that debt is to extremely low-income people on a benefit, and about the need for a timely intervention to remind them that they need to go down to Work and Income and renegotiate the benefit that they are entitled to, and all that goes with that, when there has been a major change in their family circumstances.

United Future feels that this legislation has been well considered. I thank the people who made submissions on the legislation. The information they provided us with was thought-provoking, and I think we certainly responded very well as a committee to those suggestions. United Future is therefore very happy to support the third readings of this legislation.

SUE MORONEY (Labour): Thank you, Mr Deputy Speaker, for the opportunity to rise and speak to the last stage, the third readings, of these three bills. This legislation deals with an issue that many members have already outlined, so I will take just a short call. A few issues were raised in the course of the debate that I feel need some response. Although the National Party and the Greens are taking quite different perspectives on this legislation—National is supporting these three bills and the Greens have informed the House that they are voting against them—they both raised the issue of the priorities of this Government. The National Party raised that issue by asking why it took so long for these three bills to be brought forward. I remind listeners and members opposite that the technical changes made in these bills to overcome this issue were never attempted during the course of the 9 years that National was the administration. So it is a little bit rich for the Opposition side of the House to ask why this has taken so long.

The legislation has taken so long because the Government has had other priorities. Members should not forget that when this Government took office it had to undo an unholy mess that had been left behind by the previous regime. The National administration had left so many things for this Government to try to unravel, and to turn around—

Eric Roy: Like what?

SUE MORONEY: —like getting rid of the dreadful Employment Contracts Act, like getting some roads built in this country, like driving up a savings culture in this country by bringing in KiwiSaver, like targeting tax relief for families, and like trying to do something about the 13,000 State houses that National sold to its property developer mates over the course of the 1990s. Do members opposite want the whole list? I can keep going. This Government needed to do so much work, and those were the priorities that we have been focusing on to date. They are wonderful priorities, because they are about taking this country forward. The country was in such a mess and needed so many things done to it that I recall—and members might like to listen to this, because this is part of the history of what occurred in this country—that the councils in towns like Cambridge and Morrinsville did not know how to plan for growth, because they were so used to the politics of decline during the 1990s.

David Bennett: Yeah, yeah!

SUE MORONEY: Members opposite do not seem to remember that; they have conveniently forgotten it. We had councils that did not even know how to go about planning new subdivisions, because they were so used to the population declining in their areas. They were so used to the politics of decline, to just trying to hold on to what they had, that they did not have those processes in place.

The members opposite have caused me to move away from this bill. I am simply trying to remind those members that, yes, we have taken some time to fix up that big mess, and some of it still exists and we still have to do that. However, the work of a good Government is never done, and it continues on with these particular bills.

I also make reference to the speech of Metiria Turei from the Green Party, because she also raised the issue of priorities and asked whether this legislation should be the priority of this particular Government. Well, yes, we are getting to the point where we are fixing up this issue. It is largely a technicality about data matching that we are resolving to fix here. These three bills amend the provisions relating to the use of the data supplied by the Department of Corrections, the Customs Service, and the Accident Compensation Corporation. They will allow the Ministry of Social Development to use that data to prevent unnecessary debt by allowing benefit payments to be stopped in a timely way when a recipient enters jail, and to be more effective in the recovery of Crown debts. They will assist in identifying claims for student allowances and for the cost of living component of student loans in relation to people who are in prison and so are not entitled to this assistance.

I think those are very fine principles; those are very fine things to be achieving. I thank the vast majority of the parties in this House for recognising how timely this legislation is, and for recognising how proper these bills are. I certainly commend the amendments in these three bills to the House, and I also thank the select committee for their work on these bills. Thank you.

A party vote was called for on the question, *That the Corrections (Social Assistance) Amendment Bill, the Customs and Excise (Social Assistance) Amendment Bill, and the Injury Prevention, Rehabilitation, and Compensation (Social Assistance) Amendment Bill be now read a third time.*

Ayes 107

New Zealand Labour 49; New Zealand National 47; New Zealand First 7; United Future 2; Progressive 1; Independent: Field.

Noes 6

Green Party 6.

Bills read a third time.

COPYRIGHT (NEW TECHNOLOGIES) AMENDMENT BILL

Third Reading

Hon JUDITH TIZARD (Associate Minister of Commerce): I move, *That the Copyright (New Technologies) Amendment Bill be now read a third time*. It is with enormous pleasure that I move this, as this bill has taken some time to get through the House's processes. Indeed, it took some time to get through the consultation process with copyright industries that we chose to go through.

This bill is important legislation, which, as part of the Government's programme, will update New Zealand's copyright laws to try to ensure that we keep up to speed with recent advances in digital technology. The bill forms part of the Government's wide-ranging reform of intellectual property law in general, and the programme of reform has included, and will include, reviews of the Patents Act 1953, the Trade Marks Act 1953, the Plant Variety Rights Act 1987, the Geographical Indications Act 1994, New Zealand's accession to several key international trademark treaties, the enforcement of criminal offence provisions for counterfeiting registered trademarks and piracy of copyright-protected works, and the Government's decisions on parallel importing, and the effects of those decisions on creative industries.

We hope that the programme of reform will ensure that New Zealand's intellectual property law helps to support the Government's goals of promoting innovation, creativity, and economic growth, and will meet the needs of businesses whilst also promoting efficiency and minimising compliance costs to New Zealanders who are using this material. It will provide greater clarity and certainty over the scope and enforcement of intellectual property rights, for the benefit of creators and innovators, as well as users of intellectual property and investors in the development of intellectual property. The reform also takes account of international practice, and complies with New Zealand's international obligations.

We require a robust, up-to-date intellectual property rights regime, and that is essential as part of an innovative, growing economy. We have talked much in this House about New Zealand being a knowledge society and a knowledge economy; this legislation is at the heart of that. We need well-defined, enforceable intellectual property rights that provide incentives for creativity by ensuring that creators can derive a financial return for their creative efforts, but that creativity also needs to be made accessible in an affordable way to users and people who will go on innovating that work.

The intellectual property rights system needs to be current and contemporary—a system that promotes development of the economy and New Zealand's identity by encouraging investment in creativity and innovation, but one that also recognises that New Zealand has a unique take on many aspects of this. Copyright is absolutely an integral part of the system that protects our creative industries and our information and communication technologies, by prohibiting unauthorised reproduction, and by making sure that the work of creators is acknowledged and paid for.

Digital technology presents significant opportunities to open new markets for New Zealanders—creators, owners, and users of intellectual property and copyright material—as well as presenting many risks, because digital technology enables high-quality copies of original material to be very easily made, very easily communicated, and very easily distributed. The ease with which digital material can be copied and communicated increases the risk that unauthorised copies will be made and communicated as well as authorised ones.

The objectives of this bill are to update and clarify how copyright applies to new technology, particularly in today's—and the future's—digital environment. It needs to

promote a modern legal framework that guides the protection and use of copyright material, and it also ensures the effective operation of the Act in the face of emerging technologies.

We need to ensure that the Copyright Act remains fair, effective, and well understood in the face of the emerging needs of a dynamic and technology-supporting economy and all of the people who use it. The bill maintains the balance between protection, access, and use already established under the Act, and it takes that through into the digital world. The bill creates a flexible framework for technology to operate under, by redefining certain terms contained in the Act to try to make them more technology neutral. I remember that when we reviewed and updated the law in 1994 we spent a great deal of time debating what to call technological works, and we came up with the idea of "multimedia work". Well, of course, that has been superseded, and I hope that this bill is less prescriptive and more inclusive of whatever change that happens.

The key provisions of this bill are around technology-neutral definitions, and it also tries to create a technology-neutral framework that will go on being useful. It creates a technology-neutral right of communication to the public, and, in a digital world of almost instantaneous communication, the ability to control communication of copyright material is as significant as the ability to control copying. Control over communication is necessary to encourage investment in, and the provision of, the effective online distribution methods that are now demanded by providers and customers. Technology-specific terms such as "broadcasting" and "cable programme service" are replaced with terms such as "communicate" and "communication work".

The bill clarifies the liability of Internet service providers—ISPs—when it comes to copyright infringement. It introduces a limited exception from copyright infringement where the Internet service provider merely provides the physical facilities to enable a communication to take place. Transient or incidental copies that are made by a computer or a communications process as part of the integral and necessary processes by which, for example, users browse websites on the Internet is not infringing copyright. The bill also provides that there is no liability for the Internet service provider when storing and caching infringing copyright material where the Internet service provider deletes or prevents access to infringing copyright material as soon as possible after it becomes aware that the material is likely to infringe copyright. To facilitate Internet service providers becoming aware of infringing material, the bill provides for a template notice to be used by copyright owners to inform Internet service providers about any infringing material that they may be storing or hosting. This regime is called a "notice and takedown" regime, and is a common feature in many copyright regimes internationally.

Some changes to the Internet service provider liability system were made following the bill's report back from the Commerce Committee. A requirement for an Internet service provider to have a policy for terminating the accounts of repeat infringers has been reinstated, and the offence of providing misleading notices to Internet service providers has been removed.

The bill updates the permitted acts for fair dealing for educational establishments, libraries, and archives, and it clarifies how these permitted acts should apply to the digital environment. Educational establishments, libraries, and archives can create and store digital copies of works on the Internet or other electronic retrieval systems, provided certain conditions are met. The bill provides a new limited exception for copyright infringement for "educational resource suppliers"—a new term that is about organisations whose principal function is the copying and supplying of communication works to educational establishments for those purposes. This provision will help schools

to make greater use of audiovisual copyright material without infringing copyright. It also provides new opportunities, very like those provided by libraries now, for electronic copies to be made.

The bill provides a format-shifting exception for copying sound recordings for personal use, or the personal use of a person's household. This exemption for format shifting of music aligns the law with the public's need. The fact is that legally viable technology and legally obtained music have not, by our law, been able to be used together until now. However, the key condition of the format-shifting exception is that the original purchaser must retain both the original version of the sound recording purchased and the copy made. This provision does not legitimise the copying of CDs for friends or online file-sharing. Both of these actions remain an infringement of copyright.

The bill also provides new limited exceptions for decompilation or adaptation of computer programs, in certain circumstances. These conditions include that the decompilation is necessary to obtain information necessary for creating an independent program that can operate with the program decompiled, or the adaptation is necessary to ensure lawful use of a program, such as correcting an error in the program to ensure the proper functioning of the program, when a properly functioning and error-free copy of the program is not made available within a reasonable time at an ordinary commercial price.

The bill provides that a lawful user of a computer program does not infringe copyright by observing, studying, or testing the functions of that program. We also make provisions around the area of technical protection measures, which will be discussed by other speakers. We also introduced a Supplementary Order Paper that extended the 9-month parallel importing ban on films. This ban was due to expire on 31 October 2008, and it now goes out until 31 October 2013.

I thank the Commerce Committee and the submitters on this bill. I particularly thank the copyright industry: Ant Healey from the Australasian Performing Rights Association, and his predecessor Mike Chunn, Tony Eaton from the New Zealand Federation Against Copyright Theft, and Campbell Smith from the Recording Industry Association of New Zealand who did an enormous amount of work to make this bill workable. I thank the officials—Bronwyn Turley and her team—and Lia Haar, Anishka Jelicich, and Erica Gregory in my office, who have done an enormous amount of work on this bill to make it a good bill.

I commend this bill to the House and thank the House for the time it has spent making it a better piece of legislation.

Dr RICHARD WORTH (National): I would like to find it in my generous nature to say something charitable about the process that the Copyright (New Technologies) Amendment Bill has followed through the House, but I find it difficult to do so because the bill has had a very long legislative history. The bill was introduced on 4 December 2006, then went to the Commerce Committee on 12 December 2006. As a result of substantial issues that emerged in that process, it has languished there.

Hon Judith Tizard: A good thing. It's a much better bill.

Dr RICHARD WORTH: If I could make a charitable comment I would say, against the background of intervention from the Minister, that one of the good things that happened was that the select committee decided to take specialist advice from outside the ministry. So a foil was presented to the views of the senior staff from the ministry, by two independent experts. Those independent experts were Earl Gray and Geoff McLay.

It is also right to say that if we look through the legislation, we will see that a large number of changes have been made. Nevertheless, as I said the other night, this

legislation, at the moment of its enactment, is assuredly somewhat inappropriate. It is somewhat outdated. I expressed the hope on Tuesday night, and I do so again, that it might be possible to include in this type of legislation a review provision similar to what occurred within the Evidence Act—that there would be a review and that the legislation would be brought up to date.

I would like to say something in a general way about copyright. Copyright is a property right that exists in original works. The changes made by the Copyright (New Technologies) Amendment Bill are changes to substantive legislation—the Copyright Act 1994. I am reminded of the seminal work that was done in identifying particular parts of the legislation that were worthy of change. I express a degree of sadness that not all his views were taken up to deal with some of the lacunae that have been identified. The Copyright Act 1994 gives copyright owners exclusive rights that allow them to control certain aspects of a work's exploitation, while at the same time providing limited exceptions to these rights for users of copyright material. It is in this way that the principal Act—the Copyright Act—seeks to provide incentives to ensure the creation, production, and distribution of new creative works in a manner that meets society's needs.

This bill amends the Copyright Act 1994 to take into account the impacts of new technology. In my view, it does so imperfectly, but that is what it seeks to do in those areas of digital music and film. It tries to seek a balance between what are often seen as the competing interests of creators, owners, and users of copyright work. It is part of a wider process of reform that was developed to ensure New Zealand's intellectual property legislation is up to date and takes account of international developments in copyright. It incorporates many aspects of the two treaties—I understand that a member from New Zealand First is going to speak about them in just a few moments—negotiated by members of the World Intellectual Property Organization, or WIPO, as it is called. The organisation's Copyright Treaty and its Performances and Phonograms Treaty seek to update international copyright standards to take account of developments in digital technologies. In looking at some of the aspects—and I am not going to deal with the detail of this; I can scarcely do so in the time available—we see there are issues around reproduction; communication; Internet service liability; technological protection measures; permitted acts, including format shifting; performers' rights; and a very subtle issue that is not picked up well, which is the impact of the American Digital Millennium Copyright Act.

I close by making a final comment. I have been starkly critical of the Associate Minister of Commerce in connection with the process of this legislation. On Tuesday, 1 April, in the Committee stage of this bill, we saw Supplementary Order Paper 193. That Government amendment document made major, substantive changes. It is not appropriate, and it will never be appropriate, to propose major law changes on the very day that the Committee looks at legislation on a clause by clause basis.

National supports this bill, but it does so with significant reservation. I express the hope that the Government that will come into office no later than 15 November this year will make an immediate start on producing legislation of which all members of this House can be justly proud.

DAIL JONES (NZ First): New Zealand First supports this legislation. Copyright is of extreme value to those artists in our society who have the intellectual capacity to come up with original work that we can all enjoy. In our modern society it is a question of how that original work, especially music, can be conveyed. For example, even as I speak, much of that work is being conveyed through radios in many vehicles on motorways around New Zealand. I expect it is being conveyed to Auckland motorists enjoying the extensions to the motorways that have been developed subsequent to the

legislation introduced in the 2002-05 term. It ensured the development of motorways in the Auckland area, and improvements to travel are being experienced as a result. I tell those people to enjoy the music.

This legislation is all about copyright. It will encourage writers of music, bands, and suchlike to create more music, so that people can enjoy themselves as they drive a little more quickly on the motorways than they were able to do in the past. Motorists may strike some difficulties around the Esmonde Road turn-off, where hundreds of millions of dollars are being spent as a result of the improvements in the amount of money being spent on motorways thanks to New Zealand First's involvement, in cooperation with Labour. One has to be most disappointed that that legislation was not supported by the National Party in 2004.

Debate interrupted.

The House adjourned at 6 p.m.